

BRASKEM SA
Form 6-K
February 13, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of February, 2015
(Commission File No. 1-14862)

BRASKEM S.A.
(Exact Name as Specified in its Charter)

N/A
(Translation of registrant's name into English)

Rua Eteno, 1561, Polo Petroquimico de Camacari
Camacari, Bahia - CEP 42810-000 Brazil
(Address of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

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

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

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

Yes ☐ No ☒

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

PRESENTATION OF FINANCIAL STATEMENTS

	Page
Management's Report on Internal Controls Over Financial Reporting	
Report of Independent Registered Public Accounting Firm	
Consolidated Balance Sheets as of December 31, 2014 and 2013	1
Consolidated Statement of Operations for the years ended December 31, 2014, 2013 and 2012	3
Consolidated Statement of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012	4
Consolidated Statement of Changes in Equity for the years ended December 31, 2012 and 2013	5
Consolidated Statement of Changes in Equity for the year ended December 31, 2014	6
Consolidated Statement of Cash Flows for the years ended December 31, 2014, 2013 and 2012	7
Notes to the Consolidated Financial Statements	8

(a) Management's report on internal controls over financial reporting

The management of Braskem S.A. ("Braskem" or the "Company"), including the CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting, as defined on article 13a-15 (f) according "Exchange Act" of United States of America.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards - "IFRS" issued by International Accounting Standards Board - "IASB". The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Braskem's management has assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2014 based on the criteria established in Internal Control – "Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" 2013) and, based on such criteria, Braskem's management has concluded that, as of December 31, 2014, the Company's internal control over financial reporting is effective.

(b) Attestation report of the registered public accounting firm.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers Auditores Independentes, an independent registered public accounting firm, as stated in their report which appears herein.

February 12, 2015

By: /s/ Carlos José Fadigas de Souza Filho

Name: Carlos José Fadigas de Souza Filho

Title: Chief Executive Officer

/s/ Mario Augusto da Silva

Name: Mario Augusto da Silva

Title: Chief Financial Officer

Report of Independent Registered

Public Accounting Firm

To the Board of Directors and Shareholders of

Braskem S.A.

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

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those

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

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

Salvador, February 12, 2015

/s/PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" BA

/s/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	2014	2013 Revised
Current assets	2.1		
Cash and cash equivalents	5	3,993,359	4,335,859
Financial investments	6	89,729	86,719
Trade accounts receivable	7	2,692,612	2,810,520
Inventories	8	5,368,146	5,033,593
Taxes recoverable	10	2,129,837	2,237,213
Dividends and interest on capital			150
Prepaid expenses		99,469	62,997
Related parties	9	66,616	124,487
Insurance claims	16.2	33,555	34,101
Other receivables		287,876	233,808
		14,761,199	14,959,447
Non-current assets held for sale	1(a)		37,681
		14,761,199	14,997,128
Non-current assets			
Financial investments	6	42,494	20,779
Trade accounts receivable	7	25,050	61,875
Advances to suppliers	8	68,988	116,714
Taxes recoverable	10	1,045,428	1,285,990
Deferred income tax and social contribution	19	870,206	1,123,313
Judicial deposits		230,945	209,910
Related parties	9	138,501	133,649
Insurance claims		143,932	139,497
Derivatives operations	16.2	39,350	137,345
Other receivables		91,905	141,526
Investments in subsidiaries and jointly-controlled investments	11	120,024	115,385
Other investments		6,511	6,501
Property, plant and equipment	12	29,001,490	25,413,548
Intangible assets	13	2,835,728	2,912,630
		34,660,552	31,818,662

