

BRASKEM SA  
Form 6-K  
February 14, 2014

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**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, 2014**  
**(Commission File No. 1-14862 )**

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**BRASKEM S.A.**

*(Exact Name as Specified in its Charter)*

**N/A**

*(Translation of registrant's name into English)*

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

*(Address of principal executive offices)*

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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- \_\_\_\_\_.

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**Braskem S.A.**

**Financial Statements**

**at December 31, 2013 and 2012**

**and Independent Auditors' Report**



## **Independent auditor's report**

To the Board of Directors and Shareholders

Braskem S.A.

We have audited the accompanying financial statements of Braskem S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2013 and the statements of operations and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Braskem S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion on the parent company financial statements**

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Braskem S.A. as at December 31, 2013, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

#### **Opinion on the consolidated financial statements**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Braskem S.A. and its subsidiaries as at December 31, 2013, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

#### **Emphasis of matter**

As discussed in note 2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Braskem S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

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**Other matters**

**Supplementary information - statements of value added**

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2013, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Salvador, February 13, 2014

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" BA

Fábio Cajazeira Mendes

Contador CRC 1SP196825/O-0 "S" BA





## Braskem S.A.

## Balance sheet at December 31

All amounts in thousands of reais

| Assets   | Note       | 2013              | Consolidated<br>2012<br>Revised | Parent Company<br>2013 | Parent Company<br>2012<br>Revised |
|--|------------|-------------------|---------------------------------|------------------------|-----------------------------------|
|  | 2.1.1(a)   |                   |                                 |                        |                                   |
| <b>Current assets</b>  |            |                   |                                 |                        |                                   |
| Cash and cash equivalents                                      | 6          | 4,335,859         | 3,287,622                       | 2,425,078              | 1,627,928                         |
| Financial investments  | 7          | 86,719            | 172,146                         | 86,535                 | 155,535                           |
| Trade accounts receivable                                      | 8          | 2,810,520         | 2,326,480                       | 3,814,830              | 1,834,491                         |
| Inventories  | 9          | 5,033,593         | 4,102,055                       | 2,848,700              | 2,478,550                         |
| Taxes recoverable  | 11         | 2,237,213         | 1,476,211                       | 1,246,858              | 1,005,842                         |
| Dividends and interest on capital                              |            | 150               | 2,645                           | 78,031                 | 130,145                           |
| Prepaid expenses   |            | 62,997            | 54,013                          | 19,778                 | 14,153                            |
| Related parties  | 10         | 124,487           | 13,912                          | 100,173                | 13,906                            |
| Insurance claims   | 13         | 27,691            | 160,981                         | 21,556                 | 160,981                           |
| Other receivables  | 14         | 240,218           | 818,434                         | 148,755                | 761,450                           |
|  |            | <b>14,959,447</b> | <b>12,414,499</b>               | <b>10,790,294</b>      | <b>8,182,981</b>                  |
| <b>Non-current assets held for sale</b>                        |            |                   |                                 |                        |                                   |
|  | 1(b)(xxvi) | 37,681            | 277,828                         |                        |                                   |
|  | e 2.1.1(b) |                   |                                 |                        |                                   |
|  |            | <b>14,997,128</b> | <b>12,692,327</b>               | <b>10,790,294</b>      | <b>8,182,981</b>                  |
| <b>Non-current assets</b>                                      |            |                   |                                 |                        |                                   |
| Financial investments  | 7          | 20,779            | 34,489                          | 20,774                 | 34,088                            |
| Trade accounts receivable                                      | 8          | 61,875            | 37,742                          | 60,328                 | 35,710                            |
| Advances to suppliers  | 9          | 116,714           |                                 | 116,714                |                                   |
| Taxes recoverable  | 11         | 1,285,990         | 1,527,134                       | 899,751                | 1,026,391                         |
| Deferred income tax and social contribution                    | 22         | 2,653,606         | 2,062,009                       | 1,769,683              | 1,100,611                         |
| Judicial deposits  | 12         | 209,910           | 179,618                         | 194,397                | 164,443                           |
| Related parties  | 10         | 133,649           | 127,627                         | 404,668                | 988,589                           |
| Insurance claims   | 13         | 139,497           | 47,255                          | 138,308                | 45,649                            |
| Other receivables  | 14         | 278,871           | 218,279                         | 112,497                | 153,466                           |
| Investments in subsidiaries and jointly-controlled investments | 15         | 115,385           | 118,787                         | 10,479,371             | 9,591,644                         |
| Other investments  |            | 6,501             | 6,948                           | 6,123                  | 6,575                             |
| Property, plant and equipment                                  | 16         | 25,413,548        | 21,176,785                      | 11,650,667             | 11,794,385                        |

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|                     |    |                   |                   |                   |                   |
|---------------------|----|-------------------|-------------------|-------------------|-------------------|
| Intangible assets   | 17 | 2,912,630         | 2,940,966         | 2,225,326         | 2,241,565         |
|                     |    | <b>33,348,955</b> | <b>28,477,639</b> | <b>28,078,607</b> | <b>27,183,116</b> |
| <b>Total assets</b> |    | <b>48,346,083</b> | <b>41,169,966</b> | <b>38,868,901</b> | <b>35,366,097</b> |

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

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

All amounts in thousands of reais

Continued

| Liabilities and shareholders' equity                                    | Note     | 2013              | Consolidated<br>2012<br>Revised | Parent Company<br>2013 | Parent Company<br>2012<br>Revised |
|---|----------|-------------------|---------------------------------|------------------------|-----------------------------------|
|   | 2.1.1(a) |                   |                                 |                        |                                   |
| <b>Current liabilities</b>  |          |                   |                                 |                        |                                   |
| Trade payables  |          | 10,421,687        | 8,897,597                       | 8,845,414              | 6,446,898                         |
| Borrowings  | 18       | 1,248,804         | 1,836,028                       | 1,283,046              | 1,887,811                         |
| Project finance   | 19       | 25,745            |                                 |                        |                                   |
| Derivatives operations  | 20.2     | 95,123            | 293,378                         | 20,751                 | 293,378                           |
| Payroll and related charges   |          | 490,816           | 349,176                         | 320,548                | 249,275                           |
| Taxes payable   | 21       | 445,424           | 342,789                         | 316,408                | 245,173                           |
| Dividends and interest on capital                                       |          | 131,799           | 5,369                           | 129,022                | 2,160                             |
| Advances from customers   | 26       | 297,403           | 237,504                         | 38,274                 | 257,079                           |
| Sundry provisions   | 23       | 105,856           | 52,264                          | 60,991                 | 11,930                            |
| Post-employment benefits  | 25       | 158,137           | 147,175                         | 158,122                | 147,175                           |
| Accounts payable to related parties                                     | 10       |                   |                                 | 127,629                | 206,991                           |
| Other payables  | 27       | 174,007           | 385,577                         | 54,501                 | 29,478                            |
|   |          | <b>13,594,801</b> | <b>12,546,857</b>               | <b>11,354,706</b>      | <b>9,777,348</b>                  |
| <b>Non-current liabilities held for sale</b>                            | 2.1.1(b) |                   | 109,770                         |                        |                                   |
|   |          | <b>13,594,801</b> | <b>12,656,627</b>               | <b>11,354,706</b>      | <b>9,777,348</b>                  |
| <b>Non-current liabilities</b>  |          |                   |                                 |                        |                                   |
| Borrowings  | 18       | 17,353,687        | 15,675,610                      | 11,721,414             | 10,534,287                        |
| Project finance   | 19       | 4,705,661         |                                 |                        |                                   |
| Derivatives operations  | 20.2     | 396,040           |                                 | 396,040                |                                   |
| Taxes payable   | 21       | 902,875           | 1,164,753                       | 839,531                | 1,059,225                         |
| Accounts payable to related parties                                     | 10       |                   |                                 | 5,148,743              | 3,667,754                         |
| Long-term incentives  | 24       | 9,274             | 10,405                          | 9,274                  | 10,405                            |
| Deferred income tax and social contribution                             | 22       | 2,393,698         | 2,138,622                       | 1,095,410              | 1,015,743                         |
| Post-employment benefits  | 25       | 44,054            | 36,602                          |                        |                                   |
| Provision for losses on subsidiaries and jointly-controlled investments |          |                   |                                 | 149,213                | 119,375                           |

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|   |       |                   |                   |                   |                   |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| Advances from customers                             |       | 152,635           | 204,989           | 53,807            | 80,463            |
| Sundry provisions                                   | 23    | 449,694           | 363,411           | 226,007           | 144,782           |
| Other payables                                      | 27    | 662,330           | 266,963           | 281,646           | 343,652           |
|   |       | <b>27,069,948</b> | <b>19,861,355</b> | <b>19,921,085</b> | <b>16,975,686</b> |
| <b>Shareholders' equity</b>                         | 29    |                   |                   |                   |                   |
| Capital   |       | 8,043,222         | 8,043,222         | 8,043,222         | 8,043,222         |
| Capital reserve                                     |       | 232,430           | 797,979           | 232,430           | 797,979           |
| Revenue reserves                                    |       | 410,149           |                   | 410,149           |                   |
| Other comprehensive income                          |       | (1,092,691)       | 337,411           | (1,092,691)       | 337,411           |
| Treasury shares                                     |       | (48,892)          | (48,892)          |                   |                   |
| Accumulated loss                                    |       |                   | (565,549)         |                   | (565,549)         |
| Total attributable to the<br>Company's shareholders |       | 7,544,218         | 8,564,171         | 7,593,110         | 8,613,063         |
| Non-controlling interest                            | 2.1.2 | 137,116           | 87,813            |                   |                   |
|   |       | <b>7,681,334</b>  | <b>8,651,984</b>  | <b>7,593,110</b>  | <b>8,613,063</b>  |
| <b>Total liabilities and shareholders' equity</b>   |       | <b>48,346,083</b> | <b>41,169,966</b> | <b>38,868,901</b> | <b>35,366,097</b> |

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 (loss) per share

|  | Note     | 2013               | Consolidated<br>2012<br>Revised | Parent Company<br>2013 | Parent Company<br>2012 |
|--|----------|--------------------|---------------------------------|------------------------|------------------------|
|  | 2.1.1(b) |                    |                                 |                        |                        |
| <b>Continued operations</b>                                    |          |                    |                                 |                        |                        |
| <b>Net sales revenue</b>                                       | 31       | <b>40,969,490</b>  | <b>36,160,327</b>               | <b>23,542,490</b>      | <b>20,634,400</b>      |
| Cost of products sold  |          | (35,820,761)       | (32,709,068)                    | (20,469,552)           | (18,217,333)           |
| <b>Gross profit</b>  |          | <b>5,148,729</b>   | <b>3,451,259</b>                | <b>3,072,938</b>       | <b>2,417,067</b>       |
| <b>Income (expenses)</b>                                       |          |                    |                                 |                        |                        |
| Selling and distribution                                       |          | (1,000,749)        | (990,365)                       | (597,341)              | (589,072)              |
| General and administrative                                     |          | (1,077,934)        | (1,071,029)                     | (669,978)              | (695,828)              |
| Research and development                                       |          | (115,812)          | (106,197)                       | (85,806)               | (81,653)               |
| Results from equity investments                                | 15(c)    | (3,223)            | (25,807)                        | 298,241                | 290,414                |
| Other operating income (expenses), net                         | 33       | (211,090)          | 333,457                         | 122,701                | 392,159                |
| <b>Operating profit</b>  |          | <b>2,739,921</b>   | <b>1,591,318</b>                | <b>2,140,755</b>       | <b>1,733,087</b>       |
| <b>Financial results</b>                                       | 34       |                    |                                 |                        |                        |
| Financial expenses   |          | (2,549,111)        | (3,926,209)                     | (2,098,965)            | (3,404,722)            |
| Financial income   |          | 773,138            | 531,928                         | 703,449                | 364,389                |
|  |          | <b>(1,775,973)</b> | <b>(3,394,281)</b>              | <b>(1,395,516)</b>     | <b>(3,040,333)</b>     |
| <b>Profit (loss) before income tax and social contribution</b> |          | <b>963,948</b>     | <b>(1,802,963)</b>              | <b>745,239</b>         | <b>(1,307,246)</b>     |
| Current and deferred income tax and social contribution        | 22       | (456,910)          | 783,111                         | (235,542)              | 576,103                |
|  |          | <b>(456,910)</b>   | <b>783,111</b>                  | <b>(235,542)</b>       | <b>576,103</b>         |
| <b>Profit (loss) for the period of continued operations</b>    |          | <b>507,038</b>     | <b>(1,019,852)</b>              | <b>509,697</b>         | <b>(731,143)</b>       |
| <b>Discontinued operations results</b>                         | 5        |                    |                                 |                        |                        |

|   |       |                |                  |                          |
|---|-------|----------------|------------------|--------------------------|
| Profit from discontinued operations                     |       |                | 424,860          |                          |
| Current and deferred income tax and social contribution |       |                | (143,313)        |                          |
|   |       |                | <b>281,547</b>   |                          |
| <b>Profit (loss) for the year</b>                       |       | <b>507,038</b> | <b>(738,305)</b> | <b>509,697 (731,143)</b> |
| <b>Attributable to:</b>                                 |       |                |                  |                          |
| Company's shareholders                                  |       | 509,697        | (731,143)        |                          |
| Non-controlling interest                                | 2.1.2 | (2,659)        | (7,162)          |                          |
| <b>Profit (loss) for the year</b>                       |       | <b>507,038</b> | <b>(738,305)</b> |                          |

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****Continued**

|   | Note          | 2013               | Consolidated<br>2012<br>Revised | 2013               | Parent Con |
|---|---------------|--------------------|---------------------------------|--------------------|------------|
| <b>Profit (loss) for the year</b>                                     | 2.1.1(b)      | <b>507,038</b>     | <b>(738,305)</b>                | <b>509,697</b>     | <b>(73</b> |
| <b>Other comprehensive income or loss:</b>                            |               |                    |                                 |                    |            |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |               |                    |                                 |                    |            |
| Fair value of cash flow hedge   |               | (127,520)          | 16,238                          | (118,000)          |            |
| Income tax and social contribution                                    |               | 40,120             | (5,522)                         | 40,120             | (          |
|   |               | (87,400)           | 10,716                          | (77,880)           |            |
| Fair value of cash flow hedge of foreign subsidiaries                 |               |                    |                                 | (7,140)            |            |
| Exchange variation of foreign sales hedge                             | 20.2.1(b.iii) | (2,303,540)        |                                 | (2,303,540)        |            |
| Income tax and social contribution                                    |               | 783,204            |                                 | 783,204            |            |
|   |               | (1,520,336)        |                                 | (1,520,336)        |            |
| Foreign currency translation adjustment                               |               | 221,270            | 78,780                          | 205,249            | 0          |
| <b>Total</b>  |               | <b>(1,386,466)</b> | <b>89,496</b>                   | <b>(1,400,107)</b> | <b>7</b>   |
| <b>Items that will not be reclassified to profit or loss:</b>         |               |                    |                                 |                    |            |
| Defined benefit plan actuarial (loss) gain                            |               | 169                | (18,204)                        | 169                | (1         |
| Income tax and social contribution                                    |               |                    | 6,388                           |                    |            |
| <b>Total</b>  |               | <b>169</b>         | <b>(11,816)</b>                 | <b>169</b>         | <b>(1</b>  |
| <b>Total other comprehensive income (loss)</b>                        |               | <b>(1,386,297)</b> | <b>77,680</b>                   | <b>(1,399,938)</b> | <b>0</b>   |
| <b>Total comprehensive income (loss) for the year</b>                 |               | <b>(879,259)</b>   | <b>(660,625)</b>                | <b>(890,241)</b>   | <b>(67</b> |
| <b>Attributable to:</b>   |               |                    |                                 |                    |            |
| Company's shareholders - continued operations                         |               | (890,241)          | (952,128)                       |                    |            |
| Company's shareholders - discontinued operations                      |               |                    | 281,547                         |                    |            |
| Non-controlling interest  |               | 10,982             | 9,956                           |                    |            |

|   |                  |                  |
|---|------------------|------------------|
| <b>Total comprehensive income (loss) for the year</b> | <b>(879,259)</b> | <b>(660,625)</b> |
|---|------------------|------------------|

|  | <b>Note</b> | <b>2013<br/>Basic and diluted</b> | <b>Basic<br/>Revised</b> | <b>Parent Con<br/>D<br/>R</b> |
|--|-------------|-----------------------------------|--------------------------|-------------------------------|
| <b>Profit (loss) per share attributable to the shareholders of the Company of continued operations at the end of the year (R\$)</b>    | 2.1.1(b)    |                                   |                          |                               |
| Earnings per share - common  |             | 0.6403                            | (1.2718)                 | (1                            |
| Earnings per share - preferred shares class "A"  |             | 0.6403                            | (1.2718)                 | (1                            |
| Earnings per share - preferred shares class "B"  |             | 0.6062                            |                          |                               |
| <b>Profit (loss) per share attributable to the shareholders of the Company of discontinued operations at the end of the year (R\$)</b> |             |                                   |                          |                               |
|  | 5           |                                   |                          |                               |
| Earnings per share - common  |             |                                   | 0.3536                   | 0                             |
| Earnings per share - preferred shares class "A"  |             |                                   | 1.2718                   | 1                             |
| <b>Profit (loss) per share attributable to the shareholders of the Company at the end of the year (R\$)</b>                            |             |                                   |                          |                               |
| Earnings per share - common  |             | 0.6403                            | (0.9182)                 | (0                            |
| Earnings per share - preferred shares class "A"  |             | 0.6403                            | (0.9182)                 | (0                            |
| Earnings per share - preferred shares class "B"  |             | 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

|   |      |                  |                 |               |                |                           |                                   | Attributed to s               |                            |           |
|---|------|------------------|-----------------|---------------|----------------|---------------------------|-----------------------------------|-------------------------------|----------------------------|-----------|
|   | Note | Capital          | Capital reserve | Legal reserve | Tax incentives | Unrealized profit reserve | Revenue reserves Returns Earnings | Additional dividends proposed | Other comprehensive income | Tre       |
| <b>At December 31, 2011</b>   |      | <b>8,043,222</b> | <b>845,998</b>  | <b>87,710</b> | <b>4,547</b>   | <b>16,457</b>             |                                   | <b>482,593</b>                | <b>315,586</b>             | <b>(6</b> |
| Comprehensive income for the period:  |      |                  |                 |               |                |                           |                                   |                               |                            |           |
| Loss for the period   |      |                  |                 |               |                |                           |                                   |                               |                            |           |
| Fair value of cash flow hedge, net of taxes   |      |                  |                 |               |                |                           |                                   |                               | 10,716                     |           |
| Foreign currency translation adjustment   |      |                  |                 |               |                |                           |                                   |                               | 61,662                     |           |
|   |      |                  |                 |               |                |                           |                                   |                               | 72,378                     |           |
| Equity valuation adjustments:   |      |                  |                 |               |                |                           |                                   |                               |                            |           |
| Realization of deemed cost of jointly-controlled investment, net of taxes                     |      |                  |                 |               |                |                           |                                   |                               | (952)                      |           |
| Realization of additional property, plant and equipment price-level restatement, net of taxes |      |                  |                 |               |                |                           |                                   |                               | (27,236)                   |           |
| Actuarial loss with   |      |                  |                 |               |                |                           |                                   |                               | (11,816)                   |           |

|   |                 |                  |                |          |           |             |                |
|---|-----------------|------------------|----------------|----------|-----------|-------------|----------------|
| post-employment benefits, net of taxes                  |                 |                  |                |          |           | (40,004)    |                |
| Contributions and distributions to shareholders:        |                 |                  |                |          |           |             |                |
| Additional dividends approved at Shareholders' Meeting  |                 |                  |                |          | (482,593) |             |                |
| Capital loss from non-controlling interest              |                 |                  |                |          |           |             |                |
| Write-off non-controlling by investments sale           |                 |                  |                |          |           |             |                |
| Loss on interest in subsidiary                          |                 |                  |                |          |           | (5,917)     |                |
| Write-off gain on interest in subsidiary by sale        |                 |                  |                |          |           | (4,632)     |                |
| Repurchase of treasury shares                           |                 |                  |                |          |           |             | (3,000)        |
| Cancellation of shares                                  | (48,019)        |                  |                |          |           |             | 4,000          |
| Absorption of losses                                    |                 | (87,710)         | (4,547)        | (16,457) |           |             |                |
|   | (48,019)        | (87,710)         | (4,547)        | (16,457) | (482,593) | (10,549)    |                |
| <b>At December 31, 2012 (Revised)</b>                   | <b>2.1.1(a)</b> | <b>8,043,222</b> | <b>797,979</b> |          |           |             | <b>337,411</b> |
| Comprehensive income for the period:                    |                 |                  |                |          |           |             |                |
| Profit for the period                                   |                 |                  |                |          |           |             |                |
| Exchange variation of foreign sales hedge, net of taxes |                 |                  |                |          |           | (1,520,336) |                |
| Fair value of cash flow hedge, net of taxes             |                 |                  |                |          |           | (85,020)    |                |
| Foreign currency translation                            |                 |                  |                |          |           | 205,249     |                |

adjustment

(1,400,107)

Equity valuation  
adjustments:Realization of  
deemed cost of  
jointly-controlled  
investment, net of  
taxes

(27,236)

Realization of  
additional  
property, plant  
and equipment  
price-level  
restatement, net  
of taxes

(967)

Actuarial loss  
with  
post-employment  
benefits, net of  
taxes169  
(28,034)Contributions and  
distributions to  
shareholders:Absorption of  
losses

29 (565,549)

Capital increase  
from  
non-controlling  
interestLoss on interest  
in subsidiary

(1,961)

Legal reserve

26,895

Mandatory  
minimum  
dividendsAdditional  
dividends  
proposed

354,842

Returns Earnings

28,412

(565,549) 26,895

28,412

354,842

(1,961)

**At December 31,  
2013****8,043,222 232,430 26,895****28,412****354,842****(1,092,691) (4**

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

|   | Note | Capital          | Capital<br>reserve | Legal<br>reserve | Tax<br>incentives | Unrealized<br>profit<br>reserve | Revenue reserves<br>Returns<br>Earnings | Additional<br>dividends<br>proposed | Other<br>comprehensive<br>income | Tr        |
|---|------|------------------|--------------------|------------------|-------------------|---------------------------------|---|-------------------------------------|----------------------------------|-----------|
| <b>At December 31,<br/>2011</b>   |      | <b>8,043,222</b> | <b>845,998</b>     | <b>87,710</b>    | <b>4,547</b>      | <b>16,457</b>                   |   | <b>482,593</b>                      | <b>315,586</b>                   | <b>(1</b> |
| Comprehensive<br>income for the<br>period:  |      |                  |                    |                  |                   |                                 |   |                                     |                                  |           |
| Loss for the<br>period  |      |                  |                    |                  |                   |                                 |   |                                     |                                  |           |
| Fair value of cash<br>flow hedge, net of<br>taxes   |      |                  |                    |                  |                   |                                 |   |                                     | 10,716                           |           |
| Foreign currency<br>translation<br>adjustment   |      |                  |                    |                  |                   |                                 |   |                                     | 61,662                           |           |
|   |      |                  |                    |                  |                   |                                 |   |                                     | 72,378                           |           |
| Equity valuation<br>adjustments:  |      |                  |                    |                  |                   |                                 |   |                                     |                                  |           |
| Realization of<br>deemed cost of<br>jointly-controlled<br>investment, net of<br>taxes                           |      |                  |                    |                  |                   |                                 |   |                                     |                                  | (952)     |
| Realization of<br>additional<br>property, plant<br>and equipment<br>price-level<br>restatement, net<br>of taxes |      |                  |                    |                  |                   |                                 |   |                                     |                                  | (27,236)  |
| Actuarial loss<br>with<br>post-employment<br>benefits, net of   |      |                  |                    |                  |                   |                                 |   |                                     |                                  | (11,816)  |

|   |                 |                  |                |          |           |                |
|---|-----------------|------------------|----------------|----------|-----------|----------------|
| taxes   |                 |                  |                |          |           | (40,004)       |
| Contributions and distributions to shareholders:        |                 |                  |                |          |           |                |
| Additional dividends approved at Shareholders' Meeting  |                 |                  |                |          | (482,593) |                |
| Capital loss from non-controlling interest              |                 |                  |                |          |           | (5,917)        |
| Write-off non-controlling by investments sale           |                 |                  |                |          |           | (4,632)        |
| Repurchase of treasury shares                           |                 |                  |                |          |           | (3,000)        |
| Cancellation of shares                                  | (48,019)        |                  |                |          |           | 4,000          |
| Absorption of losses                                    |                 | (87,710)         | (4,547)        | (16,457) |           |                |
|   | (48,019)        | (87,710)         | (4,547)        | (16,457) | (482,593) | (10,549)       |
| <b>At December 31, 2012 (Revised)</b>                   | <b>2.1.1(a)</b> | <b>8,043,222</b> | <b>797,979</b> |          |           | <b>337,411</b> |
| Comprehensive income for the period:                    |                 |                  |                |          |           |                |
| Profit for the period                                   |                 |                  |                |          |           |                |
| Exchange variation of foreign sales hedge, net of taxes |                 |                  |                |          |           | (1,520,336)    |
| Fair value of cash flow hedge, net of taxes             |                 |                  |                |          |           | (85,020)       |
| Foreign currency translation adjustment                 |                 |                  |                |          |           | 205,249        |
|   |                 |                  |                |          |           | (1,400,107)    |
| Equity valuation adjustments:                           |                 |                  |                |          |           |                |
| Realization of deemed cost of                           |                 |                  |                |          |           | (967)          |

|   |                  |                |               |  |               |                |                    |
|---|------------------|----------------|---------------|--|---------------|----------------|--------------------|
| jointly-controlled investment, net of taxes   |                  |                |               |  |               |                |                    |
| Realization of additional property, plant and equipment price-level restatement, net of taxes |                  |                |               |  |               |                | (27,236)           |
| Actuarial loss with post-employment benefits, net of taxes                                    |                  |                |               |  |               |                | 169<br>(28,034)    |
| Contributions and distributions to shareholders:  |                  |                |               |  |               |                |                    |
| Absorption of losses  | 29               | (565,549)      |               |  |               |                |                    |
| Capital increase from non-controlling interest  |                  |                |               |  |               |                | (1,961)            |
| Legal reserve   |                  |                | 26,895        |  |               |                |                    |
| Mandatory minimum dividends   |                  |                |               |  |               |                |                    |
| Additional dividends proposed   |                  |                |               |  |               | 354,842        |                    |
| Returns Earnings  |                  | (565,549)      | 26,895        |  | 28,412        | 354,842        | (1,961)            |
| <b>At December 31, 2013</b>   | <b>8,043,222</b> | <b>232,430</b> | <b>26,895</b> |  | <b>28,412</b> | <b>354,842</b> | <b>(1,092,691)</b> |

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     | 2013             | Consolidated<br>2012<br>Revised | Parent Company<br>2013 | Parent Company<br>2012 |
|--|----------|------------------|---------------------------------|------------------------|------------------------|
| Profit (loss) before income tax and social contribution and after of discontinued operations results | 2.1.1(b) | 963,948          | (1,378,103)                     | 745,239                | (1,307,246)            |
| Adjustments for reconciliation of profit (loss)  |          |                  |                                 |                        |                        |
| Depreciation, amortization and depletion   |          | 2,056,088        | 1,924,265                       | 1,302,531              | 1,193,976              |
| Results from equity investments  | 15(c)    | 3,223            | 25,807                          | (298,241)              | (290,414)              |
| Interest and monetary and exchange variations, net   |          | 1,341,770        | 2,442,973                       | 1,253,324              | 2,000,307              |
| Other  |          | 9,175            | 294,199                         | 4,298                  | 240,675                |
|  |          | <b>4,374,204</b> | <b>3,309,141</b>                | <b>3,007,151</b>       | <b>1,837,298</b>       |
| Changes in operating working capital   |          |                  |                                 |                        |                        |
| Held-for-trading financial investments   |          | 97,693           | 16,716                          | 69,982                 | 16,216                 |
| Trade accounts receivable  |          | (492,851)        | (625,130)                       | (2,092,346)            | (681,681)              |
| Inventories  |          | (927,435)        | (566,025)                       | (431,948)              | (495,689)              |
| Taxes recoverable  |          | (448,378)        | (458,763)                       | (68,650)               | (302,375)              |
| Prepaid expenses   |          | (8,915)          | 49,707                          | (5,626)                | 45,956                 |
| Other receivables  |          | (27,019)         | (529,103)                       | 140,710                | (710,879)              |
| Trade payables   |          | 742,649          | 2,165,530                       | 1,718,970              | 1,394,075              |
| Taxes payable  |          | (127,443)        | (430,789)                       | (262,176)              | (324,774)              |
| Long-term incentives   |          | (1,131)          | (4,808)                         | (1,132)                | (4,808)                |
| Advances from customers  |          | 6,344            | 206,044                         | (299,268)              | 245,761                |
| Sundry provisions  |          | 139,858          | 94,382                          | 87,934                 | 52,522                 |
| Other payables   |          | 308,734          | 389,032                         | 226,212                | 326,513                |
| <b>Cash from operations</b>  |          | <b>3,636,310</b> | <b>3,615,934</b>                | <b>2,089,813</b>       | <b>1,398,135</b>       |
| Interest paid  |          | (1,123,691)      | (1,006,840)                     | (630,918)              | (583,738)              |
| Income tax and social contribution paid  |          | (54,828)         | (37,283)                        | (33,569)               | (35,403)               |
| <b>Net cash generated by operating activities</b>  |          | <b>2,457,791</b> | <b>2,571,811</b>                | <b>1,425,326</b>       | <b>778,994</b>         |



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|  |                    |                    |                  |                    |
|--|--------------------|--------------------|------------------|--------------------|
| Proceeds from the sale of fixed assets                         | 2,576              | 115,846            |                  |                    |
| Proceeds from the sale of investments                          | 689,868            |                    | 689,868          |                    |
| Cash effect from incorporated (discontinued) subsidiary        | 9,985              | (141,348)          |                  | 394                |
| Acquisitions of investments in subsidiaries and associates     | (86)               |                    | (414,464)        | (84,282)           |
| Acquisitions to property, plant and equipment                  | (5,656,440)        | (2,792,853)        | (1,145,447)      | (1,375,908)        |
| Acquisitions of intangible assets                              | (25,748)           | (15,734)           | (24,782)         | (13,384)           |
| Held-for-maturity and available for sale financial investments | 25,645             | (218)              | 38,211           | 19,453             |
| <b>Net cash used in investing activities</b>                   | <b>(4,954,200)</b> | <b>(2,834,307)</b> | <b>(856,614)</b> | <b>(1,453,727)</b> |
| Short-term and long-term debt                                  |                    |                    |                  |                    |
| Obtained borrowings  | 6,317,022          | 6,665,938          | 5,161,555        | 4,058,052          |
| Payment of borrowings  | (7,300,718)        | (5,493,015)        | (6,070,448)      | (4,760,048)        |
| Project finance  | 19                 |                    |                  |                    |
| Obtained funds   | 4,562,343          |                    |                  |                    |
| Related parties  |                    |                    |                  |                    |
| Obtained loans   |                    |                    | 1,373,541        | 1,823,138          |
| Payment of loans   |                    |                    | (253,248)        | (366,861)          |
| Net current transactions                                       |                    |                    | 17,072           | (157,210)          |
| Dividends paid   | (35)               | (482,051)          | (34)             | (482,051)          |
| Non-controlling interests in subsidiaries                      | 35,628             | (20,295)           |                  |                    |
| Repurchase of treasury shares                                  |                    | (36,694)           |                  | (36,694)           |
| <b>Net cash provided by financing activities</b>               | <b>3,614,240</b>   | <b>633,883</b>     | <b>228,438</b>   | <b>78,326</b>      |
| Exchange variation on cash of foreign subsidiaries             | (69,594)           | (36,037)           |                  |                    |
| <b>Increase in cash and cash equivalents</b>                   | <b>1,048,237</b>   | <b>335,350</b>     | <b>797,150</b>   | <b>(596,407)</b>   |
| Represented by   |                    |                    |                  |                    |
| Cash and cash equivalents at the beginning for the period      | 3,287,622          | 2,952,272          | 1,627,928        | 2,224,335          |
| Cash and cash equivalents at the end for the period            | 4,335,859          | 3,287,622          | 2,425,078        | 1,627,928          |
| <b>Increase in cash and cash equivalents</b>                   | <b>1,048,237</b>   | <b>335,350</b>     | <b>797,150</b>   | <b>(596,407)</b>   |

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



## Braskem S.A.

## Statement of value added

## Years ended December 31

## All amounts in thousands of reais

| Continued and discontinued operations                                   | Note<br>2.1.1(b) | Consolidated        |                     | Parent Company      |                     |
|---|------------------|---------------------|---------------------|---------------------|---------------------|
|   |                  | 2013                | 2012<br>Revised     | 2013                | 2012                |
| <b>Revenue</b>  |                  | <b>47,209,844</b>   | <b>43,376,748</b>   | <b>27,817,793</b>   | <b>25,248,033</b>   |
| Sale of goods, products and services, including discontinued operations |                  | 47,384,014          | 42,647,728          | 27,658,207          | 24,868,066          |
| Other income (expenses), net  |                  | (146,837)           | 779,083             | 178,263             | 410,617             |
| Allowance for doubtful accounts   |                  | (27,333)            | (50,063)            | (18,677)            | (30,650)            |
| <b>Inputs acquired from third parties</b>                               |                  | <b>(39,860,100)</b> | <b>(37,141,063)</b> | <b>(23,356,597)</b> | <b>(21,144,265)</b> |
| Cost of products, goods and services sold                               |                  | (38,455,954)        | (35,782,490)        | (22,465,636)        | (20,324,249)        |
| Material, energy, outsourced services and others                        |                  | (1,405,722)         | (1,353,377)         | (890,744)           | (820,111)           |
| Impairment of assets  |                  | 1,576               | (5,196)             | (217)               | 95                  |
| <b>Gross value added</b>  |                  | <b>7,349,744</b>    | <b>6,235,685</b>    | <b>4,461,196</b>    | <b>4,103,768</b>    |
| <b>Depreciation, amortization and depletion</b>                         |                  | <b>(2,056,088)</b>  | <b>(1,933,776)</b>  | <b>(1,302,531)</b>  | <b>(1,193,976)</b>  |
| <b>Net value added produced by the entity</b>                           |                  | <b>5,293,656</b>    | <b>4,301,909</b>    | <b>3,158,665</b>    | <b>2,909,792</b>    |
| <b>Value added received in transfer</b>                                 |                  | <b>770,744</b>      | <b>519,926</b>      | <b>1,002,029</b>    | <b>655,020</b>      |
| Results from equity investments   |                  | (3,223)             | (14,179)            | 298,241             | 290,414             |
| Financial income  |                  | 773,138             | 532,012             | 703,449             | 364,389             |
| Other   |                  | 829                 | 2,093               | 339                 | 217                 |
| <b>Total value added to distribute</b>                                  |                  | <b>6,064,400</b>    | <b>4,821,835</b>    | <b>4,160,694</b>    | <b>3,564,812</b>    |
| <b>Personnel</b>  |                  | <b>860,593</b>      | <b>807,804</b>      | <b>514,818</b>      | <b>505,687</b>      |
| Direct compensation   |                  | 663,251             | 608,193             | 398,369             | 378,082             |
| Benefits  |                  | 146,004             | 150,947             | 77,422              | 91,665              |

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| FGTS (Government Severance Pay Fund)                      | 51,338           | 48,664           | 39,027           | 35,940           |
| <b>Taxes, fees and contributions</b>                      | <b>1,984,334</b> | <b>653,659</b>   | <b>925,046</b>   | <b>254,347</b>   |
| Federal   | 1,076,431        | (174,029)        | 348,495          | (440,584)        |
| State   | 891,151          | 805,363          | 571,631          | 687,777          |
| Municipal   | 16,752           | 22,325           | 4,920            | 7,154            |
| <b>Remuneration on third parties' capital</b>             | <b>2,712,435</b> | <b>4,098,677</b> | <b>2,211,133</b> | <b>3,535,921</b> |
| Financial expenses (including exchange variation)         | 2,524,737        | 3,908,924        | 2,081,922        | 3,391,552        |
| Rentals   | 187,698          | 189,753          | 129,211          | 144,369          |
| <b>Remuneration on own capital</b>                        | <b>507,038</b>   | <b>(738,305)</b> | <b>509,697</b>   | <b>(731,143)</b> |
| Profit (loss) for the year                                | 509,697          | (1,012,690)      | 509,697          | (731,143)        |
| Non-controlling interests in profit (loss) for the period | (2,659)          | (7,162)          |                  |                  |
| Profit from discontinued operations                       |                  | 281,547          |                  |                  |
| <b>Value added distributed</b>                            | <b>6,064,400</b> | <b>4,821,835</b> | <b>4,160,694</b> | <b>3,564,812</b> |

- The statement of value added is not a required part of a set of financial statements under the standards issued by the International Accounting Standards Board (“IASB”).

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

**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

**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”), operates 36 industrial units, 29 of which in the Brazilian states of Alagoas (“AL”), BA, Rio de Janeiro (“RJ”), Rio Grande do Sul (“RS”) and São Paulo (“SP”), 5 are located in the United States, in the states of Pennsylvania, Texas and West Virginia and 2 are located in Germany. These units produce thermoplastic resins – polyethylene (“PE”), polypropylene (“PP”) and polyvinyl chloride (“PVC”), as well as basic petrochemicals - such as ethylene, propylene butadiene, toluene, xylene and benzene, as well as gasoline, diesel and LPG (Liquefied Petroleum Gas), and other petroleum derivatives.

Additionally, 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.

The issue of these financial statements was authorized by the Company’s Board of Directors on February 12, 2014.

**(a) Significant operating events**

**(i)** In 2012, Sunoco Chemicals, Inc. (“Sunoco”) formally informed the Management of Braskem America, Inc. (“Braskem America”) of its alternative plan to supply feedstock to the PP plant in Pennsylvania, after having announced in December 2011 the definitive shutdown of operations of its refinery. The definitive termination of the supply agreement occurred on June 8, 2012, upon payment of the respective compensation set forth in the contract, in the

amount of R\$235,962 (Note 33).

Despite the termination of the supply agreement, operations at the unit were maintained through other propylene supply sources.

Another important and fundamental step in maintaining the operations at the plant was the acquisition of a propylene splitter unit from Sunoco on June 29, 2012. This unit transforms refinery-grade propylene into polymer-grade propylene. With the acquisition, Braskem America expanded its supply sources, since the supply of refinery-grade propylene is more abundant in the U.S. market. This acquisition does not represent a business combination, since it does not meet the definitions required by IFRS 3 and its corresponding pronouncement issued by the Committee of Accounting Pronouncements ("CPC") (CPC 15 (R1)).

**(ii)** On August 17, 2012, the Company inaugurated, in Marechal Deodoro, Alagoas, a new plant with annual production capacity of 200 kton of PVC\*, which expanded Braskem's total installed capacity to 710 kton\*. Total investment in the plant was approximately R\$1 billion.

**(iii)** On September 13, 2012, the Company inaugurated, in the Triunfo Petrochemical Complex in the state of RS, a new plant with annual production capacity of 103 kton of butadiene\*, which expanded Braskem's total installed capacity to 477 kton\*. Total investment was approximately R\$300 million.

**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

**(b) Corporate events**

(i) On January 27, 2012, the controlling shareholder of Braskem, at the time, BRK Investimentos Petroquímicos S.A. (“BRK”) was proportionally spun-off. In the spin-off, a part of the shares issued by Braskem that were held by BRK was delivered to Petróleo Brasileiro S.A. – Petrobras (“Petrobras”). With the spin-off, BRK became a wholly-owned subsidiary of Odebrecht Serviços e Participações (“OSP”) and maintained ownership of shares corresponding to 50.11% and 28.23% of the voting and total capital of Braskem, respectively. On the same date, the merger of Petrobras Química S.A. – Petroquisa (“Petroquisa”) into Petrobras was approved and Petrobras became the holder of 47.03% and 35.95% of the voting and total capital of Braskem, respectively.

(ii) On February 27, 2012, the company Braskem International GmbH (“Braskem Áustria”) was incorporated with the purpose of holding equity interests in other companies, and conducting financial and commercial operations. The capital stock was fully paid up by the Parent Company, a sole partner, in the amount of R\$81 (EUR 35 thousand).

(iii) On February 28, 2012, the Extraordinary Shareholders’ Meeting (“ESM”) of the Parent Company approved the merger of the subsidiary Ideom Tecnologia Ltda. (“Ideom”), based on its net book value as of December 31, 2011, in the amount of R\$20,762, pursuant to the terms and conditions set forth in the protocol and justification dated February 6, 2012.

(iv) On April 30, 2012, the capital stock of the subsidiaries Braskem Petroquímica S.A. (“Braskem Petroquímica”) and Rio Polímeros S.A. (“Riopol”) was increased in the amounts of R\$649,639 and R\$738,799, respectively, without the issue of new shares. The increases occurred through utilization of the balances recorded under advance for future capital increase.

