

Alpek, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Financial Position

At June 30, 2017 and December 31, 2016

In millions of Mexican pesos

Asset	<u>At June 30,</u> <u>2017</u> <u>(Unaudited)</u>	<u>At December 31,</u> <u>2016</u> <u>(Audited)</u>
CURRENT ASSET:		
Cash and cash equivalents	Ps 2,675	Ps 2,935
Restricted cash and cash equivalents	691	2
Trade and other receivables, net	14,932	15,918
Inventories	13,105	14,853
Derivative financial instruments	8	56
Prepayments	319	457
Total current asset	<u>31,730</u>	<u>34,221</u>
NON-CURRENT ASSET:		
Property, plant and equipment, net	37,375	40,699
Goodwill and intangible assets, net	10,276	11,875
Deferred income taxes	376	433
Prepayments	1,357	1,570
Other assets	2,972	2,702
Total non-current asset	<u>52,356</u>	<u>57,279</u>
Total asset	<u>Ps 84,086</u>	<u>Ps 91,500</u>
<u>Liability and Stockholders' equity</u>		
CURRENT LIABILITY:		
Debt	Ps 4,218	Ps 2,787
Suppliers and other accounts payable	15,906	15,492
Derivative financial instruments	311	71
Income tax payable	496	694
Provisions	261	363
Total current liability	<u>21,192</u>	<u>19,407</u>
NON-CURRENT LIABILITY:		
Debt	17,973	21,551
Derivative financial instruments	505	646
Provisions	140	7
Deferred income taxes	5,022	5,883
Income tax payable	554	553
Employee benefits	1,089	1,227
Other liabilities	410	504
Total non-current liability	<u>25,693</u>	<u>30,371</u>
Total liability	<u>46,885</u>	<u>49,778</u>
STOCKHOLDERS' EQUITY		
Controlling interest:		
Capital stock	6,048	6,048
Share premium	9,071	9,071
Retained earnings	12,087	11,292
Other reserves	5,829	10,662
Total controlling interest	33,035	37,073
Non-controlling interest	4,166	4,649
Total stockholders' equity	<u>37,201</u>	<u>41,722</u>
Total liability and stockholders' equity	<u>Ps 84,086</u>	<u>Ps 91,500</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Income
For the six and three months ended June 30, 2017 and 2016

In millions of Mexican pesos

	<u>Unaudited</u>			
	Six months ended June 30, <u>2017</u>	Six months ended June 30, <u>2016</u>	Three months ended June 30, <u>2017</u>	Three months ended June 30 <u>2016</u>
Revenue	Ps 50,614	Ps 43,633	Ps 24,275	Ps 22,341
Cost of sales	<u>(45,524)</u>	<u>(36,278)</u>	<u>(22,698)</u>	<u>(18,321)</u>
Gross profit	5,090	7,355	1,577	4,020
Selling expenses	(886)	(795)	(434)	(417)
Administrative expenses	(1,060)	(984)	(511)	(471)
Other income, net	<u>295</u>	<u>52</u>	<u>272</u>	<u>12</u>
Operating profit	<u>3,439</u>	<u>5,628</u>	<u>904</u>	<u>3,144</u>
Finance income	909	179	226	44
Finance cost	<u>(711)</u>	<u>(1,443)</u>	<u>(345)</u>	<u>(1,018)</u>
Finance cost, net	<u>198</u>	<u>(1,264)</u>	<u>(119)</u>	<u>(974)</u>
Share of losses of associates accounted for by the equity method	<u>(5)</u>	<u>(5)</u>	<u>(3)</u>	<u>-</u>
Profit before income taxes	3,632	4,359	782	2,170
Income taxes	<u>(782)</u>	<u>(1,221)</u>	<u>(89)</u>	<u>(904)</u>
Net consolidated profit	<u>Ps 2,850</u>	<u>Ps 3,138</u>	<u>Ps 693</u>	<u>Ps 1,266</u>
Profit attributable to:				
Controlling interest	Ps 2,221	Ps 2,149	Ps 452	Ps 867
Non-controlling interest	<u>629</u>	<u>989</u>	<u>241</u>	<u>399</u>
	<u>Ps 2,850</u>	<u>Ps 3,138</u>	<u>Ps 693</u>	<u>Ps 1,266</u>
Basic and diluted earnings per share in pesos	<u>Ps 1.05</u>	<u>Ps 1.01</u>	<u>Ps 0.21</u>	<u>Ps 0.41</u>
Weighted average of outstanding shares (in millions of shares)	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2017 and 2016

In millions of Mexican pesos

	Unaudited	
	2017	2016
<u>Cash flows from operating activities</u>		
Profit before income taxes	Ps 3,632	Ps 4,359
Depreciation and amortization	1,320	1,212
Impairment of property, plant and equipment	5	1
Allowance for doubtful receivables	6	(3)
Loss on sale of property, plant and equipment	-	2
Share of losses of associates accounted for by the equity method	5	5
Finance cost, net	(378)	1,188
Loss (gain) on changes in the fair value of derivative financial instruments	6	(32)
Gain from a business acquisition	(238)	(36)
Employees' profit sharing and provisions	(71)	(198)
Subtotal	<u>4,287</u>	<u>6,498</u>
Increase in trade receivables	(783)	(915)
(Increase) decrease in accounts receivable from related parties	(821)	304
Decrease (increase) in other accounts receivable	17	(277)
Decrease (increase) in inventories	691	(536)
Increase (decrease) in accounts payable	1,980	(516)
Increase (decrease) in accounts payable to related parties	984	(158)
Employees' profit sharing paid	(5)	(7)
Income tax paid	<u>(1,146)</u>	<u>(2,131)</u>
Net cash flows generated from operating activities	<u>5,204</u>	<u>2,262</u>
<u>Cash flows from investing activities</u>		
Interest received	55	118
Acquisition of property, plant and equipment	(2,730)	(1,191)
Acquisition of intangible assets	(7)	(1,261)
Business acquisitions, net of cash acquired	-	(63)
Investment in associates	(19)	(72)
Derivative financial instruments	(17)	188
Proceeds from loans to related parties	15	1,120
Restricted cash	(738)	-
Notes receivables	<u>(598)</u>	<u>(3)</u>
Net cash flows used in investing activities	<u>(4,039)</u>	<u>(1,164)</u>
<u>Cash flows from financing activities</u>		
Proceeds from debt	4,094	2,033
Payments of debt	(2,708)	(2,091)
Interest paid	(618)	(614)
Dividends paid by Alpek, S. A. B. de C. V.	(1,395)	(1,959)
Dividends paid to the non-controlling interest	(484)	(1,669)
Proceeds from related parties	-	2
Repurchase of shares	<u>-</u>	<u>(5)</u>
Net cash flows used in financing activities	<u>(1,111)</u>	<u>(4,303)</u>
Increase (decrease) in cash and cash equivalents	54	(3,205)
Exchange rate fluctuations on cash and cash equivalents	(314)	411
Cash and cash equivalents at beginning of the period	<u>2,935</u>	<u>6,650</u>
Cash and cash equivalents at end of the period	<u>Ps 2,675</u>	<u>Ps 3,856</u>

