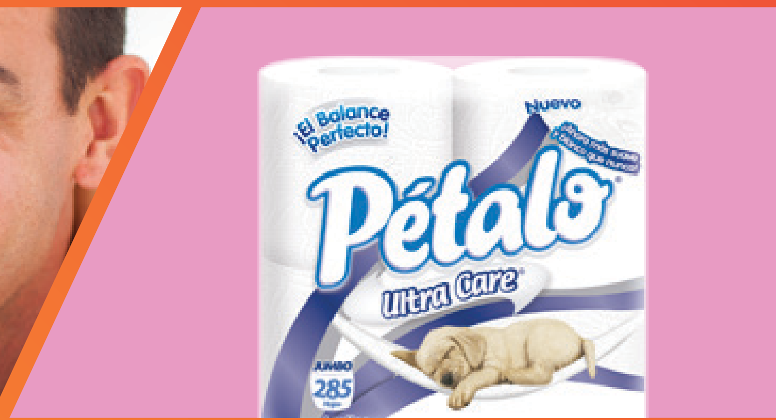

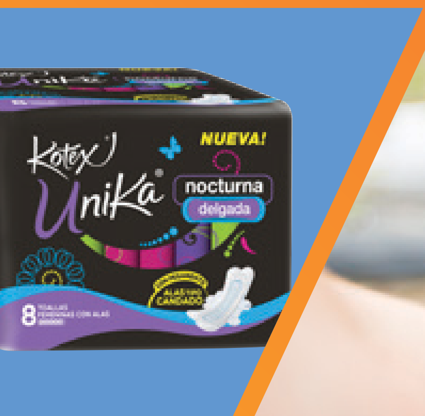

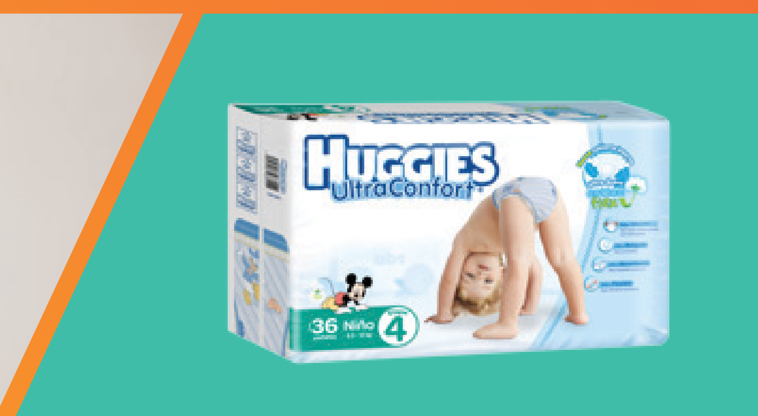

With innovation, leadership and vision...

Kimberly-Clark de México manufactures and sells disposable consumer products—including diapers and baby products, feminine pads, adult protection products, toilet paper, napkins, facial tissues, hand and kitchen towels, wet wipes, and health care products—for daily use both in and outside the home. Among our best-known brands are Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®. Our continuous innovation and our focus on the consumer makes Kimberly-Clark de México a leader in the majority of our markets. The company is listed on the Mexican Stock Exchange under the ticker symbol KIMBER.