Total assets	49,421,751	46,815,790
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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	2014	2013
	2.1		Revised
Current liabilities			
Trade payables		10,852,410	10,421,687
Borrowings	14	1,418,542	1,248,804
Project finance	15	26,462	25,745
Derivatives operations	16.2	95,626	95,123
Payroll and related charges		533,373	490,816
Taxes payable	17	203,392	445,424
Dividends		215,888	131,799
Advances from customers		99,750	297,403
Sundry provisions	20	88,547	105,856
Post-employment benefits	21	336,357	158,137
Other payables	22	212,945	174,007
		14,083,292	13,594,801
Non-current liabilities			
Borrowings	14	18,918,021	17,353,687
Project finance	15	7,551,033	4,705,661
Derivatives operations	16.2	594,383	396,040
Taxes payable	17	30,699	902,875
Ethylene XXI Project Loan	18	792,188	370,420
Deferred income tax and social contribution	19	603,490	863,405
Post-employment benefits	21	69,176	44,054
Advances from customers		88,402	152,635
Sundry provisions	20	505,677	449,694
Other payables	22	291,040	301,184
		29,444,109	25,539,655
Shareholders' equity	24		
Capital		8,043,222	8,043,222
Capital reserve		232,430	232,430
Revenue reserves		736,180	410,149
Other comprehensive income		(2,924,057)	(1,092,691)
Treasury shares		(48,892)	(48,892)
Total attributable to the Company's shareholders		6,038,883	7,544,218

Non-controlling interest in Braskem Idesa	(144,533)	137,116
	5,894,350	7,681,334
Total liabilities and shareholders' equity	49,421,751	46,815,790

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	2014	2013	2012
Continued operations	26			
Net sales revenue		46,031,389	40,969,490	36,160,327
Cost of products sold		(40,057,341)	(35,820,761)	(32,709,068)
Gross profit		5,974,048	5,148,729	3,451,259
Income (expenses)				
Selling and distribution	30	(1,155,800)	(1,000,749)	(990,365)
General and administrative	30	(1,210,124)	(1,077,934)	(1,071,029)
Research and development	30	(138,441)	(115,812)	(106,197)
Results from equity investments	11(c)	3,929	(3,223)	(25,807)
Other operating income (expenses), net	28	95,596	(211,090)	333,457
Operating profit		3,569,208	2,739,921	1,591,318
Financial results	29			
Financial expenses		(2,745,864)	(2,549,111)	(3,926,209)
Financial income		355,221	773,138	531,928
		(2,390,643)	(1,775,973)	(3,394,281)
Profit (loss) before income tax and social contribution		1,178,565	963,948	(1,802,963)
Current and deferred income tax and social contribution	19	(452,264)	(456,910)	783,111
		(452,264)	(456,910)	783,111
Profit (loss) for the period of continued operations		726,301	507,038	(1,019,852)
Discontinued operations results				
Profit from discontinued operations				424,860
Current and deferred income tax and social contribution				(143,313)
				281,547
Profit (loss) for the year		726,301	507,038	(738,305)

Attributable to:

Company's shareholders	864,064	509,697	(731,143)
Non-controlling interest in Braskem Idesa	(137,763)	(2,659)	(7,162)
Profit (loss) for the year	726,301	507,038	(738,305)

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

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

	Note	2014	2013	2012
Profit (loss) for the year		726,301	507,038	(738,305)
Other comprehensive income or loss:				
Items that will be reclassified subsequently to profit or loss				
Fair value of cash flow hedge		(352,700)	(127,520)	16,238
Income tax and social contribution		116,532	40,120	(5,522)
		(236,168)	(87,400)	10,716
Exchange variation of foreign sales hedge	16.2.1(b.ii)	(2,775,852)	(2,303,540)	
Income tax and social contribution		917,518	783,204	
		(1,858,334)	(1,520,336)	
Foreign currency translation adjustment		147,453	221,270	78,780
Total		(1,947,049)	(1,386,466)	89,496
Items that will not be reclassified to profit or loss				
Defined benefit plan actuarial (loss) gain			169	(18,204)
Income tax and social contribution				6,388
Total			169	(11,816)
		(1,947,049)	(1,386,297)	77,680
Total comprehensive income (loss) for the year		(1,220,748)	(879,259)	(660,625)
Attributable to:				
Company's shareholders - continued operations		(939,099)	(890,241)	(952,128)
Company's shareholders - discontinued operations				281,547
Non-controlling interest in Braskem Idesa		(281,649)	10,982	9,956
Total comprehensive income (loss) for the year		(1,220,748)	(879,259)	(660,625)