(v) On June 27, 2012, Braskem Áustria incorporated Braskem Petroquímica Ibérica, S.L. (“Braskem Espanha”), which has capital of R\$8 (EUR 3 thousand). The purpose of this subsidiary is to hold equity interests in other companies.

- (vi) On June 30, 2012, BRK was merged into its parent company OSP, which changed its interest to 50.11% and 38.11% of the voting and total capital of the Parent Company, respectively, held directly and indirectly.
- (vii) On August 27, 2012, Braskem Áustria incorporated Braskem Áustria Finance GmbH (“Braskem Áustria Finance”), which has paid up capital of R\$47 (EUR 18 thousand). The subsidiary’s purpose is to raise funds in international financial markets.
- (viii) On September 3, 2012, a capital increase at the subsidiary Braskem Distribuidora Ltda. (“Braskem Distribuidora”) was approved, with the transfer of the facilities comprising the Water Treatment Unit (WTU) of the Basic Petrochemicals Unit at the Camaçari Petrochemical Complex (BA), in the amount of R\$75,024, which corresponds to the residual book value of the assets in this unit, along with the change in the type of company to a corporation operating under the new corporate name of Braskem Distribuidora S.A.
- (ix) On November 5, 2012, in an ESM, approval was given for the increase in the capital stock of the subsidiary Braskem Idesa S.A.P.I. (“Braskem Idesa”), in the amount of R\$41,573 (MXN\$266.666 thousand), through the issue of 86,052 Class “A” shares, which was fully paid in by the Parent Company. Subsequently, part of the capital was returned to the non-controlling shareholder, which resulted in an increase in the interest held by the Parent Company in the capital stock of Braskem Idesa, from 65% to 75%.



**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

(x) On November 9, 2012, the ESM approved the change in the company name of Braskem Distribuidora to Distribuidora de Águas Camaçari S.A. (“Braskem Distribuidora”).

(xi) On December 11, 2012, through a series of corporate decisions, the subsidiary Braskem America became a wholly owned subsidiary of Braskem Europe GmbH (“Braskem Alemanha”).

(xii) On December 17, 2012, the ESM approved the change in the type of company of Braskem Petroquímica S.A. to a limited liability company, with the new corporate name Braskem Petroquímica Ltda. (“Braskem Petroquímica”).

(xiii) On December 28, 2012, the Parent Company and Braskem Participações S.A. (“Braskem Participações”) entered into a private instrument for the purchase and sale of shares through which it sold all shares of the subsidiary Braskem Distribuidora (Note 5).

(xiv) On December 28, 2012, the Parent Company entered into a private instrument for the purchase and sale of shares through which it sold its interest in the subsidiary Cetrel S.A. (“Cetrel”) (Note 5).

(xv) Braskem and Petroquímica de Venezuela S.A. (“Pequiven”) decided to concentrate their estimated investments in Venezuela in the jointly-controlled investment Polipropileno Del Sur (“Propilsur”). As a result of this decision, the shareholders meeting held in 2012 decided to withdraw the interest held by Braskem in the jointly-controlled investment Polietilenos de America (“Polimerica”).

(xvi) On January 24, 2013, Braskem Participações acquired from Braskem Chile Ltda. (“Braskem Chile”), 215,552 common shares issued by Braskem Argentina S.A. (“Braskem Argentina”) for CLP\$21,667 thousand.

**(xvii)** On May 15, 2013, the ESM approved the increase in the capital stock of the subsidiary Braskem Idesa, without the issue of new shares, in the amount of R\$141,620 (MXN\$850,061 thousand), through capital injection of R\$106,214 (MXN\$637,546 thousand) by the Parent Company and R\$35,406 (MXN\$212,515 thousand) by the non-controlling shareholder.

**(xviii)** On July 1, 2013, the Parent Company acquired 2 thousand common shares of Odebrecht Comercializadora de Energia S.A. (“OCE”), equivalent to 20% of the capital of that company, whose main corporate purpose is to buy and sell energy in the spot market. Due to the provisions in the shareholders' agreement, OCE was classified as a jointly-controlled investment..

**(xix)** On August 30, 2013, the ESM approved the merger of Riopol with Braskem Qpar S.A. (“Braskem Qpar”) and the increase in its capital from R\$4,252,353 to R\$7,131,165, through the issue of 293,604,915 common shares.

**(xx)** On September 19, 2013, the parent company and Braskem Austria acquired the shares issued by Braskem Mexico and held by Braskem Participações and Braskem Importação e Exportação Ltda. (“Braskem Importação”) for R\$1,803 and R\$1, respectively.

**(xxi)** On November 1, 2013, approval was given to increase the capital of the subsidiary Distribuidora de Águas Triunfo S.A. (“DAT”) through the transfer of assets of the WTU at the Basic Petrochemicals Unit in the Triunfo Petrochemical Complex in RS, amounting to R\$37,561. On December 27, 2013, approval was given to a capital increase of R\$151 through the transfer of assets, after which the capital increased to R\$37,717.

**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

(xxii) On November 21, 2013, Braskem Mexico constituted Braskem Mexico Servicios S. de R. L. de C.V. (“Braskem Mexico Serviços”), whose capital amounts to MXN\$3 thousand. The purpose of this subsidiary is to provide services to Braskem Mexico.

(xxiii) On November 27, 2013, Common Industries Ltd. (“Common”) repurchased 49,995 of its shares held by Braskem Qpar for US\$2,591 thousand. On the same date, Braskem Incorporated Limited (“Braskem Inc”) acquired 5 common shares of Common, also held by Braskem Qpar, for US\$259. Furthermore, on the same date Common canceled the shares and Braskem Inc. became the sole shareholder.

(xxiv) On December 17, 2013, the Parent Company entered into a share sales agreement (“Agreement”) with Solvay Argentina S.A. (“Solvay Argentina”), through which it committed to acquire, upon the fulfillment of certain conditions provided for in the Agreement (“Acquisition”), shares representing 70.59% of the total and voting capital of Solvay Indupa S.A.I.C. (“Solvay Indupa”).

Solvay Indupa, which produces PVC and caustic soda, has two integrated production sites located in: (i) Santo André, (SP), with the capacity to produce 300 kton of PVC\* and 170 kton of caustic soda\*; and (ii) Bahía Blanca in the Province of Buenos Aires, Argentina, with the capacity to produce 240 kton of PVC\* and 180 kton of caustic soda\*.

The Agreement provides for the acquisition by Braskem of 292,453,490 shares representing 70.59% of the total and voting capital of Solvay Indupa that are held by Solvay Argentina, at the price of US\$ 0.085, to be paid upon the settlement of the acquisition. The acquisition price is based on the Enterprise Value of US\$ 290 million.

Meanwhile, Solvay Indupa holds, as of December 31, 2013, (i) 158,534,671 shares in Solvay Indupa do Brasil S.A. (“Indupa Brasil”) representing 99.99% of the total and voting capital of Indupa Brasil; and (ii) 1,010,638 shares in Solalban Energía S.A. (“Solalban”) representing 58.00% of the total and voting capital of Solalban. As a result of the Acquisition, Braskem will become an indirect shareholder of Indupa Brasil and of Solalban.

As a result of the Acquisition, Braskem carried out a public tender offer on December 18, 2013 for shares representing 29.41% of the capital of Solvay Indupa traded on the Buenos Aires Stock Exchange - BCBA, pursuant to governing legislation, and also plans to cancel the registration of Solvay Indupa at the Securities and Exchange Commission of Brazil - ("CVM").

The conclusion and effective implementation of the acquisition is subject to, among other operational conditions, approval by Brazil's antitrust agency Administrative Council for Economic Defense - ("CADE").

(xxv) On December 30, 2013, Quantiq changed its corporate type to limited liability company, with its new name being Quantiq Distribuidora Ltda.

**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

(xxvi) On December 31, 2013, the parent company entered into a share sales agreement with Odebrecht Ambiental (“OA”), through which it sold its interest in the subsidiary DAT for R\$315 million, to be received during 2014.

The investments in DAT are shown in the balance sheet as “non – current assets held for sale”. DAT did not register results or hold liabilities in the year ended on December 31, 2013, and held only fixed assets.

The change of administration with the consequent transfer of management of the DAT operations will only occur in 2014.

*\* Unaudited*

**(c) Net working capital**

On December 31, 2013, net working capital at the Parent Company was negative R\$564,412 (negative R\$1,594,367 in 2012). On the other hand, consolidated net working capital was positive R\$1,402,327 (2012 – R\$35,700). The consolidated figures are used in the management of working capital, since the Company uses mechanisms to transfer funds between the companies efficiently without jeopardizing the fulfillment of the commitments of each of the entities forming the consolidated statements. For this reasons, any analysis of the Parent Company’s working capital will not reflect the actual liquidity position of the consolidated group.

Braskem also has three revolving credit lines that may be used at any time (Note 4.3).

**(d) Effect of foreign exchange variation**

The Company is exposed to foreign exchange variation on the balances and transactions made in currencies other than its functional currencies, particularly in U.S. dollar, such as financial investments, trade accounts receivable, trade

payables, borrowings and sales. In addition to the exchange effect of the U.S. dollar in relation to the Brazilian real, Braskem is exposed to the U.S. dollar through its subsidiaries abroad, particularly in Euros and Mexican peso. The balances of assets and liabilities are translated based on the exchange rate at the end of each period, while transactions are based on the effective exchange rate on the date of each operation.

The following table shows the U.S. dollar average and end-of-period exchange rates for the fiscal years in this report:

**Effect of foreign exchange variation**

**End of period rate**

|   |        |   |         |  |        |
|---|--------|---|---------|--|--------|
| U.S. dollar - Brazilian real, 2013                                | 2.3426 | U.S. dollar - Mexican peso, 2013                                | 13.1005 | U.S. dollar - euro, 2013                               | 0.7261 |
| U.S. dollar - Brazilian real, 2012                                | 2.0435 | U.S. dollar - Mexican peso, 2012                                | 13.0327 | U.S. dollar - euro, 2012                               | 0.7582 |
| Appreciation of the U.S. dollar in relation to the Brazilian real | 14.64% | Appreciation of the U.S. dollar in relation to the Mexican peso | 0.52%   | Devaluation of the U.S. dollar in relation to the euro | -4.23% |

**Average rate**

|   |        |   |         |  |        |
|---|--------|---|---------|--|--------|
| U.S. dollar - Brazilian real, 2013                                | 2.3455 | U.S. dollar - Mexican peso, 2013                                | 13.0088 | U.S. dollar - euro, 2013                               | 0.7296 |
| U.S. dollar - Brazilian real, 2012                                | 2.0778 | U.S. dollar - Mexican peso, 2012                                | 12.8647 | U.S. dollar - euro, 2012                               | 0.7619 |
| Appreciation of the U.S. dollar in relation to the Brazilian real | 12.88% | Appreciation of the U.S. dollar in relation to the Mexican peso | 1.12%   | Devaluation of the U.S. dollar in relation to the euro | -4.24% |

**Braskem S.A.**

**Notas explicativas da Administração às demonstrações**

**financeiras em 31 de dezembro de 2013**

**Valores expressos em milhares de reais, exceto quando indicado de outra forma**

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are described below. These policies have been consistently applied to the years presented, with the exception of the cases mentioned in Note 2.1.1.

### **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 critical accounting 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.

#### **2.1.1 Revised**

The financial statements of 2012 was retrospectively revised to reflect (a) the effects of the retroactive application of CPC 33 (R1) and IAS 19. The income statements for 2012 was also retrospectively revised to reclassify (b) the results from discontinued operations to continuing operations of IQ Soluções & Química S.A. ("Quantiq") and IQAG Armazéns Gerais Ltda. ("IQAG") resulting from the Company's decision to not sell assets previously held for sale.

In additional, the Company revised the “Other comprehensive income or loss” at the statement of operations separating the items between “Items that will be reclassified subsequently to profit or loss” and “ Items that will not be reclassified to profit and loss”.

**(a) Post-employment benefits plans**

Until 2012, actuarial gains and losses arising from actuarial remeasurement were not recognized if they were lower than 10% (a) of the present value of the defined benefit obligation; and (b) of the fair value of any assets of the plan. The accounting practice adopted in accordance with CPC 33 (R1) and IAS 19 is in note 2.20.



**Braskem S.A.****Notas explicativas da Administração às demonstrações****financeiras em 31 de dezembro de 2013****Valores expressos em milhares de reais, exceto quando indicado de outra forma****(b) Held-for-sale assets**

The Management of the Company decided to maintain the investments in Quantiq and IQAG. Hence, the Company is consolidating the effects of the income statements with retroactive effect in 2012. The Company recorded charges of R\$7,300 related to amortization and depreciation in 2013. The effect of those expenses for prior year is immaterial as the decision to classify these investments as held for sale occurred on December 07, 2012.

The assets and liabilities of these companies in 2012 are being shown under the items “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale”.

Consolidated information from the balance sheets of Quantiq and IQAG:

|                               | <b>2012</b>    |
|-------------------------------|----------------|
| Assets                        |                |
| Cash and cash equivalents     | 9,985          |
| Trade accounts receivable     | 17,897         |
| Inventories                   | 106,386        |
| Property, plant and equipment | 56,727         |
| Intangible assets             | 13,246         |
| Other                         | 73,587         |
| <b>Total assets</b>           | <b>277,828</b> |
| Liabilities                   |                |
| Trade payables                | 101,893        |
| Borrowings                    | 1,095          |
| Payroll and related charges   | 5,232          |
| Other                         | 1,550          |

Total liabilities

**109,770**

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**Braskem S.A.****Notas explicativas da Administração às demonstrações****financeiras em 31 de dezembro de 2013****Valores expressos em milhares de reais, exceto quando indicado de outra forma**

The effects of the resubmission of items (a) and (b) are shown below:

**Balance sheet**

|  |                   |  | <b>Consolidated</b> |                   | <b>Parent company</b>                        |                   |
|--|-------------------|--|---------------------|-------------------|--|-------------------|
|  |                   | <b>(a) Post-<br/>employment<br/>benefits</b> | <b>Revised</b>      | <b>Published</b>  | <b>(a) Post-<br/>employment<br/>benefits</b> | <b>Revised</b>    |
| <b>Assets</b>  | <b>Published</b>  |  |                     |                   |  |                   |
| <b>Current assets and<br/>non-current assets<br/>held for sale</b>           | <b>12,692,327</b> |  | <b>12,692,327</b>   | <b>8,182,981</b>  |  | <b>8,182,981</b>  |
| <b>Non-current</b>   |                   |  |                     |                   |  |                   |
| Deferred income tax and<br>social contribution                               | 2,055,621         | 6,388  | 2,062,009           | 1,100,611         |  | 1,100,611         |
| Investments in<br>subsidiaries and<br>jointly-controlled<br>investments      | 86,842            |  | 86,842              | 9,571,515         | (11,816)                                     | 9,559,699         |
| Other non-current assets   | 26,328,788        |  | 26,328,788          | 16,522,806        |  | 16,522,806        |
|  | <b>28,471,251</b> | <b>6,388</b>                                 | <b>28,477,639</b>   | <b>27,194,932</b> | <b>(11,816)</b>                              | <b>27,183,116</b> |
| <b>Total assets</b>  | <b>41,163,578</b> | <b>6,388</b>                                 | <b>41,169,966</b>   | <b>35,377,913</b> | <b>(11,816)</b>                              | <b>35,366,097</b> |
| <b>Liabilities</b>   |                   |  |                     |                   |  |                   |
| <b>Current liabilities and<br/>non-current liabilities<br/>held for sale</b> | <b>12,656,627</b> |  | <b>12,656,627</b>   | <b>9,777,348</b>  |  | <b>9,777,348</b>  |

**Non-current**

|   |                   |                 |                   |                   |  |                   |
|---|-------------------|-----------------|-------------------|-------------------|--|-------------------|
| Deferred income tax and social contribution | 2,138,622         | 18,204          | 2,138,622         | 1,015,743         |  | 1,015,743         |
| Other non-current liabilities               | 17,704,529        | 18,204          | 17,722,733        | 15,959,943        |  | 15,959,943        |
|   | <b>19,843,151</b> | <b>(11,816)</b> | <b>19,861,355</b> | <b>16,975,686</b> |  | <b>16,975,686</b> |

**Equity**

|                            |           |          |           |           |          |           |
|----------------------------|-----------|----------|-----------|-----------|----------|-----------|
| Other comprehensive income | 349,227   | (11,816) | 337,411   | 349,227   | (11,816) | 337,411   |
| Other equity               | 8,226,760 |          | 8,226,760 | 8,275,652 |          | 8,275,652 |

|  |                  |                 |                  |                  |                 |                  |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|
| Total attributable to the Company's shareholders | <b>8,575,987</b> | <b>(11,816)</b> | <b>8,564,171</b> | <b>8,624,879</b> | <b>(11,816)</b> | <b>8,613,063</b> |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|

|                          |               |  |               |  |  |  |
|--------------------------|---------------|--|---------------|--|--|--|
| Non-controlling interest | <b>87,813</b> |  | <b>87,813</b> |  |  |  |
|--------------------------|---------------|--|---------------|--|--|--|

|  |                  |                 |                  |                  |                 |                  |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|
|  | <b>8,663,800</b> | <b>(11,816)</b> | <b>8,651,984</b> | <b>8,624,879</b> | <b>(11,816)</b> | <b>8,613,063</b> |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|

|                                     |                   |              |                   |                   |                 |                   |
|-------------------------------------|-------------------|--------------|-------------------|-------------------|-----------------|-------------------|
| <b>Total liabilities and equity</b> | <b>41,163,578</b> | <b>6,388</b> | <b>41,169,966</b> | <b>35,377,913</b> | <b>(11,816)</b> | <b>35,366,097</b> |
|-------------------------------------|-------------------|--------------|-------------------|-------------------|-----------------|-------------------|

Braskem S.A.

## Notes to the financial statements

Years ended December 31

All amounts in thousands of reais

Statement of operations

|  |                    | (b) Assets<br>held<br>for sale | 2012<br>Consolidated<br>Revised |
|--|--------------------|--------------------------------|---------------------------------|
|  | Published          |                                |                                 |
| <b>Continued operations</b>  |                    |                                |                                 |
| <b>Net sales revenue</b>   | <b>35,513,397</b>  | <b>646,930</b>                 | <b>36,160,327</b>               |
| Cost of products sold  | (32,209,958)       | (499,110)                      | (32,709,068)                    |
| <b>Gross profit</b>  | <b>3,303,439</b>   | <b>147,820</b>                 | <b>3,451,259</b>                |
| <b>Income (expenses)</b>   |                    |                                |                                 |
| Selling and distribution   | (968,337)          | (22,028)                       | (990,365)                       |
| General and administrative   | (998,261)          | (72,768)                       | (1,071,029)                     |
| Research and development   | (106,198)          | 1                              | (106,197)                       |
| Results from equity investments                                    | (25,807)           |                                | (25,807)                        |
| Other operating income (expenses), net                             | 333,767            | (310)                          | 333,457                         |
| <b>Operating profit</b>  | <b>1,538,603</b>   | <b>52,715</b>                  | <b>1,591,318</b>                |
| <b>Financial results</b>   |                    |                                |                                 |
| Financial expenses   | (3,902,499)        | (23,710)                       | (3,926,209)                     |
| Financial income   | 530,182            | 1,746                          | 531,928                         |
|  | <b>(3,372,317)</b> | <b>(21,964)</b>                | <b>(3,394,281)</b>              |
| <b>Profit (loss) before income tax and<br/>social contribution</b> | <b>(1,833,714)</b> | <b>30,751</b>                  | <b>(1,802,963)</b>              |
| Current and deferred income tax and<br>social contribution         | 793,376            | (10,265)                       | 783,111                         |
|  | <b>793,376</b>     | <b>(10,265)</b>                | <b>783,111</b>                  |
| <b>Profit (loss) for the period of continued operations</b>        | <b>(1,040,338)</b> | <b>20,486</b>                  | <b>(1,019,852)</b>              |

**Discontinued operations results**

|   |                  |                 |                  |
|---|------------------|-----------------|------------------|
| Profit (loss) from discontinued operations              | 451,262          | (26,402)        | 424,860          |
| Current and deferred income tax and social contribution | (149,229)        | 5,916           | (143,313)        |
|   | <b>302,033</b>   | <b>(20,486)</b> | <b>281,547</b>   |
| <b>Loss for the year</b>                                | <b>(738,305)</b> |                 | <b>(738,305)</b> |
| <b>Attributable to:</b>                                 |                  |                 |                  |
| Company's shareholders                                  | (731,143)        |                 | (731,143)        |
| Non-controlling interest                                | (7,162)          |                 | (7,162)          |
|   | <b>(738,305)</b> |                 | <b>(738,305)</b> |

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****Statement of comprehensive income**

|  | <b>Published</b> | <b>Consolidated<br/>(b)<br/>Post-employment<br/>benefits</b> | <b>Revised</b>   | <b>Published</b> | <b>Parent<br/>(b)<br/>Post-employment<br/>benefits</b> |
|--|------------------|--|------------------|------------------|--|
| <b>Loss for the year</b>   | <b>(738,305)</b> |  | <b>(738,305)</b> | <b>(731,143)</b> |  |
| <b>Other comprehensive income or loss:</b>                           |                  |  |                  |                  |  |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                  |  |                  |                  |  |
| Fair value of cash flow hedge  | 16,238           |  | 16,238           | 16,238           |  |
| Income tax and social contribution                                   | (5,522)          |  | (5,522)          | (5,522)          |  |
|  | 10,716           |  | 10,716           | 10,716           |  |
| Foreign currency translation adjustment                              | 78,780           |  | 78,780           | 61,662           |  |
| <b>Total</b>   | <b>89,496</b>    |  | <b>89,496</b>    | <b>72,378</b>    |  |
| <b>Items that will not be reclassified to profit or loss:</b>        |                  |  |                  |                  |  |
| Defined benefit plan actuarial (loss) gain                           |                  | (18,204)   | (18,204)         |                  | (18,204)   |
| Income tax and social contribution                                   |                  | 6,388  | 6,388            |                  | 6,388  |
| <b>Total</b>   |                  | <b>(11,816)</b>  | <b>(11,816)</b>  |                  | <b>(11,816)</b>  |
| <b>Total other comprehensive income or loss</b>                      | <b>89,496</b>    | <b>(11,816)</b>  | <b>77,680</b>    | <b>72,378</b>    | <b>(11,816)</b>  |
| <b>Total comprehensive income or loss for the year</b>               | <b>(648,809)</b> | <b>(11,816)</b>  | <b>(660,625)</b> | <b>(658,765)</b> | <b>(11,816)</b>  |
| <b>Attributable to:</b>  |                  |  |                  |                  |  |
| Company's shareholders - continued operations                        | (940,312)        | (11,816)   | (952,128)        |                  |  |
| Company's shareholders - discontinued operations                     | 281,547          |  | 281,547          |                  |  |
| Non-controlling interest   | 9,956            |  | 9,956            |                  |  |

**Total comprehensive income or loss for the year**    **(648,809)**                      **(11,816) (660,625)**



**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**2.1.2 Consolidated financial statements**

The consolidated financial statements were prepared and presented in accordance with accounting practices adopted in Brazil, including the standards issued by the CPC, and in accordance with the IFRS issued by the IASB.

**(a) Consolidation**

The financial statements of subsidiaries and specific purpose entities included in the consolidated financial statements have been prepared in accordance with the same accounting practices as those adopted by the parent company.

The consolidation process provided for in pronouncements CPC 36 (R3) and IFRS 10 corresponds to the sum of balance sheet accounts and profit and loss, in addition to the following eliminations:

- a) the investments of the Parent Company in the equity of subsidiaries;
- b) balance sheet accounts between companies;
- c) income and expenses arising from commercial and financial operations carried out between companies; and
- d) the portions of profit and loss for the year and assets that correspond to unrealized gains and unrealized losses with third parties on transactions between companies.



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

The consolidated financial statements comprise the financial statements of the Parent Company and the following entities:

|  | <b>Headquarters (Country)</b> | <b>Total interest - %</b> |             |
|--|-------------------------------|---------------------------|-------------|
|  |                               | <b>2013</b>               | <b>2012</b> |
| <b>Direct and Indirect subsidiaries</b>                          |                               |                           |             |
| Braskem Alemanha   | Germany                       | 100.00                    | 100.00      |
| Braskem America Finance Company<br>("Braskem America Finance")   | USA                           | 100.00                    | 100.00      |
| Braskem America, Inc. ("Braskem America")                        | USA                           | 100.00                    | 100.00      |
| Braskem Argentina S.A. ("Braskem Argentina")                     | Argentina                     | 100.00                    | 100.00      |
| Braskem Austria  | Austria                       | 100.00                    | 100.00      |
| Braskem Austria Finance  | Austria                       | 100.00                    | 100.00      |
| Braskem Chile  | Chile                         | 100.00                    | 100.00      |
| Braskem Espanha  | Spain                         | 100.00                    | 100.00      |
| Braskem Finance Limited ("Braskem Finance")                      | Cayman Islands                | 100.00                    | 100.00      |
| Braskem Idesa  | Mexico                        | 75.00                     | 75.00       |
| Braskem Idesa Servicios S.A. de CV<br>("Braskem Idesa Serviços") | Mexico                        | 75.00                     | 75.00       |
| Braskem Importação   | Brazil                        | 100.00                    | 100.00      |
| Braskem Incorporated Limited ("Braskem Inc")                     | Cayman Islands                | 100.00                    | 100.00      |
| Braskem México Serviços  | Mexico                        | 100.00                    |             |
| Braskem México, S de RL de CV ("Braskem<br>México")              | Mexico                        | 100.00                    | 100.00      |
| Braskem Netherlands B.V ("Braskem Holanda")                      | Netherlands                   | 100.00                    | 100.00      |
| Braskem Participações  | Brazil                        | 100.00                    | 100.00      |
| Braskem Petroquímica   | Brazil                        | 100.00                    | 100.00      |
| Braskem Petroquímica Chile Ltda.<br>("Petroquímica Chile")       | Chile                         | 100.00                    | 100.00      |
| Braskem Qpar   | Brazil                        | 100.00                    | 100.00      |
| Common   | British Virgin Islands        | 100.00                    | 100.00      |
|  | DAT                           |                           |             |
|  | Brazil                        | 100.00                    |             |
| IQAG   | Brazil                        | 100.00                    | 100.00      |
| Lantana Trading Co. Inc. ("Lantana")                             | Bahamas                       | 100.00                    | 100.00      |

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|   |         |        |        |
|---|---------|--------|--------|
| Norfolk Trading S.A. ("Norfolk")                            | Uruguay | 100.00 | 100.00 |
| Politeno Empreendimentos Ltda. ("Politeno Empreendimentos") | Brazil  | 100.00 | 100.00 |
| Quantiq   | Brazil  | 100.00 | 100.00 |
| Riopol  | Brazil  |        | 100.00 |

**Specific Purpose Entity ("SPE")**

|  |        |        |        |
|--|--------|--------|--------|
| Fundo de Investimento Multimercado Crédito Privado Sol ("FIM Sol")                             | Brazil | 100.00 | 100.00 |
| Fundo de Investimento Caixa Júpiter Multimercado Crédito Privado Longo Prazo ("Fundo Júpiter") | Brazil | 100.00 | 100.00 |

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(a.i) Non-controlling interest in the equity and results of operations of the Company's subsidiaries**

|               | Adjusted shareholders' equity |               | Adjusted profit (loss) for the period |                |
|---------------|-------------------------------|---------------|---------------------------------------|----------------|
|               | 2013                          | 2012          | 2013                                  | 2012           |
| Braskem Idesa | 137,116                       | 87,813        | (2,659)                               | (7,162)        |
| Total         | <b>137,116</b>                | <b>87,813</b> | <b>(2,659)</b>                        | <b>(7,162)</b> |

**(a.ii) Reconciliation between equity and profit (loss) for the year of parent company and consolidated**

|   | Note     | Shareholders' equity |                  | Profit (loss) for the period |                  |
|---|----------|----------------------|------------------|------------------------------|------------------|
|   |          | 2013                 | 2012             | 2013                         | 2012             |
| <b>Parent Company</b>                                   | 2.1.1(a) | <b>7,593,110</b>     | <b>8,613,063</b> | <b>509,697</b>               | <b>(731,143)</b> |
| Braskem shares owned by subsidiary Braskem Petroquímica |          | (48,892)             | (48,892)         |                              |                  |
| Non-controlling interest of Braskem Idesa               |          | 137,116              | 87,813           | (2,659)                      | (7,162)          |
| <b>Consolidated</b>                                     |          | <b>7,681,334</b>     | <b>8,651,984</b> | <b>507,038</b>               | <b>(738,305)</b> |

**2.1.3 Parent company financial statements**

The Parent Company financial statements have been prepared in accordance with accounting practices adopted in Brazil, following the provisions in Federal Law 6,404/76, and subsequent amendments ("Brazilian Law of Corporations"), and the standards issued by CPC, and are disclosed together with the consolidated financial statements. The accounting practices adopted in Brazil applicable to the Parent Company financial statements differ from

International Financial Reporting Standards (“IFRS”) only in relation to the valuation of investments in subsidiaries and associates based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

## **2.2 Operating segment reporting**

This information is prepared and presented consistently with the internal report provided to the Chief Executive Officer, who is the main operating decision-maker and responsible for allocating resources and assessing performance of the operating segments (Note 36).

The determination of results per segment takes into consideration transfers of goods and provision of services between segments that are considered arm’s length sales and stated based on market prices.

## **2.3 Foreign currency translation**

### **(a) Functional and presentation currency**

The functional and presentation currency of the Company is the real, determined in accordance with CPC 02 (R2) and IAS 21.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(b) Brazilian real as functional currency**

The company has a few companies abroad that also use the real as their functional currency. Foreign currency transactions and balances are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions or at year end, as applicable. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations as “financial income” and “financial expenses”, respectively, except those designated for hedge accounting, which are, in this case, deferred in equity as cash flow hedges.

**(c) Functional currency other than the Brazilian real**

Some subsidiaries and a jointly-controlled investment have a different functional currency from that of the Parent Company, as follows:

|                  |                |                |                 | <b>Braskem</b> |                 | <b>Braskem</b> |                |                 |                |
|------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|
|                  |                | <b>Braskem</b> | <b>Idesa</b>    | <b>Braskem</b> | <b>México</b>   | <b>Braskem</b> | <b>America</b> | <b>Braskem</b>  | <b>Braskem</b> |
| <b>Propilsur</b> | <b>Braskem</b> | <b>Idesa</b>   | <b>Serviços</b> | <b>México</b>  | <b>Serviços</b> | <b>America</b> | <b>Finance</b> | <b>Alemanha</b> | <b>Áustria</b> |
| USD              | MXN            | MXN            | MXN             | MXN            | MXN             | USD            | USD            | EUR             | EUR            |

USD = U.S. dollar

EUR = Euro

MXN = Mexican peso

The financial statements of these companies are translated into reais based on the following rules:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- equity is converted at the historical rate, that is, the foreign exchange rate prevailing on the date of each transaction; and
- income and expenses for each statement of operations are translated at the monthly average rate.

All resulting exchange differences are recognized as a separate component of equity in the account “other comprehensive income”. When a foreign investment is partially or fully written off for any reason, the respective exchange differences recorded in equity are recognized in the statement of operations as part of the gain or loss on the transaction.

#### **2.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and highly liquid investments with maturities of three months or less. They are convertible into a known amount and subject to an immaterial risk of change in value (Note 6).



**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**2.5 Financial assets**

**2.5.1 Classification and measurement**

Financial assets are classified as held for trading, loans and receivables held to maturity. This classification depends on the purpose for which they were acquired.

These financial assets are derecognized when the corresponding rights to receive cash flows have been received or transferred and the Company has transferred substantially all risks and rewards of ownership of the related assets.

Eventual expenses with the acquisition or sale of held-for-trading financial assets are expensed in the statement of operations. For the other financial assets, these expenses, when significant, are added to their respective fair value.

**(a)** Held-for-trading financial assets – these are measured at fair value and they are held to be actively and frequently traded in the short term. The assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated for hedge accounting (Note 2.6).

Held-for-trading financial assets are carried at fair value on an ongoing basis. Gains or losses arising from changes in the fair value of these financial assets are presented in “financial results” in the period in which they arise.

**(b)** Loans and receivables - these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise loans to related parties and accounts with associates (Note 10), trade accounts receivable (Note 8), other accounts receivable (Note 14), cash and cash equivalents (Note 6) and financial investments (Note 7).

Loans and receivables are carried at amortized cost using the effective interest method. These assets are stated at cost of acquisition, plus earnings accrued, against profit or loss for the year.

Assets held to maturity – the Company's held-to-maturity financial investments comprise mainly quotas of investment funds in credit rights.

### **2.5.2 Impairment of financial assets**

The Company permanently assesses the existence of objective evidence that a financial asset, classified as loans and receivables or held-to-maturity is impaired. The criteria the Company uses to determine that there is objective evidence of an impairment loss include:

- a) significant financial difficulty of the issuer or debtor;
- b) a breach of contract by the issuer or debtor, such as a default or delinquency in interest or principal payments;
- c) it becomes probable that the debtor will enter bankruptcy or other financial reorganization; or
- d) the disappearance of an active market for that financial asset because of financial difficulties.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

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Losses are recorded when there is objective evidence of impairment as a result of one more events that occurred after the initial recognition of the asset and that loss event has an impact on the future cash flows that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of future cash flows carried to their future value at market rates and discounted at the financial asset's original effective interest rate. This methodology does not apply to the calculation of the provision for impairment.

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 related parties are not considered in this calculation.

**2.6 Derivative and non-derivative financial instruments and hedging activities**

Derivatives are recognized at fair value on an ongoing basis. The recognition of the gain or loss in profit or loss depends on whether the derivative is designated as a hedging instrument.

**(a) Designated as hedge accounting**

Management may designate certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. It may also designate non-derivative financial instruments as hedge for highly probable future sales in foreign currency (cash flow hedge). The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk Management

objectives and strategy for undertaking various hedging transactions. It also documents its assessment, on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion (i) of the changes in the fair value of hedge derivatives and (ii) of the exchange variation of financial liabilities designated and qualified as sales flow hedge is recognized in equity, under “other comprehensive income”. These amounts are transferred to profit or loss for the periods in which the hedged item affects the financial results. The ineffective portion is recognized immediately in the statement of operations as “financial result”.

When the hedge instrument matures or is sold or when it no longer meets the criteria for hedge accounting, it is prospectively discontinued and any cumulative gain or loss in equity remains in equity and is recognized in profit or loss when the hedged item or transaction affects profit or loss. If the hedged item or transaction is settled in advance, discontinued or is not expected to occur, the cumulative gain or loss in equity is immediately transferred to “financial result”.

The cash flow hedge transactions carried out by the Company are described in Note 20.2.1(b).

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**(b) Derivatives at fair value through profit or loss**

Derivatives not designated as hedge instruments are classified as current assets or liabilities. Changes in the fair value of these derivative instruments are recognized immediately in the statement of operations under “financial results”, regardless of the instrument contracted.

**2.7 Trade accounts receivable**

Trade accounts receivable are recognized at the amount billed net of the allowance for doubtful accounts. The Company’s billing period is generally 30 days; therefore, the amount of the trade accounts receivable corresponds to their fair value on the date of the sale (Note 8).

**2.8 Inventories**

Inventories are stated at the lower between the average acquisition or production cost or at the estimated retail price, net of taxes. The Company determines the cost of its production using the absorption method, and uses the weighted average cost to determine the value of its inventories.

**2.9 Discontinued operations**

The Company classifies as discontinued the operations related to cash generating units or reportable operating segment that have been divested or are undergoing divestment and are classified as held-for-sale.

Profit or loss from discontinued operations is presented in a single item on the statement of operations for the fiscal year. In addition, detailed information is also reported, as follows:

(i) revenue, cost of sales, general and administrative expenses and profit or loss before income tax and social contribution;

(ii) income tax and social contribution;

(iii) gains from the sale of assets that comprise the discontinued operation; and

(iv) income tax and social contribution related to item (iii) above.

Profit or loss from discontinued operations is recognized after eliminating the revenues and expenses arising from any commercial and financial operations carried out among the companies.

## **2.10 Investments in subsidiaries**

The Company controls an entity when it is exposed or entitled to variable returns on account of its involvement with the entity and is capable of affecting these returns through its power over the entity.

Investment gains and losses arising from transactions with non-controlling shareholders are directly recorded in equity in “other comprehensive income”. These gains and losses are transferred to profit or loss for the year when the Company ceases to have control over the related subsidiary.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

The Company recognizes, in the Parent Company's financial statements, a provision for losses in subsidiaries at an amount equivalent to the net capital deficiency of these subsidiaries. This provision is recorded in non-current liabilities with a contra-entry to the account "results from equity investments".

The unrealized gains in operations between the Parent Company and its subsidiaries that are still recorded in the assets held by the Company are fully eliminated from the financial statements of the Parent Company.

**2.11 Investments in associates and other investments**

Associates are all entities over which the Company has the power to participate in the financial and operating decisions without having control (significant influence). Investments in associates are initially accounted for at cost and subsequently using the equity method and they may include possible goodwill identified on acquisition, net of any accumulated impairment loss.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these investments.

Other investments are stated at acquisition cost, less provision for adjustments to market value, when applicable.

**2.12 Investments in jointly-controlled investments**

Jointly-controlled investments are all entities over which the Company shares, under an agreement, control with one or more parties. Investments in jointly-controlled investments are initially accounted for at cost and subsequently using the equity method.

The unrealized gains in operations between the Company and its jointly-controlled investments are eliminated proportionately to its interest in these investments.

## **2.13 Property, plant and equipment**

Property, plant and equipment is stated at cost net of accumulated depreciation and provision for impairment, when applicable. The cost includes:

- (a) the acquisition price and the financial charges incurred in borrowings during the phase of construction (Note 16), and all other costs directly related with making the asset usable; and
  
- (b) the fair value of assets acquired through business combinations.

The financial charges are capitalized on the balance of the projects in progress using (i) an average funding 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).

The machinery, equipment and installations 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. Costs of materials and outsourced services that are directly attributable to these shutdowns are capitalized when (i) it is probable that future economic benefits associated with these costs will flow to the Company; and (ii) these costs can be measured reliably. 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.



**Braskem S.A.**

**Notes to the financial statements**

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**All amounts in thousands of reais**

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. The average depreciation and depletion rates used, determined based on the useful lives of the assets, are presented in Note 16.

Projects in progress are not depreciated. Depreciation begins when the assets are available for use.

The Company does not attribute a residual value to assets due to its insignificance.

**2.14 Intangible assets**

The group of accounts that comprise the intangible assets is the following:

**(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 CPC and IFRS pronouncements and represent the excess of the amount paid over the amount of equity of the entities acquired. Upon adoption of the CPC and IFRS pronouncements in 2009, the Company applied the exemption related to business combinations prior to January 1, 2009 and did not remeasure these amounts. This goodwill has not been amortized since that date and it is tested annually for eventual impairment.

**(b) Trademarks 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.

**(c) 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).

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**Notes to the financial statements**

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**All amounts in thousands of reais**

**(d) Software**

Software is recorded at cost net of accumulated amortization. Cost includes the acquisition price and/or internal development costs and all other costs directly related with making the software usable. 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.

**2.15 Impairment of non-financial assets**

Assets that have indefinite useful lives, as goodwill based on future profitability, are not subject to amortization and are tested annually for impairment. This goodwill is allocated to the Cash Generating Units (“CGU”) or operating segments for the purposes of impairment testing.

Assets that that have defined useful lives are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized when the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of (i) an asset’s fair value less costs to sell; (ii) and its value in use. Taking into consideration the peculiarities of the Company’s assets, the value used for assessing impairment is the value in use, except when specifically indicated otherwise. The value in use is estimated based on the present value of future cash flows (Note 16(a)).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows that can be CGUs or operating segments.

## **2.16 Trade payables**

Trade payables are obligations arising from the acquisition of goods or services in the ordinary course of business and they are recorded at the amount billed. When applicable, they are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction. The Company calculates the adjustment to present value for operations that have material impact on its financial statements.

## **2.17 Borrowings**

Borrowings are recognized initially at fair value and net of the transaction costs incurred in structuring the transaction, when applicable. Subsequently, borrowings are presented with the charges and interest in proportion to the period incurred.

## **2.18 Provisions**

Provisions are recognized in the balance sheet when (i) the Company has a present legal, contractual or constructive obligation as a result of past events, (ii) it is probable that an outflow of financial resources will be required to settle the obligation and (iii) the amount can be reliably estimated.

The provisions for tax, labor and other contingencies are recognized based on Management's expectation of probable loss in the respective proceedings and supported by the opinion of the Company's external legal advisors (Note 23).

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

The contingencies assumed in a business combination for which an unfavorable outcome is considered possible are recognized at their fair value on the acquisition date. Subsequently, and until the liability is settled, these contingent liabilities are measured at the higher of the amount recorded in the business combination and the amount that would be recognized under CPC 25 and IAS 37.

Provisions are measured at the present value of the expenditures required to settle the obligation using a rate before tax effects that reflects current market assessments. The increase in the provision due to passage of time is recognized in “financial results”.