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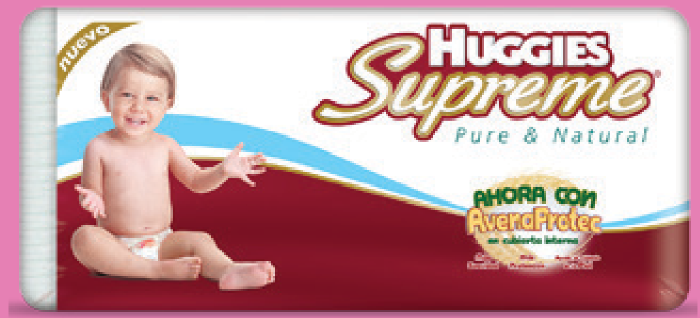
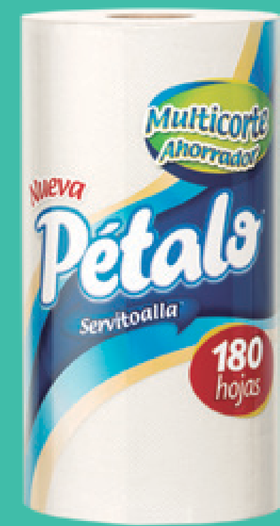
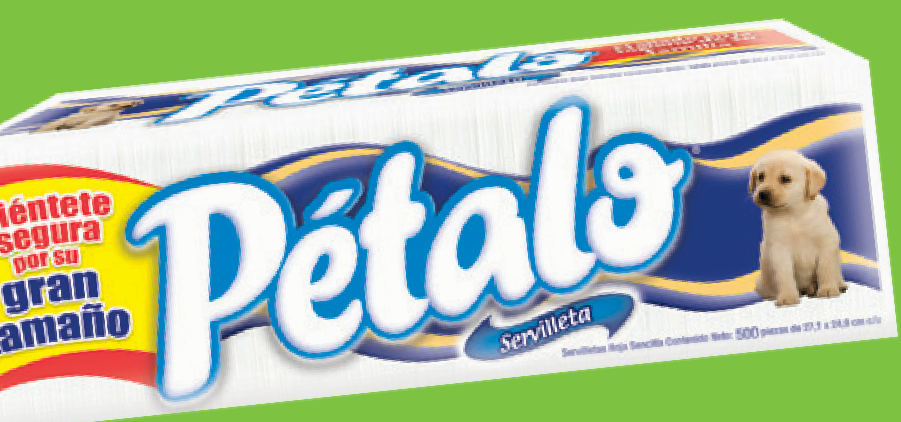
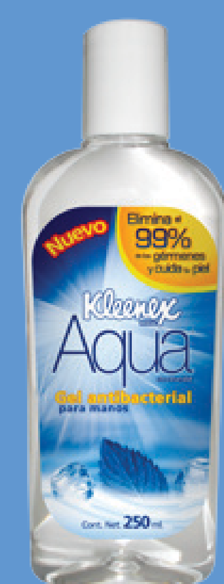
In 2014, we continued to advance toward our goal of attaining profitable, sustainable growth. Thanks to our focus on innovation, our brand and product leadership, and our vision for the future, we were able to deal with considerable challenges over the course of the year, and now we are well-positioned to capitalize on the opportunities in sight for the near term.

...we are advancing









We are advancing **through innovation**

Innovation is a basic pillar of our growth strategy, and it is the driving force behind our ability to create extraordinary personal care and hygiene solutions for our consumers—improving quality of life and earning consumers' loyalty while strengthening the value of our brands.

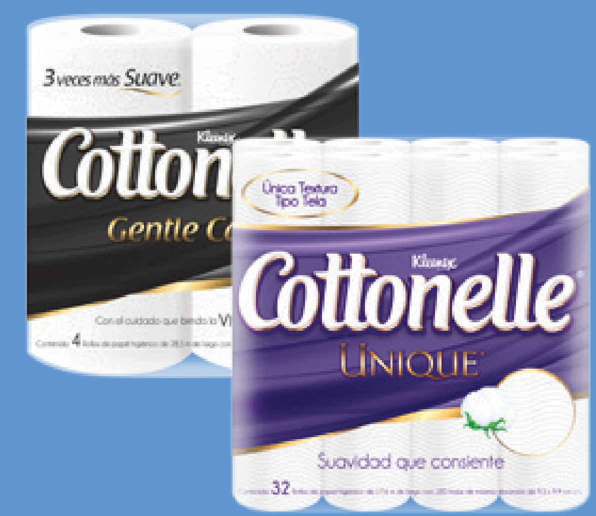
2014 was a year of great innovations, from the launch of the new Ultra-Comfort Huggies® and the redesign of the entire toilet paper portfolio to new operating efficiency measures that brought record savings of more than Ps. 900 million. With these and other initiatives, we are continually working to maintain and increase consumer loyalty and our leadership position.

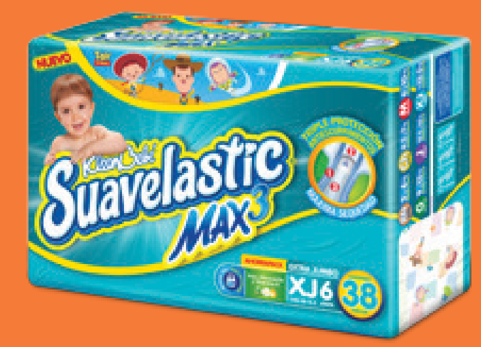
We are advancing **through leadership**

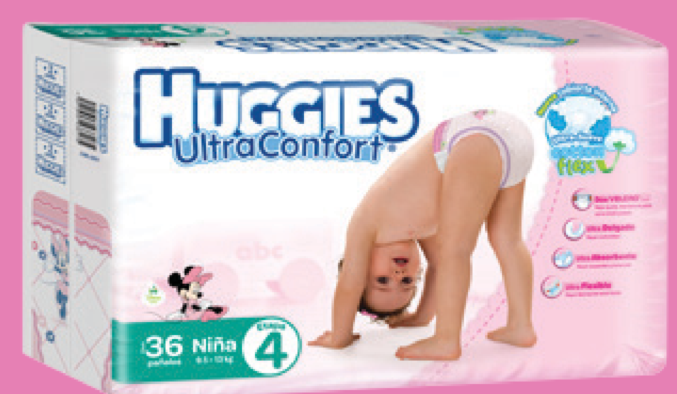
Kimberly-Clark de México is a leader in consumer products for personal care and hygiene, and in 2014 we strengthened our leadership in consolidated categories through innovations in most of our products.