			Basic and diluted	
	Note	2014	2013	2012
Profit (loss) per share attributable to the shareholders of the Company				
of continued operations at the end of the year (R\$)				
Earnings per share - common	25	1.0857	0.6403	(1.2718)
Earnings per share - preferred shares class "A"		1.0857	0.6403	(1.2718)
Earnings per share - preferred shares class "B"		0.6062	0.6062	
Profit (loss) per share attributable to the shareholders of the Company				
of discontinued operations at the end of the year (R\$)				
Earnings per share - common				0.3536
Earnings per share - preferred shares class "A"				0.3536
Profit (loss) per share attributable to the shareholders of the Company				
at the end of the year (R\$)				
Earnings per share - common		1.0857	0.6403	(0.9182)
Earnings per share - preferred shares class "A"		1.0857	0.6403	(0.9182)
Earnings per share - preferred shares class "B"		0.6062	0.6062	

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

Braskem S.A.**Statement of changes in equity**

All amounts in thousands of reais

							Revenue reserves			Att
	Note	Capital	Capital reserve	Legal reserve	Tax incentives	Unrealized profit reserve	Retained earnings	Additional dividends proposed	Other comprehensive income	Treas sha
At December 31, 2011		8,043,222	845,998	87,710	4,547	16,457		482,593	315,586	(60,2
Comprehensive income for the year:										
Loss for the year										
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 post-employment									(11,816)	

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 in Braskem Idesa							
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							(36,6
Cancellation of shares	(48,019)						48,
Absorption of losses		(87,710)	(4,547)	(16,457)			
	(48,019)	(87,710)	(4,547)	(16,457)	(482,593)	(10,549)	11,
At December 31, 2012	8,043,222	797,979				337,411	(48,8
Comprehensive income for the year:							
Profit for the year							
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 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 taxes						169	
						(28,034)	
Contributions and distributions to shareholders:							
Absorption of losses	(565,549)						
Capital loss from non-controlling interest in Braskem Idesa							
Loss on interest in subsidiary						(1,961)	
Legal reserve			26,895				
Mandatory minimum dividends							
Additional dividends proposed						354,842	
Retained 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)	(48,842)

Braskem S.A.

Statement of changes in equity

All amounts in thousands of reais

Continued

Att

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Contributions and
distributions to
shareholders:

Prescribed
dividends

Additional
dividends

approved by the

General Meeting 24(e.1)

(354,842)

Legal reserve 24(e.1)

44,647

Mandatory
minimum

dividends 24(e.1)

Additional
dividends

proposed 24(e.1)

270,517

Retained earnings 24(e.1)

365,709

44,647

365,709

(84,325)

**At December 31,
2014**

8,043,222 232,430 71,542

394,121

270,517

(2,924,057) (48,8

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	2014	2013	2012
Profit (loss) before income tax and social contribution and after of discontinued operations results		1,178,565	963,948	(1,378,103)
Adjustments for reconciliation of profit (loss)				
Depreciation, amortization and depletion		2,056,362	2,056,088	1,924,265
Results from equity investments	11(c)	(3,929)	3,223	25,807
Interest and monetary and exchange variations, net		2,183,896	1,341,770	2,442,973
Gain from divestment in subsidiary	28	(277,338)		
Other		9,805	9,175	294,199
		5,147,361	4,374,204	3,309,141
Changes in operating working capital				
Held-for-trading financial investments		(19,057)	97,693	16,716
Trade accounts receivable		144,087	(492,851)	(625,130)
Inventories		(270,351)	(927,435)	(566,025)
Taxes recoverable		486,082	(448,378)	(458,763)
Prepaid expenses		(36,472)	(8,915)	49,707
Other receivables		27,832	(27,019)	(529,103)
Trade payables		(419,476)	742,649	2,165,530
Taxes payable		(539,262)	(127,443)	(430,789)
Advances from customers		(261,886)	6,344	206,044
Sundry provisions		38,674	139,858	94,382
Other payables		677,071	307,603	384,224
Cash from operations		4,974,603	3,636,310	3,615,934
Interest paid		(1,044,593)	(1,123,691)	(1,006,840)
Income tax and social contribution paid		(138,144)	(54,828)	(37,283)
Net cash generated by operating activities		3,791,866	2,457,791	2,571,811
Proceeds from the sale of fixed assets		10,646	2,576	115,846
Proceeds from the sale of investments	1(a)	315,000	689,868	

