

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

Consolidated Statements of Financial Position

At September 30, 2017 and December 31, 2016

In millions of Mexican pesos

	<u>At September 30,</u> <u>2017</u> <u>(Unaudited)</u>	<u>At December 31,</u> <u>2016</u> <u>(Audited)</u>
<u>Asset</u>		
CURRENT ASSET:		
Cash and cash equivalents	Ps 7,427	Ps 2,935
Restricted cash and cash equivalents	704	2
Trade and other receivables, net	14,048	15,918
Inventories	13,204	14,853
Derivative financial instruments	75	56
Prepayments	478	457
Total current asset	<u>35,936</u>	<u>34,221</u>
NON-CURRENT ASSET:		
Property, plant and equipment, net	38,518	40,699
Goodwill and intangible assets, net	3,845	11,875
Deferred income taxes	3,318	433
Prepayments	22	1,570
Other assets	1,392	2,702
Total non-current asset	<u>47,095</u>	<u>57,279</u>
Total asset	<u>Ps 83,031</u>	<u>Ps 91,500</u>
<u>Liability and Stockholders' equity</u>		
CURRENT LIABILITY:		
Debt	Ps 6,910	Ps 2,787
Suppliers and other accounts payable	15,914	15,492
Derivative financial instruments	166	71
Income tax payable	559	694
Provisions	239	363
Total current liability	<u>23,788</u>	<u>19,407</u>
NON-CURRENT LIABILITY:		
Debt	22,818	21,551
Derivative financial instruments	443	646
Provisions	139	7
Deferred income taxes	4,136	5,883
Income tax payable	563	553
Employee benefits	1,118	1,227
Other liabilities	404	504
Total non-current liability	<u>29,621</u>	<u>30,371</u>
Total liability	<u>53,409</u>	<u>49,778</u>
STOCKHOLDERS' EQUITY		
Controlling interest:		
Capital stock	6,048	6,048
Share premium	9,071	9,071
Retained earnings	3,685	11,292
Other reserves	6,468	10,662
Total controlling interest	25,272	37,073
Non-controlling interest	4,350	4,649
Total stockholders' equity	<u>29,622</u>	<u>41,722</u>
Total liability and stockholders' equity	<u>Ps 83,031</u>	<u>Ps 91,500</u>

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

Consolidated Statements of Income

For the nine and three months ended September 30, 2017 and 2016

In millions of Mexican pesos

	<u>Unaudited</u>			
	Nine months ended September 30, <u>2017</u>	Nine months ended September 30, <u>2016</u>	Three months ended September 30, <u>2017</u>	Three months ended September 30 <u>2016</u>
Revenue	Ps 73,988	Ps 66,764	Ps 23,374	Ps 23,132
Cost of sales	<u>(66,657)</u>	<u>(56,328)</u>	<u>(21,133)</u>	<u>(20,050)</u>
Gross profit	7,331	10,436	2,241	3,082
Selling expenses	(1,320)	(1,182)	(434)	(387)
Administrative expenses	(1,511)	(1,508)	(452)	(524)
Other income, net	<u>324</u>	<u>173</u>	<u>30</u>	<u>121</u>
Operating profit before non-recurring items	4,824	7,919	1,385	2,292
Non-recurring items				
Provision for A/R impairment	(2,017)	-	(2,017)	-
Intangible asset impairment	<u>(7,745)</u>	<u>-</u>	<u>(7,745)</u>	<u>-</u>
Total Non-recurring items	<u>(9,762)</u>	<u>-</u>	<u>(9,762)</u>	<u>-</u>
Operating profit (loss)	<u>(4,938)</u>	<u>7,919</u>	<u>(8,377)</u>	<u>2,292</u>
Finance income	622	218	(287)	39
Finance cost	<u>(1,043)</u>	<u>(2,008)</u>	<u>(331)</u>	<u>(566)</u>
Finance cost, net before non-recurring items	(421)	(1,790)	(618)	(527)
Financial asset impairment	<u>(1,694)</u>	<u>-</u>	<u>(1,694)</u>	<u>-</u>
Finance cost, net	<u>(2,115)</u>	<u>(1,790)</u>	<u>(2,312)</u>	<u>(527)</u>
Share of profit (loss) of associates accounted for by the equity method	<u>(4)</u>	<u>(5)</u>	<u>1</u>	<u>-</u>
Profit (loss) before income taxes	(7,057)	6,124	(10,688)	1,765
Income taxes	<u>2,887</u>	<u>(1,776)</u>	<u>3,668</u>	<u>(555)</u>
Net consolidated profit (loss)	<u>(Ps 4,170)</u>	<u>Ps 4,348</u>	<u>(Ps 7,020)</u>	<u>Ps 1,210</u>
Profit (loss) attributable to:				
Controlling interest	(Ps 4,910)	Ps 3,081	(Ps 7,130)	Ps 933
Non-controlling interest	<u>740</u>	<u>1,267</u>	<u>110</u>	<u>277</u>
	<u>(Ps 4,170)</u>	<u>Ps 4,348</u>	<u>(Ps 7,020)</u>	<u>Ps 1,210</u>
Basic and diluted earnings per share in pesos	<u>(Ps 2.32)</u>	<u>Ps 1.46</u>	<u>(Ps 3.37)</u>	<u>Ps 0.44</u>
Weighted average of outstanding shares (in millions of shares)	<u>2,117</u>	<u>2,118</u>	<u>2,117</u>	<u>2,118</u>