**2.19 Current and deferred income tax and social contribution**

The income tax (“IR”) and social contribution (“CSL”) recorded in the year are determined on the current and deferred tax basis. These taxes are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company operates and are recognized in the statement of operations, except to the extent they relate to items recorded in equity.

Deferred income tax and social contribution are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. On the other hand, the deferred income tax and social contribution are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax and social contribution assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized based on projections of future results prepared and based on internal assumptions and future economic scenarios that will allow for their utilization. The amounts accounted for and projections are regularly reviewed.

Deferred income tax and social contribution assets and liabilities are presented net in the balance sheet when there is a legally enforceable right to offset them upon the calculation of current taxes. Accordingly, deferred tax assets and liabilities in different companies or countries are generally presented separately, and not on a net basis.

Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

## **2.20 Post-employment benefits**

The Company sponsors a defined contribution plan and defined benefit plans.

### **(i) Defined contribution plan**

For the defined contribution plan, the Company pays contributions to private pension plan on contractual or voluntary bases. As soon as the contributions are paid, the Company does not have any further obligations related to additional payments.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**(ii) Defined benefit plan**

The defined benefit plans are financed by the payment of contributions to pension funds and the use of actuarial assumptions is necessary to measure the liability and the expenses of the plans, as well as the existence of actuarial gains and losses.

The liability recognized in respect of these plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, adjusted by actuarial gains or losses and past-service costs.

The cost components of defined-benefit plans are recognized as follows:

- (i) actuarial gains and losses from the actuarial remeasurement are recognized under “other comprehensive income”.
- (ii) costs of past services are recognized as profit or loss as they are incurred; and
- (iii) the net amount of interest on the assets and liabilities of the plan are recorded in the financial results of the year.

**2.21 Contingent assets and liabilities and judicial deposits**

The recognition, measurement and disclosure of contingent assets and liabilities and judicial deposits are performed in accordance with CPC 25 and IAS 37 as follows:

- (i) Contingent assets – are not recognized in the books, except when Management considers, supported by the opinion of its external legal advisors, the gain to be virtually certain or when there are secured guarantees or for which a favorable final and unappealable decision has been rendered.
  
- (ii) Contingent liabilities – are not recognized, except when Management considers, supported by the opinion of its external legal advisors, that the chances of an unfavorable outcome is probable. For unrecognized contingencies, the Company discloses the main proceedings for which an unfavorable outcome is assessed as a possible in (Note 28).
  
- (iii) Judicial deposits – are maintained in non-current assets without the deduction of the related provisions for contingencies or legal liabilities, unless such deposit can be legally offset against liabilities and the Company intends to offset such amounts.

## **2.22 Distribution of dividends**

The distribution of dividends to shareholders of the company is recognized based on Brazilian Corporation Law and on the bylaws of the Company.

Upon closing the balance sheet, the amount corresponding to the minimum mandatory dividend (Note 29(b)) is registered in current liabilities under “dividends and interest on capital” since it is considered a legal obligation provided for in the bylaws of the Company. The portion of dividends that exceeds the minimum mandatory amount is represented in “additional proposed dividend”, in the “revenue reserves” group under shareholders' equity. Once approved by the shareholders' meeting, this portion is transferred to current liabilities.



**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**2.23 Recognition of sales revenue**

Sales revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of taxes, returns and rebates.

Revenue from the sale of goods is recognized when (i) the amount of revenue can be reliably measured and the Company no longer has control over the goods sold; (ii) it is probable that future economic benefits will be received by the Company; and (iii) all legal rights and risks and rewards of ownership have been transferred to the customer. The Company does not make sales with continued Management involvement. Most of Braskem's sales are made to industrial customers and, in a lower volume, to resellers.

The moment at which the legal right, as well as the risks and rewards, are substantially transferred to the customer and determined as follows:

- (i) for contracts in which the Company is responsible for freight and insurance, the legal right, as well as the risks and rewards, are transferred to the customer after the good is delivered at the contractually agreed destination;
- (ii) for contracts in which the freight and insurance are the responsibility of the customer, the risks and rewards are transferred at the moment the goods are delivered at the client's shipping company; and
- (iii) for contracts in which the delivery of the goods involves the use of pipelines, particularly basic petrochemicals, the risks and rewards are transferred immediately after the Company's official measures, which is the point of delivery of the goods and transfer of their ownership.

The cost of freight services related to sales, transfers to storage facilities and product transfers are included in cost of sales.

#### **2.24 Rules, changes and interpretation applied for the first time in 2013**

Braskem applied for the first time in 2013 the effects of CPC 33 (R1) and IAS 19 – “Employee benefits” (Note 2.1.1 (a)) and the amendment of CPC 26 (R1) and IAS 1 – “Presentation of Financial Statements” including the disclosure of profits and losses in other comprehensive income that will affect or not the result of the period at the Financial of Operations.

There are other changes applied for the first time in 2013. Nonetheless, they have no impact to the Company financial statements.

#### **2.25 Rules, changes and interpretations of standards that will be in force in 2014**

Rules, changes and interpretations of standards that will be in force in 2014 and have not been adopted early by the Company:

IAS 32 – “Financial Instruments: Presentation” provides further clarification in addition to the application guidance in IAS 32 on the requirement to offset financial assets and liabilities in the balance sheet. The standard will be applicable as of January 1, 2014. This standard has not yet been issued by the CPC.

IFRS 10, IFRS 12 and IAS 27 - "Investment Entities" – in October 2012, IASB issued an amendment to the IFRS 10, IFRS 12 and IAS 27 standards, which defines investment entities and introduces an exception to the consolidation of subsidiaries by investment entities, also establishing the accounting treatment in these cases.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

These will be applicable as of January 1, 2014. These standards have not yet been issued by the CPC.

The Company analyzed these standards and concluded that there will be no impacts on its consolidated financial statements.

**2.26 Rules, changes and interpretations of standards that are not yet in force**

Rules, changes and interpretations of standards that currently are not in force and have not been adopted early by the Company:

IFRS 9 – “Financial Instruments” outlines the requirements for the classification, measurement and recognition of financial assets and liabilities IFRS 9 was issued in November 2009 and October 2010 and substitutes the paragraphs in IAS 39 related to the classification and measurement of financial instruments. IFRS 9 required classification of financial assets into two categories: measured at fair value and measured at amortized cost. Classification is determined when the financial asset is initially recognized. Classification depends on the business model of the entity and the characteristics of the cash flow arrangements of the financial instruments. For financial liabilities, the standard maintains most of the requirements under IAS 39. The main change is when the fair value option is adopted for financial liabilities, in which case the portion of change in fair value that is attributable to changes in the credit risk of the entity is registered in “other comprehensive income” and not in the statement of operations, except for cases in which this results in accounting mismatches. The standard will be applicable as of January 1, 2015. This standard has not yet been issued by the CPC.

**3 Application of critical accounting practices and judgments**

**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

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

### **3.1 Deferred income tax and social contribution**

The Company keeps a permanent record of deferred income tax and social contribution on the following bases: (i) tax losses and social contribution tax loss carryforwards; (ii) temporarily non-taxable and nondeductible income and expenses, respectively; (iii) tax credits and expenses that will be reflected in the books in subsequent periods; and (iv) asset and liability amounts arising from business combinations that will be treated as income or expenses in the future and that will not affect the calculation of 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. This information is in the Business Plan, which is approved by the Board of Directors. This plan is prepared by the Executive Board using as main variables the price of the products manufactured by the Company, price of naphtha, expected market growth, Gross Domestic Product ("GDP"), exchange variation, interest rate, inflation rate and fluctuations in the

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supply and demand of inputs and finished products are obtained from expert external consultants, historical performance and results of the Company and its capacity to generate taxable income, improvement in the utilization rates of the Company's plants based on market growth and internal programs focused on operational efficiency, specific incentives from the Brazilian government for the petrochemical sector in Brazil. The Company annually reviews the projection of taxable income. If this projection shows that the taxable income will not be sufficient to absorb the deferred tax, the corresponding portion of the asset that cannot be recovered is written off.

The tax losses and negative social contribution bases do not expire under the Brazilian taxation regime, as do tax losses in Germany.

**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 caused, in certain periods, 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 recognized in its financial statements may not necessarily represent the amount of cash that the Company would receive or pay upon the settlement of the transactions.

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.

**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 reviewed at the end of every year by the Company's technicians in order to check whether they need to be changed. In December 2013, this analysis concluded that the useful lives applied in 2013 should be maintained in 2014.

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, volume 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 absolutely immaterial; and (ii) land is not depreciated because it has an indefinite useful life.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

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

|  | <b>2013</b> | <b>(%)</b><br><b>2012</b> |
|--|-------------|---------------------------|
| Buildings and improvements             | 3.42        | 3.59                      |
| Machinery, equipment and installations | 7.23        | 7.25                      |
| Mines and wells                        | 8.96        | 9.01                      |
| Furniture and fixtures                 | 10.28       | 10.75                     |
| IT equipment                           | 21.21       | 20.50                     |
| Lab equipment                          | 9.30        | 9.90                      |
| Security equipment                     | 9.83        | 9.99                      |
| Vehicles                               | 20.02       | 18.71                     |
| Other                                  | 15.86       | 19.54                     |

**3.4 Business combination**

In accordance with CPC 15(R1) and IFRS 3, the Company must allocate the cost of the assets acquired and the contingencies and liabilities assumed based on their estimated fair values on the acquisition date.

The Management of the Company exercises a significant amount of judgment when measuring tangible assets, identifying and measuring intangible assets, identifying and measuring risks and contingencies, measuring other assets acquired and liabilities assumed and determining remaining useful lives. The use of assumptions in risk measurements and assessments may result in estimated amounts that differ from the assets acquired and liabilities assumed. The Company contracts specialized companies to support it in these activities.

If the future results are not consistent with the estimates and assumptions used, the Company may be exposed to losses that may be material.

### **3.5 Impairment test for tangible and intangible assets**

#### **(a) Tangible and intangible assets with defined useful lives**

On the balance sheet date, the Company makes an analysis to determine if there is evidence that the amount of long-lived tangible assets and intangible assets with defined useful lives will not be recoverable. This analysis is based on the business plan prepared and approved annually by the Management of the Company (Note 3.1).

When some indication that the amount of these assets will not be recovered is identified, the Company compares the book value of such assets with the respective values in use. For this test, the Company uses the cash flow that is prepared based on the Business Plan. The assets are allocated to the CGUs as follows:

Basic petrochemicals operating segment:

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



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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 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 Germany: represented by assets of PP plants located in Germany;

Chemical Distribution operating segment:

- represented by assets of the subsidiaries Quantiq and IQAG.

**(b) Goodwill based on future profitability and intangible assets with indefinite useful lives**

Whether there are indications that the amount of an asset may not be recovered or not, the balances of goodwill from future profitability arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least once a year at the balance sheet date.

For the purposes of testing impairment, the Company allocated the goodwill existing at the CGU UNIB South and in the Polyolefins and Vinyls operating segments. The Company's Management allocated the goodwill to the Polyolefins segment based on the way this goodwill is internally managed. The existing goodwill 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 Parent 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 and assets for impairment in the ambit of their operating segment since the benefits of the synergies are associated with all units acquired.

**3.6 Provisions and contingent liabilities**

The contingent liabilities and provisions that exist at the Company are mainly related to discussions in the judicial and administrative spheres arising from primarily labor, pension, civil and tax lawsuits and administrative procedures.

Braskem's Management, 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, that is, the probability of loss exceeds 50%. For these proceedings, the Company recognizes a provision that is determined as follows:

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(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 28). In business combination transactions, in accordance with the provision in CPC 15 (R1) and IFRS 3, the Company records the fair value of the claims based on the assessment of loss (Note 23). 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.

Remote loss – these are proceedings for which the risk of loss is small. In percentage terms, this probability is lower than 25%. For these proceedings, the Company does not recognize a provision not does it disclose them in a note to the financial statements regardless of the amount involved.

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.

**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 the 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.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**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 20.4.

**(a) Exposure to commodity risks**

Braskem is exposed to the variation in the prices of various commodities and, in general, seeks to transfer the variations caused by fluctuations in market prices. In addition, the Company entered into derivative operations to hedge against the exposure to risks arising from isolated transactions involving the commodities naphtha and ethylene (Note 20.2.1).

**(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, 2013, Braskem prepared sensitivity analyses for exposures to the risks of fluctuations in Euro and U.S. dollar, as informed in Note 20.4.

**(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 the year, Braskem held swap contracts (Note 20.2.1) in which it: (i) receives the pre-contractual rate and pays the CDI overnight rate; and (ii) receives Libor and pays a fixed rate.

On December 31, 2013, Braskem prepared a sensitivity analysis for the exposure to the floating interest rates Libor, CDI and TJLP, as informed in Notes 20.4(f), (g) and (h).

**Braskem S.A.**

**Notes to the financial statements**

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**All amounts in thousands of reais**

**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, 2013, 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 36% of the amounts held in cash and cash equivalents (Note 6) and financial investments (Note 7) are contemplated by these agreements, whose related liabilities are accounted for under “borrowings” (Note 18). 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, 2013, the balance of trade accounts receivable was net of allowance for doubtful accounts of R\$282,753 (2012 - R\$256,884) (Note 8).

**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 based on the projected operating cash generation, less short-term debts, working capital needs and other items.

Some of Braskem's borrowing agreements had financial covenants that linked net debt and the payment of interest to its consolidated EBITDA (earnings before interest, tax, depreciation and amortization) (Note 18), which were monitored on a quarterly basis by the Company's Management. These agreements were settled in the third quarter of 2012 and the Company no longer holds commitments of this nature.

Additionally, Braskem has three revolving credit lines that may be used without restrictions in the amounts of: (i) US\$350 million for a period of 4 years as from November 2012; and (ii) US\$250 million for a period of 5 years as from August 2011; and (iii) R\$450 million for a period of 3 years as from December 2012. These credit facilities enable Braskem to reduce the amount of cash it holds. As of December 31, 2013, none of these credit lines had been used.

The table below shows Braskem's financial liabilities by maturity, corresponding to the period remaining between the balance sheet date and the contractual maturity date. 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****Years ended December 31****All amounts in thousands of reais**

|                              |                   |                  |                   |                   | <b>Consolidated</b> |
|------------------------------|-------------------|------------------|-------------------|-------------------|---------------------|
|                              | <b>Until</b>      | <b>Between</b>   | <b>Between</b>    | <b>More than</b>  |                     |
|                              | <b>one year</b>   | <b>one and</b>   | <b>two and</b>    | <b>five years</b> | <b>Total</b>        |
|                              |                   | <b>two years</b> | <b>five years</b> |                   |                     |
| <b>Financial liabilities</b> |                   |                  |                   |                   |                     |
| Trade payables               | 10,421,687        |                  |                   |                   | 10,421,687          |
| Borrowings                   | 1,291,993         | 3,896,070        | 3,875,378         | 20,445,519        | 29,508,960          |
| Project finance              | 29,317            | 106,888          | 720,944           | 6,588,359         | 7,445,508           |
| Derivatives                  | 95,123            | (68,128)         | 464,168           |                   | 491,163             |
| Other payables (i)           |                   | 133,416          | 142,326           | 370,420           | 646,162             |
| <b>At December 31, 2013</b>  | <b>11,838,120</b> | <b>4,068,246</b> | <b>5,202,816</b>  | <b>27,404,298</b> | <b>48,513,480</b>   |

(i) Refers to amounts payable to non-controlling shareholders of Braskem Idesa and amounts payable to BNDES Participações S.A., as part of the business combination with Quattor, in the amounts of R\$370,420 and R\$275,742, respectively.

**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 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.

As is also the case of liquidity, capital is not managed at the Parent Company level, but rather at the consolidated level.

## **5 Discontinued operations**

In the last quarter of 2012, the Management of the Company divested its interests in the capital of Cetrel and Braskem Distribuidora.

The accounting practices used to recognize and measure these transactions are described in Note 2.9.

- **Cetrel**

Braskem held 54.2% of the total and voting capital of Cetrel, whose activities include effluent treatment, industrial waste Management, air and water monitoring, laboratory services and environmental consulting services.

This investment was sold, on December 28, 2012, to Odebrecht Ambiental (Note 1(b.xiv)) for R\$208,100. The sale price defined by the parties was confirmed by a specialized company contracted for this purpose, which issued a favorable fairness opinion regarding the price. The amount was fully received in 2013.

With this sale, Braskem recognized a gain of R\$48,827 in 2012.

**Braskem S.A.**

**Notes to the financial statements**

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**All amounts in thousands of reais**

The results of Cetrel for 2012 and the gain from its divestment are presented in the line “profit or loss from discontinued operations” in the consolidated statements of operations and detailed in item (a) of this Note.

The operating profit or loss of Cetrel was presented under segment information as “Other segments” (Note 36).

- **Braskem Distribuidora**

Braskem held 100% of the capital of Braskem Distribuidora, whose business activities include the production of demineralized, clear drinking water and managing the fire water reservoir.

This investment was sold on December 28, 2012 to Odebrecht Ambiental for R\$444,000. The sale price defined by the parties was confirmed by a specialized company, which issued a favorable fairness opinion regarding the price. The amount was fully received in 2013.

With this sale, Braskem recognized a gain of R\$359,892 in 2012.

The results of Braskem Distribuidora for 2012 and the gain from its divestment are presented in the line “profit or loss from discontinued operations” in the consolidated statements of operations and detailed in item (a) of this Notes.

The operating results of Braskem Distribuidora were presented in the segment information as “Other segments” (Note 36).



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(a) Gains or losses from discontinued operations**

Consolidated statements of discontinued operations.

|   | <b>Note</b> | <b>2012</b>    |
|---|-------------|----------------|
|   | 2.1.1(b)    | <b>Revised</b> |
| Net sales revenue                                       |             | 81,703         |
| Cost of products sold                                   |             | (48,660)       |
| Gross profit  |             | <b>33,043</b>  |
| Selling, General and administrative expenses            |             | (30,592)       |
| Other operating income, net                             |             | 5,209          |
| Operating loss  |             | <b>7,660</b>   |
| Financial results                                       |             | 8,481          |
| Gain on sale of equity investments                      |             | 408,719        |
| Profit before income tax and social contribution        |             | <b>424,860</b> |
| Current and deferred income tax and social contribution |             | (143,313)      |
| Discontinued operations results                         |             | <b>281,547</b> |

This information is presented after eliminating the operations between companies in the group.



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(b) Cash flow statements from discontinued operations**

Consolidated cash flow statements from discontinued operations.

|  | <b>Note</b> | <b>2012</b>     |
|--|-------------|-----------------|
|  | 2.1.1(b)    | <b>Revised</b>  |
| Profit before income tax and social contribution   |             | 424,860         |
| Adjustments for reconciliation of profit           |             |                 |
| Depreciation, amortization and depletion           |             | 10,644          |
| Interest and monetary and exchange variations, net |             | 2,964           |
| Gain on sale of equity investments                 |             | (408,719)       |
| Other adjustments                                  |             | 1,276           |
|  |             | <b>31,025</b>   |
| Changes in operating working capital               |             | 2,642           |
| <b>Net cash generated by operating activities</b>  |             | <b>33,667</b>   |
| Acquisitions to property, plant and equipment      |             | (33,883)        |
| Acquisitions of intangible assets                  |             | (732)           |
| <b>Net cash used in investing activities</b>       |             | <b>(34,615)</b> |
| Short-term and long-term debt                      |             |                 |
| Payment of borrowings                              |             | (19,423)        |
| Non-controlling interests in subsidiaries          |             | 9,930           |
| <b>Net cash used in financing activities</b>       |             | <b>(9,493)</b>  |
| <b>Increase in cash and cash equivalents</b>       |             | <b>(10,441)</b> |

Represented by

Cash and cash equivalents at the beginning of the period  
Cash and cash equivalents at the end of the period

141,804  
131,363

**Decrease in cash and cash equivalents**

**(10,441)**



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(c) Statement of value added for discontinued operations**

Consolidated statements of value added from discontinued operations.

|   | <b>Note</b> | <b>2012</b>    |
|---|-------------|----------------|
|   | 2.1.1(b)    | <b>Revised</b> |
| <b>Revenue</b>                                    |             | <b>409,246</b> |
| Other revenue, net                                |             | 409,246        |
| <b>Inputs acquired from third parties</b>         |             | <b>(208)</b>   |
| Cost of products, goods and services sold         |             | (167)          |
| Material, energy, outsourced services and others  |             | (41)           |
| <b>Gross value added</b>                          |             | <b>409,038</b> |
| <b>Depreciation, amortization and depletion</b>   |             | (2,019)        |
| <b>Net value added produced by the entity</b>     |             | <b>407,019</b> |
| <b>Value added received in transfer</b>           |             | <b>13,511</b>  |
| Non-controlling interests in subsidiaries         |             | 11,628         |
| Financial income                                  |             | 84             |
| Other   |             | 1,799          |
| <b>Total value added to distribute</b>            |             | <b>420,530</b> |
| <b>Taxes, fees and contributions</b>              |             | <b>138,980</b> |
| Federal   |             | 138,965        |
| Municipal   |             | 15             |
| <b>Remuneration on third parties' capital</b>     |             | <b>3</b>       |
| Financial expenses (including exchange variation) |             | 3              |

|                                     |                |
|-------------------------------------|----------------|
| <b>Remuneration on own capital</b>  | <b>281,547</b> |
| Result from discontinued operations | 281,547        |
| <b>Value added distributed</b>      | <b>420,530</b> |

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****6 Cash and cash equivalents**

|                    | <b>2013</b>      | <b>Consolidated<br/>2012</b> | <b>Parent Company<br/>2013</b> | <b>2012</b>      |
|--------------------|------------------|------------------------------|--------------------------------|------------------|
| Cash and banks (i) | 987,824          | 398,142                      | 131,210                        | 9,332            |
| Cash equivalents:  |                  |                              |                                |                  |
| Domestic market    | 1,906,790        | 1,293,164                    | 1,835,423                      | 1,278,816        |
| Foreign market (i) | 1,441,245        | 1,596,316                    | 458,445                        | 339,780          |
| <b>Total</b>       | <b>4,335,859</b> | <b>3,287,622</b>             | <b>2,425,078</b>               | <b>1,627,928</b> |

(i) The amount of R\$656,427 corresponds to cash and bank balance and R\$153,448 corresponds to cash equivalents abroad of Braskem Idesa, available for its use on the project.

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

**7 Financial investments**

|                         | <b>2013</b> | <b>Consolidated<br/>2012</b> | <b>Parent Company<br/>2013</b> | <b>2012</b> |
|-------------------------|-------------|------------------------------|--------------------------------|-------------|
| <b>Held-for-trading</b> |             |                              |                                |             |
| Investments in FIM Sol  | 61,670      | 50,803                       | 61,670                         | 50,803      |

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|   |      |                |                |                |                |
|---|------|----------------|----------------|----------------|----------------|
| Investments in foreign currency                 |      | 3,773          | 5,256          | 3,773          | 5,256          |
| Shares  |      | 1,170          | 3,023          | 1,170          | 3,023          |
| <b>Loans and receivables</b>                    |      |                |                |                |                |
| Investments in FIM Sol                          |      |                | 77,469         |                | 77,469         |
| Investments in local currency                   |      |                | 513            |                | 513            |
| <b>Held-to-maturity</b>                         |      |                |                |                |                |
| Quotas of investment funds in credit rights     | (i)  | 40,696         | 52,559         | 40,696         | 52,559         |
| Restricted deposits                             |      |                | 1,281          |                |                |
| Time deposit investment                         |      | 189            | 15,731         |                |                |
| Investments in foreign currency                 | (ii) | 469,376        | 307,639        |                |                |
| Compensation of investments in foreign currency | (ii) | (469,376)      | (307,639)      |                |                |
| <b>Total</b>                                    |      | <b>107,498</b> | <b>206,635</b> | <b>107,309</b> | <b>189,623</b> |
| In current assets                               |      | 86,719         | 172,146        | 86,535         | 155,535        |
| In non-current assets                           |      | 20,779         | 34,489         | 20,774         | 34,088         |
| <b>Total</b>                                    |      | <b>107,498</b> | <b>206,635</b> | <b>107,309</b> | <b>189,623</b> |

(i) On December 31, 2013, the Parent Company held junior subordinated shares issued by receivables-backed investment funds. These shares are measured by their redemption value and are held until the conclusion of operations of said funds. The funds issue two other types of shares that enjoy priority in compensation over the junior subordinated shares. The risk related to the operations of these funds is limited to the value of the shares held by the Parent Company.

(ii) On December 31, 2013, Braskem Holanda had financial investments held to maturity that are irrevocably offset, by an export prepayment agreement of the Parent Company, in the amount of US\$200 million, as provided for in the credit assignment agreement entered into between these two companies and Banco Bradesco (Note 18). This accounting offset was carried out in accordance with CPC 39 and IAS 32, which provide for the possibility of offsetting financial instruments when there is intent and rightfully executable right to realize an asset and settle a liability simultaneously.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****8 Trade accounts receivable**

|                                 |                  | <b>Consolidated</b> | <b>Parent Company</b> |                  |
|---------------------------------|------------------|---------------------|-----------------------|------------------|
|                                 | <b>2013</b>      | <b>2012</b>         | <b>2013</b>           | <b>2012</b>      |
| Consumers                       |                  |                     |                       |                  |
| Domestic market                 | 1,578,008        | 1,038,673           | 1,203,071             | 790,518          |
| Foreign market                  | 1,577,140        | 1,582,433           | 2,872,881             | 1,283,605        |
| Allowance for doubtful accounts | (282,753)        | (256,884)           | (200,794)             | (203,922)        |
| <b>Total</b>                    | <b>2,872,395</b> | <b>2,364,222</b>    | <b>3,875,158</b>      | <b>1,870,201</b> |
| In current assets               | 2,810,520        | 2,326,480           | 3,814,830             | 1,834,491        |
| In non-current assets           | 61,875           | 37,742              | 60,328                | 35,710           |
| <b>Total</b>                    | <b>2,872,395</b> | <b>2,364,222</b>    | <b>3,875,158</b>      | <b>1,870,201</b> |

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

|                                   |                  | <b>Consolidated</b> | <b>Parent Company</b> |                  |
|-----------------------------------|------------------|---------------------|-----------------------|------------------|
|                                   | <b>2013</b>      | <b>2012</b>         | <b>2013</b>           | <b>2012</b>      |
| Accounts receivables not past due | 2,650,938        | 2,051,353           | 2,283,066             | 1,397,535        |
| Past due securities:              |                  |                     |                       |                  |
| Up to 90 days                     | 246,740          | 350,476             | 699,467               | 429,715          |
| 91 to 180 days                    | 8,393            | 5,814               | 593,583               | 28,654           |
| As of 180 days                    | 249,077          | 213,463             | 499,836               | 218,219          |
|                                   | 3,155,148        | 2,621,106           | 4,075,952             | 2,074,123        |
| Allowance for doubtful accounts   | (282,753)        | (256,884)           | (200,794)             | (203,922)        |
| <b>Total customers portfolio</b>  | <b>2,872,395</b> | <b>2,364,222</b>    | <b>3,875,158</b>      | <b>1,870,201</b> |

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

|  |             | <b>Consolidated</b> | <b>Parent Company</b> |             |
|--|-------------|---------------------|-----------------------|-------------|
|  | <b>2013</b> | <b>2012</b>         | <b>2013</b>           | <b>2012</b> |

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|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Balance of provision at the beginning of the year  | (256,884)        | (253,607)        | (203,922)        | (189,071)        |
| Provision in the year                              | (27,333)         | (53,255)         | (18,677)         | (30,650)         |
| Write-offs   | 23,250           | 27,374           | 21,805           | 15,799           |
| Write-off by investment sale                       |                  | 818              |                  |                  |
| Transfers (of) to non-current assets held for sale | (21,786)         | 21,786           |                  |                  |
| Balance of provision at the end of the year        | <b>(282,753)</b> | <b>(256,884)</b> | <b>(200,794)</b> | <b>(203,922)</b> |

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.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****9 Inventories**

|  | <b>2013</b>      | <b>Consolidated<br/>2012</b> | <b>2013</b>      | <b>Parent company<br/>2012</b> |
|--|------------------|------------------------------|------------------|--------------------------------|
| Finished goods                                 | 3,429,979        | 2,622,736                    | 1,717,416        | 1,417,380                      |
| Raw materials, production inputs and packaging | 1,113,272        | 1,175,451                    | 851,448          | 908,298                        |
| Maintenance materials                          | 230,822          | 211,517                      | 122,848          | 113,118                        |
| Advances to suppliers                          | 236,672          | 61,385                       | 190,931          | 10,969                         |
| Imports in transit and other                   | 139,562          | 30,966                       | 82,771           | 28,785                         |
| <b>Total</b>                                   | <b>5,150,307</b> | <b>4,102,055</b>             | <b>2,965,414</b> | <b>2,478,550</b>               |
| In current assets                              | 5,033,593        | 4,102,055                    | 2,848,700        | 2,478,550                      |
| In non-current assets                          | 116,714          |                              | 116,714          |                                |
| <b>Total</b>                                   | <b>5,150,307</b> | <b>4,102,055</b>             | <b>2,965,414</b> | <b>2,478,550</b>               |

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

**10 Related parties**

The Parent Company and its subsidiaries carry 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.

**(a) Consolidated**

|   | Trade accounts receivable |                       | Current          |               | Balances        |                  |
|---|---------------------------|-----------------------|------------------|---------------|-----------------|------------------|
|   | Receivable                | Related parties notes | Other receivable | Total         | Loan agreements | Other receivable |
| <b>Jointly-controlled investment</b>            |                           |                       |                  |               |                 |                  |
| Refinaria de Petróleo Riograndense S.A. ("RPR") |                           |                       | 150(i)           | 150           |                 |                  |
|   |                           |                       | <b>150</b>       | <b>150</b>    |                 |                  |
| <b>Associated companies</b>                     |                           |                       |                  |               |                 |                  |
| Borealis Brasil S.A. ("Borealis")               | 11,368                    | 187                   |                  | 11,555        |                 |                  |
|   | <b>11,368</b>             | <b>187</b>            |                  | <b>11,555</b> |                 |                  |
| <b>Related companies</b>                        |                           |                       |                  |               |                 |                  |
| Odebrecht and subsidiaries                      | 440                       |                       | 78,068           | 37,436(ii)    | 115,944         | 782,565          |
| Petrobras and subsidiaries                      | 99,018                    | 9,925                 | 36,307           | 42,013(ii)    | 187,263         | 67,348           |
| Other   | 15,135                    |                       |                  |               | 15,135          | 66,301           |
|   | <b>114,593</b>            | <b>9,925</b>          | <b>114,375</b>   | <b>79,449</b> | <b>318,342</b>  | <b>67,348</b>    |
|   |                           |                       |                  |               |                 | <b>66,301</b>    |
|   |                           |                       |                  |               |                 | <b>782,565</b>   |
| <b>Total</b>                                    | <b>125,961</b>            | <b>10,112</b>         | <b>114,375</b>   | <b>79,599</b> | <b>330,047</b>  | <b>67,348</b>    |
|   |                           |                       |                  |               |                 | <b>66,301</b>    |
|   |                           |                       |                  |               |                 | <b>782,565</b>   |

(i) Amount in "dividends and interest on capital payable".

(ii) Amounts related to raw material suppliers.

(iii) Amount of R\$665,851 in "Property, plant and equipment" related to ongoing construction works and R\$116,714 related raw material supply.



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|  | <b>Income statement transactions from January to December 31, 2013</b> |   |  |   |
|--|--|---|--|---|
|  | <b>Sales<br/>of products</b>   | <b>Purchases<br/>of<br/>raw<br/>materials,<br/>services and<br/>utilities</b> | <b>Financial<br/>income<br/>(expenses)</b> | <b>Cost of<br/>production/general<br/>and administrative<br/>expenses</b> |
| <b>Jointly-controlled investment</b>         |  |   |  |   |
| RPR  | 18,775   | 39,640  |  |   |
|  | <b>18,775</b>  | <b>39,640</b>   |  |   |
| <b>Associated companies</b>                  |  |   |  |   |
| Borealis                                     | 291,836  |   |  |   |
|  | <b>291,836</b>   |   |  |   |
| <b>Related companies</b>                     |  |   |  |   |
| Odebrecht and subsidiaries                   | 23,707   | 284,433   |  |   |
| Petrobras and subsidiaries                   | 1,369,882  | 15,980,040  | 4,525                                      |   |
| Other  | 34,014   | 4,625   |  |   |
|  | <b>1,427,603</b>   | <b>16,269,098</b>   | <b>4,525</b>                               |   |
| <b>Post employment benefit plan</b>          |  |   |  |   |
| Odebrecht Previdência Privada<br>("Odeprev") |  |   |  | 19,703  |
|  |  |   |  | <b>19,703</b>   |
| <b>Total</b>                                 | <b>1,738,214</b>   | <b>16,308,738</b>   | <b>4,525</b>                               | <b>19,703</b>   |

**Balances at December 31, 2012**

|  | <b>Assets</b>      | <b>Liabilities</b> |
|--|--------------------|--------------------|
|  | <b>Non-current</b> | <b>Current</b>     |

## Current

|  | Trade<br>accounts<br>receivable | Related parties<br>Receivable<br>notes | Other<br>receivable | Other          | Total          | Related<br>parties<br>Loan<br>agreements | Other<br>receivable | Total          | Trade<br>payables |
|--|---------------------------------|--|---------------------|----------------|----------------|--|---------------------|----------------|-------------------|
| <b>Jointly-controlled<br/>investment</b> |                                 |  |                     |                |                |  |                     |                |                   |
| RPR                                      |                                 |  |                     | 2,645(i)       | 2,645          |  |                     |                |                   |
|  |                                 |  |                     | <b>2,645</b>   | <b>2,645</b>   |  |                     |                |                   |
| <b>Associated<br/>companies</b>          |                                 |  |                     |                |                |  |                     |                |                   |
| Borealis                                 | 1,017                           | 187                                    |                     |                | 1,204          |  |                     |                |                   |
|  | <b>1,017</b>                    | <b>187</b>                             |                     |                | <b>1,204</b>   |  |                     |                |                   |
| <b>Related<br/>companies</b>             |                                 |  |                     |                |                |  |                     |                |                   |
| Odebrecht and<br>subsidiaries            |                                 |  |                     | 652,100(ii)    | 652,100        |  |                     |                | 1,388             |
| Petrobras and<br>subsidiaries            | 95,462                          |  | 13,725              |                | 109,187        | 62,822                                   | 64,805              | 127,627        | 1,505,754         |
| Sansuy                                   | 15,640                          |  |                     |                | 15,640         |  |                     |                |                   |
|  | <b>111,102</b>                  |  | <b>13,725</b>       | <b>652,100</b> | <b>776,927</b> | <b>62,822</b>                            | <b>64,805</b>       | <b>127,627</b> | <b>1,507,142</b>  |
| <b>Total</b>                             | <b>112,119</b>                  | <b>187</b>                             | <b>13,725</b>       | <b>654,745</b> | <b>780,776</b> | <b>62,822</b>                            | <b>64,805</b>       | <b>127,627</b> | <b>1,507,142</b>  |

(i) Amount in "dividends and interest on capital receivable".

(ii) Amount in "other receivables" in the balance sheet.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|                                      | <b>Income statement transactions from January to December 31, 2012</b> |   |  |   |
|--------------------------------------|--|---|--|---|
|                                      | <b>Sales<br/>of products</b>   | <b>Purchases<br/>of<br/>raw<br/>materials,<br/>services<br/>and<br/>utilities</b> | <b>Financial<br/>income<br/>(expenses)</b> | <b>Cost of<br/>production/general<br/>and administrative<br/>expenses</b> |
| <b>Jointly-controlled investment</b> |  |   |  |   |
| Propilsur                            |  |   | 43   |   |
| RPR                                  | 24,434   | 42,925  | 743  |   |
|                                      | <b>24,434</b>  | <b>42,925</b>   | <b>786</b>                                 |   |
| <b>Associated companies</b>          |  |   |  |   |
| Borealis                             | 143,477  |   |  |   |
|                                      | <b>143,477</b>   |   |  |   |
| <b>Related companies</b>             |  |   |  |   |
| Odebrecht and subsidiaries           |  | 276,193   |  |   |
| Petrobras and subsidiaries           | 1,227,344  | 16,783,645  | 4,304                                      |   |
| Sansuy                               | 27,871   | 11,050  |  |   |
| Other                                | 3,150  | 232,988   |  |   |
|                                      | <b>1,258,365</b>   | <b>17,303,876</b>   | <b>4,304</b>                               |   |
| <b>Post employment benefit plan</b>  |  |   |  |   |
| Odeprev                              |  |   |  | 24,898  |
|                                      |  |   |  | <b>24,898</b>   |
| <b>Total</b>                         | <b>1,426,276</b>   | <b>17,346,801</b>   | <b>5,090</b>                               | <b>24,898</b>   |

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(b) Parent Company**

|                                      |                                 |  |   |               |                  |                                |                                  | Balance      |
|--------------------------------------|---------------------------------|--|---|---------------|------------------|--------------------------------|----------------------------------|--------------|
|                                      | Trade<br>accounts<br>receivable | Related Parties<br>Receivable<br>notes | Other<br>Parties<br>Other<br>receivable | Other         | Total            | Current<br>Current<br>accounts | Related Pa<br>Loan<br>agreements | O<br>receiv  |
| <b>Subsidiaries</b>                  |                                 |  |   |               |                  |                                |                                  |              |
| Braskem America                      | 47,985                          |  | 39,287                                  |               | 87,272           |                                |                                  |              |
| Braskem Argentina                    | 53,415                          |  |   |               | 53,415           |                                |                                  |              |
| Braskem Chile                        | 12,613                          |  |   |               | 12,613           |                                |                                  |              |
| Braskem Holanda                      | 265,132                         |  |   |               | 265,132          |                                |                                  |              |
| Braskem Idesa                        | 23,794                          | 2,742                                  | 5,577                                   |               | 32,113           |                                |                                  |              |
| Braskem Inc                          | 1,759,572                       |  | 33                                      |               | 1,759,605        |                                |                                  | 9,104        |
| Braskem Petroquímica                 | 39,332                          |  | 71                                      | 66,300(i)     | 105,703          |                                |                                  |              |
| Braskem Qpar                         | 28,905                          |  | 23,342                                  |               | 52,247           | 313,417                        |                                  |              |
| Quantiq                              |                                 |  | 596                                     | 11,580(i)     | 12,176           |                                |                                  |              |
| Other                                | 2,021                           | 263                                    | 2,103                                   |               | 4,387            | 1,742                          |                                  | 67           |
|                                      | <b>2,232,769</b>                | <b>3,005</b>                           | <b>71,009</b>                           | <b>77,880</b> | <b>2,384,663</b> | <b>315,159</b>                 |                                  | <b>9,171</b> |
| <b>Jointly-controlled investment</b> |                                 |  |   |               |                  |                                |                                  |              |
| RPR                                  |                                 |  |   | 151(i)        | 151              |                                |                                  |              |
|                                      |                                 |  |   | <b>151</b>    | <b>151</b>       |                                |                                  |              |
| <b>Associated companies</b>          |                                 |  |   |               |                  |                                |                                  |              |
| Borealis                             | 11,368                          | 187                                    |   |               | 11,555           |                                |                                  |              |
|                                      | <b>11,368</b>                   | <b>187</b>                             |   |               | <b>11,555</b>    |                                |                                  |              |
| <b>Related companies</b>             |                                 |  |   |               |                  |                                |                                  |              |

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|                            |                  |               |               |                  |                  |                |               |           |
|----------------------------|------------------|---------------|---------------|------------------|------------------|----------------|---------------|-----------|
| Odebrecht and subsidiaries | 3,651            |               |               | 35,473(ii)       | 39,124           |                |               |           |
| Petrobras and subsidiaries | 99,018           | 9,925         | 16,047        | 28,233(ii)       | 153,223          |                | 67,348        | 12        |
| Other                      | 14,980           |               |               |                  | 14,980           |                |               |           |
|                            | <b>117,649</b>   | <b>9,925</b>  | <b>16,047</b> | <b>63,706</b>    | <b>207,327</b>   |                | <b>67,348</b> | <b>12</b> |
| <b>SPE</b>                 |                  |               |               |                  |                  |                |               |           |
| FIM Sol                    |                  |               |               | 1,396,323(iii)   | 1,396,323        |                |               |           |
|                            |                  |               |               | <b>1,396,323</b> | <b>1,396,323</b> |                |               |           |
| <b>Total</b>               | <b>2,361,786</b> | <b>13,117</b> | <b>87,056</b> | <b>1,538,060</b> | <b>4,000,019</b> | <b>315,159</b> | <b>76,519</b> | <b>12</b> |

(i) Amounts in “dividends and interest on capital receivable”.

(ii) Amounts related raw material supply.

(iii) Amounts in “cash and cash equivalents”: R\$1,334,653 and in “financial investments”: R\$61,670.

