

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Interim Statements of Financial Position
As of June 30, 2014 and December 31, 2013

(In thousands of Mexican pesos)

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	Ps 5,430,332	Ps 4,737,088
Restricted cash and cash equivalents	2,831	2,840
Trade and other receivables, net	13,969,898	12,834,935
Inventories	11,378,546	11,777,714
Derivative financial instruments	104,598	86,492
Prepayments	<u>286,612</u>	<u>232,720</u>
Total current assets	<u>31,172,817</u>	<u>29,671,789</u>
Non-current assets:		
Property, plant and equipment, net	24,633,703	24,705,889
Goodwill and intangible assets, net	3,503,553	2,906,470
Deferred tax	176,548	216,597
Derivative financial instruments	64,377	-
Other non-current assets	<u>711,542</u>	<u>627,085</u>
Total non-current assets	<u>29,089,723</u>	<u>28,456,041</u>
Total assets	<u>Ps 60,262,540</u>	<u>Ps 58,127,830</u>
<u>Liabilities and Stockholders' equity</u>		
<u>Liabilities</u>		
Current liabilities:		
Current debt	Ps 1,038,741	Ps 753,083
Suppliers and other accounts payable	10,335,453	9,243,781
Derivative financial instruments	7,308	7,315
Income tax payable	113,823	152,951
Provisions	794,618	832,632
Other current liabilities	<u>1,599,596</u>	<u>1,315,344</u>
Total current liabilities	<u>13,889,539</u>	<u>12,305,106</u>
Non-current liabilities:		
Non-current debt	13,421,475	13,756,342
Derivative financial instruments	13,809	25,836
Deferred tax	4,231,723	4,344,268
Provisions	39,695	51,682
Employees' benefits	<u>568,201</u>	<u>556,932</u>
Total non-current liabilities	<u>18,274,903</u>	<u>18,735,060</u>
Total liabilities	<u>32,164,442</u>	<u>31,040,166</u>
<u>Stockholders' equity:</u>		
Controlling interest:		
Capital stock	6,051,880	6,051,880
Share premium	9,071,074	9,071,074
Retained earnings	9,126,397	8,292,566
Other reserves	<u>473,325</u>	<u>602,358</u>
Total controlling interest	24,722,676	24,017,878
Non-controlling interest	<u>3,375,422</u>	<u>3,069,786</u>
Total stockholders' equity	<u>28,098,098</u>	<u>27,087,664</u>
Total liabilities and stockholders' equity	<u>Ps 60,262,540</u>	<u>Ps 58,127,830</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Interim Statements of Income
For the six and three months ended June 30, 2014 and 2013

(In thousands of Mexican pesos)