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

In millions of Mexican pesos

	2017	Unaudited 2016
<u>Cash flows from operating activities</u>		
Profit (loss) before income taxes	(Ps 7,057)	Ps 6,124
Depreciation and amortization	1,994	1,857
Property, plant and equipment impairment	23	2
Intangible asset impairment	7,745	-
Provision for A/R impairment	2,007	14
Financial asset impairment	1,694	-
Loss on sale of property, plant and equipment	-	2
Share of losses of associates accounted for by the equity method	4	5
Finance cost, net	162	1,635
Loss (gain) on changes in the fair value of derivative financial instruments	6	(21)
Gain from a business acquisition	(268)	(36)
Employees' profit sharing and provisions	(137)	(243)
Subtotal	<u>6,173</u>	<u>9,339</u>
Increase in trade receivables	(1,607)	(1,597)
(Increase) decrease in accounts receivable from related parties	(649)	410
Increase in other accounts receivable	(327)	(785)
Decrease (increase) in inventories	763	(824)
Increase in accounts payable	1,757	1,719
Increase (decrease) in accounts payable to related parties	818	(243)
Employees' profit sharing paid	(5)	(7)
Income tax paid	<u>(1,478)</u>	<u>(2,552)</u>
Net cash flows generated from operating activities	<u>5,445</u>	<u>5,460</u>
<u>Cash flows from investing activities</u>		
Interest received	72	155
Acquisition of property, plant and equipment	(3,873)	(2,848)
Acquisition of intangible assets	(11)	(1,664)
Business acquisitions, net of cash acquired	-	(390)
Investment in associates	(19)	(72)
Derivative financial instruments	(17)	129
Proceeds from loans to related parties	15	1,122
Restricted cash	(739)	(1)
Notes receivables	<u>(585)</u>	<u>(460)</u>
Net cash flows used in investing activities	<u>(5,157)</u>	<u>(4,029)</u>
<u>Cash flows from financing activities</u>		
Proceeds from debt	11,644	3,355
Payments of debt	(3,324)	(2,745)
Interest paid	(851)	(836)
Dividends paid by Alpek, S. A. B. de C. V.	(2,667)	(1,959)
Dividends paid to the non-controlling interest	(485)	(1,669)
Payment on loans to related parties	(1)	(76)
Repurchase of shares	<u>1</u>	<u>(21)</u>
Net cash flows generated from (used in) financing activities	<u>4,317</u>	<u>(3,951)</u>
Increase (decrease) in cash and cash equivalents	4,605	(2,520)
Exchange rate fluctuations on cash and cash equivalents	(113)	544
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 7,427</u>	<u>Ps 4,674</u>