(iv) Amount of R\$20,000 in “property, plant and equipment”, related to ongoing construction works, and R\$116,714 related raw material supply.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|                                      | <b>Balances at December 31, 2014</b> |                   |  |              |                      |                                 |                  |  |                |                         |                    |
|--------------------------------------|--------------------------------------|-------------------|--|--------------|----------------------|---------------------------------|------------------|--|----------------|-------------------------|--------------------|
|                                      | <b>Trade payables</b>                | <b>Borrowings</b> | <b>Accounts payable to related parties Advance to export</b> |              | <b>Other payable</b> | <b>Current Total Borrowings</b> |                  | <b>Accounts payable to related parties Advance Current</b> |                | <b>Payable to notes</b> | <b>Non-Current</b> |
| <b>Subsidiaries</b>                  |                                      |                   |  |              |                      |                                 |                  |  |                |                         |                    |
| Braskem America                      | 3,018                                |                   | 34,064   | 3,170        | 40,252               |                                 | 662,956          |  |                |                         | 662,956            |
| Braskem Austria                      |                                      |                   | 48,036   |              | 48,036               |                                 | 351,390          |  |                |                         | 351,390            |
| Braskem Holanda                      |                                      |                   | 41,090   |              | 41,090               |                                 | 3,874,252        |  |                |                         | 3,874,252          |
| Braskem Importação                   |                                      |                   |  |              |                      |                                 |                  |  | 101            |                         |                    |
| Braskem Inc                          | 3,863,320                            | 248,544           |  | 917          | 4,112,781            | 3,720,604                       |                  |  |                | 98,795                  | 3,819,376          |
| Braskem Participações                |                                      |                   |  |              |                      |                                 |                  |  |                | 1,448                   | 1,448              |
| Braskem Petroquímica                 | 5,625                                |                   |  | 6            | 5,631                |                                 |                  | 138,742  |                |                         | 138,742            |
| Braskem Qpar                         | 3,692                                |                   |  | 11           | 3,703                |                                 |                  |  |                |                         |                    |
| Quantiq                              | 327                                  |                   |  |              | 327                  |                                 |                  | 16,782   |                |                         | 16,782             |
| IQAG                                 |                                      |                   |  |              |                      |                                 |                  | 4,270  |                |                         | 4,270              |
| Politeno Empreendimentos             |                                      |                   |  |              |                      |                                 |                  |  | 7              |                         |                    |
|                                      | <b>3,875,982</b>                     | <b>248,544</b>    | <b>123,190</b>   | <b>4,104</b> | <b>4,251,820</b>     | <b>3,720,604</b>                | <b>4,888,598</b> | <b>159,902</b>   | <b>100,243</b> | <b>8,869,376</b>        |                    |
| <b>Jointly-controlled investment</b> |                                      |                   |  |              |                      |                                 |                  |  |                |                         |                    |
| RPR                                  | 256                                  |                   |  |              | 256                  |                                 |                  |  |                |                         |                    |
|                                      | <b>256</b>                           |                   |  |              | <b>256</b>           |                                 |                  |  |                |                         |                    |
| <b>Related companies</b>             |                                      |                   |  |              |                      |                                 |                  |  |                |                         |                    |
|                                      | 61,631                               |                   |  | 335          | 61,966               |                                 |                  |  |                |                         |                    |

Odebrecht and  
subsidiaries  
Petrobras and  
subsidiaries

|                  |                      |
|------------------|----------------------|
| 1,572,473        | 1,572,473            |
| <b>1,634,104</b> | <b>335 1,634,439</b> |

**Total**

|                  |                |                |              |                  |                  |                  |                |                |              |
|------------------|----------------|----------------|--------------|------------------|------------------|------------------|----------------|----------------|--------------|
| <b>5,510,342</b> | <b>248,544</b> | <b>123,190</b> | <b>4,439</b> | <b>5,886,515</b> | <b>3,720,604</b> | <b>4,888,598</b> | <b>159,902</b> | <b>100,243</b> | <b>8,869</b> |
|------------------|----------------|----------------|--------------|------------------|------------------|------------------|----------------|----------------|--------------|

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****Income statement transactions from January to December 31, 2013**

|                                      | <b>Sales<br/>of<br/>products</b> | <b>Purchases<br/>of<br/>raw<br/>materials,<br/>services<br/>and<br/>utilities</b> | <b>Financial<br/>income<br/>(expenses)</b> | <b>Cost of<br/>production/general<br/>and administrative<br/>expenses</b> |
|--------------------------------------|----------------------------------|---|--|---|
| <b>Subsidiaries</b>                  |                                  |   |  |   |
| Braskem America                      | 10,587                           |   | (128,204)                                  |   |
| Braskem Argentina                    | 187,316                          |   | 12,424                                     |   |
| Braskem Austria                      |                                  |   | (77,554)                                   |   |
| Braskem Chile                        | 31,804                           |   | 1,456                                      |   |
| Braskem Holanda                      | 436,576                          |   | (579,645)                                  |   |
| Braskem Idesa                        | 58,950                           |   | 48,874                                     |   |
| Braskem Inc                          | 2,018,463                        | 1,802,855   | (1,009,651)                                |   |
| Braskem Petroquímica                 | 481,106                          | 242,168   |  |   |
| Braskem Qpar                         | 183,902                          | 347,409   |  |   |
| Quantiq                              | 140,070                          | 10,129  |  |   |
| Other                                |                                  |   | 12   |   |
|                                      | <b>3,548,774</b>                 | <b>2,402,561</b>  | <b>(1,732,288)</b>                         |   |
| <b>Jointly-controlled investment</b> |                                  |   |  |   |
| RPR                                  | 17,680                           | 5,660   |  |   |
|                                      | <b>17,680</b>                    | <b>5,660</b>  |  |   |
| <b>Associated companies</b>          |                                  |   |  |   |
| Borealis                             | 266,716                          |   |  |   |
|                                      | <b>266,716</b>                   |   |  |   |
| <b>Related companies</b>             |                                  |   |  |   |
| Odebrecht and subsidiaries           | 23,707                           | 281,218   |  |   |
| Petrobras and subsidiaries           | 930,354                          | 10,963,823  | 4,525                                      |   |
| Other                                | 33,995                           | 4,625   |  |   |
|                                      | <b>988,056</b>                   | <b>11,249,666</b>   | <b>4,525</b>                               |   |



**Post-employment benefit plan**

Odeprev

15,321

**15,321**

**Total**

**4,821,226**

**13,657,887**

**(1,727,763)**

**15,321**

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|                                      | <b>Balances at Decem</b>                 |   |            |                |                |                             |   |
|--------------------------------------|--|---|------------|----------------|----------------|-----------------------------|---|
|                                      |  |   |            | <b>Current</b> |                |                             |   |
|                                      | <b>Trade<br/>accounts<br/>receivable</b> | <b>Related Parties<br/>Receivable<br/>notes    Other<br/>receivable</b> |            | <b>Other</b>   | <b>Total</b>   | <b>Current<br/>accounts</b> | <b>Related Pa<br/>Loan<br/>agreements    O<br/>receiv</b> |
| <b>Subsidiaries</b>                  |  |   |            |                |                |                             |   |
| Braskem America                      | 20,295                                   | 4,011   |            |                | 24,306         |                             |   |
| Braskem Argentina                    | 95,273                                   |   | 20         |                | 95,293         |                             |   |
| Braskem Chile                        | 429                                      |   |            |                | 429            |                             |   |
| Braskem Holanda                      | 7,588                                    | 168   | 39         |                | 7,795          |                             |   |
| Braskem Idesa                        |  | 3,026   |            |                | 3,026          |                             |   |
| Braskem Inc                          | 478,182                                  |   |            |                | 478,182        |                             | 7,584   |
| Braskem Participações                |  | 96  |            |                | 96             | 1,611                       |   |
| Braskem Petroquímica                 | 5,939                                    |   |            | 34,000 (i)     | 39,939         | 54,085                      |   |
| Braskem Qpar                         | 1,138                                    |   | 196        |                | 1,334          | 849,437                     |   |
| Quantiq                              | 610                                      |   |            |                | 610            |                             |   |
| Lantana                              |  |   |            |                |                |                             | 57  |
| Riopol                               | 5,066                                    |   | 50         | 93,500 (i)     | 98,616         |                             |   |
|                                      | <b>614,520</b>                           | <b>7,301</b>  | <b>305</b> | <b>127,500</b> | <b>749,626</b> | <b>905,133</b>              | <b>7,641</b>  |
| <b>Jointly-controlled investment</b> |  |   |            |                |                |                             |   |
| RPR                                  |  |   |            | 2,645 (i)      | 2,645          |                             |   |
|                                      |  |   |            | <b>2,645</b>   | <b>2,645</b>   |                             |   |
| <b>Associated companies</b>          |  |   |            |                |                |                             |   |
| Borealis                             | 252                                      | 187   |            |                | 439            |                             |   |
|                                      | <b>252</b>                               | <b>187</b>  |            |                | <b>439</b>     |                             |   |
| <b>Related companies</b>             |  |   |            |                |                |                             |   |
| Odebrecht and subsidiaries           |  |   |            | 652,148 (ii)   | 652,148        |                             |   |
| Petrobras and subsidiaries           | 85,566                                   |   | 6,113      |                | 91,679         |                             | 62,822  |

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|              |                |              |              |                  |                  |                |               |           |
|--------------|----------------|--------------|--------------|------------------|------------------|----------------|---------------|-----------|
| Sansuy       | 15,609         |              |              |                  | 15,609           |                |               |           |
|              | <b>101,175</b> |              | <b>6,113</b> | <b>652,148</b>   | <b>759,436</b>   |                | <b>62,822</b> | <b>12</b> |
| <b>SPE</b>   |                |              |              |                  |                  |                |               |           |
| FIM Sol      |                |              |              | 1,083,190 (iii)  | 1,083,190        |                |               |           |
|              |                |              |              | <b>1,083,190</b> | <b>1,083,190</b> |                |               |           |
| <b>Total</b> | <b>715,947</b> | <b>7,488</b> | <b>6,418</b> | <b>1,865,483</b> | <b>2,595,336</b> | <b>905,133</b> | <b>70,463</b> | <b>12</b> |

- (i) Amounts in "dividends and interest on capital receivable".
- (ii) Amount in "other accounts receivable" in the balance sheet.
- (iii) Amount in "cash and cash equivalents": R\$954,919 and in "financial investments": R\$128,271.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|                            | Trade payables   | Advances from customers | Borrowings    | Accounts payable to related parties Advance to export | Other payable | Outros       | Current Total Borrowings | Accounts payable to related parties Advance to export |
|----------------------------|------------------|-------------------------|---------------|---|---------------|--------------|--------------------------|---|
| <b>Subsidiaries</b>        |                  |                         |               |   |               |              |                          |   |
| Braskem America            |                  |                         |               | 181,639   | 170           |              | 181,809                  | 408,7   |
| Braskem Holanda            |                  | 80                      |               | 24,382  |               |              | 24,462                   | 2,521,3   |
| Braskem Importação         |                  |                         |               |   |               |              |                          |   |
| Braskem Inc                | 2,677,575        |                         | 53,406        |   | 800           |              | 2,731,781                | 3,245,562   |
| Braskem Petroquímica       | 863              |                         |               |   |               |              | 863                      |   |
| Braskem Qpar               | 40               |                         |               |   |               |              | 40                       |   |
| Quantiq                    |                  |                         |               |   |               | 1,954 (i)    | 1,954                    |   |
| IQAG                       |                  |                         |               |   |               |              |                          |   |
| Politeno                   |                  |                         |               |   |               |              |                          |   |
| Empreendimentos            |                  |                         |               |   |               |              |                          |   |
| Riopol                     | 954              |                         |               |   |               |              | 954                      |   |
|                            | <b>2,679,432</b> | <b>80</b>               | <b>53,406</b> | <b>206,021</b>  | <b>970</b>    | <b>1,954</b> | <b>2,941,863</b>         | <b>3,245,562</b>                                      |
|                            |                  |                         |               |   |               |              |                          | <b>2,930,0</b>  |
| <b>Related companies</b>   |                  |                         |               |   |               |              |                          |   |
| Odebrecht and subsidiaries | 1,388            |                         |               |   |               |              | 1,388                    |   |
| Petrobras and subsidiaries | 1,193,461        |                         |               |   |               |              | 1,193,461                |   |
|                            | <b>1,194,849</b> |                         |               |   |               |              | <b>1,194,849</b>         |   |
| <b>Total</b>               | <b>3,874,281</b> | <b>80</b>               | <b>53,406</b> | <b>206,021</b>  | <b>970</b>    | <b>1,954</b> | <b>4,136,712</b>         | <b>3,245,562</b>                                      |
|                            |                  |                         |               |   |               |              |                          | <b>2,930,0</b>  |

(i) Amounts in “liabilities related to non-current assets held for sale”.

- (ii) Amount in “current accounts”.
- (iii) Amount in “trade notes payable”.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|                                      | <b>Income statement transactions from January to December 31, 2012</b> |   |   |
|--------------------------------------|--|---|---|
|                                      | <b>Sales<br/>of products</b>   | <b>Purchases<br/>of<br/>raw<br/>materials,<br/>services<br/>and<br/>utilities</b> | <b>Financial<br/>income<br/>(expenses)<br/>Cost of<br/>production/general<br/>and administrative<br/>expenses</b> |
| <b>Subsidiaries</b>                  |  |   |   |
| Braskem America                      | 13,356   |   | (15,722)  |
| Braskem Argentina                    | 173,400  |   | 2,058   |
| Braskem Chile                        | 23,377   |   | 113   |
| Braskem Finance                      |  |   | 1   |
| Braskem Holanda                      | 444,607  |   | (410,883)   |
| Braskem Idesa                        |  |   | 108   |
| Braskem Inc                          | 473,398  | 2,032,821   | (593,624)   |
| Braskem Petroquímica                 | 344,950  | 218,279   | (1)   |
| Braskem Qpar                         | 29,501   | 99,532  | (22,822)  |
| Ideom                                | 2  | 5,500   |   |
| Lantana                              |  |   | 5   |
| Riopol                               | 157,483  | 103,846   |   |
|                                      | <b>1,833,873</b>   | <b>2,471,114</b>  | <b>(1,040,767)</b>  |
| <b>Jointly-controlled investment</b> |  |   |   |
| Polimerica                           |  |   | 28  |
| Propilsur                            |  |   | 43  |
| RPR                                  | 22,509   | 1,482   | 743   |
|                                      | <b>22,509</b>  | <b>1,482</b>  | <b>814</b>  |
| <b>Associated companies</b>          |  |   |   |
| Borealis                             | 125,107  |   |   |
|                                      | <b>125,107</b>   |   |   |
| <b>Related companies</b>             |  |   |   |
| Odebrecht and subsidiaries           |  | 273,395   |   |
| Petrobras and subsidiaries           | 763,842  | 10,366,807  | 4,653   |
| Sansuy                               | 27,841   | 11,050  |   |
| Other                                | 3,150  | 231,385   |   |

|                                     |                  |                   |                    |               |
|-------------------------------------|------------------|-------------------|--------------------|---------------|
|                                     | <b>794,833</b>   | <b>10,882,637</b> | <b>4,653</b>       |               |
| <b>Post employment benefit plan</b> |                  |                   |                    |               |
| Odeprev                             |                  |                   |                    | 20,382        |
|                                     |                  |                   |                    | <b>20,382</b> |
| <b>Total</b>                        | <b>2,776,322</b> | <b>13,355,233</b> | <b>(1,035,300)</b> | <b>20,382</b> |

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 supply of raw materials that exceed R\$ 5,000 per operation or R\$ 15,000 altogether per year. This provision encompasses contracts between the Parent Company and its subsidiaries and any of its common shareholders, directors of the Company, its parent company or subsidiary 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 freedom 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 granted by the competent body.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

The related parties have the following relationship with the Company:

- Cetrel: subsidiary of Odebrecht
- CNO: subsidiary of Odebrecht
- Odebrecht Ambiental: subsidiary of Odebrecht
- OCS: subsidiary of Odebrecht
- Petrobras: shareholder of Braskem
- Petrobras Global Trading BV: subsidiary of Petrobras
- Refap: marged by Petrobras

The transactions with related parties, except wholly-owned subsidiaries of the Company, are summarized below:

- Cetrel:

(i) In November 2012, an agreement was executed for the acquisition of reuse water by plants installed in the Camaçari Petrochemical Complex for a period of 15 years and with an estimated value of R\$120 million;

(ii) In August 2010, an agreement was executed for the treatment of the effluents discharged by the plants located in the Camaçari Petrochemical Complex for a period of 4 years and with a total maximum value of R\$60 million.



- CNO:

(i) Braskem – In February 2007, an agreement was executed, with the objective of performing services in the shutdowns for maintenance and inspection in the industrial units. This agreement is valid through February, 15 2014 and provides for a different price for each type of activity carried out by CNO;

(ii) Braskem Idesa – In September 2012, an agreement was executed, for the engineering, procurement and construction services of the Ethylene XXI Project. The contract has an estimated value of US\$3 billion and duration through 2015.

- Odebrecht Ambiental:

In September 2009, the Company entered into an agreement for the acquisition of reuse water with Aquapolo (a special purpose entity formed by Odebrecht Ambiental and the water utility Company of Basic Sanitation of São Paulo State (“SABESP”) for the production of industrial reuse water) by the plants located in the SP Petrochemical Complex. The agreement is valid through 2053 and has an estimated annual value of R\$65 million.

- Petrobras:

(i) Naphtha

The Parent Company and the subsidiary Braskem Qpar have agreements for the supply of naphtha with Petrobras. The agreements provide for the supply of naphtha to the basic petrochemicals plants located in the Triunfo, Camaçari and SP Petrochemical Complexes. The agreed-upon price of the naphtha is based on several factors, such as the market price of the naphtha itself and a number of oil byproducts, the volatility of the prices of these products in the international markets, the Brazilian real - U.S. dollar exchange rate and the concentration of paraffinic content and contaminants present in the naphtha delivered. The agreement provides for a minimum consumption of 3,800,000 tons a year and a maximum consumption of 7,019,600 tons a year. The subsidiary of Petrobras, Petrobras Global Trading BV, also supplies naphtha to the Company and its subsidiaries.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

(ii) Propylene

Braskem has propylene supply agreements with Petrobras through its refineries for the Company's plants located in the Petrochemical Complexes of Triunfo, RJ and SP. These agreements provide for the full supply of approximately 910,000 tons of propylene a year. 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.

(iii) Ethane, propane, light refinery hydrocarbons ("HLR") and electricity

The subsidiary Riopol has an agreement with Petrobras for the supply of 392,500 metric tons of ethane a year, 392,500 tons of propane a year, 438,0 N/M<sup>3</sup> of HLR a year and 306.6 GWh of electricity a year.

(iv) Fuel oil

Braskem has an agreement with BR Distribuidora, a subsidiary of Petrobras, to supply fuel oil to its unit in the Camaçari Petrochemical Complex.

(v) Sale of various products

The Company supplies to Petrobras and its subsidiaries many products it manufactures, such as solvents, automotive gasoline, butadiene, paraxylene, benzene, toluene, etc. These supplies are not covered by an agreement and take place on a regular basis at market prices.

- OCS:

The Company entered into a risk and insurance Management agreement with OCS, amounting to approximately R\$3.6 million, which may be renewed for another year.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais****(c) 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.

|                                | <b>Parent company and<br/>Consolidated</b> |              |
|--------------------------------|--|--------------|
| <b>Non-current liabilities</b> | <b>2013</b>                                | <b>2012</b>  |
| Long-term incentives           | 2,333                                      | 2,897        |
| <b>Total</b>                   | <b>2,333</b>                               | <b>2,897</b> |

|   | <b>Parent company and<br/>Consolidated</b> |               |
|---|--|---------------|
| <b>Income statement transactions</b>          | <b>2013</b>                                | <b>2012</b>   |
| <b>Remuneration</b>                           |  |               |
| Short-term benefits to employees and managers | 35,380                                     | 35,026        |
| Post-employment benefit                       | 275  | 214           |
| Long-term incentives                          | 15   | 565           |
| <b>Total</b>                                  | <b>35,670</b>                              | <b>35,805</b> |

**11 Taxes recoverable**

|  | <b>Consolidated</b> |             | <b>Parent company</b> |             |
|--|---------------------|-------------|-----------------------|-------------|
|  | <b>2013</b>         | <b>2012</b> | <b>2013</b>           | <b>2012</b> |

**Parent Company and subsidiaries in Brazil**

|  |     |                  |                  |                  |                  |
|--|-----|------------------|------------------|------------------|------------------|
| IPI  |     | 28,701           | 32,734           | 26,307           | 31,647           |
| Value-added tax on sales and services (ICMS) - normal operations                                 | (a) | 738,282          | 845,045          | 410,004          | 447,086          |
| ICMS - credits from PP&E   |     | 123,354          | 178,920          | 93,018           | 108,910          |
| Social integration program (PIS) and social contribution on revenue (COFINS) - normal operations | (b) | 719,448          | 484,692          | 650,355          | 419,170          |
| PIS and COFINS - credits from PP&E   |     | 269,006          | 273,693          | 134,161          | 147,764          |
| PIS and COFINS - Law 9,718/98  | (c) | 24,207           | 171,140          | 22,602           | 158,570          |
| PIS - Decree-Law 2,445 and 2,449/88  | (d) | 88,339           | 104,256          | 65,801           | 70,856           |
| Income tax and social contribution (IR and CSL)  | (e) | 542,686          | 452,867          | 395,214          | 323,924          |
| REINTEGRA program  | (f) | 267,049          | 217,775          | 232,507          | 194,694          |
| Other  |     | 155,965          | 150,980          | 116,640          | 129,612          |
| <b>Foreign subsidiaries</b>  |     |                  |                  |                  |                  |
| Value-added tax  | (g) | 563,650          | 90,301           |                  |                  |
| Income tax   |     | 2,516            | 942              |                  |                  |
| <b>Total</b>   |     | <b>3,523,203</b> | <b>3,003,345</b> | <b>2,146,609</b> | <b>2,032,233</b> |
| Current assets   |     | 2,237,213        | 1,476,211        | 1,246,858        | 1,005,842        |
| Non-current assets   |     | 1,285,990        | 1,527,134        | 899,751          | 1,026,391        |
| <b>Total</b>   |     | <b>3,523,203</b> | <b>3,003,345</b> | <b>2,146,609</b> | <b>2,032,233</b> |

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**(a) ICMS – normal operations**

The Company has accumulated ICMS credits over the past few years arising mainly from domestic sales subject to deferred taxation and export sales. This accumulation of tax credits was more evident in the states of BA, RS and SP where most production units are concentrated.

The Company's Management has been prioritizing a series of actions so as to maximize the use of these credits and, currently, it does not expect losses on their realization. Among the actions carried out by Management are:

- Agreement with the Government of RS, maintaining the full deferral of ICMS on the imports, reduction in the ICMS tax levied on domestic operations with naphtha and limiting the use of accumulated ICMS credits to R\$ 8,500 per month for offsetting monthly ICMS payable by the units in that state;
- Maintenance of the Agreement with the Government of BA, which ensures the effective enforcement of State Decree No. 11,807 of October 27, 2009, which (i) full deferral of the ICMS tax on domestic and imported naphtha acquired in that state and; (ii) capped at R\$9,100 per month the use of cumulative ICMS tax credits that can be deducted from the debt balance between April 2011 and March 2014, and the amount of R\$ 5,907 per month between April 2014 and March 2018; and
- In SP, Decree 59,232/13 allowed deferral of the ICMS tax on naphtha, propylene and ethylene produced in Brazil or imported, acquired in this state, which enabled Braskem to use the accumulated ICMS credits.

**(b) PIS and COFINS**

The Company has PIS and COFINS tax credits arising materially from the internal outflows promoted by the deferment of taxes and sales destined to foreign markets and those related to the acquisition of property, plant and equipment.

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) PIS and COFINS – Law 9,718/98**

This account contains credits arising from legal discussions on the constitutionality of some aspects of Law No. 9,718/98. These credits are used to offset the federal taxes payable and have been restated by the basic interest rate (Selic). In 2013, Braskem offset the amount of R\$144,184 (2012 - R\$15,729).

**(d) PIS – Decree-Laws 2,445 and 2,449/88**

This item includes credits arising from decisions in lawsuits that challenged the constitutionality of Decree Laws No. 2,445 and No. 2,449/88. In 2013, Braskem offset the amount of R\$13,311 (2012 - R\$90,561)

**(e) Income tax and social contribution**

This account contains IR and CSL credits arising from prepayments in years that did not present taxable income at year end in addition to the taxes withheld on financial investments and restatements by the Selic basic interest rate. These credits will be realized by offsetting other federal taxes and withholdings payable.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**(f) 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 3% of all export revenue and such credits may be made 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 accordance with Provisional Presidential Decree (“PPD”) 601, the program was valid until December 31, 2013.

In the fiscal year ended December 31, 2013, the Company recognized credits in the amount of R\$229,742 (2012 - R\$228,052) (Note 11) and offset the amount of R\$180,468 (2012 - R\$28,201).

**(g) Value added tax – subsidiaries abroad**

On December 31, 2013, this line included:

(i) R\$16,111 from sales by Braskem Alemanha to other countries. These credits are reimbursed in cash by the local government; and

(ii) R\$541,904 from purchases of machinery and equipment for the Ethylene XXI project (Note 16). These credits will be reimbursed in cash by the local government after validating the credits according to established tax procedures.



**12 Judicial deposits – non-current assets**

|   | <b>2013</b>    | <b>Consolidated<br/>2012</b> | <b>2013</b>    | <b>Parent company<br/>2012</b> |
|---|----------------|------------------------------|----------------|--------------------------------|
| Judicial deposits                       |                |                              |                |                                |
| Tax contingencies                       | 137,631        | 101,499                      | 134,103        | 95,816                         |
| Labor and social security contingencies | 62,621         | 73,177                       | 50,637         | 63,712                         |
| Other                                   | 9,658          | 4,942                        | 9,657          | 4,915                          |
| <b>Total</b>                            | <b>209,910</b> | <b>179,618</b>               | <b>194,397</b> | <b>164,443</b>                 |

As of December 31, 2013, a portion of the deposits is associated with legal proceedings for which the probability of loss is possible (Note 23) and a portion is associated with proceedings for which the probability of loss is remote.

In addition, on December 31, 2013, the Company maintains escrow deposits amounting to R\$54,793 (2012 - R\$44,163) related to legal proceedings for which the chance of loss was deemed as probable. Such deposits are offset by their respective provisions.

**13 Insurance claims**

On December 31, 2013, this item under current and non-current was as follows:

- (i) R\$119,937 related to damages receivable from losses that occurred in the furnaces, electric system and equipment of the Basic Petrochemicals unit of the Camaçari Complex (BA);
- (ii) R\$37,823 related to damages receivable from losses at the Chlor-Alkali and PVC plants in the state of AL.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

In 2013, the Company received R\$178,190, mainly relating to the losses at UNIB BA in December 2010 and February 2011.

**14 Other accounts receivable (consolidated)**

**(a) Current**

The main balances forming this line under current assets are:

(i) R\$95,149 in advances to service suppliers (2012 - R\$91,090);

(ii) R\$34,101 from operations for hedge accounting (Note 20.2.1(b)); and

(iii) During fiscal year 2013, Braskem received from Odebrecht Ambiental the amount of R\$689,868 related to the divestment of the interests in Cetrel and Braskem Distribuidora.

**(b) Non-current**

The main balances under this item in non-current assets are:

**(i) Eletrobras compulsory loans**

The compulsory loan created to benefit Eletrobras was instituted by Law 4,156/62 with the objective of financing the power industry. The amounts owed were charged monthly on the electricity bills of companies that surpassed a certain level of consumption. This compulsory loan was in force between 1962 and 1993.

Between 2001 and 2003, the merged companies Trikem S.A., Copesul – Companhia Petroquímica do Sul S.A. (“Copesul”), Companhia Alagoas Industrial – Cinal (“Cinal”) and the subsidiaries Alclor Química de Alagoas Ltda. (“Alclor”) and Braskem Petroquímica filed lawsuits claiming credits arising from amounts unduly paid to Eletrobras as compulsory loan, interest and monetary adjustment.

The Superior Court of Justice (STJ) appeased the matter in favor of the taxpayers upon the judgment of RESP No. 1003955 and RESP No. 1028592 made after repetitive appeals under Article 543-C of the Civil Procedure Code, establishing this decision to all cases that address this matter. Meanwhile, through the judgment of the Interlocutory Appeal No. 735933 lodged by Eletrobras, the Federal Supreme Court (STF) consolidated the understanding of the STJ in the sense that the discussion over the matter relates to ordinary law.

In 2011, the lawsuits of Trikem S.A. and Braskem Petroquímica received final and unappealable decisions by the STJ, which exhausted the option of appealing these decisions. Accordingly, based on the opinion of its external legal advisors, the Company recognized in 2011 the corresponding credits, which, as per its understanding, are uncontested, amounting to R\$51,000 and R\$29,000, respectively, for the lawsuits of Trikem and Braskem Petroquímica. In 2012, the Company received the amount of R\$21,932 related to part of the credits of the Braskem Petroquímica lawsuit.

In 2012, the lawsuits of Copesul and Cinal also received final and unappealable decisions by the STJ. In 2013, the Alclor case received the final and unappealable judgment. Th amount for 2013 of deemed uncontestable in relation to the companies Copesul, Cinal and Alclor, which totaled R\$13,339.

**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

The amounts recorded correspond to 60% of the total claimed and the legal counsels assess as probable the chance of obtaining a favorable outcome for receiving the remaining 40%.

On December 31, 2013, the balance of this account is R\$71,895 (2012 – R\$71,895).

(ii) R\$137,345, from operations to hedge accounting (Note 20.2.1(b)).

**15 Investments****(a) Information on investments**

|                         | Note     | Interest in total capital |                     | Adjusted net profit |                | Adjusted  |           |
|-------------------------|----------|---------------------------|---------------------|---------------------|----------------|-----------|-----------|
|                         |          | Direct                    | Direct and Indirect | total (%) - 2013    | for the period | equity    | equity    |
|                         | 2.1.1(a) |                           |                     | 2013                | 2012           | 2013      | 2012      |
|                         |          |                           |                     |                     | Revised        |           | Revised   |
| <b>Subsidiaries</b>     |          |                           |                     |                     |                |           |           |
| Braskem Alemanha        |          | 5.66                      | 100.00              | (35,123)            | (21,739)       | 1,056,093 | 961,450   |
| Braskem America         |          |                           | 100.00              | 14,731              | 313,839        | 940,124   | 810,315   |
| Braskem America Finance |          |                           | 100.00              | 342                 | 1,221          | 1,448     | (4,206)   |
| Braskem Argentina       |          | 96.77                     | 100.00              | 3,529               | 3,385          | 11,379    | 7,850     |
| Braskem Austria         |          | 100.00                    | 100.00              | (3,536)             |                | (4,097)   | 81        |
| Braskem Austria Finance |          |                           | 100.00              | (18)                |                | 25        | 47        |
| Braskem Chile           |          | 99.02                     | 100.00              | 81                  | 239            | 1,863     | 1,782     |
| Braskem Espanha         |          |                           | 100.00              | (17)                |                | (9)       | 8         |
| Braskem Holanda         |          | 100.00                    | 100.00              | 24,120              | (35,227)       | 1,333,390 | 1,188,368 |
| Braskem Finance         |          | 100.00                    | 100.00              | (27,129)            | (26,439)       | (144,558) | (117,429) |
| Braskem Idesa           |          | 75.00                     | 75.00               | (10,700)            | (19,131)       | 548,465   | 351,249   |
| Braskem Idesa Serviços  |          |                           | 75.00               | 2,032               | 422            | 5,138     | 2,726     |
| Braskem Importação      |          | 0.04                      | 100.00              | (3)                 | (1)            | 201       | 203       |

**(a) Information on investments**

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|  |        |        |           |           |           |           |
|--|--------|--------|-----------|-----------|-----------|-----------|
| Braskem Inc.   | 100.00 | 100.00 | (152,332) | 113,839   | 153,021   | 301,829   |
| Braskem México                                       | 99.97  | 100.00 | (5,076)   | (2,682)   | 271,654   |           |
| Braskem Participações                                | 100.00 | 100.00 | 1,664     | (3,171)   | (558)     | (1,945)   |
| Braskem Petroquímica                                 | 100.00 | 100.00 | 132,256   | 71,417    | 1,647,845 | 1,593,973 |
| Braskem Qpar   | 98.61  | 100.00 | 189,702   | (185,967) | 5,601,077 | 2,536,089 |
| Common   |        | 100.00 | (73,623)  | 643       | (12)      | 7,550     |
| DAT  | 100.00 | 100.00 |           |           | 37,681    |           |
| IQAG   | 0.12   | 100.00 | 3,241     | 1,750     | 7,184     | 3,942     |
| Lantana  |        | 100.00 | (84)      | (88,816)  | (592)     | (544)     |
| Norfolk  |        | 100.00 | (64,240)  | 8,074     | (103)     | 70,069    |
| Petroquímica Chile                                   | 97.96  | 100.00 | (1,536)   | (173)     | 4,999     | 6,535     |
| Politeno Empreendimentos                             | 99.98  | 100.00 | (9)       | 576       | 598       | 607       |
| Quantiq  | 99.90  | 100.00 | 15,738    | 31,440    | 243,584   | 249,383   |
| Riopol   | (i)    |        |           | 235,965   |           | 2,632,337 |
| <b>Jointly-controlled investment</b>                 |        |        |           |           |           |           |
| RPR  | 33.20  | 33.20  | 1,871     | 24,335    | 124,980   | 128,591   |
| OCE  | (ii)   | 20.00  | 402       |           | 689       |           |
| Propilsur  | 49.00  | 49.00  | (4,445)   | (556)     | 109,300   | 109,695   |
| <b>Associates</b>                                    |        |        |           |           |           |           |
| Borealis   | 20.00  | 20.00  | 5,492     | 16,102    | 166,746   | 165,459   |
| Companhia de Desenvolvimento Rio Verde ("Codeverde") | 35.97  | 35.97  | (596)     | (596)     | 46,342    | 46,342    |

(i) Company merged into Braskem Qpar in September 2013.

(ii) Shares acquired in July 2013 (Note 1(b.xviii)).

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

**(a.1) Description of the investments**

The operations of subsidiaries and jointly-controlled investments of Braskem are as follows:

- Braskem America –production and sale of PP.
  
- Braskem Argentina; Petroquímica Chile; Braskem Chile and Braskem Holanda –sale of products in the international market.
  
- Braskem Áustria –holding interests in the capital of other companies and conducting financial and commercial operations.
  
- Braskem Alemanha –production and sale of PP.
  
- Braskem Espanha –holding interests in the capital of other companies.
  
- Braskem Finance, Braskem America Finance and Braskem Áustria Finance – centralizing the raising of funds abroad.
  
- Braskem Idesa –construction of an industrial complex for the production of PE.

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- Braskem México; Braskem Idesa Serviços and Braskem Mexico Serviços –provide services to Braskem Idesa.
- Braskem Importação –import, export and sale of petrochemical naphtha, oil and its byproducts.
- Braskem Inc. – sale of naphtha and other products, in addition to carrying out Braskem’s usual financial funding operations.
- Braskem Participações –investment in the equity of other companies.
- Braskem Petroquímica and Braskem Qpar – production of basic petrochemicals such as ethane and propane, and thermoplastic resins, such as PE and PP.
- Politeño Empreendimentos –participation in industrial projects and ventures, asset Management, sales of petrochemical products and the investment in the equity of other companies;
- Propilsur –installing the PP production unit in Venezuela.
- RPR –refining, processing and sale and import of oil, its byproducts and correlated products.
- IQAG –providing storage services to third parties.
- Quantiq –distribution, marketing and manufacture of petroleum-based solvents and of petrochemical manufacturers, in the distribution and marketing of process oils, other petroleum-based inputs, intermediate chemicals, special chemicals and pharmacons.
- OCE – purchase and sale of electricity in the spot market.





**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

(b) Changes in investments – parent company

(b) Changes in investments – parent company





|   | Note     | Balance at<br>2012<br>Revised | Merger      | Acquisition<br>of shares | Capital<br>increase | Dividends<br>and<br>interest<br>on equity o |
|---|----------|-------------------------------|-------------|--------------------------|---------------------|---|
| <b>Subsidiaries and jointly-controlled investment</b>                       | 2.1.1(a) |                               |             |                          |                     |   |
| <b>Domestic subsidiaries</b>  |          |                               |             |                          |                     |   |
| Braskem Petroquímica  |          | 1,452,589                     |             |                          |                     | (78,000)                                    |
| Braskem Qpar  |          | 3,367,628                     | 2,878,812   |                          |                     |   |
| Distribuidora de Águas Triunfo  |          |                               |             |                          | 37,712              |   |
| Politeno Empreendimentos  |          | 607                           |             |                          |                     |   |
| Quantiq   |          | 253,272                       |             |                          |                     | (21,536)                                    |
| Riopol  |          | 2,630,417                     | (2,878,812) |                          |                     |   |
| RPR   |          | 42,698                        |             |                          |                     |   |
| OCE   |          |                               |             | 2                        | 55                  |   |
|   |          | <b>7,747,211</b>              |             | <b>2</b>                 | <b>37,767</b>       | <b>(99,536)</b>                             |
| <b>Foreign subsidiaries</b>   |          |                               |             |                          |                     |   |
| Braskem Alemanha  |          | 53,753                        |             |                          |                     |   |
| Braskem Argentina   |          | 7,850                         |             |                          |                     |   |
| Braskem Austria   |          | 81                            |             |                          |                     |   |
| Braskem Chile   |          | 1,782                         |             |                          |                     |   |
| Braskem Holanda   |          | 1,177,221                     |             |                          |                     |   |
| Braskem Idesa   |          | 263,437                       |             |                          | 114,964             |   |
| Braskem Inc.  |          | 301,829                       |             |                          |                     |   |
| Braskem México  |          |                               |             | 1,447                    | 260,856             |   |
| Petroquímica Chile  |          | 6,535                         |             |                          |                     |   |
|   |          | <b>1,812,488</b>              |             | <b>1,447</b>             | <b>375,820</b>      |   |
| <b>Total subsidiaries and jointly-controlled investment</b>                 |          | <b>9,559,699</b>              |             | <b>1,449</b>             | <b>413,587</b>      | <b>(99,536)</b>                             |
| <b>Associates</b>   |          |                               |             |                          |                     |   |
| <b>Domestic subsidiaries</b>  |          |                               |             |                          |                     |   |
| Borealis  |          | 31,945                        |             |                          |                     |   |
| Nitrocolor  |          |                               |             |                          | 38                  |   |
| <b>Total associates</b>   |          | <b>31,945</b>                 |             |                          | <b>38</b>           |   |
| <b>Total subsidiaries, jointly-controlled investment<br/>and associates</b> |          | <b>9,591,644</b>              |             | <b>1,449</b>             | <b>413,625</b>      | <b>(99,536)</b>                             |

(i) Settlement of contingencies by this subsidiary that were reflected in the Parent Company at the time of its acquisition (Note 23 (c.2)).



**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31**

**All amounts in thousands of reais**

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

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







|   | <b>2013</b>    | <b>Consolidated<br/>2012</b> | <b>2013</b>    | <b>Parent company<br/>2012</b> |
|---|----------------|------------------------------|----------------|--------------------------------|
| Equity in results of subsidiaries, associate and jointly-controlled | (3,223)        | (22,199)                     | 428,432        | 410,413                        |
| Amortization of fair value adjustment                               |                |                              | (101,321)      | (93,262) (i)                   |
| Provision for losses on investments                                 |                |                              | (29,055)       | (28,199)                       |
| Other   |                | (3,608)                      | 185            | 1,462                          |
|   | <b>(3,223)</b> | <b>(25,807)</b>              | <b>298,241</b> | <b>290,414</b>                 |

(i) Amortization of fair value adjustments comprises the following:

- R\$97,885, related to the amortization of fair value adjustments on the assets and liabilities from the acquisition of Quattor. This amount is distributed in the following items of the consolidated statement of operations: “net sales revenue” of R\$17,722; “cost of sales” of R\$92,106; “general and administrative expenses” of R\$91, and “financial results” of R\$13,794. The effect of deferred income tax and social contribution was R\$25,828.
- R\$3,436 related to the amortization of fair value adjustments on property, plant and equipment of the subsidiary Braskem Petroquímica.