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Cash effect of discontinued operations			9,985	(141,348)
Acquisitions of investments in subsidiaries and associates			(55)	(86)
Acquisitions to property, plant and equipment	12(a)	(5,301,778)	(5,656,440)	(2,792,853)
Acquisitions of intangible assets	13	(30,269)	(25,748)	(15,734)
Held-for-maturity financial investments		29,380	25,645	(218)
Net cash used in investing activities		(4,977,076)	(4,954,200)	(2,834,307)
Short-term and long-term debt				
Obtained borrowings		6,174,678	6,317,022	6,665,938
Payment of borrowings		(6,692,638)	(7,300,718)	(5,493,015)
Project finance	15			
Obtained funds		1,894,507	4,562,343	
Dividends paid		(482,147)	(35)	(482,051)
Non-controlling interests in Braskem Idesa			35,628	(20,295)
Repurchase of treasury shares				(36,694)
Net cash provided by financing activities		894,400	3,614,240	633,883
Exchange variation on cash of foreign subsidiaries		(51,690)	(69,594)	(36,037)
Increase (decrease) in cash and cash equivalents		(342,500)	1,048,237	335,350
Represented by				
Cash and cash equivalents at the beginning for the year		4,335,859	3,287,622	2,952,272
Cash and cash equivalents at the end for the year		3,993,359	4,335,859	3,287,622
Increase (decrease) in cash and cash equivalents		(342,500)	1,048,237	335,350

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

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

1 Operations

Braskem S.A. together with its subsidiaries (hereinafter “Braskem” or “Company”) is a public company headquartered in Camaçari, Bahia (“BA”), which jointly with its subsidiaries, 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”), five are located in the United States, in the states of Pennsylvania, Texas and West Virginia and two are located in Germany, in the cities Wesseling and Schkopau. These units produce thermoplastic resins – polyethylene (“PE”), polypropylene (“PP”) and polyvinyl chloride (“PVC”), as well as basic petrochemicals.

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 11, 2015.

(a) Significant corporate and operating events impacting these financial statements

On December 31, 2013, the Company entered into a share sales agreement with Odebrecht Ambiental (“OA”), through which it sold its interest in the subsidiary Distribuidora de Águas Triunfo S.A. (“DAT”) for R\$315 million, which were received over the course of the second quarter of 2014. The assets of DAT were shown in the balance sheet of December 31, 2013 as “non-current assets held for sale.” The sale price agreed upon by the parties was evaluated by a specialized company, which issued a favorable opinion of the price.

On February 3, 2014, the Extraordinary Shareholders' Meeting of DAT approved the change in its management and consequently the transfer of the management of the operations from Braskem to OA, upon the recognition of a gain of R\$277,338 (Note 28).

(b) Solvay Indupa

On December 17, 2013, the 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"), 70.59% of the total and voting capital of Solvay Indupa S.A.I.C. ("Solvay Indupa"). On November 12, Brazil's antitrust agency Conselho Administrativo de Defesa Econômica ("CADE") rejected the transaction.

(c) Naphtha agreement with Petrobras

On August 29, 2014, Braskem and Petrobras executed a new amendment to the naphtha supply agreement dated July 24, 2009. The amendment is valid through February 2015 and maintained the formula for determining the naphtha price provided for in said agreement. The amendment also established that if a new price formula is adopted in a new agreement, it would be applied to the purchases made during the period in which the amendment was valid. As of the date on which the issue of these financial statements was authorized, Braskem and Petrobras had not concluded their negotiations of a new agreement.

