

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Financial Position
At September 30, 2016 and December 31, 2015

In thousands of Mexican pesos

	<u>At September 30,</u> 2016 (Unaudited)	<u>At December 31,</u> 2015 (Audited)
Asset		
CURRENT ASSET:		
Cash and cash equivalents	Ps 4,674,171	Ps 6,649,904
Restricted cash and cash equivalents	4,670	2,753
Trade and other receivables, net	16,174,791	13,383,935
Inventories	13,535,593	12,086,117
Derivative financial instruments	85,005	203,356
Prepayments and others	<u>556,833</u>	<u>337,943</u>
Total current asset	<u>35,031,063</u>	<u>32,664,008</u>
NON-CURRENT ASSET:		
Property, plant and equipment, net	36,510,847	31,321,771
Goodwill and intangible assets, net	11,497,010	8,812,066
Deferred income taxes	399,034	361,187
Derivative financial instruments	14,741	-
Other assets	<u>2,941,935</u>	<u>1,734,562</u>
Total non-current asset	<u>51,363,567</u>	<u>42,229,586</u>
Total asset	<u>Ps 86,394,630</u>	<u>Ps 74,893,594</u>
Liability and Stockholders' equity		
CURRENT LIABILITY:		
Debt	Ps 1,893,132	Ps 678,331
Suppliers and other accounts payable	12,465,843	9,800,552
Derivative financial instruments	341,453	848,301
Income tax payable	908,978	1,370,491
Provisions	233,021	338,411
Other liabilities	<u>2,236,203</u>	<u>1,891,472</u>
Total current liability	<u>18,078,630</u>	<u>14,927,558</u>
NON-CURRENT LIABILITY:		
Debt	20,503,100	18,275,740
Derivative financial instruments	711,000	711,342
Provisions	138,725	184,748
Deferred income taxes	5,327,403	4,707,030
Employee benefits	1,302,651	1,108,066
Deferred credits and others	<u>735,600</u>	<u>480,353</u>
Total non-current liability	<u>28,718,479</u>	<u>25,467,279</u>
Total liability	<u>46,797,109</u>	<u>40,394,837</u>
STOCKHOLDERS' EQUITY		
Controlling interest:		
Capital stock	6,049,881	6,051,880
Share premium	9,071,074	9,071,074
Retained earnings	11,144,439	10,009,224
Other reserves	<u>8,698,451</u>	<u>4,822,051</u>
Total controlling interest	34,963,845	29,954,229
Non-controlling interest	<u>4,633,676</u>	<u>4,544,528</u>
Total stockholders' equity	<u>39,597,521</u>	<u>34,498,757</u>
Total liability and stockholders' equity	<u>Ps 86,394,630</u>	<u>Ps 74,893,594</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Income
For the nine and three months ended September 30, 2016 and 2015

In thousands of Mexican pesos

	<u>Unaudited</u>			
	Nine months ended September 30, <u>2016</u>	Nine months ended September 30, <u>2015</u>	Three months ended September 30, <u>2016</u>	Three months ended September 30, <u>2015</u>
Revenue	Ps 66,764,129	Ps 63,179,832	Ps 23,131,588	Ps 22,059,986
Cost of sales	<u>(56,327,554)</u>	<u>(55,335,861)</u>	<u>(20,050,297)</u>	<u>(19,293,424)</u>
Gross profit	10,436,575	7,843,971	3,081,291	2,766,562
Selling expenses	(1,181,693)	(1,016,995)	(386,585)	(357,335)
Administrative expenses	(1,508,002)	(1,289,505)	(523,813)	(449,279)
Other income (expenses), net	<u>172,577</u>	<u>371,144</u>	<u>121,054</u>	<u>(4,893)</u>
Operating profit	<u>7,919,457</u>	<u>5,908,615</u>	<u>2,291,947</u>	<u>1,955,055</u>
Finance income	218,205	164,618	39,402	60,705
Finance cost	<u>(2,008,195)</u>	<u>(1,400,699)</u>	<u>(566,697)</u>	<u>(634,159)</u>
Finance cost, net	<u>(1,789,990)</u>	<u>(1,236,081)</u>	<u>(527,295)</u>	<u>(573,454)</u>
Share of losses of investments accounted for the equity method	<u>(5,228)</u>	<u>(19,240)</u>	<u>(247)</u>	<u>(1,804)</u>
Profit before income taxes	6,124,239	4,653,294	1,764,405	1,379,797
Income taxes	<u>(1,776,330)</u>	<u>(1,703,450)</u>	<u>(554,869)</u>	<u>(597,446)</u>
Net consolidated profit	<u>Ps 4,347,909</u>	<u>Ps 2,949,844</u>	<u>Ps 1,209,536</u>	<u>Ps 782,351</u>
Profit attributable to:				
Controlling interest	Ps 3,081,449	Ps 2,271,202	Ps 932,882	Ps 622,935
Non-controlling interest	<u>1,266,460</u>	<u>678,642</u>	<u>276,654</u>	<u>159,416</u>
	<u>Ps 4,347,909</u>	<u>Ps 2,949,844</u>	<u>Ps 1,209,536</u>	<u>Ps 782,351</u>
Basic and diluted earnings per share (in pesos)	<u>Ps 1.46</u>	<u>Ps 1.07</u>	<u>Ps 0.44</u>	<u>Ps 0.29</u>
Weighted average of outstanding shares (in thousands of shares)	<u>2,117,565</u>	<u>2,118,164</u>	<u>2,117,806</u>	<u>2,118,164</u>