## Braskem S.A.

## Notes to the financial statements

## Years ended December 31

## All amounts in thousands of reais

## 16 Property, plant and equipment

|   | Note  | Land           | Buildings and<br>Improvements | Machinery,<br>Equipment<br>and<br>Facilities | Projects<br>and<br>Stoppage<br>in<br>Progress | Other          | Consolidated Total |
|---|-------|----------------|-------------------------------|--|---|----------------|--------------------|
| Cost  |       | 417,077        | 1,749,193                     | 24,514,118                                   | 4,057,731                                     | 805,160        | 31,543,272         |
| Accumulated depreciation/depletion              |       |                | (699,935)                     | (9,296,148)                                  |   | (370,411)      | (10,366,504)       |
| <b>Balance as of December 31, 2012</b>          |       | <b>417,077</b> | <b>1,049,258</b>              | <b>15,217,970</b>                            | <b>4,057,731</b>                              | <b>434,749</b> | <b>21,176,776</b>  |
| Acquisitions                                    |       |                | 831                           | 162,838                                      | 5,124,431                                     | 5,812          | 5,293,912          |
| Capitalized financial charges                   | 18(f) |                |                               |  | 362,528                                       |                | 362,528            |
| Foreign currency translation adjustment         |       | 6,820          | 9,524                         | 82,325                                       | 426,684                                       | 2,504          | 527,857            |
| Transfers by concluded projects                 |       |                | 31,178                        | 950,857                                      | (1,087,668)                                   | 114,188        | 8,575              |
| Transfers to intangible                         |       |                |                               |  | (28,653)                                      | (76)           | (28,729)           |
| Other disposals, net of depreciation/depletion  |       |                | (798)                         | (3,450)                                      | (4,361)                                       | (1,659)        | (10,668)           |
| Depreciation / depletion                        |       |                | (73,526)                      | (1,783,223)                                  |   | (79,693)       | (1,936,442)        |
| Transfers of "non-current assets held for sale" | (i)   | 5,162          | 31,484                        | 15,500                                       | 1,361   | 3,220          | 56,727             |
| Non-current assets held for sale                | (ii)  | (151)          | (790)                         | (15,804)                                     | (19,147)                                      | (1,485)        | (37,177)           |
| Net book value                                  |       | 428,908        | 1,047,161                     | 14,627,013                                   | 8,832,906                                     | 477,560        | 25,413,548         |
| Cost  |       | 428,908        | 1,830,245                     | 25,671,115                                   | 8,832,906                                     | 936,228        | 37,699,402         |
| Accumulated depreciation/depletion              |       |                | (783,084)                     | (11,044,102)                                 |   | (458,668)      | (12,285,856)       |
| <b>Balance as of December 31, 2013</b>          |       | <b>428,908</b> | <b>1,047,161</b>              | <b>14,627,013</b>                            | <b>8,832,906</b>                              | <b>477,560</b> | <b>25,413,548</b>  |

(i) Transfer of assets from Quantiq and IQAG from "non-current assets held for sale".

(ii) Transfer of assets from DAT to "non-current assets held for sale".



**Braskem S.A.****Notes to the financial statements****Years ended December 31****All amounts in thousands of reais**

|  |               |                                       |  |  | <b>Parent company</b> |                   |
|--|---------------|---------------------------------------|--|--|-----------------------|-------------------|
|  | <b>Land</b>   | <b>Buildings and<br/>Improvements</b> | <b>Machinery,<br/>Equipment<br/>and<br/>Facilities</b> | <b>Projects<br/>and<br/>Stoppage<br/>in<br/>Progress</b> | <b>Other</b>          | <b>Total</b>      |
| Cost   | 83,776        | 1,423,806                             | 16,607,652   | 1,839,278  | 517,951               | 20,472,463        |
| Accumulated depreciation/depletion             |               | (675,177)                             | (7,657,862)  |  | (345,039)             | (8,678,078)       |
| <b>Balance as of December 31, 2012</b>         | <b>83,776</b> | <b>748,629</b>                        | <b>8,949,790</b>                                       | <b>1,839,278</b>   | <b>172,912</b>        | <b>11,794,385</b> |
| Acquisitions                                   |               |                                       | 112,049  | 968,524  | 752                   | 1,081,325         |
| Capitalized financial charges                  |               |                                       |  | 64,122   |                       | 64,122            |
| Transfers by concluded projects                |               | 7,220                                 | 817,965  | (886,126)  | 60,941                |                   |
| Transfers to intangible                        |               |                                       |  | 2,826  | (76)                  | 2,750             |
| Other disposals, net of depreciation/depletion | (151)         | (799)                                 | (1,311)  |  | (1,453)               | (3,714)           |
| Depreciation / depletion                       |               | (53,066)                              | (1,188,277)  |  | (46,858)              | (1,288,201)       |
| Net book value                                 | 83,625        | 701,984                               | 8,690,216  | 1,988,624  | 186,218               | 11,650,667        |
| Cost   | 83,625        | 1,429,976                             | 17,482,837   | 1,988,624  | 576,301               | 21,561,363        |
| Accumulated depreciation/depletion             |               | (727,992)                             | (8,792,621)  |  | (390,083)             | (9,910,696)       |
| <b>Balance as of December 31, 2013</b>         | <b>83,625</b> | <b>701,984</b>                        | <b>8,690,216</b>                                       | <b>1,988,624</b>   | <b>186,218</b>        | <b>11,650,667</b> |

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

On December 31, 2013, the main project in progress is located in Mexico, through the subsidiary Braskem Idesa (Note 19).

Braskem offered in guarantee plants, land, real estate properties and machinery and equipment to comply with the obligations assumed in financing agreements (Note 18).

**(a) Impairment test for property, plant and equipment**

In the preparation of the Business Plan for the 2014/2018 period, the Company's Management analyzed the prospects for the main variables that affect its activities (Note 3.6) in both domestic and international markets.

In general, the Business Plan was prepared taking into consideration that no situation that may prevent the operational continuity of Braskem's assets, both in terms of obsolescence of the industrial park and technologies employed and of legal restrictions is foreseen. Braskem's Management believes that the plants will operate at their full capacity, or close to it, within the projected period. Also, no significant changes in the Braskem's business are expected, such as a significant excess in the offer by other manufacturers that may negatively affect future sales, with the exception of the seasonal price and profitability increases and decreases, which are historically associated with the petrochemical business worldwide. Also, no new technologies or raw materials, which could negatively impact Braskem's future performance, are expected. Braskem expects to continue to operate in a regulatory environment aimed at environmental preservation, which is absolutely in line with its practices.

In view of all the analysis made throughout 2013, Braskem's Management understood that there was no need to conduct an impairment test for the assets of the Foreign Business and Chemical Distribution operating segments, as well as of the CGUs UNIB-Bahia and UNIB-Southeast. Despite this conclusion, Braskem conducted an impairment test for the assets of the Polyolefins and Vinyls operating segments and CGU UNIB-South since they are associated with goodwill from future profitability (Note 17).

## 17 Intangible assets

|  | <b>Goodwill<br/>based on<br/>expected<br/>future<br/>profitability</b> | <b>Brands<br/>and<br/>Patents</b> | <b>Software<br/>licenses</b> | <b>Costumers<br/>and<br/>Suppliers<br/>Agreements</b> | <b>Consolidated<br/>Total</b> | <b>Parent<br/>Company<br/>Total</b> |
|--|--|-----------------------------------|------------------------------|---|-------------------------------|-------------------------------------|
| Cost   | 3,187,722  | 199,367                           | 402,396                      | 685,890   | 4,475,375                     | 3,581,502                           |
| Accumulated<br>amortization                          | (1,128,804)  | (71,141)                          | (183,908)                    | (150,556)   | (1,534,409)                   | (1,339,937)                         |
| <b>Balance as of<br/>December 31, 2012</b>           | <b>2,058,918</b>   | <b>128,226</b>                    | <b>218,488</b>               | <b>535,334</b>  | <b>2,940,966</b>              | <b>2,241,565</b>                    |
| Acquisitions   |  |                                   | 25,608                       | 140   | 25,748                        | 24,782                              |
| Foreign currency<br>translation adjustment           |  | 1,394                             | 5,365                        | 26,469  | 33,228                        |                                     |
| Transfers from PP&E                                  |  | 7,813                             | 20,916                       |   | 28,729                        | (2,750)                             |
| Transfers of non-current<br>assets held for sale (i) |  |                                   | 13,246                       |   | 13,246                        |                                     |
| Amortization   |  | (11,035)                          | (54,987)                     | (63,265)  | (129,287)                     | (38,271)                            |
| Net book value                                       | 2,058,918  | 126,398                           | 228,636                      | 498,678   | 2,912,630                     | 2,225,326                           |
| Cost   | 3,187,722  | 208,574                           | 473,560                      | 712,499   | 4,582,355                     | 3,583,762                           |
| Accumulated<br>amortization                          | (1,128,804)  | (82,176)                          | (244,924)                    | (213,821)   | (1,669,725)                   | (1,358,436)                         |
| <b>Balance as of<br/>December 31, 2013</b>           | <b>2,058,918</b>   | <b>126,398</b>                    | <b>228,636</b>               | <b>498,678</b>  | <b>2,912,630</b>              | <b>2,225,326</b>                    |
| <b>Average annual rates<br/>of amortization</b>      |  | <b>5.80%</b>                      | <b>8.09%</b>                 | <b>7.96%</b>  |                               |                                     |

(i) Transfer of assets from Quantiq and IQAG from “non-current assets held for sale”.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(a) Impairment test of intangible assets with defined and undefined useful lives**

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 CPC 01 (R1) and IAS 36. On December 31, 2013, the goodwill of the Company is allocated at the CGU of UNIB-South and at the Polyolefins and Vinyls operating segments.

The CGU UNIB-South belongs to the Basic Petrochemicals operating segment, which is divided into three CGUs. The other CGU, called UNIB-BA and UNIB-Southeast do not have goodwill allocated.

The Polyolefins operating segment is divided into two CGUs: Polyethylene and Polypropylene. Part of the industrial plants that compose these CGUs was acquired in a business combination that resulted in a goodwill based on the future profitability of these plants. The Company's Management established that the benefits from the synergy of this transaction should be associated with all units acquired and, therefore, the goodwill recognized is allocated and monitored at the lowest level of the corresponding group of assets, which is the Polyolefins operating segment.

In October 2013, 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:

|                                   | <b>Allocated goodwill</b> | <b>Cash flow (CF)</b> | <b>Book value (with goodwill and work capital)</b> | <b>Consolidated CF/Book value</b> |
|-----------------------------------|---------------------------|-----------------------|--|-----------------------------------|
| <b>CGU and operating segments</b> |                           |                       |  |                                   |
| CGU - UNIB - South                | 926,854                   | 7,353,584             | 848,412  | 8.7                               |
| Operating segment - Polyolefins   | 939,711                   | 12,468,556            | 7,658,046  | 1.6                               |

**(c) Breakdown of equity accounting results** **151**

|                            |         |           |           |     |
|----------------------------|---------|-----------|-----------|-----|
| Operating segment - Vinyls | 192,353 | 3,829,542 | 3,237,688 | 1.2 |
|----------------------------|---------|-----------|-----------|-----|

The following premises were adopted to determine the discounted cash flow: cash flow for 5 years based on the Business Plan, discount rate and perpetuity rate based on the Weighted Average Cost of Capital (WACC) of 13.26% p.a. and without real growth rate

**(b) Sensitivity analysis**

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

|                                   | <b>+0,5% on<br/>discount rate</b> | <b>Consolidated<br/>-0,5% on<br/>growth rate<br/>to perpetuity</b> |
|-----------------------------------|-----------------------------------|--|
| <b>CGU and operating segments</b> |                                   |  |
| CGU - UNIB - South                | 6,702,392                         | 7,042,942  |
| Operating segment - Polyolefins   | 11,223,392                        | 11,864,605   |
| Operating segment - Vinyls        | 3,434,515                         | 3,638,822  |



## Braskem S.A.

## Notes to the financial statements

Years ended December 31, 2013

All amounts in thousands of reais

## 18 Borrowings

|                                   | Annual financial charges      |  |                   | Consolidated      |  |
|-----------------------------------|-------------------------------|--|-------------------|-------------------|--|
|                                   | Monetary restatement          | Average interest (unless otherwise stated) | 2013              | 2012              |  |
| <b>Foreign currency</b>           |                               |  |                   |                   |  |
| Bonds and Medium term notes (MTN) | Note 18 (a)                   | Note 18 (a)                                | 10,432,526        | 9,278,759         |  |
| Advances on exchange contracts    | US dollar exchange variation  | 0.60%                                      | 117,132           | 173,939           |  |
| Export prepayment                 | Note 18 (b)                   | Note 18 (b)                                | 540,744           | 513,610           |  |
| BNDES                             | Note 18 (c)                   | Note 18 (c)                                | 453,065           | 495,260           |  |
| Export credit notes               | Note 18 (d)                   | Note 18 (d)                                | 843,060           | 787,687           |  |
| Working capital                   |                               | 1.77%                                      |                   |                   |  |
|                                   | US dollar exchange variation  | above Libor                                | 633,632           |                   |  |
| Other                             |                               | 4.00%                                      |                   |                   |  |
|                                   | US dollar exchange variation  | above Libor                                | 1,268             | 917,283           |  |
| Other                             | Exchange variation (UMBNDDES) | 6.06%                                      |                   | 768               |  |
| Transactions costs                |                               |  | (81,375)          | (60,285)          |  |
| <b>Local currency</b>             |                               |  |                   |                   |  |
| Export credit notes               | Note 18 (d)                   | Note 18 (d)                                | 2,528,077         | 2,384,414         |  |
| BNDES                             | Note 18 (c)                   | Note 18 (c)                                | 2,464,987         | 2,381,892         |  |
| BNB/ FINAME/ FINEP/ FUNDES        |                               | 6.51%                                      | 658,372           | 605,273           |  |
| BNB/ FINAME/ FINEP/ FUNDES        | TJLP                          | 0.35%                                      | 16,093            | 25,746            |  |
| Other                             | TJLP                          | 2.87%                                      |                   | 7,292             |  |
| Transactions costs                |                               |  | (5,090)           |                   |  |
| <b>Total</b>                      |                               |  | <b>18,602,491</b> | <b>17,511,638</b> |  |
| Current liabilities               |                               |  | 1,248,804         | 1,836,028         |  |
| Non-current liabilities           |                               |  | 17,353,687        | 15,675,610        |  |
| <b>Total</b>                      |                               |  | <b>18,602,491</b> | <b>17,511,638</b> |  |

|                                |                         | <b>2013</b>       | <b>Parent company<br/>2012</b> |
|--------------------------------|-------------------------|-------------------|--------------------------------|
| <b><u>Foreign currency</u></b> |                         |                   |                                |
|                                | Current liabilities     | 735,512           | 1,026,644                      |
|                                | Non-current liabilities | 6,940,002         | 6,480,063                      |
|                                |                         | <b>7,675,514</b>  | <b>7,506,707</b>               |
| <b><u>Local currency</u></b>   |                         |                   |                                |
|                                | Current liabilities     | 547,534           | 861,167                        |
|                                | Non-current liabilities | 4,781,412         | 4,054,224                      |
|                                |                         | <b>5,328,946</b>  | <b>4,915,391</b>               |
|                                | Current liabilities     | 1,283,046         | 1,887,811                      |
|                                | Non-current liabilities | 11,721,414        | 10,534,287                     |
|                                | <b>Total</b>            | <b>13,004,460</b> | <b>12,422,098</b>              |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(a) Bonds and MTN**

| <b>Issue date</b>  | <b>Issue amount<br/>(US\$ in<br/>thousands)</b> | <b>Maturity</b>           | <b>Interest<br/>(% per year)</b> | <b>Consolidated</b> |                  |
|--------------------|---|---------------------------|----------------------------------|---------------------|------------------|
|                    |   |                           |                                  | <b>2013</b>         | <b>2012</b>      |
| July 1997          | 250,000   | June 2015                 | 9.38                             | 152,328             | 134,175          |
| January 2004       | 250,000   | January 2014              | 11.75                            | 178,897             | 169,609          |
| September 2006 (i) | 275,000   | January 2017              | 8.00                             | 305,006             | 275,270          |
| June 2008 (i)      | 500,000   | June 2018                 | 7.25                             | 1,000,375           | 1,026,894        |
| May 2010 (i)       | 400,000   | May 2020                  | 7.00                             | 940,780             | 820,621          |
| May 2010           | 350,000   | May 2020<br>no maturity   | 7.00                             | 828,360             | 722,596          |
| October 2010       | 450,000   | date                      | 7.38                             | 1,072,742           | 935,776          |
| April 2011         | 750,000   | April 2021                | 5.75                             | 1,772,070           | 1,545,798        |
| July 2011          | 500,000   | July 2041                 | 7.13                             | 1,207,927           | 1,053,701        |
| February 2012      | 250,000   | April 2021<br>no maturity | 5.75                             | 592,666             | 516,995          |
| February 2012      | 250,000   | date                      | 7.38                             | 595,968             | 519,876          |
| May 2012           | 500,000   | May 2022                  | 5.38                             | 1,181,443           | 1,030,598        |
| July 2012          | 250,000   | July 2041                 | 7.13                             | 603,964             | 526,850          |
| <b>Total</b>       | <b>4,975,000</b>                                |                           |                                  | <b>10,432,526</b>   | <b>9,278,759</b> |

(i) Partially liquidated in February 2014 (Nota 39).

**(b) Export prepayments (“EPP”)****(c) Breakdown of equity accounting results**

| Issue date    | Initial amount of the transaction (US\$ thousand) | Maturity      | Charges (% per year)                                   | Consolidated   |                |
|---------------|---|---------------|--|----------------|----------------|
|               |   |               |  | 2013           | 2012           |
| May 2010 (i)  | 150,000   | May-2015      | US dollar exchange variation + semiannual Libor + 2.40 |                | 307,406        |
| December 2010 | 100,000   | December-2017 | US dollar exchange variation + semiannual Libor + 2.47 | 118,505        | 206,204        |
| January 2013  | 200,000   | November-2022 | US dollar exchange variation + semiannual Libor + 1.10 | 422,239        |                |
| <b>Total</b>  | <b>450,000</b>                                    |               |  | <b>540,744</b> | <b>513,610</b> |

(i) On September 30, 2013, Braskem Europe maintained an investment of US\$150,000 thousand to offset this operation (Note 7).

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c) BNDES borrowings**

| <b>Projects</b>                | <b>Issue date</b> | <b>Maturity Charges (% per year)</b>                     | <b>2013</b>      | <b>Con</b> |
|--------------------------------|-------------------|--|------------------|------------|
| <b><u>Foreign currency</u></b> |                   |  |                  |            |
| Other                          | 2006              | October-2016 US dollar exchange variation + 6.47         | 6,533            |            |
| Other                          | 2006              | January-2013 Monetary variation (UMBNDDES) + 5.46        |                  |            |
| Limit of credit UNIB-South     | 2006              | July-2014 US dollar exchange variation + 5.46 to 5.66    |                  |            |
| Braskem Qpar expansion         | 2006/2007/2008    | April-2016 US dollar exchange variation + 6.32 to 6.47   | 10,389           |            |
| Braskem Qpar expansion         | 2006/2007/2008    | January-2015 Monetary variation (UMBNDDES) + 6.29        |                  |            |
| Limit of credit I              | 2007              | April-2015 US dollar exchange variation + 4.96 to 5.85   |                  |            |
| Green PE plant                 | 2009              | July-2017 US dollar exchange variation + 6.25            | 39,838           |            |
| Limit of credit II             | 2009              | January-2017 US dollar exchange variation + 6.25         | 80,826           |            |
| New plant PVC Alagoas          | 2010              | January-2020 US dollar exchange variation + 6.25         | 115,082          |            |
| Limit of credit III            | 2011              | October-2018 US dollar exchange variation + 6.09 to 6.12 | 159,917          |            |
| Butadiene plant                | 2011              | January-2021 US dollar exchange variation + 6.12         | 40,480           |            |
|                                |                   |  | <b>453,065</b>   |            |
| <b><u>Local currency</u></b>   |                   |  |                  |            |
| Other                          | 2006              | September-2016 TJLP + 2.80                               | 49,294           |            |
| Limit of credit UNIB-South     | 2006              | May-2014 TJLP + 2.02 to 2.32                             |                  |            |
| Braskem Qpar expansion         | 2006/2007/2008    | February-2016 TJLP + 2.15 to 3.30                        | 75,867           |            |
| Limit of credit I              | 2007              | April-2015 TJLP + 1.81 to 2.32                           |                  |            |
| Green PE plant                 | 2008/2009         | June-2017 TJLP + 0.00 to 4.78                            | 280,631          |            |
| Limit of credit II             | 2009              | January-2017 TJLP + 2.58 to 3.58                         | 240,915          |            |
| Limit of credit II             | 2009              | January-2017 4.50  | 10,763           |            |
| New plant PVC Alagoas          | 2010              | December-2019 TJLP + 0.00 to 3.58                        | 352,364          |            |
| New plant PVC Alagoas          | 2010              | December-2019 5.50                                       | 40,091           |            |
| Limit of credit III            | 2011              | October-2019 TJLP + 0.00 to 3.58                         | 969,715          |            |
| Limit of credit III            | 2011              | October-2019 SELIC + 2.58                                | 82,362           |            |
| Limit of credit III            | 2011              | November-2019 3.50 to 5.50                               | 228,583          |            |
| Butadiene plant                | 2011              | December-2020 TJLP + 0.00 to 3.45                        | 134,402          |            |
|                                |                   |  | <b>2,464,987</b> |            |

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

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**Total**

**2,918,052**

In December 2011, BNDES approved a new revolving credit line limit for the Company in the total amount of R\$2.5 billion, which may be used for 5 years as from the date it is contracted. The funds are being used in the Company's investment plan. As of December 31, 2013, a total of R\$1.5 billion has been released, of which R\$724 million was released in 2013.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(d) Export credit notes (“NCE”)**

| <b>Issue date</b>              |       | <b>Initial amount of the transaction</b> | <b>Maturity</b> | <b>Charges (% per year)</b>         | <b>2013</b>    | <b>Consolidated 2012</b> |
|--------------------------------|-------|--|-----------------|-------------------------------------|----------------|--------------------------|
| <b><u>Foreign currency</u></b> |       |  |                 |                                     |                |                          |
| November 2006                  |       | 167,014                                  | May 2018        | Us dollar exchange variation + 8.10 | 184,778        | 161,150                  |
| April 2007                     |       | 101,605                                  | March 2018      | Us dollar exchange variation + 7.87 | 119,255        | 104,029                  |
| May 2007                       |       | 146,010                                  | May 2019        | Us dollar exchange variation + 7.85 | 176,806        | 154,298                  |
| January 2008                   |       | 266,430                                  | February 2020   | Us dollar exchange variation + 7.30 | 362,221        | 315,973                  |
| March 2008                     | (i)   | 41,750                                   | March 2016      | Us dollar exchange variation + 7.50 |                | 52,237                   |
|                                |       | <b>722,809</b>                           |                 |                                     | <b>843,060</b> | <b>787,687</b>           |
| <b><u>Local currency</u></b>   |       |  |                 |                                     |                |                          |
| April-2010                     | (ii)  | 50,000                                   | October-2021    | 105% of CDI                         | 50,880         | 65,678                   |
| June-2010                      | (ii)  | 200,000                                  | October-2021    | 105% of CDI                         | 203,521        | 256,471                  |
| February-2011                  | (ii)  | 250,000                                  | October-2021    | 105% of CDI                         | 203,521        | 297,434                  |
| April-2011                     | (iii) | 450,000                                  | April-2019      | 112.5% of CDI                       | 459,408        | 456,876                  |
| June-2011                      | (ii)  | 80,000                                   | October-2021    | 105% do CDI                         | 81,408         | 91,563                   |
| August-2011                    | (iii) | 400,000                                  | August-2019     | 112.5% of CDI                       | 403,513        | 402,527                  |
| January-2012                   |       | 200,000                                  | December-2013   | 103% of CDI                         |                | 217,320                  |
| June-2012                      | (ii)  | 100,000                                  | October-2021    | 105% of CDI                         | 101,761        | 103,818                  |
| September-2012                 | (ii)  | 300,000                                  | October-2021    | 105% of CDI                         | 305,282        | 305,684                  |
| October-2012                   | (ii)  | 85,000                                   | October-2021    | 105% of CDI                         | 86,496         | 86,419                   |
| November-2012                  |       | 100,000                                  | November-2013   | 106% of CDI                         |                | 100,624                  |
| February-2013                  | (iv)  | 100,000                                  | February-2016   | 8.00                                | 101,183        |                          |

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

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|               |      |                  |               |      |                  |                  |
|---------------|------|------------------|---------------|------|------------------|------------------|
| February-2013 | (iv) | 50,000           | February-2016 | 7.50 | 50,505           |                  |
| February-2013 | (iv) | 100,000          | February-2016 | 8.00 | 101,010          |                  |
| February-2013 | (iv) | 50,000           | February-2016 | 8.00 | 50,440           |                  |
| February-2013 | (iv) | 100,000          | February-2016 | 8.00 | 100,923          |                  |
| March-2013    | (iv) | 50,000           | March-2016    | 8.00 | 50,257           |                  |
| March-2013    | (iv) | 17,500           | March-2016    | 8.00 | 17,583           |                  |
| August-2013   | (iv) | 10,000           | August-2016   | 8.00 | 10,129           |                  |
| December-2013 |      | 150,000          | December-2016 | 8.00 | 150,257          |                  |
| <b>Total</b>  |      | <b>2,842,500</b> |               |      | <b>2,528,077</b> | <b>2,384,414</b> |

- (i) Financing paid in advance in September 2013.
- (ii) Maturities and charges on these operations were renegotiated in October 2013.
- (iii) The Company enters into swap transactions to offset the variation in the Interbank Certificate of Deposit (CDI) rate.
- (iv) The Company entered into swap transactions for these contracts (77.52% to 92.70% of CDI).



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(e) Payment schedule**

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

|                     | <b>2013</b>       | <b>Consolidated<br/>2012</b> |
|---------------------|-------------------|------------------------------|
| 2014                |                   | 1,759,551                    |
| 2015                | 1,121,998         | 1,515,498                    |
| 2016                | 1,738,496         | 1,092,519                    |
| 2017                | 1,576,790         | 715,362                      |
| 2018                | 1,881,848         | 1,512,383                    |
| 2019                | 1,479,686         | 1,146,166                    |
| 2020                | 2,366,125         | 1,884,761                    |
| 2021                | 2,561,516         | 2,059,513                    |
| 2022                | 1,248,355         | 1,042,067                    |
| 2023                | 1,676             |                              |
| 2024                |                   |                              |
| 2025 and thereafter | 3,377,197         | 2,947,790                    |
| <b>Total</b>        | <b>17,353,687</b> | <b>15,675,610</b>            |

**(f) Capitalized financial charges - consolidated**

The Company capitalized financial charges in the year ended December 31, 2013 in the amount of R\$362,528 (2012 - R\$162,227), including monetary variation and part of the exchange variation. The average rate of these charges in the year was 7.40% p.a. (2012 - 6.98% p.a.).

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

Braskem gave collateral for part of its borrowings as follows:

| <b>Loans</b> | <b>Maturity</b> | <b>Total debt<br/>2013</b> | <b>Total<br/>guaranteed</b> | <b>Guarantees</b>  |
|--------------|-----------------|----------------------------|-----------------------------|--|
| BNB          | March-2023      | 341,051                    | 341,051                     | Mortgage of plants, pledge of machinery and equipment                    |
| BNDES        | January-2021    | 2,918,052                  | 2,918,052                   | Mortgage of plants, land and property, pledge of machinery and equipment |
| FUNDES       | June-2020       | 207,694                    | 207,694                     | Mortgage of plants, land and property, pledge of machinery and equipment |
| FINEP        | August-2023     | 122,255                    | 122,255                     | Bank surety  |
| FINAME       | February-2022   | 3,465                      | 3,465                       | Pledge of equipment  |
| <b>Total</b> |                 | <b>3,592,517</b>           | <b>3,592,517</b>            |  |

**(h) Financial covenants**

The Company has not entered into financing agreements that establish limits for certain indicators related to the capacity to contract debt and pay interest.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****19 Project finance**

Braskem Idesa is constructing a plant in Mexico (Ethylene XXI Project), 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 an agreement with PEMEX-Gás for delivery of 66,000 barrels of ethane per day for 20 years.

In line with the Company's financial policy, the investment is being financed under the Project finance mode, whereby the project loan must be paid exclusively with the cash generated by the project itself and shareholders provide limited guarantees (limited recourse project finance). Thus, this financing has the usual guarantees of this type of operation such as assets, receivables, cash generation and other rights from the project, as well commitments by shareholders to inject a limited amount of capital to provide for eventual additional costs thereof.

The financing structure was concluded in December 2012, at the ratio of 70% debt and 30% equity. The total financing contracted to meet construction expenses and start project operation was US\$3,193,095 thousand. In 2013, a total of R\$4,562,343 (US\$2,030,812 thousand) was released. A portion of these funds was used to settle the amounts lent by shareholders Braskem and Grupo Idesa, totaling R\$1,449,826 (US\$648,750 thousand) and R\$483,276 (US\$216,250 thousand), respectively.

Braskem Idesa capitalized the interest on this financing, since its funding through December 31, 2013, in the amount of R\$69,097 (MXN\$391,915 thousand). The average interest rate was 4.88% p.a.

The breakdown of charges and final maturities is as follows:

| <b>Identification</b> | <b>Contract value</b> | <b>Value received</b> | <b>Maturity</b> | <b>Charges (% per year)</b>                           |
|-----------------------|-----------------------|-----------------------|-----------------|---|
|                       | <b>US\$ thousands</b> | <b>US\$ thousands</b> |                 |   |
| Project finance I     | 700,000               | 484,847               | February-2027   | Us dollar exchange variation + quarterly Libor + 3.25 |

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|                     |                  |                  |               |   |
|---------------------|------------------|------------------|---------------|---|
| Project finance II  | 210,000          | 51,422           | February-2027 | Us dollar exchange variation + 6.17                   |
| Project finance III | 600,000          | 263,264          | February-2029 | Us dollar exchange variation + 4.33                   |
| Project finance IV  | 660,000          | 551,173          | February-2029 | Us dollar exchange variation + quarterly Libor + 3.88 |
| Project finance V   | 400,000          | 277,055          | February-2029 | Us dollar exchange variation + quarterly Libor + 4.65 |
| Project finance VI  | 90,000           | 33,811           | February-2029 | Us dollar exchange variation + quarterly Libor + 2.73 |
| Project finance VII | 533,095          | 369,242          | February-2029 | Us dollar exchange variation + quarterly Libor + 4.64 |
| Transactions costs  |                  |                  |               |   |
| <b>Total</b>        | <b>3,193,095</b> | <b>2,030,814</b> |               |   |

Current liabilities

Non-current  
liabilities

**Total**

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

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

|                     | <b>2013</b>      | <b>Consolidated<br/>2012</b> |
|---------------------|------------------|------------------------------|
| 2016                | 85,068           |                              |
| 2017                | 254,883          |                              |
| 2018                | 313,944          |                              |
| 2019                | 327,391          |                              |
| 2020                | 389,584          |                              |
| 2021                | 447,535          |                              |
| 2022                | 377,156          |                              |
| 2023                | 493,770          |                              |
| 2024                | 534,866          |                              |
| 2025 and thereafter | 1,481,464        |                              |
| <b>Total</b>        | <b>4,705,661</b> |                              |

In accordance with the Company's risk Management strategy and based on its financial policy, the Management contracted and designated derivative operations under hedge accounting (Note 20.2.1 (c.ii)) in order to offset the change in future debt-related financial expenses caused by the fluctuation of the Libor rate.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****20 Financial instruments****20.1 Non-derivative financial instruments measured at fair value - consolidated**

|                                       | Classification<br>by<br>Note category | Fair<br>value<br>hierarchy | 2013             | Book value<br>2012 | 2013             | Fair value<br>2012 |
|---------------------------------------|---------------------------------------|----------------------------|------------------|--------------------|------------------|--------------------|
| <b>Cash and cash equivalents</b>      | 6                                     |                            |                  |                    |                  |                    |
| Cash and banks                        | Loans and receivables                 |                            | 987,824          | 398,142            | 987,824          | 398,142            |
| Financial investments in Brazil       | Held-for-trading                      | Level 2                    | 687,938          | 393,348            | 687,938          | 393,348            |
| Financial investments in Brazil       | Loans and receivables                 |                            | 1,218,852        | 899,816            | 1,218,852        | 899,816            |
| Financial investments abroad          | Held-for-trading                      | Level 2                    | 1,441,245        | 1,596,316          | 1,441,245        | 1,596,316          |
|                                       |                                       |                            | <b>4,335,859</b> | <b>3,287,622</b>   | <b>4,335,859</b> | <b>3,287,622</b>   |
| <b>Financial investments</b>          | 7                                     |                            |                  |                    |                  |                    |
| FIM Sol investments                   | Held-for-trading                      | Level 2                    | 61,670           | 50,803             | 61,670           | 50,803             |
| Investments in foreign currency       | Held-for-trading                      | Level 2                    | 3,773            | 5,256              | 3,773            | 5,256              |
| Investments in foreign currency       | Held-to-maturity                      |                            | 189              | 15,731             | 189              | 15,731             |
| Shares                                | Held-for-trading                      | Level 1                    | 1,170            | 3,023              | 1,170            | 3,023              |
| FIM Sol investments                   | Loans and receivables                 |                            |                  | 77,469             |                  | 77,469             |
| Investments in national currency      | Loans and receivables                 |                            |                  | 513                |                  | 513                |
| Quotas of receivables investment fund | Held-to-maturity                      |                            | 40,696           | 52,559             | 40,696           | 52,559             |

(c) Breakdown of equity accounting results

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|  |                             |    |                   |                   |                   |                   |
|--|-----------------------------|----|-------------------|-------------------|-------------------|-------------------|
| Restricted deposits                      | Held-to-maturity            |    |                   | 1,281             |                   | 1,281             |
|  |                             |    | <b>107,498</b>    | <b>206,635</b>    | <b>107,498</b>    | <b>206,635</b>    |
| <b>Trade accounts receivable</b>         | Loans and receivables       | 8  | <b>2,872,395</b>  | <b>2,364,222</b>  | <b>2,872,395</b>  | <b>2,364,222</b>  |
| <b>Related parties credits</b>           | Loans and receivables       | 10 | <b>258,136</b>    | <b>141,539</b>    | <b>258,136</b>    | <b>141,539</b>    |
| <b>Other receivables</b>                 |                             |    |                   |                   |                   |                   |
| Disposal of shareholdings                | Loans and receivables       |    |                   | 652,100           |                   | 652,100           |
| <b>Trade payables</b>                    | Other financial liabilities |    | <b>10,421,687</b> | <b>8,999,491</b>  | <b>10,421,687</b> | <b>8,999,491</b>  |
| <b>Borrowings</b>                        |                             | 18 |                   |                   |                   |                   |
| Foreign currency - Bond                  | Other financial liabilities |    | 10,432,526        | 9,278,759         | 10,241,359        | 10,032,553        |
|  |                             |    |                   |                   |                   |                   |
| Foreign currency - other borrowings      | Other financial liabilities |    | 2,588,901         | 2,888,547         | 2,588,901         | 2,888,547         |
|  |                             |    |                   |                   |                   |                   |
| Local currency                           | Other financial liabilities |    | 5,667,529         | 5,404,617         | 5,667,529         | 5,404,617         |
|  |                             |    | <b>18,688,956</b> | <b>17,571,923</b> | <b>18,497,789</b> | <b>18,325,717</b> |
| <b>Project finance</b>                   | Other financial liabilities | 19 | <b>4,782,602</b>  |                   | <b>4,782,602</b>  |                   |
| <b>Other payables</b>                    |                             |    |                   |                   |                   |                   |
| Creditors for the acquisitions of shares | Other financial liabilities |    | 275,743           | 256,030           | 275,743           | 256,030           |
|  |                             |    |                   |                   |                   |                   |
| Accounts payable to non-controlling      | Other financial liabilities |    | 341,993           | 260,649           | 341,993           | 260,649           |
|  |                             |    | <b>617,736</b>    | <b>516,679</b>    | <b>617,736</b>    | <b>516,679</b>    |

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(a) Fair value**

The fair value of financial assets and liabilities is estimated as the amount for which a financial instrument could be exchanged in an arm's length transaction and not in a forced sale or settlement. The following methods and assumptions were used to estimate the fair value:

(i) held-for-trading and available-for-sale financial assets are measured in accordance with the fair value hierarchy (Level 1 and Level 2), with inputs used in the measurement processes obtained from sources that reflect the most recent observable market prices.

(ii) trade accounts receivable and trade payables approximate their respective carrying amount due to the short-term maturity of these instruments.

(iii) the fair value of related parties is the same as the carrying amount.

(iv) the fair value of borrowings is estimated by discounting future contractual cash flows at the market interest rate, which is available to Braskem in similar financial instruments.

(v) the fair value of debentures is obtained through secondary market prices disclosed by ANDIMA (National Association of Financial Market Institutions).

**(b) Fair value hierarchy**

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



The Company adopts CPC 40 and IFRS 7 for financial instruments that are measured in the balance sheet, this requires disclosure of measurements by level of the following fair value measurement hierarchy:

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

Level 2 – fair value obtained from discounted cash flow models, when the instrument is a forward purchase or sale or a swap contract, or valuation models of option contracts, such as the Black-Scholes model, when the derivative has the characteristics of an option.

The valuation assumptions (inputs to models) are obtained from sources that reflect the most recent observable market prices, particularly the curves of interest and future currency quotes disclosed by the Commodities & Futures Exchange, the spot exchange rate disclosed by the Central Bank of Brazil and the foreign interest curves disclosed by well-known quoting services such as Bloomberg or Reuters.

## **20.2 Financial instruments designated and not designated for hedge accounting**

Financial instruments designated and not designated for hedge accounting are presented in the balance sheet at their fair value in an asset or liability account depending on whether the fair value represents a positive or a negative balance to Braskem, respectively. Financial instruments are necessarily classified as "held-for-trading". The regular changes in the fair value are recognized as financial income or expense in the period in which they occur, except when designated and qualified for hedge accounting.

All financial instruments held at December 31, 2013 were contracted on Over the Counter - OTC markets with large financial counterparties under global derivative contracts in Brazil or abroad and its fair value is classified as Level 2.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

Braskem's Financial Policy provides for a continuous short-term hedging program for foreign exchange rate risk arising from its operations and financial items. The other market risks are addressed on a case-by-case basis for each transaction. In general, Braskem assesses the need for hedging in the analysis of prospective transactions and seeks to customize the hedge for each operation and keeps it in place for the whole period of the hedged transaction.

Braskem may elect derivatives as hedges for the application of hedge accounting in accordance with CPCs 38, 39, 40 and IAS 39-32 and IFRS 7. The hedge designation is not mandatory. In general, Braskem will elect to designate financial instruments as hedges when the application is expected to provide a significant improvement in the presentation of the offsetting effect on the changes in the hedged items.

**20.2.1 Changes in derivative financial instruments designated and not designated for hedge accounting**

| Identification                                  | Note         | Fair value hierarchy | Operation characteristics |                | Balance at 2012 | Change in fair value | Financial settlement | Balance at 2013 |
|---|--------------|----------------------|---------------------------|----------------|-----------------|----------------------|----------------------|-----------------|
|   |              |                      | Principal exposure        | Derivatives    |                 |                      |                      |                 |
| <b><u>Non-hedge accounting transactions</u></b> |              |                      |                           |                |                 |                      |                      |                 |
| Non-deliverable forward ("NDF") - ethanol       |              | Level 2              | Real                      | Dollar         | 1,791           | 52                   | (1,843)              |                 |
| Commodity swap - Naphtha                        | 20.2.1 (a.i) | Level 2              | Fixed price               | Variable price |                 | (287)                | (183)                | (470)           |
| Commodity swap - Naphtha                        | 20.2.1 (a.i) | Level 2              | Fixed price               | Variable price |                 | (1,080)              | 1,080                |                 |
| Contract for the future purchase - ethanol      |              | Level 1              | Fixed price               | Variable price | 2               |                      | (2)                  |                 |
| Exchange swap                                   |              | Level 2              | Dollar                    | CDI            | 4,968           | (1,688)              | (3,280)              |                 |

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|                     |                    |         |                 |        |  |              |               |                 |
|---------------------|--------------------|---------|-----------------|--------|--|--------------|---------------|-----------------|
| Interest rate swaps | 20.2.1<br>(a.ii)   | Level 2 | Fixed rate      | CDI    |  | 18,458       | 2,293         | 20,751          |
| Deliverable Forward | 20.2.1<br>(c.i.i)  | Level 2 | Mexican<br>peso | Dollar |  | 65,117       | (17,837)      | 47,280          |
| Deliverable Forward | 20.2.1<br>(c.i.ii) | Level 2 | Euro            | Dollar |  | (8,801)      | 3,779         | (5,022)         |
|                     |                    |         |                 |        |  | <b>6,761</b> | <b>71,771</b> | <b>(15,993)</b> |
|                     |                    |         |                 |        |  |              |               | <b>62,539</b>   |

**Hedge accounting transactions**

|  |                    |         |                |                |                |                 |               |                |
|--|--------------------|---------|----------------|----------------|----------------|-----------------|---------------|----------------|
| Exchange swap                                    | 20.2.1<br>(b.i)    | Level 2 | CDI            | Dollar         | 286,617        | 68,202          | 12,740        | 367,559        |
| Commodity swap - ethylene                        | 20.2.1<br>(b.ii)   | Level 2 | Variable price | Fixed price    |                | (69)            |               | (69)           |
| Commodity swap - PGP                             | 20.2.1<br>(b.ii)   | Level 2 | Fixed price    | Variable price |                | (59)            |               | (59)           |
| Interest rate swaps                              | 20.2.1<br>(c.ii.i) | Level 2 | Libor          | Dollar         |                | (116,476)       | 6,223         | (110,253)      |
|  |                    |         |                |                | <b>286,617</b> | <b>(48,402)</b> | <b>18,963</b> | <b>257,178</b> |
| Current assets (other receivables)               |                    |         |                |                |                |                 |               | (34,101)       |
| Non current assets (other receivables)           |                    |         |                |                |                |                 |               | (137,345)      |
| Current liabilities (derivatives operations)     |                    |         |                |                | 293,378        |                 |               | 95,123         |
| Non current liabilities (derivatives operations) |                    |         |                |                |                |                 |               | 396,040        |
|  |                    |         |                |                | <b>293,378</b> |                 |               | <b>319,717</b> |

The counterparties in these contracts are daily monitored based on the analysis of their respective ratings and Credit Default Swaps – CDS. Braskem has many bilateral risk mitigators in its derivative contracts, such as the possibility of depositing or requesting deposits of a guarantee margin from the counterparties it deems convenient. On December 31, 2013, the Company had security deposits related to NCE currency swaps (Note 20.2.1(a.ii)) amounting to R\$244,832.