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

2 Summary of significant accounting policies

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

2.1 Basis of preparation and presentation of the financial statements

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

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

The Company started to include in its balance sheet the net value, per legal entity, of the amounts related to deferred income and social contribution tax assets and liabilities on its profit, due to due legal right of each entity to offset these amounts. The balance sheet at December 31, 2013 was revised to reflect such adjustment, as shown below:

		2013	
Balance sheet		Published	Revised effects Revised
Assets			
	Current	14,997,128	14,997,128
	Non-current		

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Deferred income tax and social contribution	2,653,606	(1,530,293)	1,123,313
Other non-current assets	30,695,349		30,695,349
	33,348,955	(1,530,293)	31,818,662
Total assets	48,346,083	(1,530,293)	46,815,790
Liabilities and equity			
Current	13,594,801		13,594,801
Non-current			
Deferred income tax and social contribution	2,393,698	(1,530,293)	863,405
Other liabilities	24,676,250		24,676,250
	27,069,948	(1,530,293)	25,539,655
Equity	7,681,334		7,681,334
Total liabilities and equity	48,346,083	(1,530,293)	46,815,790

Braskem S.A.**Management notes to the financial statements****at December 31, 2014****All amounts in thousands of reais, except as otherwise stated****2.1.1 Consolidated financial statements**

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

(a) Consolidation

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

		Total interest - %		
	Headquarters	2014	2013	2012
Direct and Indirect subsidiaries				
Alclor Química de Alagoas Ltda ("Alclor")	Brazil	100.00	100.00	100.00
Braskem America Finance Company ("Braskem America Finance")	USA	100.00	100.00	100.00
Braskem America, Inc. (“Braskem America”)	USA	100.00	100.00	100.00
Braskem Argentina S.A. (“Braskem Argentina”)	Argentina	100.00	100.00	100.00
Braskem International GmbH ("Braskem Austria")	Austria	100.00	100.00	100.00
Braskem Austria Finance GmbH ("Braskem Austria Finance")	Austria	100.00	100.00	100.00
Braskem Chile Ltda. ("Braskem Chile")	Chile	100.00	100.00	100.00
Braskem Europe GmbH ("Braskem Alemanha")	Germany	100.00	100.00	100.00
Braskem Finance Limited (“Braskem Finance”)	Cayman Islands	100.00	100.00	100.00
Braskem Idesa S.A.P.I ("Braskem Idesa")	Mexico	75.00	75.00	75.00

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Braskem Idesa Servicios S.A. de CV ("Braskem Idesa Serviços")	Mexico	75.00	75.00	75.00
Braskem Importação e Exportação Ltda. ("Braskem Importação")	Brazil	100.00	100.00	100.00
Braskem Incorporated Limited ("Braskem Inc")	Cayman Islands	100.00	100.00	100.00
Braskem Mexico, S. de RL de CV ("Braskem México")	Mexico	100.00	100.00	100.00
Braskem Mexico Servicios S. RL de CV ("Braskem México Serviços")	Mexico	100.00	100.00	
Braskem Netherlands B.V ("Braskem Holanda")	Netherlands	100.00	100.00	100.00
Braskem Participações S.A. ("Braskem Participações")	Brazil	100.00	100.00	100.00
Braskem Petroquímica Chile Ltda. ("Petroquímica Chile")	Chile	100.00	100.00	100.00
Braskem Petroquímica Ibérica, S.L. ("Braskem Espanha")	Spain	100.00	100.00	100.00
Braskem Petroquímica Ltda ("Braskem Petroquímica")	Brazil	100.00	100.00	100.00
Braskem Qpar S.A.	(i) Brazil		100.00	100.00
Common Industries LTD. ("Common")	(ii) Uruguay		100.00	100.00
DAT	(iii) Brazil		100.00	
IQ Soluções e Química S.A. ("Quantiq")	Brazil	100.00	100.00	100.00
IQAG Armazéns Gerais Ltda ("IQAG")	Brazil	100.00	100.00	100.00
Lantana Trading Co. Inc. ("Lantana")	Bahamas	100.00	100.00	100.00
Norfolk Trading S.A. ("Norfolk")	Uruguay	100.00	100.00	100.00
Politeno Empreendimentos Ltda. ("Politeno Empreendimentos")	Brazil	100.00	100.00	100.00
Rio Polímeros S.A. ("Riopol")	Brazil			100.00
Specific Purpose Entity ("SPE")				
Fundo de Investimento Multimercado Crédito Privado Sol ("FIM Sol")	Brazil	100.00	100.00	100.00