	<u>Unaudited</u>			
	Six months ended June 30, <u>2014</u>	Six months ended June 30, <u>2013</u>	Three months ended June 30, <u>2014</u>	Three months ended June 30 <u>2013</u>
Revenue	Ps 41,860,903	Ps 45,899,888	Ps 21,002,374	Ps 22,616,266
Cost of sales	<u>(38,627,272)</u>	<u>(41,975,464)</u>	<u>(19,229,161)</u>	<u>(20,643,673)</u>
Gross profit	3,233,631	3,924,424	1,773,213	1,972,593
Selling expenses	(599,195)	(495,925)	(305,019)	(260,353)
Administrative expenses	(599,659)	(561,667)	(302,866)	(288,416)
Other income (expenses), net	<u>102,650</u>	<u>16,466</u>	<u>20,344</u>	<u>(63,406)</u>
Operating profit before non-recurring items	2,137,427	2,883,298	1,185,672	1,360,418
Non-recurring items	<u>-</u>	<u>(2,359,078)</u>	<u>-</u>	<u>(2,359,078)</u>
Operating profit	<u>2,137,427</u>	<u>524,220</u>	<u>1,185,672</u>	<u>(998,660)</u>
Financial income (including foreign exchange gain)	95,740	92,249	40,700	(38,147)
Financial cost (including foreign exchange loss)	<u>(520,776)</u>	<u>(545,402)</u>	<u>(232,835)</u>	<u>(298,267)</u>
Financial cost, net	<u>(425,036)</u>	<u>(453,153)</u>	<u>(192,135)</u>	<u>(336,414)</u>
Share of losses of associates	<u>(10,335)</u>	<u>(14,956)</u>	<u>(3,735)</u>	<u>(3,675)</u>
Profit (loss) before income tax	1,702,056	56,111	989,802	(1,338,749)
Income tax	<u>(555,627)</u>	<u>137,866</u>	<u>(324,707)</u>	<u>553,108</u>
Net consolidated profit (loss) for the period	<u>Ps 1,146,429</u>	<u>Ps 193,977</u>	<u>Ps 665,095</u>	<u>Ps (785,641)</u>
Profit (loss) attributable to:				
Controlling interest	Ps 833,831	(Ps 152,675)	Ps 517,723	(Ps 928,192)
Non-controlling interest	<u>312,598</u>	<u>346,652</u>	<u>147,372</u>	<u>142,551</u>
	<u>Ps 1,146,429</u>	<u>Ps 193,977</u>	<u>Ps 665,095</u>	<u>(Ps 785,641)</u>
Basic and diluted earnings (loss) per share (in pesos)	<u>Ps 0.39</u>	<u>(Ps 0.07)</u>	<u>Ps 0.24</u>	<u>(Ps 0.44)</u>
Weighted average of outstanding shares (in thousands)	<u>2,118,164</u>	<u>2,118,164</u>	<u>2,118,164</u>	<u>2,118,164</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2014 and 2013

(In thousands of Mexican pesos)

	<u>Unaudited</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Profit before income tax	Ps 1,702,056	Ps 56,111
Depreciation and amortization	886,339	1,026,804
Impairment of property, plant and equipment	3,105	2,008,715
Gain on sale of property, plant and equipment	(111)	(1,656)
Share of losses of associates	10,335	14,956
Finance cost, net	389,022	399,136
Gain on changes in the fair value of derivative financial instruments	(34,570)	(27,322)
Provisions	(47,262)	350,363
Employees' profit sharing	(1,831)	2,097
Subtotal	<u>2,907,083</u>	<u>3,829,204</u>
Increase in trade receivables	(1,286,501)	(997,050)
Decrease (increase) in accounts receivable from related parties	120,881	(95,225)
Increase in other accounts receivable	(223,193)	(92,808)
Decrease (increase) in inventories	160,694	(158,532)
Increase in accounts payable	1,587,019	882,587
Increase in accounts payable to related parties	48,989	139,161
Income tax paid	(707,845)	(523,996)
Employees' profit sharing paid	(7,550)	(26,918)
Net liability for retirement obligation	13,357	20,716
Net cash flows generated from operating activities	<u>2,612,934</u>	<u>2,977,139</u>
Cash from investing activities		
Interest received	51,275	46,302
Acquisition of property, plant and equipment	(628,181)	(876,929)
Acquisition of intangible assets	(642,021)	(708,332)
Acquisition of shares of associates, joint venture and others	(217,920)	-
Business acquisitions, net of cash acquired	(169,621)	-
Derivative financial instruments	37,742	(130,211)
Affiliated companies	73,326	5,913
Notes receivable	116,731	(3,981)
Others	-	210
Net cash flows used in investing activities	<u>(1,378,669)</u>	<u>(1,667,028)</u>
Cash from financing activities		
Proceeds from debt	2,287,715	1,312,143
Payments of debt	(2,305,822)	(1,735,657)
Interest paid	(440,625)	(457,739)
Dividends paid	-	(1,209,714)
Increase in capital stock	12,131	-
Payments of loans to affiliated companies	(103,586)	-
Net cash flows used in financing activities	<u>(550,187)</u>	<u>(2,090,967)</u>
Increase (decrease) in cash and cash equivalents	684,078	(780,856)
Foreign exchange on cash and cash equivalents	9,166	(18,411)
Cash and cash equivalents at beginning for the period	<u>4,737,088</u>	<u>6,654,561</u>
Cash and cash equivalents at end for the period	<u>Ps 5,430,332</u>	<u>Ps 5,855,294</u>