**(a) Non-hedge accounting transactions**

The Company has operations that were not designated as hedge accounting since the risks posed to the principals protected are satisfactorily represented by the coinciding results from the variation in the exposure indexes of the principal and the variation in the fair value.

The regular changes in the fair value of these swaps are recorded as financial income or expenses in the same period in which they occur. In the fiscal year ended December 31, 2013, the Company recognized a financial expense of

R\$15,455.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(a.i) Commodity swap - Naphtha**

The parent company made a single operation of resin at a fixed price sale to a final customer. With the goal of preserving its margin, potentially affected by the fluctuation in the price of naphtha, were made four future purchase contracts at a fixed price of this raw material, as shown below:

| <b>Identification</b>              | <b>Nominal</b>   | <b>Fixed price -</b> | <b>Maturity</b> | <b>Fair value</b>       |             |
|------------------------------------|------------------|----------------------|-----------------|-------------------------|-------------|
|                                    | <b>value</b>     |                      |                 | <b>US\$/Ton (hedge)</b> | <b>2013</b> |
|                                    | <b>US\$</b>      |                      |                 |                         |             |
|                                    | <b>thousands</b> |                      |                 |                         |             |
| Commodity swap - naphtha           | 477              | 830.000              | February-2014   | (144)                   |             |
| Commodity swap - naphtha           | 477              | 830.000              | March-2014      | (127)                   |             |
| Commodity swap - naphtha           | 477              | 830.000              | April-2014      | (112)                   |             |
| Commodity swap - naphtha           | 425              | 830.000              | May-2014        | (87)                    |             |
| <b>Total</b>                       | <b>1,856</b>     |                      |                 | <b>(470)</b>            |             |
| Current assets (other receivables) |                  |                      |                 | (470)                   |             |
| <b>Total</b>                       |                  |                      |                 | <b>(470)</b>            |             |

**(a.ii) Interest rate swap linked to NCE**

The Parent Company has contracted financing facilities in the form of NCE (Note 18(d)) with fixed interest payments. Considering that the cash in Brazilian real is largely invested in the overnight rate (CDI)-indexed investments, the company contracted swaps to match financial charges with cash yields.

| Identification                                  | Nominal<br>value | Interest rate<br>(hedge) | Maturity      | Fair value    |      |
|---|------------------|--------------------------|---------------|---------------|------|
|   |                  |                          |               | 2013          | 2012 |
| Swap NCE I                                      | 100,000          | 90.65% CDI               | February-2016 | 4,086         |      |
| Swap NCE II                                     | 50,000           | 88.20% CDI               | February-2016 | 2,243         |      |
| Swap NCE III                                    | 100,000          | 92.64% CDI               | February-2016 | 4,435         |      |
| Swap NCE IV                                     | 50,000           | 92.70% CDI               | February-2016 | 2,315         |      |
| Swap NCE V                                      | 100,000          | 91.92% CDI               | February-2016 | 4,407         |      |
| Swap NCE VI                                     | 50,000           | 92.25% CDI               | March-2016    | 2,310         |      |
| Swap NCE VII                                    | 17,500           | 91.10% CDI               | March-2016    | 765           |      |
| Swap NCE VIII                                   | 10,000           | 77.52% CDI               | August-2016   | 190           |      |
| <b>Total</b>                                    | <b>477,500</b>   |                          |               | <b>20,751</b> |      |
| Current liabilities<br>(derivatives operations) |                  |                          |               | 20,751        |      |
| <b>Total</b>                                    |                  |                          |               | <b>20,751</b> |      |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(b) Hedge accounting transactions****(b.i) Swaps related to NCE**

In line with the Company's risk Management strategy and based on its financial policy, the Management contracted swap operations to offset the interest rate and currency risks arising from the financings mentioned in Note 18(d), by maintaining its exposure to long-term financial liabilities in the U.S. dollar.

| <b>Identification</b>                            | <b>Nominal value</b> | <b>US\$ mil</b> | <b>Interest rate (hedge)</b> | <b>Maturity</b> | <b>Fair value</b> |                |
|--|----------------------|-----------------|------------------------------|-----------------|-------------------|----------------|
|  |                      |                 |                              |                 | <b>2013</b>       | <b>2012</b>    |
| Swap NCE I                                       | 200,000              | 122,100         | 5.44%                        | August 2019     | 101,904           | 82,812         |
| Swap NCE II                                      | 100,000              | 60,187          | 5.40%                        | August 2019     | 48,414            | 39,008         |
| Swap NCE III                                     | 100,000              | 59,588          | 5.37%                        | August 2019     | 46,642            | 37,333         |
| Swap NCE IV                                      | 100,000              | 56,205          | 5.50%                        | April 2019      | 39,005            | 29,904         |
| Swap NCE V                                       | 100,000              | 56,180          | 5.50%                        | April 2019      | 38,939            | 29,250         |
| Swap NCE VI                                      | 150,000              | 82,372          | 5.43%                        | April 2019      | 52,745            | 38,585         |
| Swap NCE VII                                     | 100,000              | 58,089          | 4.93%                        | April 2019      | 39,910            | 29,725         |
| <b>Total</b>                                     | <b>850,000</b>       | <b>494,721</b>  |                              |                 | <b>367,559</b>    | <b>286,617</b> |
| Current assets (other receivables)               |                      |                 |                              |                 | (28,481)          |                |
| Current liabilities (derivatives operations)     |                      |                 |                              |                 |                   | 286,617        |
| Non Current liabilities (derivatives operations) |                      |                 |                              |                 | 396,040           |                |

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

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**Total** **367,559** **286,617**

Prior to designating these swaps as hedge accounting, on May 1, 2013, the Company had recognized financial income of R\$43,651 as profit for the fiscal year. After the recognition of this designation, an expense of R\$111,853, relating to changes in the fair value of these swaps since the designation until December 31, 2013, was recognized.

**(b.ii) Commodity swap – Ethylene and PGP**

To reduce the volatility of its results, the subsidiary Braskem America decided to swap the part of the ethylene used in the production of PP copolymers for Polymer Grade Propylene (PGP), which is the main factor influencing the price of this resin. For this purpose, the company contracted two operations with derivatives for the same terms and volumes.

In the first operation, the ethylene cost was fixed:

| <b>Identification</b>                 | <b>Nominal</b>   | <b>Hedge</b>       | <b>Maturity</b> | <b>Fair value</b> |             |
|---------------------------------------|------------------|--------------------|-----------------|-------------------|-------------|
|                                       | <b>value</b>     |                    |                 | <b>2013</b>       | <b>2012</b> |
|                                       | <b>US\$</b>      |                    |                 |                   |             |
|                                       | <b>thousands</b> | <b>Cents/Pound</b> |                 |                   |             |
| Commodity swap - ethylene             | 285              | 0.57               | January-2014    | (6)               |             |
| Commodity swap - ethylene             | 285              | 0.57               | February-2014   | (10)              |             |
| Commodity swap - ethylene             | 285              | 0.57               | March-2014      | (13)              |             |
| Commodity swap - ethylene             | 285              | 0.57               | April-2014      | (15)              |             |
| Commodity swap - ethylene             | 285              | 0.57               | May-2014        | (13)              |             |
| Commodity swap - ethylene             | 285              | 0.57               | June-2014       | (12)              |             |
| <b>Total</b>                          | <b>1,710</b>     |                    |                 | <b>(69)</b>       |             |
| Current assets (other<br>receivables) |                  |                    |                 | (69)              |             |
| <b>Total</b>                          |                  |                    |                 | <b>(69)</b>       |             |



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

To preserve its margin, potentially affected by the fluctuation in resin prices, it contracted a swap operation that makes the cost variable on account of the PGP, as follows:

| <b>Identification</b>                 | <b>Nominal<br/>value<br/>US\$<br/>thousands</b> | <b>Hedge<br/>Cents/Pound</b> | <b>Maturity</b> | <b>2013</b> | <b>Fair value<br/>2012</b> |
|---------------------------------------|---|------------------------------|-----------------|-------------|----------------------------|
| Commodity swap - PGP                  | 385   | 0.77                         | January-2014    | 41          |                            |
| Commodity swap - PGP                  | 390   | 0.78                         | February-2014   | 53          |                            |
| Commodity swap - PGP                  | 390   | 0.78                         | March-2014      | 53          |                            |
| Commodity swap - PGP                  | 365   | 0.73                         | April-2014      | (6)         |                            |
| Commodity swap - PGP                  | 340   | 0.68                         | May-2014        | (64)        |                            |
| Commodity swap - PGP                  | 310   | 0.62                         | June-2014       | (136)       |                            |
| <b>Total</b>                          | <b>2,180</b>                                    |                              |                 | <b>(59)</b> |                            |
| Current assets (other<br>receivables) |   |                              |                 | (59)        |                            |
| <b>Total</b>                          |   |                              |                 | <b>(59)</b> |                            |

On the date of contracting the derivative, the operations were designated as hedge accounting. Thus, the Company recognized income of R\$128 in shareholders' equity, relating to the variation in the fair value of these swaps.

**(b.iii) Non-derivative liabilities designated for export hedge accounting**

On May 1, 2013, Braskem S.A. designated non-derivative financial instrument liabilities, denominated in U.S. dollars, as hedge for the flow of its highly probable future exports. Thus, the impact of exchange rates on future cash flows in dollars derived from these exports will be offset by the foreign exchange variation on the designated liabilities, partly eliminating the volatility of results.

On December 31, 2013, the following non-derivative liabilities of the Parent Company were designated as hedge for the flow of its highly probable future exports:

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**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

| <b>Identification</b>                                    | <b>Maturity</b> | <b>Hedge</b> | <b>Financial liabilities - Parent company</b> |                        |                        |
|--|-----------------|--------------|---|------------------------|------------------------|
|  |                 |              | <b>Nominal value US\$ thousands</b>           | <b>Balance at 2013</b> | <b>Balance at 2012</b> |
| <b><u>Operations designated for hedge accounting</u></b> |                 |              |   |                        |                        |
| Trade payables   | 2016            | Dollar       | 272,254                                       | 637,785                |                        |
| Trade payables related parties                           | 2016            | Dollar       | 567,192                                       | 1,328,703              |                        |
| Trade payables   | 2017            | Dollar       | 82,648  | 193,610                |                        |
| Trade payables related parties                           | 2017            | Dollar       | 667,037                                       | 1,562,602              |                        |
| Export prepayments - related parties                     | 2017            | Dollar       | 80,000  | 187,408                |                        |
| Trade payables   | 2018            | Dollar       | 151,472                                       | 354,837                |                        |
| Trade payables related parties                           | 2018            | Dollar       | 593,089                                       | 1,389,370              |                        |
| Export prepayments                                       | 2018            | Dollar       | 43,333  | 101,513                |                        |
| Bond   | 2019            | Dollar       | 65,143  | 152,604                |                        |
| Accounts payable - related parties                       | 2019            | Dollar       | 50,000  | 117,130                |                        |
| Export prepayments                                       | 2019            | Dollar       | 150,000                                       | 351,390                |                        |
| Export prepayments - related parties                     | 2019            | Dollar       | 468,837                                       | 1,098,298              |                        |
| Accounts payable - related parties                       | 2020            | Dollar       | 288,000                                       | 674,669                |                        |
| Trade payables   | 2020            | Dollar       | 50,000  | 117,130                |                        |
| Trade payables related parties                           | 2020            | Dollar       | 6,000   | 14,056                 |                        |
| Export prepayments                                       | 2020            | Dollar       | 50,000  | 117,130                |                        |
| Export prepayments - related parties                     | 2020            | Dollar       | 330,000                                       | 773,058                |                        |
| Accounts payable - related parties                       | 2021            | Dollar       | 332,000                                       | 777,743                |                        |
| Trade payables related parties                           | 2021            | Dollar       | 10,000  | 23,426                 |                        |

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|                                      |      |        |                  |                   |
|--------------------------------------|------|--------|------------------|-------------------|
| Export prepayments                   | 2021 | Dollar | 374,000          | 876,132           |
| Accounts payable - related parties   | 2022 | Dollar | 216,000          | 506,002           |
| Credit note export                   | 2022 | Dollar | 353,000          | 826,938           |
| Export prepayments - related parties | 2022 | Dollar | 150,000          | 351,388           |
| Accounts payable - related parties   | 2023 | Dollar | 653,972          | 1,531,994         |
| Export prepayments - related parties | 2023 | Dollar | 64,400           | 150,863           |
| Accounts payable - related parties   | 2024 | Dollar | 113,854          | 266,715           |
| Export prepayments - related parties | 2024 | Dollar | 575,000          | 1,346,995         |
|                                      |      |        | <b>6,757,231</b> | <b>15,829,489</b> |

|                        | Nominal value<br>US\$<br>thousands | Balance at<br>2013 | Balance at<br>2012 |
|------------------------|------------------------------------|--------------------|--------------------|
| <b>Related parties</b> |                                    |                    |                    |
| Braskem Holanda        | 1,283,826                          | 3,007,490          |                    |
| Braskem América        | 200.000                            | 468,520            |                    |
| Braskem Inc.           | 3,511,555                          | 8,226,168          |                    |
| Braskem Austria        | 170.000                            | 398,242            |                    |
|                        | <b>5,165,381</b>                   | <b>12,100,420</b>  |                    |

The Company considers the flow covered as highly probable based, on the following factors:

- Historically, annual export volumes represent 3 to 4 times the annual amount covered;
- In the past 5 years, Braskem S.A. recorded average exports of US\$2.4 billion annually, supporting the export amounts underlying the hedge; and
- The flow covered varies between 15% and 30% of the export flows planned by the Company.

The Company designated longer export flows than the financial liabilities that hedge them. However, to analyze the effectiveness of the operations, the export flows will be considered only until the date of maturity of the underlying debt. Nevertheless, to ensure continuity of the relation and strategy of the proposed hedge, the Company plans to refinance and/or substitute these hedging instruments according to their maturity, in accordance with CPC 38 and IAS 39.



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

Braskem in order to maintain consistency between the parent company's results and the consolidated results, selected the hedge instruments with subsidiaries abroad observing the guarantees at those companies whose counterparty is external to that of Braskem. As such, non-derivative financial liabilities in which the foreign subsidiary acted as an intermediary in the operations were selected, which effectively maintained the essence of the transactions.

On December 31, 2013, the following non-derivative financial liabilities were designated as guarantee for the hedge, considering the scope of the consolidated balance sheet:

| <b>Identification</b>                                    | <b>Maturity</b> | <b>Hedge</b> | <b>Financial liabilities - Consolidated</b> |                        |                        |
|--|-----------------|--------------|---|------------------------|------------------------|
|  |                 |              | <b>Nominal value US\$ thousands</b>         | <b>Balance at 2013</b> | <b>Balance at 2012</b> |
| <b><u>Operations designated for hedge accounting</u></b> |                 |              |   |                        |                        |
| Bond   | 2016            | Dollar       | 78,893                                      | 184,814                |                        |
| Trade payables   | 2016            | Dollar       | 760,551                                     | 1,781,674              |                        |
| Bond   | 2017            | Dollar       | 213,220                                     | 499,489                |                        |
| Foreign currency borrowings                              | 2017            | Dollar       | 72,632                                      | 170,148                |                        |
| Trade payables   | 2017            | Dollar       | 543,833                                     | 1,273,982              |                        |
| Bond   | 2018            | Dollar       | 340,455                                     | 797,550                |                        |
| Trade payables   | 2018            | Dollar       | 439,275                                     | 1,029,046              |                        |
| Bond   | 2019            | Dollar       | 315,483                                     | 739,051                |                        |
| Trade payables   | 2019            | Dollar       | 378,712                                     | 887,170                |                        |
| Advance on exchange contracts                            | 2019            | Dollar       | 47,949                                      | 112,325                |                        |
| Bond   | 2020            | Dollar       | 460,001                                     | 1,077,599              |                        |
| Foreign currency borrowings                              | 2020            | Dollar       | 39,923                                      | 93,523                 |                        |
| Trade payables   | 2020            | Dollar       | 120,076                                     | 281,291                |                        |
| Export prepayments                                       | 2020            | Dollar       | 104,000                                     | 243,630                |                        |
| Bond   | 2021            | Dollar       | 480,001                                     | 1,124,450              |                        |

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|                             |      |        |                  |                   |
|-----------------------------|------|--------|------------------|-------------------|
| Foreign currency borrowings | 2021 | Dollar | 99,999           | 234,257           |
| Trade payables              | 2021 | Dollar | 10,001           | 23,428            |
| Export prepayments          | 2021 | Dollar | 126,000          | 295,168           |
| Bond                        | 2022 | Dollar | 363,656          | 851,901           |
| Trade payables              | 2022 | Dollar | 2,344            | 5,490             |
| Credit note export          | 2022 | Dollar | 353,000          | 826,938           |
| Bond                        | 2023 | Dollar | 698,372          | 1,636,005         |
| Trade payables              | 2023 | Dollar | 20,000           | 46,852            |
| Bond                        | 2024 | Dollar | 681,199          | 1,595,776         |
| Trade payables              | 2024 | Dollar | 7,656            | 17,934            |
|                             |      |        | <b>6,757,231</b> | <b>15,829,491</b> |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

The amounts of the operations designated for hedge accounting booked in shareholders' equity are shown below:

|   | <b>Balance at<br/>2012</b> | <b>Addition</b>  | <b>Reversion</b> | <b>Balance at<br/>2013</b> |
|---|----------------------------|------------------|------------------|----------------------------|
| Exchange variation of foreign sales hedge                 |                            | 2,303,540        |                  | 2,303,540                  |
| Income tax and social contribution on foreign sales hedge |                            | (783,204)        |                  | (783,204)                  |
| <b>Fair value of cash flow hedges, net of taxes</b>       |                            | <b>1,520,336</b> |                  | <b>1,520,336</b>           |

**(c) Hedge operations by Braskem Idesa related to project finance**

The hedge operations of Braskem Idesa follow the same mode as project finance, whereby the project loan must be paid exclusively with the cash generated by the project itself and shareholders provide limited guarantees (limited recourse project finance) (Note 19).

**(c.i) Operations not designated for hedge accounting**

The periodic changes in the fair value of swaps are recorded as financial income or expense in the same period in which they occur. In the year ended December 31, 2013, the Company recognized a financial expense of R\$56,316.

**(c.i.i) Currency futures contract– Mexican Peso**



Braskem Idesa contracted currency purchase transactions through futures contracts to hedge its future obligations in Mexican peso (local trade payables, payroll, taxes and etc.). Since the cash of this subsidiary is maintained in U.S. dollar, these operations were contracted to ensure cash flow balance.

| Identification                               | Nominal                    | Foreign             | Maturity       | Fair value    |      |
|--|----------------------------|---------------------|----------------|---------------|------|
|  | value<br>US\$<br>thousands | exchange<br>(hedge) |                | 2013          | 2012 |
| Deliverable Forward                          | 41,020                     | 13.1120             | January-2014   | 3,620         |      |
| Deliverable Forward                          | 35,453                     | 13.1428             | February-2014  | 3,815         |      |
| Deliverable Forward                          | 39,206                     | 13.1742             | March-2014     | 4,065         |      |
| Deliverable Forward                          | 42,391                     | 13.1998             | April-2014     | 3,468         |      |
| Deliverable Forward                          | 32,410                     | 13.2305             | June-2014      | 3,164         |      |
| Deliverable Forward                          | 36,844                     | 13.2645             | June-2014      | 3,624         |      |
| Deliverable Forward                          | 36,839                     | 13.2953             | July-2014      | 3,612         |      |
| Deliverable Forward                          | 33,627                     | 13.3273             | September-2014 | 3,281         |      |
| Deliverable Forward                          | 30,750                     | 13.3544             | September-2014 | 2,988         |      |
| Deliverable Forward                          | 30,079                     | 13.3871             | October-2014   | 2,923         |      |
| Deliverable Forward                          | 27,843                     | 13.4200             | December-2014  | 2,707         |      |
| Deliverable Forward                          | 24,091                     | 13.4519             | December-2014  | 2,344         |      |
| Deliverable Forward                          | 22,522                     | 13.4906             | February-2015  | 2,202         |      |
| Deliverable Forward                          | 18,209                     | 13.5217             | March-2015     | 1,788         |      |
| Deliverable Forward                          | 15,394                     | 13.5551             | March-2015     | 1,519         |      |
| Deliverable Forward                          | 9,703                      | 13.5896             | April-2015     | 961           |      |
| Deliverable Forward                          | 5,299                      | 13.6264             | June-2015      | 525           |      |
| Deliverable Forward                          | 3,191                      | 13.6598             | June-2015      | 317           |      |
| Deliverable Forward                          | 1,769                      | 13.6952             | July-2015      | 176           |      |
| Deliverable Forward                          | 1,840                      | 13.7306             | August-2015    | 181           |      |
| <b>Total</b>                                 | <b>488,480</b>             |                     |                | <b>47,280</b> |      |
| Current liabilities (derivatives operations) |                            |                     |                | 47,280        |      |
| <b>Total</b>                                 |                            |                     |                | <b>47,280</b> |      |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c.i.ii) Currency futures contract - Euro**

Braskem Idesa contracted currency purchase transactions through futures contracts to hedge its future obligations in euro (trade payables). Since the cash of this subsidiary is maintained in U.S. dollar, these operations were contracted to ensure cash flow balance.

| <b>Identification</b>              | <b>Nominal<br/>value<br/>US\$<br/>thousands</b> | <b>Foreign<br/>exchange<br/>(hedge)</b> | <b>Maturity</b> | <b>2013</b>    | <b>Fair value<br/>2012</b> |
|------------------------------------|---|---|-----------------|----------------|----------------------------|
| Deliverable Forward                | 8,485   | 1.3053                                  | January-2014    | (1,119)        |                            |
| Deliverable Forward                | 6,096   | 1.3059                                  | January-2014    | (801)          |                            |
| Deliverable Forward                | 7,839   | 1.3066                                  | March-2014      | (1,020)        |                            |
| Deliverable Forward                | 3,287   | 1.3068                                  | March-2014      | (426)          |                            |
| Deliverable Forward                | 6,501   | 1.3079                                  | June-2014       | (831)          |                            |
| Deliverable Forward                | 6,555   | 1.3089                                  | July-2014       | (825)          |                            |
| <b>Total</b>                       | <b>38,763</b>                                   |   |                 | <b>(5,022)</b> |                            |
| Current assets (other receivables) |   |   |                 | (5,022)        |                            |
| <b>Total</b>                       |   |   |                 | <b>(5,022)</b> |                            |

**(c.ii) Operations designated for hedge accounting****(c.ii.i) Interest rate swap linked to Libor**

On December 31, 2013, Braskem Idesa held 6 interest rate swap contracts for a nominal value of US\$1,312,892 thousand, contracted on the future disbursements of the project finance (Note 19) contracted in U.S. dollar at floating rates (based on Libor). In these swaps, Braskem Idesa receives floating rates (Libor) and pays fixed rates periodically, coinciding with the financing cash flows. The objective of these swaps is to offset the changes in the future financial

expenses from debt caused by changes in the Libor rate. The term, amount, settlement dates and floating interest rates coincide with the terms of the project finance.

| <b>Identification</b>                           | <b>Nominal<br/>value<br/>US\$<br/>thousands</b> | <b>Interest rate<br/>(hedge)</b> | <b>Maturity</b> | <b>Fair value</b> |             |
|---|---|----------------------------------|-----------------|-------------------|-------------|
|   |   |                                  |                 | <b>2013</b>       | <b>2012</b> |
| Swap Libor I                                    | 299,996   | 1.9825%                          | May-2025        | (25,124)          |             |
| Swap Libor II                                   | 299,996   | 1.9825%                          | May-2025        | (25,213)          |             |
| Swap Libor III                                  | 299,996   | 1.9825%                          | May-2025        | (25,213)          |             |
| Swap Libor IV                                   | 129,976   | 1.9825%                          | May-2025        | (10,924)          |             |
| Swap Libor V                                    | 132,996   | 1.9825%                          | May-2025        | (11,178)          |             |
| Swap Libor VI                                   | 149,932   | 1.9825%                          | May-2025        | (12,601)          |             |
| <b>Total</b>                                    | <b>1,312,892</b>                                |                                  |                 | <b>(110,253)</b>  |             |
| Non-Current assets (other<br>receivables)       |   |                                  |                 | (137,345)         |             |
| Current liabilities (derivatives<br>operations) |   |                                  |                 | 27,092            |             |
| <b>Total</b>                                    |   |                                  |                 | <b>(110,253)</b>  |             |

Before designating these swap operations as hedge accounting, on September 1, 2013, the Company recognized financial income of R\$116,007 as profit in the fiscal year. After recognizing such designation, in shareholders' equity, the Company recognized financial expense of R\$469 relating to changes in the fair value of these swaps since the designation through December 31, 2013.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(d) Estimated maximum loss**

On December, 31, 2013, the amount at risk of the derivatives held by Braskem, which is defined as the highest loss that could result in one month and in 95% of the cases under normal market conditions, was estimated by the Company at R\$31,045 (US\$13,252 thousand) for the NCE swap designated for hedge accounting and R\$1,773 for the NCE swap that is not designated for hedge accounting.

The value at risk of derivatives related to the Ethylene XXI Project in Mexico in 95% of the cases, under normal market conditions, was estimated at R\$23,101 (US\$9.861 thousand) for the Libor derivative and R\$3,342 (US\$1.426 thousand) for the derivative of Mexican pesos.

**20.3 Credit quality of financial assets**

**(a) Trade accounts receivable**

Virtually none of Braskem's clients have risk ratings assigned by credit rating agencies. For this reason, Braskem developed its own credit rating system for all accounts receivable from domestic clients and for part of the accounts receivable from foreign clients. Braskem does not apply this rating to all of its foreign clients because most accounts receivable from them are covered by an insurance policy or letters of credit issued by banks. On December 31, 2013, the credit ratings for the domestic market were as follows:

|                | <b>2013</b> | <b>2012</b> |
|----------------|-------------|-------------|
| 1 Minimum risk | 16.56       | 21.19       |

|                      |       |       |
|----------------------|-------|-------|
| 2 Low risk           | 32.61 | 32.04 |
| 3 Moderate risk      | 23.54 | 33.68 |
| 4 High risk          | 26.26 | 4.23  |
| 5 Very high risk (i) | 1.03  | 8.85  |

(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 for the periods ended:

LTM – last 12 months

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(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 the following credit rating agencies: Standard & Poor's, Moody's and Fitch Ratings.

|   | <b>2013</b>      | <b>2012</b>      |
|---|------------------|------------------|
| <b>Financial assets with risk assessment</b>    |                  |                  |
| AAA   | 3,436,378        | 2,484,788        |
| AA+   |                  | 190,660          |
| AA  | 93,955           | 5                |
| AA-   |                  | 449,555          |
| A+  |                  | 120,123          |
| A   | 865,105          | 19               |
| A-  | 1,485            | 80,231           |
|   | 4,396,923        | 3,325,381        |
| <b>Financial assets without risk assessment</b> |                  |                  |
| Quotas of investment funds in credit rights (i) | 40,696           | 103,359          |
| Sundry funds (ii)                               | 3,773            | 60,356           |
| Restricted deposits (iii)                       |                  | 1,281            |
| Other financial assets with no risk assessment  | 1,965            | 3,880            |
|   | 46,434           | 168,876          |
| <b>Total</b>                                    | <b>4,443,357</b> | <b>3,494,257</b> |

- (i) Financial assets with no internal or external ratings and approved by the Management of the Company.
- (ii) Investment funds with no internal and external risk assessment whose portfolio is composed of assets from major financial institutions and that comply with Braskem's financial policy.
- (iii) Risk-free financial assets

Braskem's financial policy determines "A-" as the minimum rating for financial investments.

## **20.4 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 December 31, 2013, the main risks that can affect the value of Braskem's financial instruments are:

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

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

For the purposes of the risk sensitivity analysis, Braskem presents the exposures to currencies as if they were independent, that is, without reflecting in the exposure to a foreign exchange rate the risks of the variation in other foreign exchange rates that could be directly influenced by it.

**(b) Selection of scenarios**

In accordance with CVM Instruction No. 475/08, Braskem included three scenarios in the sensitivity analysis, with one that is probable and two that represent adverse effects to the Company. In the preparation of the adverse scenarios, only the impact of the variables on the financial instruments, including derivatives, and on the items covered by hedge transactions, was considered. The overall impacts on Braskem's operations, such as those arising from the revaluation of inventories and revenue and future costs, were not considered. Since Braskem manages its exposure to foreign exchange rate risk on a net basis, adverse effects from depreciation in the Brazilian real in relation to the U.S. dollar can be offset by opposing effects on Braskem's operating results.

**(b.1) Probable scenario**

The *Market Readout* published by the Central Bank of Brazil on December 27, 2013 was used to create the probable scenario for the U.S. dollar/Brazilian real exchange rate and the CDI interest rate, using the reference date of December 31, 2013. The *Market Readout* presents a consensus of market expectations based on a survey of the forecasts made by various financial and non-financial institutions. According to the *Market Readout*, by the end of 2014, the U.S. dollar will appreciate 4.58% against the Brazilian real compared to the end of 2013, and the CDI rate will be 10.50%.

The *Market Readout* does not publish forecasts for the interest rates Libor and TJLP. Therefore, Braskem considered the expectations for the CDI interest rate for determining the probable scenario for those rates, given their correspondence. The probable scenario for the TJLP is an increase of 0.5% from the current rate of 5%, in line with the size of the government's most recent decisions to increase or decrease the rate, and accompanying the forecast for the cumulative increase in the CDI rate by end-2014 of 0.50%.

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



**(b.2) Possible and extreme adverse scenarios**

For the Brazilian real/U.S. dollar and the Mexican peso/U.S. dollar exchange rates, a positive change of 25% was considered for the possible adverse scenario and of 50% for the extreme scenario based on the exchange rate on December 31, 2013.

For the Euro/U.S. dollar exchange rate, a negative change of 25% was considered for the possible adverse scenario and of 50% for the extreme scenario based on the rate on December 31, 2013.

For the Libor and CDI interest rates, a positive change of 25% was considered for the possible adverse scenario and of 50% for the extreme scenario based on their respective rates on December 31, 2013.

For the TJLP interest rate, an increase of 1% was considered for the possible adverse scenario and of 1.5% for the extreme scenario based on its rate on December 31, 2013, in accordance with the upward or downward adjustments made by the government in the rate, in this order of scale.

The sensitivity values in the table (c) below are the changes in the value of the financial instruments in each scenario. Tables (d), (e), (f), (g) and (h) show the changes in future cash flows.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c) Sensitivity to the Brazilian real/U.S. dollar exchange rate**

The sensitivity of each financial instrument, including derivatives and items covered by them, to the variation in the Brazilian real/US dollar exchange rate is presented in the table below:

| <b>Instrument</b>                       | <b>Probable</b> | <b>Possible<br/>adverse<br/>(25%)</b> | <b>Extreme<br/>adverse<br/>(50%)</b> |
|---|-----------------|---------------------------------------|--------------------------------------|
| Bonds and MTN                           | (478,295)       | (2,608,132)                           | (5,216,263)                          |
| Advance on exchange contracts           | (5,370)         | (29,283)                              | (58,566)                             |
| BNDES                                   | (20,771)        | (113,266)                             | (226,533)                            |
| Working capital / structured operations | (67,701)        | (369,173)                             | (738,346)                            |
| Raw material financing                  | (58)            | (317)                                 | (634)                                |
| Export prepayments                      | (24,791)        | (135,186)                             | (270,372)                            |
| Financial investments abroad            | 74,884          | 408,340                               | 816,679                              |
| Swaps                                   | (93,287)        | (355,034)                             | (675,561)                            |

**(d) Sensitivity to the Mexican peso/U.S. dollar exchange rate**

The sensitivity of each financial instrument, including derivatives and items covered by them, to the variation in the Mexican peso/U.S. dollar exchange rate is presented in the table below:

| <b>Instrument</b>   | <b>Probable</b> | <b>Possible<br/>adverse<br/>(25%)</b> | <b>Extreme<br/>adverse<br/>(50%)</b> |
|---------------------|-----------------|---------------------------------------|--------------------------------------|
| Project finance     | (65,712)        | (504,931)                             | (1,009,862)                          |
| Deliverable Forward | (33,999)        | (216,414)                             | (361,505)                            |

**(e) Sensitivity to the Euro/U.S. dollar exchange rate**

The sensitivity of each financial instrument, including derivatives and items covered by them, to the variation in the Euro/U.S. dollar exchange rate is presented in the table below:

|                     | <b>Instrument</b> | <b>Probable</b> | <b>Possible<br/>adverse<br/>(25%)</b> | <b>Extreme<br/>adverse<br/>(50%)</b> |
|---------------------|-------------------|-----------------|---------------------------------------|--------------------------------------|
| Deliverable Forward |                   | (1,466)         | (23,957)                              | (47,914)                             |

**(f) Sensitivity of future cash flows to the Libor floating interest rate**

The sensitivity of future interest income and expenses of each financial instrument, including derivatives and items covered by them, is presented in the table below. The figures represent the impact on financial income (expenses), taking into consideration the average term of the respective instrument.

|                    | <b>Instrument</b> | <b>Probable</b> | <b>Possible<br/>adverse<br/>(25%)</b> | <b>Extreme<br/>adverse<br/>(50%)</b> |
|--------------------|-------------------|-----------------|---------------------------------------|--------------------------------------|
| Borrowings         |                   | (998)           | (4,992)                               | (9,984)                              |
| Export prepayments |                   | (2,102)         | (10,510)                              | (21,020)                             |
| Swaps              |                   | 1,703           | (8,513)                               | (17,026)                             |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(g) Sensitivity of future cash flows to the CDI interest rate**

The sensitivity of each financial instrument, including derivatives and items covered by them, to the variation in CDI interest rate is presented in the table below:

| <b>Instrument</b>                       | <b>Probable</b> | <b>Possible adverse<br/>(25%)</b> | <b>Extreme adverse<br/>(50%)</b> |
|---|-----------------|-----------------------------------|----------------------------------|
| Export credit notes                     | (4,294)         | (20,898)                          | (40,442)                         |
| Agricultural credit note                | (39,666)        | (182,183)                         | (329,235)                        |
| Financial investments in local currency | (9,878)         | (49,376)                          | (98,720)                         |

**(h) Sensitivity of future cash flows to the TJLP interest rate**

The sensitivity of each financial instrument, including derivatives and items covered by them, to the variation in TJLP interest rate is presented in the table below:

| <b>Instrument</b>         | <b>Probable<br/>5.5%</b> | <b>Possible adverse<br/>6.0%</b> | <b>Extreme adverse<br/>6.5%</b> |
|---------------------------|--------------------------|----------------------------------|---------------------------------|
| BNDES                     | (43,377)                 | (85,661)                         | (126,884)                       |
| FINEP                     | (113)                    | (225)                            | (335)                           |
| Other governmental agents | (31)                     | (61)                             | (91)                            |

**21 Taxes payable**

|  |                  | <b>Consolidated</b> |                  | <b>Parent company</b> |
|--|------------------|---------------------|------------------|-----------------------|
|  | <b>2013</b>      | <b>2012</b>         | <b>2013</b>      | <b>2012</b>           |
| <b>Parent Company and subsidiaries in Brazil</b> |                  |                     |                  |                       |
| IPI  | 81,282           | 71,440              | 60,355           | 55,609                |
| PIS and COFINS                                   | 615              | 5,764               |                  |                       |
| Income tax and social contribution               | 52,226           | 54,987              | 21,200           | 16,983                |
| ICMS   | 120,941          | 72,435              | 56,077           | 16,274                |
| Federal tax payment program - Law 11,941/09      | (a) 1,024,127    | 1,237,156           | 956,884          | 1,168,413             |
| Other  | 67,680           | 59,630              | 61,423           | 47,119                |
| <b>Foreign subsidiaries</b>                      |                  |                     |                  |                       |
| Value-added tax                                  |                  | 2,538               |                  |                       |
| Income tax                                       |                  | 2,132               |                  |                       |
| Other  | 1,428            | 1,460               |                  |                       |
| <b>Total</b>                                     | <b>1,348,299</b> | <b>1,507,542</b>    | <b>1,155,939</b> | <b>1,304,398</b>      |
| Current liabilities                              | 445,424          | 342,789             | 316,408          | 245,173               |
| Non-current liabilities                          | 902,875          | 1,164,753           | 839,531          | 1,059,225             |
| <b>Total</b>                                     | <b>1,348,299</b> | <b>1,507,542</b>    | <b>1,155,939</b> | <b>1,304,398</b>      |

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(a) Tax debt refinancing program – Law 11,941/09**

In 2009, the Parent Company and the subsidiaries Braskem Qpar and Braskem Petroquímica adhered to the federal tax debit refinancing program established by Law 11.941 on May 27, 2009. The associated installments were deferred over a maximum of 180 months, which is the maximum limit permitted by said law. The law also provides for the possibility of amortizing at least 12 installments with the same reduction in penalties and interest applicable to the payment in cash of tax debits that fall under the scope of this law.

In June 2012, the Company's Management decided to pay in advance part of the installments of the Parent Company under the program, amortizing 72 installments at once, which amounted to R\$403,821. After applying the benefits of cash payment to the amortization, Braskem disbursed R\$301,841 on July 31, 2012. The reduction, in the amount of R\$101,980, was recognized as follows: (i) the amounts corresponding to the renegotiated tax payments, of R\$80,496, were recorded under “other operating income (expenses), net”; and (ii) their restatement by the Selic interest rate, as from the renegotiation date, was recorded under “financial results”, in the amount of R\$21,484.

In September and December 2013, Brazil's Federal Revenue Service offset, through a circular, with the approval of the Management, a part of the installments of the parent company, amortizing 39 installments amounting to R\$ 156,484. Applying the benefits of cash payment on amortization, Braskem paid R\$ 8,200, used credits from the Reintegra program in the amount of R\$112,564, and other credits of R\$1,658, obtaining a discount of R\$34,062. This discount was recognized as follows: (i) the amount corresponding to the renegotiated tax installments, of R\$25,063, was recorded under “other net operating income (expenses)”; and (ii) its restatement by the Selic interest rate, from the renegotiation date, was recorded under “financial results”, in the amount of R\$8,999.

Due to the reopening of the installment program, the Parent Company included a few more tax dues amounting to R\$25,965, deferred for payment in up to 180 months.

As established in the rules of said installment program, Braskem will lose all the reductions of arrears charges if it fails to pay three installments, whether consecutive or not.