- (i) Merged into the parent company in December 2014 (Note 1(a.ii)).
- (ii) Dissolved in September 2014.
- (iii) Divested in 2014 (Note 1(a.i)).

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

(a.i) Foreign currency translation

(a) Functional and presentation currency

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

(b) Functional currency other than the Brazilian real

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

	Functional currency
Subsidiaries	
Braskem Alemanha, Braskem Austria e Braskem Austria Finance	Euro
Braskem America e Braskem America Finance	U.S.dollar
Braskem Idesa , Braskem Idesa Serviços, Braskem México e Braskem México Serviços	Mexican peso
Jointly-controlled investments	
Propileno Del Sur S.A. ("Propilsur")	U.S.dollar

The other subsidiaries adopt the Brazilian real as functional currency.

(c) Exchange variation effects

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

	End of period rate at December 31			Average rate		
	2014	2013	Variation	2014	2013	Variation
U.S. dollar - Brazilian real	2.6562	2.3426	13.39%	2.3547	2.1605	8.99%
U.S. dollar - Mexican peso	14.7180	13.1005	12.35%	13.3113	12.7692	4.24%
U.S. dollar - Euro	0.8231	0.7261	13.37%	0.7545	0.7532	0.17%

2.2 New or revised pronouncements with first-time adoption in 2014

IFRS 10, IFRS 12 and IAS 27 – "Investment Entities" – Braskem does not have this type of investment.

IFRS 8 – "Segment Information" – in December 2013, the International Accounting Standards Board (IASB) issued a review that introduced two changes, namely: aggregations of operating segments and reconciliation of total reportable assets with the total assets of the Company. The adoption of these changes to the rule did not have any impact on these financial statements.

IFRS 13 – "Fair value measurement" – in December 2013, a revision of this rule was issued that removed the paragraph addressing the measurement of short-term assets and liabilities without embedded interest rates reported by the invoiced amounts. The adoption did not have any impact on these financial statements.

IAS 24 – "Related parties" – in December 2013, as part of the review, the IASB revised the definition and the requirements for the disclosure of key managers. The adoption did not have any impact on these financial statements.

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

IAS 38 – “Intangible assets” – in December 2013, the IASB issued a review clarifying the accumulated amortization at the date of a revaluation. This change is not applicable to Braskem.

IAS 32 – “Financial Instruments: Presentation” – in December 2011, the IASB issued a review providing further clarification to the application guidance in IAS 32 on the requirement to offset financial assets and liabilities in the balance sheet. The adoption did not have any impact on these financial statements.

IFRIC 21 – “Levies” – in May 2013, the IASB issued an interpretation regarding the fees and taxes charged by public authorities on entities that operate in a specific market. The adoption of this rule did not have any impact on these financial statements.

2.3 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:

IAS 16 and IAS 38 – “Property, plant and equipment” and “Intangible assets” – in May 2014, said accounting rules were revised to clarify the prohibition of the use of revenue-based methods for depreciation or amortization. The Company conducted an evaluation of the changes, which did not have any impacts on the financial statements.

IFRS 10 and IAS 28 – “Consolidated financial statements” and “Investments in Associates, Subsidiaries and Jointly Controlled Entities” – in September 2014, a revision was issued proposing that gains or losses resulting from the sale or contribution of a subsidiary that does not constitute a business, as defined in IFRS 3, between an investor and its subsidiary or jointly-controlled company is recognized only in the share of the unrelated investors in the subsidiary or jointly-controlled companies.