Alpek, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2016 and 2015

(In thousands of Mexican pesos)

	<u>Unaudited</u>	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before income tax	Ps 6,124,239	Ps 4,653,294
Depreciation and amortization	1,856,606	1,666,327
Impairment of property, plant and equipment	1,900	5,200
Loss (gain) on sale of property, plant and equipment	2,072	(381,167)
Share of losses of investments accounted for the equity method	5,228	19,240
Finance cost, net	1,634,634	1,075,601
(Gain) loss on changes in the fair value of derivative financial instruments	(21,018)	68,593
Employees' profit sharing and provisions	<u>(264,605)</u>	<u>(360,210)</u>
Subtotal	9,339,056	6,746,878
(Increase) decrease in trade receivables	(1,597,051)	1,033,936
Decrease in accounts receivable from related parties	409,997	1,227,074
Increase in other accounts receivable	(784,592)	(40,098)
(Increase) decrease in inventories	(824,332)	754,893
Increase (decrease) in accounts payable	1,667,335	(920,171)
Decrease in accounts payable to related parties	(243,351)	(1,244,021)
Employees' profit sharing paid	(6,732)	(3,921)
Net liability for retirement obligation	51,825	6,390
Income tax paid	<u>(2,552,107)</u>	<u>(646,891)</u>
Net cash flows generated from operating activities	<u>5,460,048</u>	<u>6,914,069</u>
Cash flows from investing activities		
Interest received	154,807	137,921
Acquisition of property, plant and equipment	(2,847,901)	(1,073,486)
Acquisition of intangible assets	(1,663,652)	(620,114)
Business acquisitions, net of cash acquired	(390,557)	(605,230)
Investment in joint ventures and associates	(71,783)	(24,256)
Derivative financial instruments	129,283	(161,322)
Related parties	1,121,725	(32,547)
Notes receivable and others	<u>(461,069)</u>	<u>11,023</u>
Net cash flows used in investing activities	<u>(4,029,147)</u>	<u>(2,368,011)</u>
Cash flows from financing activities		
Proceeds from debt	3,354,504	1,345,267
Payments of debt	(2,745,070)	(1,505,137)
Interest paid	(835,822)	(679,049)
Dividends paid by Alpek, S. A. B. de C. V.	(1,959,187)	(1,472,825)
Dividends paid to the non-controlling interest	(1,668,593)	(813,380)
Payment on loans to related parties	(76,490)	-
Repurchase of shares	<u>(20,509)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(3,951,167)</u>	<u>(3,125,124)</u>
(Decrease) Increase cash and cash equivalents	(2,520,266)	1,420,934
Foreign exchange fluctuations on cash and cash equivalents	544,533	509,996
Cash and cash equivalents at beginning of year	<u>6,649,904</u>	<u>5,743,816</u>
Cash and cash equivalents at end of year	<u>Ps 4,674,171</u>	<u>Ps 7,674,746</u>