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



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****22 Income tax (“IR”) and social contribution (“CSL”)****22.1 Reconciliation of the effects of income tax and social contribution on profit or loss**

|  | Note     | 2013             | Consolidated<br>2012<br>Revised | Parent company<br>2013 | Parent company<br>2012 |
|--|----------|------------------|---------------------------------|------------------------|------------------------|
|  | 2.1.1(b) |                  |                                 |                        |                        |
| <b>Income (loss) before IR and CSL and after discontinued operations</b> |          | <b>963,948</b>   | <b>(1,802,963)</b>              | <b>745,239</b>         | <b>(1,307,246)</b>     |
| IR and CSL at the rate of 34%  |          | (327,742)        | 613,007                         | (253,381)              | 444,464                |
| <b>Permanent adjustments to the IR and CSL calculation basis</b>         |          |                  |                                 |                        |                        |
| IR and CSL on equity in results of investees                             |          | (1,096)          | (7,548)                         | 111,218                | 108,398                |
| Effects from pre-payment of taxes  |          | 8,539            | 27,374                          | 8,539                  | 27,374                 |
| IR and CSL accrued in previous years                                     |          | 1,236            | 1,652                           | 1,236                  | 1,652                  |
| Interests on own capital   |          |                  |                                 | (31,284)               |                        |
| Other permanent adjustments  |          | (137,847)        | 5,313                           | (71,870)               | (5,785)                |
| <b>Effect of IR and CSL on results of operations</b>                     |          | <b>(456,910)</b> | <b>639,798</b>                  | <b>(235,542)</b>       | <b>576,103</b>         |
| <b>Breakdown of IR and CSL:</b>  |          |                  |                                 |                        |                        |
| Current IR and CSL / continued operations                                |          | (45,218)         | (29,165)                        | (1,623)                |                        |
| <b>Current IR and CSL</b>  |          | <b>(45,218)</b>  | <b>(29,165)</b>                 | <b>(1,623)</b>         |                        |
| Deferred IR and CSL / continued operations                               |          | (411,692)        | 812,276                         | (233,919)              | 576,103                |
| Deferred IR and CSL / discontinued operations                            |          |                  | (143,313)                       |                        |                        |
| <b>Deferred IR and CSL</b>   |          | <b>(411,692)</b> | <b>668,963</b>                  | <b>(233,919)</b>       | <b>576,103</b>         |
| <b>Total IR and CSL on income statement</b>                              |          | <b>(456,910)</b> | <b>639,798</b>                  | <b>(235,542)</b>       | <b>576,103</b>         |

(c) Breakdown of equity accounting results

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In the consolidated results, excluding the amount of R\$61,017 related to the negative impact of subsidiaries headquartered in countries with favored taxation for which no deferred income tax has been recorded, the effective rate in 2013 was 41.07%. In the parent company, excluding the amount of R\$31,284 related to interest on capital received, the effective rate in 2013 was 27.41%.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

The Parent Company has subsidiaries abroad, whose nominal income tax (IR) rates differ from those in Brazil, of 34% (IR – 25% and CSL - 9%), as shown below:

|  | <b>Headquarters (Country)</b> | <b>Official rate - %<br/>2013</b> |
|--|-------------------------------|-----------------------------------|
| <b>Direct and Indirect subsidiaries</b>                  |                               |                                   |
| Braskem America and Braskem America Finance              | USA                           | 35.00                             |
| Braskem Argentina  | Argentina                     | 35.00                             |
| Braskem Austria Finance                                  | Austria                       | 25.00                             |
| Braskem Chile  | Chile                         | 20.00                             |
| Braskem Alemanha   | Germany                       | 31.90                             |
| Braskem Finance and Braskem Inc                          | Cayman Islands*               |                                   |
| Braskem Idesa, Braskem Idesa Serviços and Braskem México | Mexico                        | 30.00                             |
| Braskem Austria  | Austria                       | 25.00                             |
| Braskem Holanda  | Netherland                    | 25.00                             |
| Petroquímica Chile                                       | Chile                         | 20.00                             |
| Braskem Espanha  | Spain                         | 30.00                             |
| Common   | British Virgin Islands*       |                                   |
| Lantana  | Bahamas*                      |                                   |
| Norfolk  | Uruguay                       | 25.00                             |

(\*) *Country with favored taxation – rate of 0%.*





|  |                  |                      |                  |               |
|--|------------------|----------------------|------------------|---------------|
| Write-off negative goodwill of incorporated subsidiaries | 1,781            | (594)                |                  | 1,            |
| Additional indexation PP&E                               | 154,189          | (14,032)             |                  | 140,          |
| Hedge accounting   |                  | 823,324              | (823,324)        |               |
| Other  | 52,254           | 4,289                |                  | 56,           |
| <b>Total liabilities</b>                                 | <b>2,138,622</b> | <b>260 1,001,848</b> | <b>(747,032)</b> | <b>2,393,</b> |

|   |  |  |   | <b>Parent company</b>              |
|---|--|--|---|------------------------------------|
|   | <b>As of<br/>December<br/>31, 2012</b> | <b>Impact on<br/>the result<br/>(expense)<br/>income</b> | <b>Impact on<br/>the equity /<br/>(decrease)<br/>increase</b> | <b>As of December<br/>31, 2013</b> |
| <b>Deferred tax - assets</b>            |  |  |   |                                    |
| Tax losses (IR) and negative base (CSL) | 444,332                                | (1,147)  |   | 443,185                            |
| Goodwill amortized                      | 28,126                                 | (18,936)   |   | 9,190                              |
| Exchange variations                     | 205,725                                | 570,116  |   | 775,841                            |
| Temporary adjustments                   | 277,549                                | 17,945   |   | 295,494                            |
| Business combination                    | 89,770                                 |  |   | 89,770                             |
| Pension plan                            | 49,912                                 | 12,015   |   | 61,927                             |
| Deferred charges - write-off            | 5,197                                  | (5,197)  |   |                                    |
| Investments in subsidiaries (CPC-18)    |  | 94,276   |   | 94,276                             |
| <b>Total assets</b>                     | <b>1,100,611</b>                       | <b>669,072</b>   |   | <b>1,769,683</b>                   |

|  |  |  |   | <b>Parent company</b>              |
|--|--|--|---|------------------------------------|
|  | <b>As of<br/>December<br/>31, 2012</b> | <b>Impact on<br/>the result<br/>(income)<br/>expense</b> | <b>Impact on<br/>the equity /<br/>(increase)<br/>decrease</b> | <b>As of December<br/>31, 2013</b> |
| <b>Deferred tax - liabilities</b>                        |  |  |   |                                    |
| Amortization of goodwill based on future profitability   | 510,308                                | 34,093   |   | 544,401                            |
| Tax depreciation   | 208,849                                | 60,344   |   | 269,193                            |
| Temporary differences                                    | 8,014                                  | (588)  |   | 7,426                              |
| Business combination                                     | 85,746                                 | (2,196)  |   | 83,550                             |
| Write-off negative goodwill of incorporated subsidiaries | 1,781                                  | (594)  |   | 1,187                              |
| Additional indexation PP&E                               | 154,188                                | (14,031)   |   | 140,157                            |
| Other  | 46,857                                 | 2,639  |   | 49,496                             |
| Hedge accounting   |  | 823,324  | (823,324)   |                                    |
| <b>Total liabilities</b>                                 | <b>1,015,743</b>                       | <b>902,991</b>   | <b>(823,324)</b>  | <b>1,095,410</b>                   |



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(b) Net balance of deferred income and social contribution tax assets and liabilities**

|                      | <b>Headquarters<br/>(Country)</b> | <b>IR-CSL<br/>Asset</b> | <b>2013<br/>IR-CSL<br/>Liability</b> |
|----------------------|-----------------------------------|-------------------------|--------------------------------------|
| Braskem S.A.         | Brazil                            | 1,769,683               | (1,095,410)                          |
| Braskem Argentina    | Argentina                         | 5,552                   |                                      |
| Braskem Alemanha     | Germany                           | 67,910                  |                                      |
| Braskem Idesa        | Mexico                            | 57,613                  | (52,554)                             |
| Braskem Petroquímica | Brazil                            | 215,348                 | (129,022)                            |
| Petroquímica Chile   | Chile                             | 123                     |                                      |
| Braskem Qpar         | Brazil                            | 532,285                 | (755,006)                            |
| Braskem America      | USA                               |                         | (361,706)                            |
| IQAG                 | Brazil                            | 23                      |                                      |
| Quantiq              | Brazil                            | 5,069                   |                                      |
|                      |                                   | <b>2,653,606</b>        | <b>(2,393,698)</b>                   |

**(c)**

|                      | <b>Headquarters<br/>(Country)</b> | <b>IR-CSL<br/>Asset</b> | <b>2012<br/>IR-CSL<br/>Liability</b> |
|----------------------|-----------------------------------|-------------------------|--------------------------------------|
| Braskem S.A.         | Brazil                            | 1,100,611               | (1,015,743)                          |
| Braskem Argentina    | Argentina                         | 3,251                   |                                      |
| Braskem Alemanha     | Germany                           | 17,448                  | (9,176)                              |
| Braskem Idesa        | Mexico                            | 24,677                  |                                      |
| Braskem Petroquímica | Brazil                            | 214,430                 | (93,256)                             |
| Petroquímica Chile   | Chile                             | 168                     |                                      |

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

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|                 |        |                  |                    |
|-----------------|--------|------------------|--------------------|
| Braskem Qpar    | Brazil | 459,914          | (626,807)          |
| Riopol          | Brazil | 237,944          | (88,201)           |
| Braskem America | USA    | 3,566            | (305,439)          |
|                 |        | <b>2,062,009</b> | <b>(2,138,622)</b> |



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c) Realization of deferred income tax and social contribution**

| <b>Deferred tax - assets</b>            | <b>Note</b> | <b>Consolidated</b>      |                |                      |                      |                        |                          |                |                      |                      |
|---|-------------|--------------------------|----------------|----------------------|----------------------|------------------------|--------------------------|----------------|----------------------|----------------------|
|   |             | <b>December 31, 2013</b> | <b>2014</b>    | <b>2015 and 2016</b> | <b>2017 and 2018</b> | <b>2019 thereafter</b> | <b>December 31, 2013</b> | <b>2014</b>    | <b>2015 and 2016</b> | <b>2017 and 2018</b> |
| Tax losses (IR) and negative base (CSL) | 2.19        | 1,015,587                | 66,986         | 390,957              | 398,657              | 158,987                | 443,185                  | 41,053         | 203,606              | 191,28               |
| Goodwill amortized                      | (i)         | 12,065                   | 2,210          | 3,650                | 1,934                | 4,271                  | 9,190                    | 1,779          | 2,787                | 1,07                 |
| Exchange variations                     | (ii)        | 791,508                  |                |                      |                      | 791,508                | 775,841                  |                |                      |                      |
| Temporary adjustments                   | (iii)       | 408,233                  | 219,936        | 11,988               | 7,910                | 168,399                | 295,494                  | 200,548        | 7,020                | 7,02                 |
| Business combination                    | (iv)        | 232,039                  |                |                      |                      | 232,039                | 89,770                   |                |                      |                      |
| Pension plan tax                        | (v)         | 61,927                   | 61,927         |                      |                      |                        | 61,927                   | 61,927         |                      |                      |
| Deferred charges - write-off            | (vi)        | 37,971                   | 16,890         | 21,081               |                      |                        |                          |                |                      |                      |
| Investments in subsidiaries (CPC-18)    | (vii)       | 94,276                   | 94,276         |                      |                      |                        | 94,276                   | 94,276         |                      |                      |
| <b>Total assets</b>                     |             | <b>2,653,606</b>         | <b>462,225</b> | <b>427,676</b>       | <b>408,501</b>       | <b>1,355,204</b>       | <b>1,769,683</b>         | <b>399,583</b> | <b>213,413</b>       | <b>199,37</b>        |

| <b>Deferred tax - liabilities</b> | <b>Note</b> | <b>Consolidated</b>      |             |                      |                      |                        |           |             |             |                      |
|-----------------------------------|-------------|--------------------------|-------------|----------------------|----------------------|------------------------|-----------|-------------|-------------|----------------------|
|                                   |             | <b>December 31, 2013</b> | <b>2014</b> | <b>2015 and 2016</b> | <b>2017 and 2018</b> | <b>2019 thereafter</b> | <b>De</b> | <b>2013</b> | <b>2014</b> | <b>2015 and 2016</b> |

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

|  |        |                  |               |                |                |                  |
|--|--------|------------------|---------------|----------------|----------------|------------------|
| Amortization of goodwill based on future profitability   | (viii) | 643,050          |               |                |                | 643,050          |
| Tax depreciation   | (ix)   | 541,325          |               |                |                | 541,325          |
| Temporary differences                                    | (x)    | 426,186          | 38,743        | 77,486         | 78,518         | 231,439          |
| Business combination                                     | (xi)   | 585,250          | 40,469        | 80,938         | 80,938         | 382,905          |
| Write-off negative goodwill of incorporated subsidiaries | (xii)  | 1,187            | 594           | 593            |                |                  |
| Additional indexation PP&E                               | (xiii) | 140,157          | 14,031        | 28,062         | 28,062         | 70,002           |
| Other  |        | 56,543           |               |                |                | 56,543           |
| <b>Total liabilities</b>                                 |        | <b>2,393,698</b> | <b>93,837</b> | <b>187,079</b> | <b>187,518</b> | <b>1,925,264</b> |

Basis for constitution and realization:

- (v) Provision for the defined-benefit plan at Petros Copesul, with realization expected for 2014.
- (vi) Amounts constituted based on the deferred assets written off due to the adoption of Law 11,638/07. Tax realization is based on the application of the amortization rate used prior to the adoption of this law.
- (vii) Realization will take place in the first quarter of 2014.
- (viii) Goodwill for the future profitability of the merged companies not amortized since the adoption of Law 11,638/07. Tax realization is associated with the impairment or realization of assets related to goodwill.
- (ix) Difference between the accounting and tax depreciation rates in accordance with Normative Rule n°1 of July 29, 2011.
- (x) Accounting revenues not yet taxable for calculation of income tax and social contribution, whose taxation will occur in subsequent periods.
- (xii) Write-off of negative goodwill from the merged company Cinal, which was offered as tax based on the amortization of taxes.
- (xiii) Adjustments to the additional indexation of property, plant and equipment, whose tax realization is based on the depreciation of assets.

Annually, the Company revises its projection of taxable income using as base the Business Plan, which is approved by the Company's Management, using as key variables those described in Note 3.1. If this projection indicates that the taxable income will not be sufficient to absorb the deferred taxes, the amount corresponding to portion of the asset that will not be recovered is written off.



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****22.3 Provisional Presidential Decree No. 627**

On November 11, 2013, PPD 627 was passed, which introduced several provisions, notably the following: (i) revocation of the Transitional Tax System (RTT); (ii) changes to Decree-Law 1,598/77 related to Corporate Income Tax, and to the law related to Social Contribution; (iii) provision that any changes or adoption of accounting methods and criteria through administrative acts issued based on the powers granted by business law, after the publication of this PPD, will not have any implication in the calculation of federal taxes until the applicable tax law regulates the matter; (iv) inclusion of specific treatment on the taxation of profits or dividends; (v) provisions for the calculation of interest on capital; and (vi) new considerations on investments valued using the equity accounting method.

The PPD mentioned in items (i) to (iii) above came into effect in 2015. However, the Decree allows taxpayers to choose to advance the effects to 2014 as a condition for eliminating any tax effects related to dividends paid up to the date of publication of said Decree, the calculation of interest on capital and the valuation of significant investments in subsidiaries and associated companies using the equity accounting method. Though there is the possibility of the Company announcing the early adoption, the final decision on the effective exercise of said option will be taken when the PPD is made into law.

The Company conducted studies on the possible effects that could arise from the adoption of this PPD and concluded that there are no material adjustments to its financial statements of December 31, 2013.

**23 Sundry provisions**

|   |     | <b>Consolidated</b> | <b>Parent company</b> |                |                |
|---|-----|---------------------|-----------------------|----------------|----------------|
|   |     | <b>2013</b>         | <b>2012</b>           | <b>2013</b>    | <b>2012</b>    |
| Measures to                                     |     |                     |                       |                |                |
| Provision for customers bonus                   | (a) | 45,060              | 40,666                | 18,058         | 5,594          |
| Provision for recovery of environmental damages | (b) | 132,762             | 32,944                | 96,182         | 25,015         |
| Judicial and administrative provisions          | (c) | 362,896             | 333,218               | 172,758        | 126,103        |
| Other   |     | 14,832              | 8,847                 |                |                |
| <b>Total</b>                                    |     | <b>555,550</b>      | <b>415,675</b>        | <b>286,998</b> | <b>156,712</b> |
| Current liabilities                             |     | 105,856             | 52,264                | 60,991         | 11,930         |
| Non-current liabilities                         |     | 449,694             | 363,411               | 226,007        | 144,782        |
| <b>Total</b>                                    |     | <b>555,550</b>      | <b>415,675</b>        | <b>286,998</b> | <b>156,712</b> |

**(a) Provision for client bonus**

Some sales agreements of Braskem provide for a rebate, in products, should some sales volumes be achieved within the year, six-month period or three-month period, depending on the agreement.

The rebate is monthly recognized in a provision, assuming that the minimum contractual amount will be achieved. As they are recognized based on contracts, the provisions are not subject to significant uncertainties with respect to their amount or settlement.

**(b) Provision for recovery of environmental damages**

Braskem has a provision for future expenses for the recovery of environmental damages in some of its industrial plants. The term estimated for this recovery is measured at present value.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c) Judicial and administrative provisions**

As presented below, Braskem maintains a provision for legal and administrative proceedings against the Company, for which the chances of loss are considered probable, and tax claims against Quattor, for which the chances of loss are considered possible on April 30, 2010, date on which the control of Quattor was acquired.

|                                    | <b>Note</b> | <b>2013</b>    | <b>Consolidated<br/>2012</b> | <b>2013</b>    | <b>Parent company<br/>2012</b> |
|------------------------------------|-------------|----------------|------------------------------|----------------|--------------------------------|
| Labor claims                       | (c.1)       | 125,887        | 75,697                       | 113,555        | 68,375                         |
| Tax claims                         | (c.2)       |                |                              |                |                                |
| Income tax and social contribution | (i)         | 32,319         | 29,980                       |                |                                |
| PIS and COFINS                     | (ii)        | 35,634         | 32,929                       |                |                                |
| ICMS - interstate purchases        | (iii)       | 86,233         | 79,688                       |                |                                |
| ICMS - other                       | (iv)        | 11,432         | 56,974                       |                |                                |
| Other                              |             | 61,372         | 50,744                       | 49,186         | 50,744                         |
| Societary claims and other         |             | 10,019         | 7,206                        | 10,017         | 6,984                          |
|                                    |             | <b>362,896</b> | <b>333,218</b>               | <b>172,758</b> | <b>126,103</b>                 |

**(c.1) Labor claims**

On December 31, 2013, the Company is involved in 358 labor claims, including occupational health and security cases, which were assessed as probable losses. For these claims, the Company maintains a provision of R\$125,887, which corresponds to the expected amount of disbursement upon their resolution. The Company's legal advisors estimate that the term for the termination of these types of claims in Brazil exceeds 5 years.

The estimates related to the outcome of proceedings and the possibility of future disbursement may change in view of new decisions in higher courts. The Company's Management believes that the chances of having to increase the existing provision amount are remote.

**(c.2) Tax claims**

On December 31, 2013, Braskem has recognized a provision in the amount of R\$61,372 for claims from the Brazilian tax authorities and the chances of loss for which are considered probable. On the same date, the Company has recognized a provision in the amount of R\$165,618 for these claims arising from business combination and the chances of loss for which are considered possible.

On December 31, 2013, the main tax claims for which the Company maintains a provision are the following:

**(i) Income tax and social contribution**

At the administrative level, the subsidiary Braskem Petroquímica is assessed for the payment of such taxes, in the amount of R\$32,319 as of December 31, 2013, represented mostly by income tax and social contribution on the foreign exchange variation in the account of investments in foreign subsidiaries in 2002. The amount of the provision recognized is based on the estimate of future disbursement made by an external legal advisor taking into consideration the case law on the matter at the administrative and judicial levels.

There is no judicial deposit or other type of guarantee for this claim. The Company's Management expects this case to be terminated by 2015.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(ii) PIS and COFINS taxes**

The subsidiary Braskem Petroquímica is assessed for the payment of these taxes in many claims, such as:

- allegedly insufficient payment of COFINS for the period from March 1999 to December 2000, from February 2001 to March 2002, from May to July 2002 and September 2002 due to alleged calculation errors by tax authorities, of widening the tax calculation base and increasing the contribution rate envisaged in Law 9,718/98;
- offset of the COFINS dues relating to September and October 1999 using the credit resulting from the addition of 1% to the COFINS rate;
- rejection of the offset of PIS and COFINS dues relating to the period from February to April 2002 using the PIS credits under Decree-Laws 2,445 and 2,449, calculated between June 1990 and October 1995, under the argument that the time period for using said credits had expired;
- alleged non-taxation of revenue in the calculation basis of income arising from foreign exchange variations on assets, determined as a result of successive reductions in the capital of the associated company.

On December 31, 2013, the total amount involved in these claims is R\$35,634. The amount of the provision recognized is based on the estimate of future disbursement made by an external legal advisor taking into consideration the case law on the matters at the administrative and judicial levels.

Guarantees were offered for these claims in the form of bank guarantee and finished products manufactured by Braskem Petroquímica, which, together, cover the amount of the claims.

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



The Company's Management estimates that these cases should be terminated by 2020.

**(iii) ICMS - interstate purchases**

In 2009, the subsidiary Braskem Qpar was assessed by the Finance Department of the State of São Paulo for the payment, at the administrative level, of ICMS in view of:

- use of tax credits in the periods from February 2004 to August 2005, November 2005 to February 2006, and September 2006 to January 2008, arising from the bookkeeping of credits that were presented in the purchase invoices of products acquired from another company, since the operations were aimed at the export of the products and, as such, they would not be subject to ICMS;
- issue of invoices without registering the shipment of the goods from its facilities for storage; and
- non-presentation of the tax documents requested by inspection authorities.

On December 31, 2013, the amount involved is R\$86,233. The amount of the provision recognized is based on the estimate of future disbursement made by an external legal advisor taking into consideration the case law on the matters at the administrative and judicial levels.

No judicial deposits or other types of security were accrued for this procedure.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

Management estimates that this case should be terminated by 2019.

**(iv) ICMS - sundry violations**

The subsidiary Braskem Qpar was served a tax deficiency notice by the Finance Department of the State of São Paulo, demanding (i) the payment of ICMS tax in view of the alleged non-payment of the tax from 2002 to 2004 while carrying out interstate sales to taxpayers located in other states though the goods never left the state of São Paulo, and (ii) the payment of ICMS and fines for using tax credits from August 2004 to November 2005, issue of tax documents without the corresponding exit of goods, and allegedly failure to submit the requested tax documents.

In 2013, Braskem paid R\$47,746 (Note 15), taking advantage of the Special Installment Program announced by the São Paulo state government, thereby eliminating the contingency described in item (i) above, while the amount of R\$28,581 relating to the contingency described in item (ii).

The amount of the provision recognized is based on the estimate of disbursement made by an external legal advisor taking into consideration the case law on the matters at the administrative and judicial levels.

No judicial deposits or other types of security were accrued for this procedure.

Management estimates that these cases should be terminated by 2020.

**(d) Changes in provisions**

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

|  | <b>Consolidated</b>   |   |                             |                |                |
|--|-----------------------|---|-----------------------------|----------------|----------------|
|  | <b>Bonus</b>          | <b>Recovery of<br/>environmental<br/>damage</b> | <b>Legal<br/>provisions</b> | <b>Other</b>   | <b>Total</b>   |
| <b>December 31, 2012</b>   | <b>40,666</b>         | <b>32,944</b>                                   | <b>333,218</b>              | <b>8,847</b>   | <b>415,675</b> |
| Additions, inflation<br>adjustments and exchange<br>variation, net | 58,794                | 96,589  | 92,575                      | 5,985          | 253,943        |
| Write-offs through usage<br>and payments                           | (54,400)              | 3,229   | (62,897)                    |                | (114,068)      |
| <b>December 31, 2013</b>   | <b>45,060</b>         | <b>132,762</b>                                  | <b>362,896</b>              | <b>14,832</b>  | <b>555,550</b> |
|  | <b>Parent company</b> |   |                             |                |                |
|  | <b>Bonus</b>          | <b>Recovery of<br/>environmental<br/>damage</b> | <b>Legal<br/>provisions</b> | <b>Total</b>   |                |
| <b>December 31, 2012</b>   | <b>5,594</b>          | <b>25,015</b>                                   | <b>126,103</b>              | <b>156,712</b> |                |
| Additions, inflation adjustments and<br>exchange variation, net    | 28,805                | 66,088  | 46,716                      | 141,609        |                |
| Write-offs through usage and payments                              | (16,341)              | 5,079   | (61)                        | (11,323)       |                |
| <b>December 31, 2013</b>   | <b>18,058</b>         | <b>96,182</b>                                   | <b>172,758</b>              | <b>286,998</b> |                |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****24 Long-term incentive**

A long-term non-share-based plan (“ILP”) was approved at the Shareholders’ Meeting held in September 2005, under which the participants in strategic programs can acquire securities issued by the Company that are called “Certificates of Investment Units”. The objective of the plan is, among others, to align the interests of participants in strategic programs in the creation of long-term value with those of shareholders, in order to motivate the vision and commitment of these participants to long-term results.

No new certificates have been issued since 2008, and the transactions under this program are, since then, limited to redemptions.

The balances at December 31, 2013 and 2012 are as follows:

|                         | <b>Quantity</b> | <b>2013<br/>Amount</b> | <b>Quantity</b> | <b>2012<br/>Amount</b> |
|-------------------------|-----------------|------------------------|-----------------|------------------------|
| <b>Investment units</b> |                 |                        |                 |                        |
| Issued (Alfa units)     | 377,156         | 5,254                  | 427,313         | 6,200                  |
| Bonus (Beta units)      | 341,408         | 4,020                  | 389,336         | 4,205                  |
| <b>Total</b>            | <b>718,564</b>  | <b>9,274</b>           | <b>816,649</b>  | <b>10,405</b>          |

**25 Post-employment benefits****25.1 Defined contribution plans**

**(a) ODEPREV**

The Company maintains a defined contribution plan for its employees managed by ODEPREV, a private pension plan entity created by Odebrecht. ODEPREV offers its participants, which are employees of the sponsoring companies, an optional defined contribution plan in which monthly and additional participant contributions and monthly and annual sponsor contributions are made to individual pension savings accounts.

On December 31, 2013, the number of active participants in ODEPREV totals 5,451 (2012 - 5,404). The contributions made by the Company in the year amount to R\$19,703 (2012 - R\$24,898) and the contributions made by the participants amounted to R\$46,411 (2012 - R\$44,070).

**(b) Triunfo Vida**

Braskem, due to the merger of Petroquímica Triunfo S.A., became a sponsor of Triunfo Vida. On May 31, 2010, the Company requested to withdraw its sponsorship of this plan and on July 27, 2012, PREVIC – National Superintendence of Supplementary Pension Plan (“PREVIC”) approved the withdrawal without the need for any further disbursements by Braskem.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**25.2 Post-employment benefit plans**

**(a) PETROS Copesul Plan**

Braskem, due to the merger of Copesul, became the sponsor of the Petros Copesul plan. On September 28, 2012, PREVIC approved the withdrawal of sponsorship of this plan by Braskem. The payment of the mathematical reserves of participants is expected to be made in 2014. For this reason, the provisioned amount of R\$158,122 (Note 25.3.1 (a)) is recorded under current liabilities.

**(b) PETROS PQU Plan**

With the acquisition of Quattor, in April 2010, the Company assumed the liabilities of Petros PQU. On August 6, 2012, PREVIC approved the sponsorship withdrawal process, which had been requested on September 30, 2009. The payment of the mathematical reserves to participants is expected to be made in 2014. Due to the plan's surplus situation, no provision has been accrued.

**25.3 Defined benefit plans**

**(a) Novamont – Braskem America**

With the acquisition of Sunoco Chemicals, Braskem America became the sponsor of Novamont, which is a defined benefit plan of the employees of the plant located in the State of West Virginia. On December 31, 2013, the plan has 54 active participants (2012 – 53). In 2013 and 2012, no contributions were made by the Company or by participants.

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

**(b) Braskem Alemanha**

With the acquisition of the PP business from Dow Chemical, Braskem Alemanha became the sponsor of the defined benefit plan of the employees of the plants located in that country. On December 31, 2013, the plan has 136 (2012 – 96) active participants. In 2013 and 2012, no contributions were made by the Company or by participants.

The defined benefit plan of Braskem Alemanha is a non-contribution plan, that is, the contributions of the sponsor are managed directly by the company and this type of plan is allowed by legislation of that country.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****25.3.1 Composition and changes in the balances of the post-employment benefit plans****(a) Amounts in balance sheet**

|                                 | Note     | 2013           | Consolidated<br>2012<br>Revised | Parent company<br>2013 | Parent company<br>2012 |
|---------------------------------|----------|----------------|---------------------------------|------------------------|------------------------|
|                                 | 2.1.1(a) |                |                                 |                        |                        |
| <b>Post-employment benefits</b> |          |                |                                 |                        |                        |
| Petros Copesul                  |          | 158,122        | 147,175                         | 158,122                | 147,175                |
| <b>Defined benefit</b>          |          |                |                                 |                        |                        |
| Novamont Braskem America (i)    |          | 9,554          | 10,381                          |                        |                        |
| Braskem Alemanha (i)            |          | 34,515         | 26,221                          |                        |                        |
|                                 |          | 44,069         | 36,602                          |                        |                        |
|                                 |          | <b>202,191</b> | <b>183,777</b>                  | <b>158,122</b>         | <b>147,175</b>         |
| Current liabilities             |          | 158,137        | 147,175                         | 158,122                | 147,175                |
| Non-current liabilities         |          | 44,054         | 36,602                          |                        |                        |
| <b>Total</b>                    |          | <b>202,191</b> | <b>183,777</b>                  | <b>158,122</b>         | <b>147,175</b>         |

(i) With the adoption of CPC 33 (R1) and IAS 19, the actuarial losses previously unrecognized in these two plans in the amount of R\$18,204 (R\$11,816, net of income tax) were recognized retroactively, on December 31, 2012, under "other comprehensive income (loss)". The balance sheet on that date was restated to reflect the changes to the item "post-employment benefits". For comparison purposes, the information for December 31, 2011 was not revised in the statement of changes in shareholders' equity, since the amounts are immaterial.



| <b>Defined benefits</b>   | <b>Note</b> | <b>2013</b>     | <b>Consolidated<br/>2012<br/>Revised</b> |
|---------------------------|-------------|-----------------|--|
|                           | 2.1.1(a)    |                 |  |
| Benefit obligations       |             | (67,668)        | (56,338)                                 |
| Fair value of plan assets |             | 23,599          | 19,736                                   |
| Funded status of the plan |             | (44,069)        | (36,602)                                 |
| Consolidated net balance  |             | (44,069)        | (36,602)                                 |
| <br>                      |             |                 |  |
| In non-current liability  |             | (44,069)        | (36,602)                                 |
|                           |             | <b>(44,069)</b> | <b>(36,602)</b>                          |

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(b) Change in obligations**

|                                | <b>Note</b> | <b>2013</b>   | <b>Consolidated<br/>2012<br/>Revised</b> |
|--------------------------------|-------------|---------------|--|
| Balance at beginning of year   | 2.1.1(a)    | 56,338        | 37,166                                   |
| Current service cost           |             | 2,593         | 1,255                                    |
| Interest cost                  |             | 2,561         | 2,138                                    |
| Benefits paid                  |             | (1,693)       | (2,561)                                  |
| Actuarial losses (gain)        |             | (909)         | 14,769                                   |
| Exchange variation             |             | 8,778         | 3,571                                    |
| Balance at the end of the year |             | <b>67,668</b> | <b>56,338</b>                            |

**(c) Change in fair value plan assets**

|                                | <b>Note</b> | <b>2013</b>   | <b>Consolidated<br/>2012<br/>Revised</b> |
|--------------------------------|-------------|---------------|--|
| Balance at beginning of year   | 2.1.1(a)    | 19,736        | 18,981                                   |
| Actual return on plan assets   |             | 1,158         | 314                                      |
| Employer contributions         |             | 1,392         | 178                                      |
| Current expenses               |             |               | (39)                                     |
| Benefits paid                  |             | (1,619)       | (1,406)                                  |
| Exchange variation             |             | 2,932         | 1,708                                    |
| Balance at the end of the year |             | <b>23,599</b> | <b>19,736</b>                            |

**(d) Amounts recognized in profit or loss****(c) Breakdown of equity accounting results**

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|   | <b>Note</b> | <b>2013</b>  | <b>Consolidated<br/>2012<br/>Revised</b> |
|---|-------------|--------------|--|
| Current service cost                      | 2.1.1(a)    | 2,593        | 1,255                                    |
| Interest cost                             |             | 2,547        | 2,138                                    |
| Expected return on plan assets            |             | (1,614)      | (1,489)                                  |
| Amortization of actuarial loss            |             | 675          | 74                                       |
| Amortization of unrecognized service cost |             | 119          | 104                                      |
|   |             | <b>4,320</b> | <b>2,082</b>                             |

The amounts recognized in the statement of operations refer to transactions involving the defined benefit pension plans that are recognized in “other operating (revenues) expenses, net” and in “financial results”, depending on their nature.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(e) Actuarial assumptions**

|  | <b>2013</b>          |                | <b>(%)<br/>2012</b>  |                |
|--|----------------------|----------------|----------------------|----------------|
|  | <b>United States</b> | <b>Germany</b> | <b>United States</b> | <b>Germany</b> |
| Discount rate                            | 5.00                 | 3.75           | 5.00                 | 5.75           |
| Inflation rate                           | 3.00                 | 1.51           | 3.00                 | 2.00           |
| Expected return on plan assets           | 7.50                 | n/a            | 7.50                 | n/a            |
| Rate of increase in future salary levels | n/a                  | 3.00           | n/a                  | 3.00           |
| Rate of increase in future pension plan  | n/a                  | n/a            | n/a                  | n/a            |

**(f) Hierarchy of fair value assets**

On December 31, 2013, the balance of the fair value of assets is represented by the assets of the Novamont defined benefit plan of Braskem America, which has a level-1 fair value hierarchy. As mentioned in item 25.3(c) of this Note, the defined benefit plans of Braskem Alemanha is not a contribution-based plan and as such, on December 31, 2013, this plan had no assets.

**26 Advances from clients**

The balance includes advances amounting to R\$430,959 (2012 - R\$358,428) from four clients overseas for the acquisition of products for supply between February 2013 and December 2016.

**27 Other accounts payable****(c) Breakdown of equity accounting results**

**(a) Non-current**

(i) On August 9, 2010, as part of the business combination of Quattor (currently named Braskem Qpar), BNDES Participações S.A. (“BNDESPAR”) exercised its option to sell the shares in Riopol, incorporated by Braskem Qpar in August, 2013 (Note 1(b.xix)). The balance, on December 31, 2013, is R\$275,743 (2012 - R\$256,030).

The purchase price will be paid in 3 installments, with restatement by the TJLP, as follows:

- On June 11, 2015, the amount corresponding to 15% of the purchase price;
- On June 11, 2016, the amount corresponding to 35% of the purchase price; and
- On June 11, 2017, the amount corresponding to 50% of the purchase price.

(ii) amounts payable to the non-controlling shareholder of Braskem Idesa, in the amount of R\$370,420, arising from loans for the Ethylene XXI Project.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****28 Contingencies**

Braskem has contingent liabilities related to lawsuits and administrative proceedings arising from the normal course of its business. These contingencies are of a labor and social security, tax, civil and corporate nature and involve risks of losses that are classified by the Company's Management as possible.

The balance of contingent liabilities not booked as on December 31, 2013 and 2012, as classified:

|                | <b>2013</b>      | <b>Consolidated<br/>2012</b> |
|----------------|------------------|------------------------------|
| Labor claims   | 606,166          | 698,036                      |
| Taxclaims      | 3,399,794        | 2,967,799                    |
| Other lawsuits | 389,352          | 411,324                      |
| <b>Total</b>   | <b>4,395,312</b> | <b>4,077,159</b>             |

**(a) Labor**

On December 31, 2013, the Company is involved in 1,934 indemnity and labor claims for which the chances of loss are considered possible. Among these claims are:

**(a.1)** Class actions filed by the Union of Workers in the Petrochemical and Chemical Industries in Triunfo (RS), in the second quarter of 2005, claiming the payment of overtime amounting to R\$39 million. The chances of loss are

deemed as possible.

The Management of the Company does not expect further disbursements to terminate these lawsuits.

All lawsuits in progress are with the Superior Labor Court and Management expects them to be judged in 2014.

Two of these actions were awarded a final and unappealable decision in favor of the Company.

There are not judicial deposits related to these claims.

**(a.2)** Class actions filed by the Union of Workers in the Petrochemical and Chemical Industries in Triunfo (RS) in the third quarter of 2010 claiming the payment of overtime referring to work breaks and integration into base salary of the remunerated weekly day-off amounting to R\$311 million.

The Management of the Company does not expect to disburse any amounts upon their closure.

The claims are in the fact-finding and appeals phase and they are expected to be granted a final and unappealable decision in the last quarter of 2014.

No judicial deposit or other form of security was accrued for these claims.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

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**(b) Tax**

On December 31, 2013, the Company is involved in many proceedings with the Brazilian tax authorities. The Management understands that the chances of loss are possible, but not probable, based on the estimate and opinion of its external advisors.

On December 31, 2013 the main tax contingencies, together by matter and totaling at least R\$60 million, are the following:

**(b.1) ICMS**

The Company is involved in many ICMS collection claims related to assessment notices drawn up mainly by the Finance Department of the States of SP, BA and AL. On December 31, 2013, the adjusted amounts of these claims total R\$773 million and the claims include the following matters:

- ICMS credit on the acquisition of assets that are considered by the Revenue Services as being of use and consumption. The Revenue Service understands that the asset has to be a physically integral part of the final product to give rise to a credit. Most of the inputs questioned do not physically compose the final product. However, the Judicial branch has a precedent that says that the input must be an integral part of the product or be consumed in the production process;
- ICMS credit arising from the acquisition of assets to be used in property, plant and equipment, which is considered by the Revenue Services as not being related to the production activity, such as laboratory equipment, material for the construction of warehouses, security equipment, etc.;



- transfer of goods for an amount lower than the production cost;
- omission of the entry or shipment of goods based on physical count of inventories;
- lack of evidence that the Company exported goods so that the shipment of the goods is presumably taxed for the domestic market;
- non-payment of ICMS on the sale of products subject to tax substitution and credit from acquisitions of products subject to tax substitution; and
- fines for the failure to register invoices.

The Company's legal advisors estimate that: (i) these judicial proceedings are expected to be terminated in 2020, and (ii) in the event of an unfavorable decision to the Company, which is not expected, these contingencies could be settled for up to 40% of the amounts in dispute. This estimate is based on the probability of loss of the Company's defense theory taking into consideration the case law at the administrative and judicial levels.

No judicial deposit or other form of security was accrued for these claims.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(b.2) COFINS**

The Company is involved in collection actions related to COFINS in which the use, by the Company, of certain tax credits to determine and pay this tax is under discussion. These credits arise from (i) legal actions; and (ii) income tax prepayments.

On December 31, 2013, the adjusted amounts involved of these assessments total R\$342 million.

The Company's external legal advisors estimate that: (i) these judicial proceedings are expected to be terminated in 2018; and (ii) in the event of an unfavorable decision to the Company, which is not expected, these contingencies could be settled for up to 50% of the amounts in dispute. This estimate is based on the probability of loss of the Company's defense theory taking into consideration the case law at the administrative and judicial levels.

The Company offered assets in guarantee, in the amount of R\$136 million, that cover the amount involved in these claims.

**(b.3) IPI – presumed credit**

The Company is involved in tax assessments that question the undue use of presumed IPI credit as a way to offset the payment of PIS and COFINS levied on the acquisitions of raw materials, intermediate products and packaging material used in the industrialization of exported products. The Revenue Service understands that only the inputs that have been in contact with or have a direct influence on the final product are entitled to the presumed credit. The Judicial branch understands that the products that give rise to the right to the credits are those that (i) are incorporated into the final product; or (ii) are immediately and completely consumed in the production process. On December 31, 2013, the adjusted amount involved of these assessments is R\$111 million.

The Company's legal advisors estimate that: (i) the judicial proceeding is expected to be terminated in 2020; and (ii) in the event of an unfavorable decision to the Company, which is not expected, this contingency could be settled for up to 60% of the amount in dispute. This estimate is based on the probability of loss of the Company's defense theory taking into consideration the case law at the administrative and judicial levels.

The Company furnished guarantee of R\$ 19 million, which sustains the amount involved in the lawsuit on the issue.

**Braskem S.A.**

**Notes to the financial statements**

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**All amounts in thousands of reais**

**(b.4) Non-cumulative PIS and COFINS**

The Company received a deficiency notice from the Brazilian Federal Revenue Service due to the use of non-cumulative PIS and COFINS tax credits related to: (i) expenditures with treatment of effluents; (ii) charges on transmission of electricity; (iii) freight for storage of finished products; and (iv) extemporaneous credits from acquisitions of property, plant and equipment. These deficiency notices have already been contested at the administrative level and comprise the period from 2006 to 2011, and on December 31, 2013 totaled R\$712 million, of which R\$366 million related to principal and R\$346 million of fine and interest.

The Company's legal counsel, in view of the recent decisions by the Tax Resources Administrative Board and the evidence provided by the Company, assess as possible the chances of loss at the administrative and legal levels. For this reason, no provision has been accrued for these deficiency notices. Any changes in the court's understanding of the position could cause future impacts on the financial statements of the Company due to such proceedings.

The Company's external legal counsel expect the proceedings at administrative level to conclude in 2020.

No judicial deposit or other form of guarantee was accrued for this claim.

**(b.5) IR and CSL – Amortization charges for goodwill and other charges.**

The Company was served a tax deficiency notice by the Federal Revenue Service for having deducted, between 2007 and 2012, amortization charges from goodwill originated from equity interests acquired in calendar year 2012. That year, several business groups divested their petrochemical assets, the consolidation of which enabled the incorporation of Braskem. On December 31, 2013, the updated value of said income and social contribution tax deficiency notice was R\$650 million.

In addition to the amounts related to Income and Social Contribution taxes recorded in the notices filed by tax authorities, the company rectified the balances of tax losses and negative social contribution tax bases corresponding to the disallowance of part of the amortization charges on the goodwill mentioned above, and the interest and exchange variation expenses incurred in 2008. The offset amounts represent R\$653 million of the balance of tax losses and R\$667 million of the balance negative social contribution bases, whose estimated tax impact is equivalent to the principal amount of R\$223 million.