IFRS 7 – “Financial Instruments: Disclosures” – in September 2014, the IASB revised rule IFRS 7, which adds additional guidance for servicing contracts to decide when said contract represents continuing involvement and that the additional disclosure requirements are not specifically for interim periods.

IFRS 9 – “Financial instruments” – in July 2014, a review of the rule introduced the classification and measurement, impairment and hedge accounting in a single document, following a single measurement and classification logic, reflecting a business model in which these are managed and the characteristics of cash flows. The concept of provisioning for losses based on future expectations recognition of the impairment of financial assets, will be at a more opportune moment.

IFRS 15 – “Revenue from contracts with customers” – in May 2014, the accounting standard for the recognition of revenue from contracts with customers was issued. The Company conducted an evaluation of the standard, believes that this did not have any impacts on the financial statements.

3 Application of critical estimates and judgments

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

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

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

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

3.1 Deferred income tax and social contribution

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

3.2 Fair value of derivative and non-derivative financial instruments

The Company evaluates the derivative financial instruments at their fair value and the main sources of information are the stock exchanges, commodities and futures markets, disclosures of the Central Bank of Brazil and quotation services like Bloomberg and Reuters. Nevertheless, the high volatility of the foreign exchange and interest rate markets in Brazil 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 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. This analysis indicated that the useful lives applied in 2014 should be maintained in 2015.

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

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

Braskem S.A.**Management notes to the financial statements****at December 31, 2014****All amounts in thousands of reais, except as otherwise stated**

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

	2014	(%) 2013
Buildings and improvements	3.38	3.42
Machinery, equipment and installations	7.29	7.23
Mines and wells	8.83	8.96
Furniture and fixtures	10.82	10.28
IT equipment	20.15	21.21
Lab equipment	9.59	9.30
Security equipment	9.79	9.83
Vehicles	19.91	20.02
Other	18.19	15.86

3.4 Impairment test and analysis**(a) Tangible and intangible assets with defined useful lives**

On the balance sheet date, the Company makes an analysis to determine if there is indicators that the accounting balance of long-lived tangible assets and intangible assets with defined useful lives may not be recoverable. This analysis is conducted to assess the likelihood of scenarios that could adversely affect its cash flow and the recovering on the invested assets. The scenarios arise from issues of a macroeconomic, legal, competitive or technological nature.

Some significant aspects of this analysis include: (i) the possibility of an oversupply of products manufactured by the Company or of a significant reduction in demand due to adverse economic factors; (ii) the prospects of material fluctuations in the prices of products and inputs; (iii) the likelihood of the development of new technologies or raw materials that could materially reduce production costs and consequently impact sales prices, ultimately leading to the

obsolescence of the industrial facilities of the Company; and (iv) changes in the general regulatory environment that make the production process of Braskem infeasible or that significantly impact the sale of its products. For this analysis, the Company maintains an in-house team with a more strategic vision of the business and also remains in permanent contact with a team of external consultants. If the aforementioned variables indicate significant risks to cash flows, the Management of Braskem conducts impairment tests in accordance with Note 3.4(b).

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

Basic petrochemicals operating segment:

- CGU UNIB Bahia: represented by assets of the basic petrochemicals plants located in the state of Bahia;
- CGU UNIB South: represented by assets of the basic petrochemicals plants located in the state of Rio Grande do Sul;
- CGU UNIB Southeast: represented by assets of the basic petrochemicals plants located in the states of Rio de Janeiro and São Paulo;

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

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;

USA and Europe operating segment:

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

Chemical Distribution operating segment:

- represented by assets of the subsidiaries Quantiq and IQAG.

(b) Intangible assets with indefinite useful lives

The balances of goodwill from future profitability arising from business combinations and intangible assets with indefinite useful lives are tested for impairment once a year. These tests are based on the projected cash generation for a five-year period, which are extracted from the business plan of the Company and cited in Note 3.1. In addition to cash flow is also used discount rate based on the weighted average cost of capital (“WACC”). This rate, adjusted for inflation, is the rate to perpetuity, without real growth.