The Management, based on the opinion of the Company's legal counsel, believes that the existence of an effective business purpose in the acquisition of the aforementioned petrochemical assets, the participation of third parties in the businesses that originated the goodwill from acquisitions, and the real economic nature of the operations that led to the recording of interest and exchange variation expenses, considers the chances of loss in the administrative and legal spheres as possible. Hence, no provision was accrued for these tax deficiency notices.

There is no judicial deposit or any other type of guarantee for all these proceedings.

For being recent contingencies, is unfeasible to estimate when these proceedings are expected to be terminated.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(c) Other court disputes involving the Company and its subsidiaries**

**(c.1) Civil**

The Company is the defendant in civil lawsuits filed by the owner of a former distributor of caustic soda and by the shipping company that provided services to this former distributor, which, on December 31, 2013, totaled R\$123 million. The claimants seek indemnity for damages related to the alleged non-performance of the distribution agreement by the Company.

No judicial deposit or other form of guarantee was accrued for these lawsuits.

Management's evaluation, supported by the opinion of its external legal advisors who are responsible for the cases, is that the lawsuits will possibly be dismissed within a period of 8 years.

**(c.2) Societary**

Some shareholders of preferred shares acquired with incentives filed lawsuits, originally against Copene, the former name of the Company, and against the merged companies Nitrocarbano, OPP Química, Salgema, Trikem, Polialden and Politeno. They claim a share in the profit remaining after the payment of priority dividends on the same basis as the common shareholders, in addition to the right to vote in shareholders' meetings until the distribution of dividends in the desired conditions is reestablished. The amount involved in the lawsuits for which there is a possibility of loss is R\$17 million.

No judicial deposits or other types of security were accrued for these lawsuits.

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

Since the lawsuits are in different phases, the Company's external legal advisors consider it unfeasible to estimate when these proceedings are expected to be terminated.

**(c.3) Social security**

The Company is a party to various administrative and judicial proceedings concerning social security matters, which total approximately R\$137 million on December 31, 2013, as adjusted by the Selic rate.

The Management of the Company, based on the opinion of its external legal advisors, understands that no amount is due with respect to these assessments.

Additionally, Management believes that is not possible to estimate the amount of disbursement to cover a possible unfavorable decision to the Company, or even estimate when these proceedings will be brought to conclusion.

For these proceedings, security was given in the form of judicial deposits and finished products that combined cover the amounts claimed.

The Company's external legal advisors consider it unfeasible to estimate when these proceedings are expected to be terminated.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****29 Equity****(a) Capital**

On December 31, 2013, the Company's subscribed and paid up capital stock amounted to R\$8,043,222 and comprised 797,265,348 shares with no par value divided into 451,668,652 common shares, 345,002,878 class "A" preferred shares, and 593,818 class "B" preferred shares, distributed as follows:

|  | <b>Common<br/>shares</b> | <b>%</b>       | <b>Preferred<br/>shares<br/>class A</b> | <b>%</b>       | <b>Preferred<br/>shares<br/>class B</b> | <b>%</b>       | <b>Total</b>       | <b>%</b>       |
|--|--------------------------|----------------|---|----------------|---|----------------|--------------------|----------------|
| OSP e Odebrecht  | 226,334,623              | 50.11%         | 79,182,498                              | 22.96%         |   |                | 305,517,121        | 38.32%         |
| Petrobras  | 212,426,951              | 47.03%         | 75,591,019                              | 21.91%         |   |                | 288,017,970        | 36.13%         |
| BNDESPAR   |                          |                | 40,102,837                              | 11.62%         |   |                | 40,102,837         | 5.03%          |
| ADR  | (i)                      |                | 34,191,744                              | 9.91%          |   |                | 34,191,744         | 4.29%          |
| Other  | 12,907,078               | 2.86%          | 114,780,022                             | 33.27%         | 593,818                                 | 100.00%        | 128,280,918        | 16.09%         |
| <b>Total</b>   | <b>451,668,652</b>       | <b>100.00%</b> | <b>343,848,120</b>                      | <b>99.67%</b>  | <b>593,818</b>                          | <b>100.00%</b> | <b>796,110,590</b> | <b>99.86%</b>  |
| Braskem shares<br>owned<br>by subsidiary of<br>Braskem |                          |                |   |                |   |                |                    |                |
| Petroquímica   | (ii)                     |                | 1,154,758                               | 0.33%          |   |                | 1,154,758          | 0.14%          |
| <b>Total</b>   | <b>451,668,652</b>       | <b>100.00%</b> | <b>345,002,878</b>                      | <b>100.00%</b> | <b>593,818</b>                          | <b>100.00%</b> | <b>797,265,348</b> | <b>100.00%</b> |

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

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



**(b) Share rights**

Preferred shares carry no voting rights, but they ensure priority, non-cumulative annual dividend of 6% of their unit value, according to profits available for distribution. The unit value of the shares is obtained through the division of capital by the total number of outstanding shares. Only class "A" preferred shares will have the same claim on the remaining profit as common shares and will be entitled to dividends only after the priority dividend is paid to preferred shareholders. Only class "A" preferred shares also have the same claim as common shares on the distribution of shares resulting from capitalization of other reserves. Only class "A" preferred shares can be converted into common shares upon resolution of majority voting shareholders present at a General Meeting. Class "B" preferred shares can be converted into class "A" preferred shares at any time, at the ratio of two class "B" preferred shares for one class "A" preferred share, upon a simple written request to the Company, provided that the non-transferability period provided for in specific legislation that allowed for the issue and payment of such shares with tax incentive funds has elapsed.

In the event of liquidation of the Company, class "A" and "B" preferred shares will have priority in the reimbursement of capital.

Shareholders are entitled to receive a mandatory minimum dividend of 25% on profit for the year, adjusted under Brazilian Corporation Law.

**Braskem S.A.**

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**(c) Tax incentive reserve**

This reserve mainly comprised the income tax deduction benefit determined before the base period of 2006 (Note 32(a)). After the adoption of Laws 11,638/07 and 11,941/09, as from January 1, 2007, the income tax benefit started to be recorded in the statement of operations in the revenue reserves account as proposed by Management and approved at the General Shareholders' Meeting. Regardless of the change introduced by Laws 11,638/07 and 11,941/09, this tax incentive can be used only for capital increase or absorption of losses.

At the end of fiscal year 2012, the Company used the balance of this reserve to absorb part of the fiscal year's loss.

**(d) Legal reserve**

Under Brazilian Corporation Law, the Company must transfer 5% of net profit for the year, determined in accordance with the accounting practices adopted in Brazil, to a legal reserve until this reserve is equivalent to 20% of the paid-up capital. The legal reserve can be used for capital increase or absorption of losses.

At the end of fiscal year 2012, the Company used part of the balance of this reserve to absorb partially the loss in the period.

**(e) Unrealized profit reserves**

This reserve was established based on unrealized profits in fiscal year 2011, in accordance with items I and II, paragraph 1 of Article 197 of Law No. 6,404/76, which states that in the fiscal year that the distributable dividends exceed the amount of profits, which generated cash inflows to the Company, the General Stockholders' Meeting may,

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

upon proposal of the board, attribute such excess to “unrealized profit reserves”. Under the terms of the Law No 6,404/76, this reserve should only be used to absorb losses or pay dividends.

At the end of fiscal year 2012, the Company used part of the balance of this reserve to absorb partially the loss in the period.

**(f) Ongoing share repurchase programs**

**(f.1) 3<sup>rd</sup> Share repurchase program**

On August 26, 2011, Braskem’s Board of Directors approved a program for the repurchase of shares effective for the period between August 29, 2011 and August 28, 2012, through which the Company could acquire up to 12,162,504 class “A” preferred shares at market price. Shares could be purchased by the Company or by financial institutions hired for that purpose. Upon the expiration of the program, Braskem would have to acquire from financial institutions, at market value, the shares acquired by the latter. The private deal was approved by the Securities and Exchange Commission of Brazil (“CVM”).

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

During the program, a total of 2,595,300 shares were repurchased for the amount of R\$33,204, of which 2,007,600 were repurchased by financial institutions, and 587,700 shares were repurchased directly by Braskem. The average cost of these shares was R\$12.79 (minimum of R\$10.53 and maximum R\$15.15).

The shares purchased by financial institutions were purchased by Braskem in August 2012, when the program ended. In the operation, Braskem received R\$1,575 related to the swap instrument associated with the repurchase transaction, net of withholding income tax of R\$698.

The purchased shares were canceled in December 2012.

**(f.2) 4<sup>th</sup> Share repurchase program**

On August 13, 2012, Braskem's Board of Directors approved a program for the repurchase of shares effective for the period between August 29, 2012 and August 28, 2013, through which the Company might acquire up to 13,376,161 class "A" preferred shares at market price. The shares might be acquired by the Company or by financial institutions hired for such purpose. Upon the expiration of the program, Braskem would have to acquire from financial institutions, at market value, the shares eventually acquired by the latter. The private transaction was approved by the CVM.

As of November 2012, the financial institutions had acquired 262,300 shares for the amount of R\$3,489 (item (f) of this Note) at the average cost of R\$13.30 per share (minimum of R\$12.66 and maximum R\$14.07)

On November 12, 2012, the Company acquired these shares and received in the operation R\$71 related to the swap instrument associated with the repurchase transaction, net of the withholding income tax of R\$29.

The shares repurchased were cancelled in December 2012. There were no purchases under this program in 2013.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(g) Dividends proposed and appropriation of profit**

Under the Company's bylaws, profit for the year, adjusted according to Law 6,404/76, is appropriated as follows:

- (i) 5% to a legal reserve, which must not exceed 20% of capital;
  
- (ii) 25% to pay for mandatory, non-cumulative dividends, provided that the legal and statutory advantages of the Class "A" and "B" preferred shares are observed. When the amount of the priority dividend paid to class "A" and "B" preferred shares is equal to or higher than 25% of profit for the year calculated under Article 202 of Brazilian Corporation Law, it is the full payment of the mandatory dividend. Any surplus remaining after the payment of the priority dividend will be used to:
  - pay dividends to common shareholders up to the limit of the priority dividends of preferred shares;
  
  - if there still is any surplus, distribute additional dividends to common shareholders and class "A" preferred shareholders so that the same amount of dividends is paid for each common share or class "A" preferred share.

**(g.1) Profit or loss in 2013 and dividends proposed**

Management proposes paying total dividends of R\$482,593. The total dividends proposed correspond to R\$0.6061888020 for all classes of shares and meets the priority dividend of preferred shares in accordance with the Bylaws of the Company.

Management proposes to the Annual Shareholders Meeting the allocation of net income from 2013 as follows:

|   | <b>2013</b>  |
|---|--------------|
| Net income for the year of Company's shareholders       | 509,697      |
| Realization of additional property, plant and equipment | 28,203       |
| Net income adjusted                                     | 537,900      |
| Legal reserves distribution                             | (26,895)     |
| Net income adjusted by dividends calculation            | 511,005      |
| Proposed dividends (*)                                  | (482,593)    |
| Portion allocated to unrealized profit reserves         | (28,412)     |
| Balance of retained earnings                            |              |
| <br>  |              |
| (*) Minimum dividends - 25% adjusted net income         | (i) 127,751  |
| Additional proposed dividends                           | (ii) 354,842 |
| Total dividends   | 482,593      |

(i) Recorded in current liabilities.

(ii) Recorded in shareholders' equity, under the item "proposed additional dividend".

**(g.2) Absorption of the balance of retained losses and dividend payment**

The adjusted loss for fiscal year 2012, in the amount of R\$674,263, was absorbed by the unrealized profits reserves, tax incentives and the legal reserve, resulting in a balance of R\$565,549. On April 2, 2013, the Annual Shareholders Meeting approved the absorption of the balance by using a portion of the "capital reserve" account.

On April 27, 2012, the Annual Shareholders' Meeting approved the payment of dividends as per the Management proposal in 2011, in the amount of R\$482,593, equivalent to R\$0.605085049 per common, class "A" and "B" ordinary and preferred share, paid as of November 19, 2012.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(h) Other comprehensive income – Equity**

|  |  | <b>Additional<br/>indexation<br/>of<br/>PP&amp;E<br/>(i)</b> | <b>Deemed<br/>cost of<br/>PP&amp;E<br/>(i)</b> | <b>Defined<br/>benefit<br/>plan<br/>actuarial<br/>Gain<br/>(loss)<br/>(ii)</b> | <b>Fair value<br/>of hedge<br/>(iii)</b> | <b>Parent company and consolidated<br/>Foreign<br/>currency<br/>translation<br/>adjustment<br/>(iv)</b> | <b>Gain (loss)<br/>on interest<br/>in<br/>subsidiary<br/>(v)</b> | <b>Total</b>   |
|--|--|--|--|--|--|---|--|----------------|
| <b>On December<br/>31, 2011</b>                          |  | <b>326,541</b>   | <b>21,159</b>                                  |  | <b>(10,716)</b>                          | <b>(24,504)</b>   | <b>3,106</b>   | <b>315,586</b> |
| Additional<br>indexation                                 |  |  |  |  |  |   |  |                |
| Realization by<br>depreciation or<br>write-off<br>assets |  | (41,268)   |  |  |  |   |  | (41,268)       |
| Income tax<br>and social<br>contribution                 |  | 14,032   |  |  |  |   |  | 14,032         |
| Deemed cost of<br>jointly-controlled<br>investment       |  |  |  |  |  |   |  |                |
| Realization by<br>depreciation or<br>write-off           |  |  | (1,442)  |  |  |   |  | (1,442)        |

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

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|   |  |                |               |                 |         |               |                |     |
|---|--|----------------|---------------|-----------------|---------|---------------|----------------|-----|
| assets  |  |                |               |                 |         |               |                |     |
| Income tax and social contribution              |  |                | 490           |                 |         |               | 490            |     |
| Defined benefit plan actuarial loss             |  |                |               |                 |         |               |                |     |
| Actuarial loss                                  |  |                | (18,204)      |                 |         |               | (18,204)       |     |
| Income tax and social contribution              |  |                | 6,388         |                 |         |               | 6,388          |     |
| Cash flow derivatives                           |  |                |               |                 |         |               |                |     |
| Change in fair value                            |  |                |               |                 | 1,948   |               | 1,948          |     |
| Transfer to result                              |  |                |               |                 | 14,290  |               | 14,290         |     |
| Income tax and social contribution              |  |                |               |                 | (5,522) |               | (5,522)        |     |
| Loss on interest in subsidiary                  | 16 (b)                                 |                |               |                 |         | (5,917)       | (5,917)        |     |
| Write-off gain on interest in subsidiary        |  |                |               |                 |         | (4,632)       | (4,632)        |     |
| Foreign currency translation adjustment         |  |                |               |                 | 61,662  |               | 61,662         |     |
| <b>On December 31, 2012 (revised)</b>           | 2.1.1(a)                               | <b>299,305</b> | <b>20,207</b> | <b>(11,816)</b> |         | <b>37,158</b> | <b>(7,443)</b> |     |
|   |  |                |               |                 |         |               | <b>337,411</b> |     |
| Additional indexation                           |  |                |               |                 |         |               |                |     |
| Realization by depreciation or write-off assets |  | (41,268)       |               |                 |         |               | (41,268)       |     |
| Income tax and social contribution              |  | 14,032         |               |                 |         |               | 14,032         |     |
| Deemed cost of jointly-controlled investment    |  |                | (1,465)       |                 |         |               | (1,465)        |     |
| (c)   | Breakdown of equity accounting results |                |               |                 |         |               |                | 249 |

|   |                |               |                 |                    |                |                |                    |             |
|---|----------------|---------------|-----------------|--------------------|----------------|----------------|--------------------|-------------|
| Realization by depreciation or write-off assets |                |               |                 |                    |                |                |                    |             |
| Income tax and social contribution              | 498            |               |                 |                    |                |                |                    | 498         |
| Foreign sales hedge                             |                |               |                 |                    |                |                |                    |             |
| Exchange rate                                   |                |               |                 | (2,303,540)        |                |                |                    | (2,303,540) |
| Income tax and social contribution              |                |               |                 | 783,204            |                |                |                    | 783,204     |
| Fair value of Cash flow hedge                   |                |               |                 |                    |                |                |                    |             |
| Change in fair value                            |                |               |                 | (83,413)           |                |                |                    | (83,413)    |
| Transfer to result                              |                |               |                 | (41,727)           |                |                |                    | (41,727)    |
| Income tax and social contribution              |                |               |                 | 40,120             |                |                |                    | 40,120      |
| Defined benefit plan actuarial gain             |                |               | 169             |                    |                |                |                    | 169         |
| Net loss interest in subsidiary                 |                |               |                 |                    |                |                | (1,961)            | (1,961)     |
| Foreign currency translation adjustment         |                |               |                 |                    |                | 205,249        |                    | 205,249     |
| <b>On December 31, 2013</b>                     | <b>272,069</b> | <b>19,240</b> | <b>(11,647)</b> | <b>(1,605,356)</b> | <b>242,407</b> | <b>(9,404)</b> | <b>(1,092,691)</b> |             |

(i)Realization as the asset is depreciated or written-off.

(ii)Realization upon extinction of the plan.

(iii)Realization upon maturity, prepayment or loss of efficacy for hedge accounting.

(iv)Realization upon write-off of subsidiary abroad.

(v)Realization upon divestment or transfer of control of subsidiary.



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****30 Earnings per share**

Basic and diluted earnings (loss) per share is calculated by means of the division of adjusted profit for the year attributable to the Company's common and preferred shareholders by the weighted average number of these shares held by shareholders, excluding those held in treasury and following the rules for the distribution of dividends provided for in the Company's bylaws, as described in Note 29 (g), particularly in view of the limited rights of class "B" preferred shares. In view of these limited rights, this class of share does not participate in losses. In this case, the diluted result takes into account the conversion of two class "B" preferred shares into one class "A" preferred share, as provided for in the Bylaws of the Company.

The weighted average number of shares is calculated based on the number of outstanding common and preferred shares at the beginning of the period, adjusted by the number of shares repurchased or issued in the period, multiplied by a weighting time factor. There has been no change in the number of shares in fiscal year 2013. The calculation of the weighted average in 2012 is shown below:

|                                    | Note | Common<br>shares   | Total of outstanding shares<br>Preferred<br>shares class<br>"A" | Total of<br>weighted<br>average | Common<br>shares   | Weighted average<br>Preferred<br>shares class<br>"A" | Total of<br>weighted<br>average |
|------------------------------------|------|--------------------|---|---------------------------------|--------------------|--|---------------------------------|
| <b>As of December<br/>31, 2011</b> |      | <b>451,668,652</b> | <b>345,300,320</b>  | <b>796,968,972</b>              | <b>451,668,652</b> | <b>346,451,489</b>                                   | <b>798,120,141</b>              |
| Repurchase of<br>shares            | (i)  |                    | (1,452,200)   | (1,452,200)                     |                    | (700,738)  | (700,738)                       |
| <b>As of December<br/>31, 2012</b> |      | <b>451,668,652</b> | <b>343,848,120</b>  | <b>795,516,772</b>              | <b>451,668,652</b> | <b>344,599,582</b>                                   | <b>796,268,234</b>              |

(i) The shares repurchased were not considered in the calculation of earnings per share since they are not entitled to dividends (Note 29(f)).

Class "A" preferred shares participate in dividends with common shares after the mandatory dividends has been attributed in accordance with the formula provided for in the Company's bylaws, as described in Note 29(g). There is no highest limit for their participation.

Diluted and basic earnings (losses) per share are equal when there is profit in the year, since Braskem has not issued convertible financial instruments.

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais**

As required by CPC 41 and IAS 33, the table below show the reconciliation of profit (loss) for the year adjusted to the amounts used to calculate basic and diluted earnings (loss) per share.

|   | Note     | 2013<br>Basic and diluted | Basic<br>Revised |             |
|---|----------|---------------------------|------------------|-------------|
| Profit (loss) for the year attributed to Company's shareholders of continued operations                         | 2.1.1(b) | 509,697                   | (1,012,690)      | (1,012,690) |
| <b>Distribution of dividends attributable to priority:</b>  |          |                           |                  |             |
| Preferred shares class "A"  |          | 208,437                   |                  |             |
| Preferred shares class "B"  |          | 360                       |                  |             |
|   |          | 208,797                   |                  |             |
| Distribution of 6% of unit value of common shares   |          | 273,796                   |                  |             |
| Distribution of plus income, by class   |          |                           |                  |             |
| Common shares   |          | 15,389                    |                  |             |
| Preferred shares class "A"  |          | 11,715                    |                  |             |
|   |          | 27,104                    |                  |             |
| <b>Reconciliation of income available for distribution, by class (numerator):</b>                               |          |                           |                  |             |
| Common shares   |          | 289,185                   | (574,430)        | (285,245)   |
| Preferred shares class "A"  |          | 220,152                   | (438,260)        | (218,108)   |
| Preferred shares class "B"  |          | 360                       |                  |             |
| Preferred share class "A" potentially convertible<br>(the ratio of 2 shares class "B" for each share class "A") |          |                           |                  |             |
|   |          | 509,697                   | (1,012,690)      | (1,012,690) |
| <b>Weighted average number of shares, by class (denominator):</b>   |          |                           |                  |             |
| Common shares   |          | 451,668,652               | 451,668,652      | 451,668,652 |
| Preferred shares class "A" (i)  |          | 343,848,120               | 344,599,582      | 344,599,582 |
| Preferred shares class "B"  |          | 593,818                   |                  |             |
| Preferred share class "A" potentially convertible<br>(the ratio of 2 shares class "B" for each share class "A") |          |                           |                  |             |

796,110,590 796,268,234 796,

**Profit (loss) per share (in R\$)**

|                            |        |          |   |
|----------------------------|--------|----------|---|
| Common shares              | 0.6403 | (1.2718) | ( |
| Preferred shares class "A" | 0.6403 | (1.2718) | ( |
| Preferred shares class "B" | 0.6062 |          |   |

(i) In the calculation of the weighted average, the shares of the Company that were repurchased were excluded from the base (Note 29(f)).

**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****31 Net sales revenues**

|                          | Note     | 2013              | Consolidated<br>2012<br>Revised | 2013              | Parent company<br>2012 |
|--------------------------|----------|-------------------|---------------------------------|-------------------|------------------------|
|                          | 2.1.1(b) |                   |                                 |                   |                        |
| <b>Sales revenue</b>     |          |                   |                                 |                   |                        |
| Domestic market          |          | 30,236,855        | 27,409,691                      | 21,015,632        | 19,020,637             |
| Foreign market           |          | 17,532,783        | 15,572,798                      | 6,895,490         | 6,059,708              |
|                          |          | 47,769,638        | 42,982,489                      | 27,911,122        | 25,080,345             |
| <b>Sales deductions</b>  |          |                   |                                 |                   |                        |
| Taxes                    |          | (6,414,524)       | (6,487,401)                     | (4,115,717)       | (4,233,666)            |
| Sales returns and other  |          | (385,624)         | (334,761)                       | (252,915)         | (212,279)              |
|                          |          | (6,800,148)       | (6,822,162)                     | (4,368,632)       | (4,445,945)            |
| <b>Net sales revenue</b> |          | <b>40,969,490</b> | <b>36,160,327</b>               | <b>23,542,490</b> | <b>20,634,400</b>      |

**32 Tax incentives****(a) Income Tax**

The PE plant installed in Camaçari (BA) and the PVC plant installed in Marechal Deodoro (AL) benefit from a 75% relief on the income tax levied over the profits obtained from the sale of their production, valid until 2016 and 2019, respectively. The other industrial plants located in the states of BA and AL are currently requesting the renewal of said benefit. The Management of the Company believes it may obtain the renewal of the incentive.

**(b) PRODESIN - ICMS**

The Company has ICMS tax incentives granted by the state of AL, through the state of Alagoas Integrated Development Program - PRODESIN. These incentives are aimed at the implementation and expansion of a plant in that state and are recorded in the account "net sales revenue" in the statement of operations and in the account "taxes" of Note 31. In 2013, the amount of this incentive was R\$50,908 (2012 - R\$32,780).

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



In 2013, the Company determined a credit of R\$229,742 (Note 11 (h)) (2012 - R\$228,052), which is presented in the account “cost of goods sold”, in the statement of operations.

**33 Other operating income (expenses), net**

For the year ended December 31, 2013, the main expenditure under this heading refer to the depreciation and maintenance of paralyzed plants, provision for remedying environmental damage and inventory adjustments, that sum R\$203,207. Additionally, the Company recorded revenues of R\$25,063 due to the reduction in the balance of the installment of Law 11.941/09 (Note 22 (a)).

On December 31, 2013, the main amount is the indemnity received under the supply agreement between Sunoco and Braskem America in the amount of R\$235,962.

## Braskem S.A.

## Notes to the financial statements

Years ended December 31, 2013

All amounts in thousands of reais

## 34 Financial results

|  | Note     | 2013               | Consolidated<br>2012<br>Revised | 2013               | Parent company<br>2012 |
|--|----------|--------------------|---------------------------------|--------------------|------------------------|
|  | 2.1.1(b) |                    |                                 |                    |                        |
| <b>Financial income</b>                        |          |                    |                                 |                    |                        |
| Interest income                                |          | 281,669            | 220,169                         | 253,785            | 193,669                |
| Monetary variations                            |          | 24,117             | 40,599                          | 23,384             | 37,167                 |
| Exchange rate variations                       |          | 333,424            | 219,757                         | 367,666            | 88,079                 |
| Other  |          | 133,928            | 51,403                          | 58,614             | 45,474                 |
|  |          | <b>773,138</b>     | <b>531,928</b>                  | <b>703,449</b>     | <b>364,389</b>         |
| <b>Financial expenses</b>                      |          |                    |                                 |                    |                        |
| Interest expenses                              |          | (1,121,761)        | (973,195)                       | (1,053,756)        | (892,885)              |
| Monetary variations                            |          | (300,310)          | (274,881)                       | (299,132)          | (253,620)              |
| Exchange rate variations                       |          | (78,510)           | (1,898,677)                     | (182,457)          | (1,709,356)            |
| Inflation adjustments on fiscal debts          |          | (173,864)          | (208,186)                       | (100,833)          | (182,053)              |
| Tax expenses on financial operations           |          | (32,884)           | (17,289)                        | (25,555)           | (13,171)               |
| Discounts granted                              |          | (89,495)           | (58,859)                        | (35,229)           | (25,736)               |
| Loans transaction costs -<br>amortization      |          | (6,200)            | (27,221)                        | (501)              | (18,883)               |
| Adjustment to present value -<br>appropriation |          | (592,413)          | (310,525)                       | (347,187)          | (251,791)              |
| Other  |          | (153,674)          | (157,376)                       | (54,315)           | (57,227)               |
|  |          | <b>(2,549,111)</b> | <b>(3,926,209)</b>              | <b>(2,098,965)</b> | <b>(3,404,722)</b>     |
| <b>Total</b>                                   |          | <b>(1,775,973)</b> | <b>(3,394,281)</b>              | <b>(1,395,516)</b> | <b>(3,040,333)</b>     |

|  | Note     | 2013 | Consolidated<br>2012<br>Revised | 2013 | Parent company<br>2012 |
|--|----------|------|---------------------------------|------|------------------------|
|  | 2.1.1(b) |      |                                 |      |                        |

## Interest income

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|                               |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|
| Held for sale                 | 13,416         | 5,023          | 13,416         | 5,023          |
| Loans and receivables         | 102,623        | 139,580        | 109,697        | 138,401        |
| Held-to-maturity              | 31,147         | 17,841         | 27,208         | 17,841         |
|                               | 147,186        | 162,444        | 150,321        | 161,265        |
| Other assets not classifiable | 134,483        | 57,725         | 103,464        | 32,404         |
| <b>Total</b>                  | <b>281,669</b> | <b>220,169</b> | <b>253,785</b> | <b>193,669</b> |

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**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****35 Expenses by nature**

The Company chose to present its expenses by function in the statement of operations. As required by CPC 26 and IAS 1, the breakdown of expenses by nature is presented below:

|  | Note     | 2013                | Consolidated<br>2012<br>Revised | Parent company<br>2013 | 2012                |
|--|----------|---------------------|---------------------------------|------------------------|---------------------|
|  | 2.1.1(b) |                     |                                 |                        |                     |
| <b>Classification by nature:</b>         |          |                     |                                 |                        |                     |
| Raw materials other inputs               |          | (30,515,643)        | (27,812,462)                    | (17,246,854)           | (15,175,241)        |
| Personnel expenses                       |          | (1,953,194)         | (1,772,097)                     | (1,143,557)            | (1,112,486)         |
| Outsourced services                      |          | (1,570,320)         | (1,633,747)                     | (870,530)              | (932,031)           |
| Tax expenses                             |          | (9,847)             | (8,293)                         | (3,624)                | (3,880)             |
| Depreciation, amortization and depletion |          | (2,038,366)         | (1,902,475)                     | (1,302,531)            | (1,193,976)         |
| Freights                                 |          | (1,471,853)         | (1,302,899)                     | (932,645)              | (850,232)           |
| Other expenses                           |          | (667,123)           | (111,229)                       | (200,235)              | 76,119              |
| <b>Total</b>                             |          | <b>(38,226,346)</b> | <b>(34,543,202)</b>             | <b>(21,699,976)</b>    | <b>(19,191,727)</b> |
| <b>Classification by function:</b>       |          |                     |                                 |                        |                     |
| Cost of products sold                    |          | (35,820,761)        | (32,709,068)                    | (20,469,552)           | (18,217,333)        |
| Selling and distribution                 |          | (1,000,749)         | (990,365)                       | (597,341)              | (589,072)           |
| General and administrative               |          | (1,077,934)         | (1,071,029)                     | (669,978)              | (695,828)           |
| Research and development                 |          | (115,812)           | (106,197)                       | (85,806)               | (81,653)            |
| Other operating income (expenses), net   |          | (211,090)           | 333,457                         | 122,701                | 392,159             |
| <b>Total</b>                             |          | <b>(38,226,346)</b> | <b>(34,543,202)</b>             | <b>(21,699,976)</b>    | <b>(19,191,727)</b> |

**36 Segment information**

Management defined the organizational structure of Braskem based on the types of business, the main products, markets and production processes, and identified 5 operating and reportable segments - 4 production segments and one distribution segment. Considering that the assets of Quantiq and IQAG (Note 2.1.1(b)) were not divested, the Chemical Distribution segment once again became a reportable segment on December 31, 2013. The information for 2012 was revised to include this change.

The current operational segments are the following:

- Basic petrochemicals: comprises the activities related to the production of basic petrochemicals and the supply of electric energy, steam and compressed air to second-generation producers located in the Camaçari, Triunfo, SP and RJ petrochemical complexes.
- Polyolefins: comprises the activities related to the production of PE, PP and renewables.
- Vinyls: comprises the activities related to the production of PVC, caustic soda and chloride.
- United States and Europe: operations related to PP production in the United States and Europe.
- Chemical distribution: consists mainly of Quantiq's operations related to the distribution of petroleum-based solvents, intermediate chemicals, special chemicals and pharmacons.

**Braskem S.A.**

**Notes to the financial statements**

**Years ended December 31, 2013**

**All amounts in thousands of reais**

**(a) Presentation, measurement and conciliation of results**

Information by segment is generated in accounting records maintained in accordance with the accounting principles and practices adopted in Brazil, according to CPC pronouncements and IFRS, and which are reflected in the consolidated financial statements.

The eliminations stated in the operating segment information, when compared with the consolidated balances, are represented by sales between segments that are carried out as arm's length sales.

The results of equity investments recognized in the Company's statement of operations are presented in Corporate unit. The operating segments are stated based on the results of operations, which does not include financial results, and current and deferred income tax and social contribution.

The Company does not disclose assets by segment since this information is not presented to its chief decision maker.

**(b) Main clients**

In 2013 and 2012, the Company does not have any revenue arising from transactions with only one client that is equal to or higher than 10% of its total net revenue.

In 2013, the most significant revenue from a single client amounts to approximately 3% of total net revenues of the Company and refers to the basic petrochemical segment.

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



**Braskem S.A.****Notes to the financial statements****Years ended December 31, 2013****All amounts in thousands of reais****(c) Results of operations by segment**

|  | <b>Note</b> | <b>Basic<br/>petrochemicals</b> | <b>Polyolefins</b> | <b>Vinyls</b> | <b>Reporting segments<br/>USA and<br/>Europe</b> | <b>Chemical<br/>distribution</b> | <b>rep<br/>se</b> |
|--|-------------|---------------------------------|--------------------|---------------|--|----------------------------------|-------------------|
| Net sales revenue                          |             | 25,037,780                      | 16,944,709         | 2,581,076     | 6,748,502  | 891,734                          | 52,               |
| Cost of products sold                      |             | (22,561,151)                    | (14,694,326)       | (2,384,543)   | (6,419,523)                                      | (761,136)                        | (46,8             |
| Gross profit                               |             | 2,476,629                       | 2,250,383          | 196,533       | 328,979  | 130,598                          | 5,                |
| Operating expenses                         |             |                                 |                    |               |  |                                  |                   |
| Selling, general and distribution expenses |             | (534,896)                       | (852,680)          | (174,072)     | (282,880)  | (96,673)                         | (1,9              |
| Results from equity investments            |             |                                 |                    |               |  |                                  |                   |
| Other operating income (expenses), net     |             | (67,835)                        | (30,673)           | (11,179)      | (37,621)   | (6,537)                          | (1,               |
|  |             | (602,731)                       | (883,353)          | (185,251)     | (320,501)  | (103,210)                        | (2,0              |
| Operating profit (loss)                    |             | 1,873,898                       | 1,367,030          | 11,282        | 8,478  | 27,388                           | 3,                |

## 2.1.1(b)

|  | <b>Basic<br/>petrochemicals</b> | <b>Polyolefins</b> | <b>Vinyls</b> | <b>Reporting segments<br/>USA and<br/>Europe</b> | <b>Chemical<br/>distribution</b> | <b>rep<br/>se</b> |
|--|---------------------------------|--------------------|---------------|--|----------------------------------|-------------------|
| Net sales revenue                          | 23,603,038                      | 14,456,827         | 2,019,884     | 5,465,180  | 898,786                          | 46,               |
| Cost of products sold                      | (21,793,497)                    | (13,131,842)       | (1,947,749)   | (5,272,065)                                      | (751,013)                        | (42,8             |
| Gross profit                               | 1,809,541                       | 1,324,985          | 72,135        | 193,115  | 147,773                          | 3,                |
| Operating expenses                         |                                 |                    |               |  |                                  |                   |
| Selling, general and distribution expenses | (491,999)                       | (868,410)          | (129,696)     | (243,300)  | (94,796)                         | (1,8              |
| Results from equity investments            |                                 |                    |               |  |                                  |                   |
| Other operating income (expenses), net     | (64,050)                        | (20,012)           | 1,808         | 364,798  | (265)                            |                   |
|  | (556,049)                       | (888,422)          | (127,888)     | 121,498  | (95,061)                         | (1,5              |

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



|                         |           |         |          |         |        |   |
|-------------------------|-----------|---------|----------|---------|--------|---|
| Operating profit (loss) | 1,253,492 | 436,563 | (55,753) | 314,613 | 52,712 | 2 |
|-------------------------|-----------|---------|----------|---------|--------|---|

(i) The other segments, includes the full results of the subsidiary Braskem Idesa.

**Braskem S.A.****Management's notes to the financial statements on December 31, 2013**

Amounts in thousands of Brazilian real, except where stated otherwise

**(d) Net sales revenue by country**

|                      | <b>Note</b> | <b>2013</b>       | <b>2012</b>       |
|----------------------|-------------|-------------------|-------------------|
|                      | 2.1.1       |                   |                   |
|                      | (b)         |                   | <b>Revised</b>    |
| Headquarter - Brazil |             | 23,548,870        | 20,840,355        |
| United States        |             | 7,981,211         | 5,642,946         |
| Singapore            |             | 1,514,216         | 561,669           |
| Argentina            |             | 1,222,729         | 1,195,728         |
| Netherlands          |             | 1,099,945         | 913,208           |
| Mexico               |             | 680,054           | 764,244           |
| United Kingdom       |             | 578,351           | 406,132           |
| Germany              |             | 536,343           | 583,952           |
| Italy                |             | 318,357           | 282,671           |
| Colombia             |             | 299,287           | 219,405           |
| Chile                |             | 282,231           | 224,956           |
| Peru                 |             | 247,427           | 200,952           |
| Uruguay              |             | 243,672           | 263,163           |
| Poland               |             | 221,433           | 232,004           |
| Switzerland          |             | 211,371           | 1,725,665         |
| Japan                |             | 190,729           | 269,672           |
| Spain                |             | 186,354           | 216,405           |
| Bolivia              |             | 154,473           |                   |
| Canada               |             | 145,378           |                   |
| Paraguay             |             | 136,393           |                   |
| France               |             | 117,429           | 136,664           |
| South Korea          |             | 90,531            | 143,036           |
| Venezuela            |             | 90,595            | 152,870           |
| Other                |             | 872,111           | 1,184,628         |
|                      |             | <b>40,969,490</b> | <b>36,160,327</b> |

**(e) Net sales revenue by product**

|  | <b>Note</b> | <b>2013</b> | <b>2012</b>    |
|--|-------------|-------------|----------------|
|  | 2.1.1(b)    |             | <b>Revised</b> |
| (c) Breakdown of equity accounting results |             |             | 266            |

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| PE/PP                             | 23,693,211        | 19,922,007        |
| Benzene, toluene and xylene       | 2,974,235         | 2,727,659         |
| Ethylene, Propylene               | 2,875,381         | 2,502,111         |
| Naphtha, condensate and crude oil | 2,548,457         | 2,019,884         |
| PVC/Caustic Soda/EDC              | 2,240,950         | 2,417,416         |
| ETBE/Gasoline                     | 2,015,749         | 1,751,961         |
| Butadiene                         | 1,194,839         | 1,643,172         |
| Chemical distribution             | 879,801           | 889,190           |
| Cumene                            | 729,999           | 646,286           |
| Solvents                          | 527,083           | 515,130           |
| Other                             | 1,289,785         | 1,125,511         |
|                                   | <b>40,969,490</b> | <b>36,160,327</b> |

**Braskem S.A.****Management's notes to the financial statements on December 31, 2013**

Amounts in thousands of Brazilian real, except where stated otherwise

**(f) Property plant and equipment and intangible assets by country**

|                              | <b>2013</b>       | <b>2012</b>       |
|------------------------------|-------------------|-------------------|
| Headquarter country - Brazil | 21,238,537        | 21,617,382        |
| Mexico                       | 5,684,813         | 1,255,171         |
| USA                          | 1,160,186         | 1,027,372         |
| Germany                      | 241,069           | 217,538           |
| Other                        | 1,573             | 288               |
|                              | <b>28,326,178</b> | <b>24,117,751</b> |

**37 Insurance coverage**

Braskem, according to the policy approved by the Board of Directors, maintains a broad risk and insurance Management program. Specifically in the risk Management area, the risk and procedure assessment practices are applied in all companies, in Brazil and abroad, including the acquisition for the period, following the principles adopted by Braskem.

In April 2013, the entire All Risks program of Braskem was renewed. In addition, in 2012, Braskem Idesa contracted insurance to cover the risks related to the construction of the Ethylene XXI Project.

The All-Risk insurance policies of Braskem, which include all assets in Brazil and abroad, have maximum indemnity limits established based on the amounts of maximum possible loss that are deemed sufficient to cover possible claims in view of the nature of the Company's activities and based on the guidance of its insurance consultants.

The information on the All-Risk policies in effect is presented below:

|   | <b>Maturity</b>    | <b>Effectiveness<br/>(in days)</b> | <b>Maximum indemnity limit<br/>US\$ million</b> | <b>Amount insured<br/>US\$ million</b> |
|---|--------------------|------------------------------------|---|--|
| Braskem (industrial units in<br>Brazil) | April 8, 2014      | 372                                | 2,000   | 24,441                                 |
| Braskem America and Braskem<br>Alemanha | April 8, 2014      | 372                                | 250   | 2,583                                  |
| Braskem Idesa                           | September 30, 2015 | 912                                | 4,148   | 4,148                                  |
| Quantiq                                 | May 30, 2014       | 424                                | 70  | 70                                     |
| <b>Total</b>                            |                    |                                    |   | <b>31,242</b>                          |

Additionally, the Company contracted civil liability, transportation, sundry risk and vehicle insurance. The risk assumptions adopted are not part of the audit scope and, therefore, were not subject to review by our independent accountants.

### **38 Non-cash operations (Statements of cash flow)**

#### **(a) 2013**

Capital increase in DAT (Note 15(b)) realized through transfer of assets.

#### **(b) 2012**

(i) Capital increase of Braskem Distribuidora (Note 1(b)(viii)).

(ii) Divestment of equity interests in Braskem Distribuidora and Cetrel (Note 5), with the stipulated receipt for 2013.

### **39 Subsequent events**

On January 16, 2014, Braskem issued Notes amounting to US\$500 million in bonds, with coupon of 6.45% p.a. and maturing in February 2024. This was the first issue of Bonds by Braskem registered with the U.S. Securities and Exchange Commission (SEC). In February 2014, Braskem used the resources captured to partially settle the Bonds of 2017, 2018 and 2020 (Note 18 (c)).