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

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

3.5 Provisions and contingent liabilities

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

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

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

- (i) labor claims – the amount of the provision corresponds to the amount to be disbursed as estimated by the Company’s legal counsels;

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

(ii) tax claims - the amount of the provision corresponds to the value of the matter plus charges corresponding to the variation in the Selic rate; and

(iii) other claims – the amount of the provision corresponds to the value of the matter.

Possible loss – these are proceedings for which the possibility of loss is greater than remote. The loss may occur, however, the elements available are not sufficient or clear to allow for a conclusion on whether the trend is for a loss or a gain. In percentage terms, the probability of loss is between 25% and 50%. For these claims, except for the cases of business combinations, the Company does not recognize a provision and mentions the most significant ones in a note to the financial statements (Note 23). In business combination transactions, in accordance with the provision in IFRS 3, the Company records the fair value of the claims based on the assessment of loss (Note 20). The amount of the provision corresponds to the value of the matter, plus charges corresponding to the variation in the Selic rate, multiplied by the probability of loss, as determined by our external counsels.

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

3.6 Hedge accounting

The Company designated foreign-denominated liabilities (financing and trade accounts payable) to hedge future exports. The transaction involves two main critical estimates and judgments: sales and the refinancing, rollover or

substitution of the designated liabilities. In the case of exports, these are provided for in the business plan of the Company (Note 3.1), since constitute part of its strategy and are inherent to its business. This is confirmed by the historical data series for exports. In the case of liabilities, the Company imports around 30% of the naphtha it consumes and has in the export market a permanent source for financing its projects to expand and maintain its production capacity. The maintenance of a minimum level of net liabilities in U.S. dollar is provided for in the Financial Policy of the Company.

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

4 Risk management

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

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

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

4.1 Market risks

Braskem prepares a sensitivity analysis for foreign exchange rate and interest rate risks to which it is exposed, which is presented in Note 16.4.

(a) Exposure to commodity risks

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

(b) Exposure to foreign exchange risk

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

On December 31, 2014, Braskem prepared sensitivity analyses for exposures to the risk of fluctuation in U.S. dollar, as informed in Note 16.4.

(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 16.2.1) 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, 2014, Braskem prepared a sensitivity analysis for the exposure to the floating interest rates Libor, CDI and TJLP, as informed in Notes 16.4(b.1) and (b.2).

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

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, 2014, 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 31% of the amounts held in cash and cash equivalents (Note 5) and financial investments (Note 6) are contemplated by these agreements, whose related liabilities are accounted for under “borrowings” (Note 14). The effective netting of these amounts is possible only in the event of default by one of the parties.

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

The maximum exposure to credit risk of non-derivative financial instruments on the reporting date is the sum of their carrying amounts less any provisions for impairment losses. On December 31, 2014, the balance of trade accounts receivable was net of allowance for doubtful accounts of R\$322,831 (R\$282,753 in 2013) (Note 7).

4.3 Liquidity risk

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

Braskem has two revolving credit lines for the purpose of managing liquidity risks, which may be used without restrictions in the amounts of: (i) US\$750 million for a period of five years as from December 2014; and (ii) US\$500 million for a period of three years as from September 2014. These credit facilities enable Braskem to reduce the amount of cash it holds. As of December 31, 2014, none of these credit lines had been used.

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

		Maturity				
	Note	Until one year	Between one and two years	Between two and five years	More than five years	Total
Trade payables		11,038,788				11,038,788
Borrowings		1,495,374	3,365,142	5,432,193	22,685,686	32,978,395
Project finance		40,949	668,275	1,342,785	9,514,958	11,566,967
Derivatives		95,626	(39,219)	633,602		690,009
Ethylene XXI Project Loan					792,188	792,188
Other payables	(i)	44,545	252,424			296,969
At December 31, 2014		12,715,282	4,246,622	7,408,580	32,992,832	57,363,316

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

Braskem S.A.

Management notes to the financial statements

at December 31, 2014

All amounts in thousands of reais, except as otherwise stated

4.4 Capital management

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

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

5 Cash and cash equivalents

	2014	2013
Cash and banks (i)	227,237	987,824