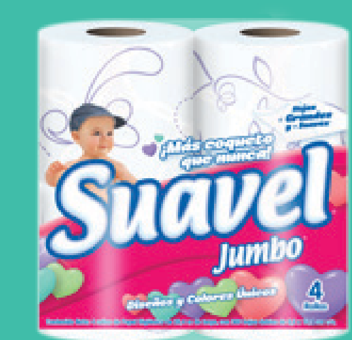
In the high-end baby diapers segment, we improved the Huggies® UltraConfort® product with the addition of a new “CottonFlex” cover, which reduces friction and prevents skin chafing; in the middle segment, which features KleenBebé® Suavelastic Max®, we introduced new antileak protection along the inside leg openings.

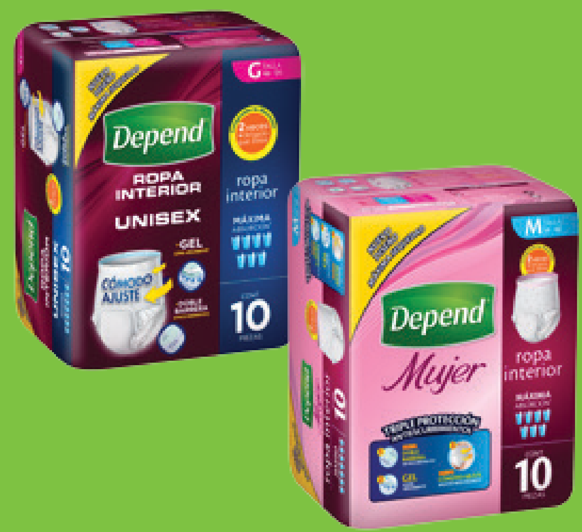
We made several redesigns to our toilet paper portfolio, as well. Kleenex® Cottonelle® Unique has a new fabric-type texture, the only one of its kind in the market, which offers better functionality and appearance; and all the Pétalo® lines have been refreshed: Rendimax® now incorporates a new embossed texture that increases thickness and improves yield, and the Ultra Care® and Ultra Resistente® lines have improved whiteness and a new embossed texture that make the paper even softer. Suavel® has four new designs and available colors and the sheets are larger and softer. Finally, Vogue® utilizes new “Odor Control” technology.

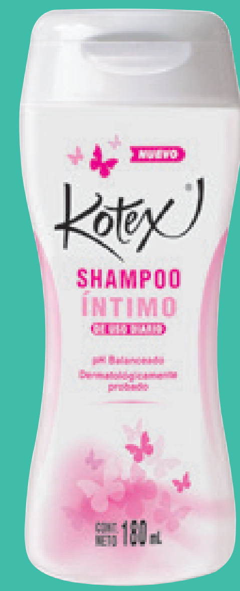


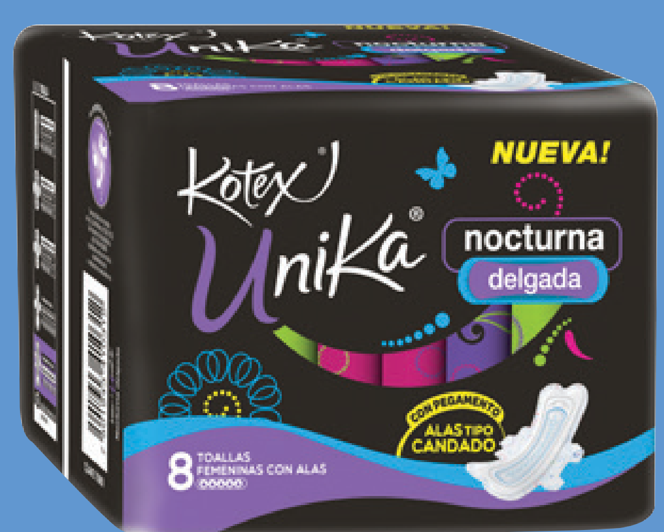










We are advancing **with a vision**

As always, our vision helped position us to capture future growth, building upon our competitive advantages and opening new avenues of business. In the feminine protection business, we launched the new Kotex® Unika® thin nighttime pad, which has locking wings and features a different shape in front and back, unique in the market. We also introduced a new daily feminine hygiene line: Kotex® Intimate Shampoo and Kotex® wet wipes, which complement our line of Kotex® panty liners.

In the incontinence business, we expanded our portfolio with the launch of unisex Depend® underwear, which offers customers a product with superior absorption, discretion and comfort.

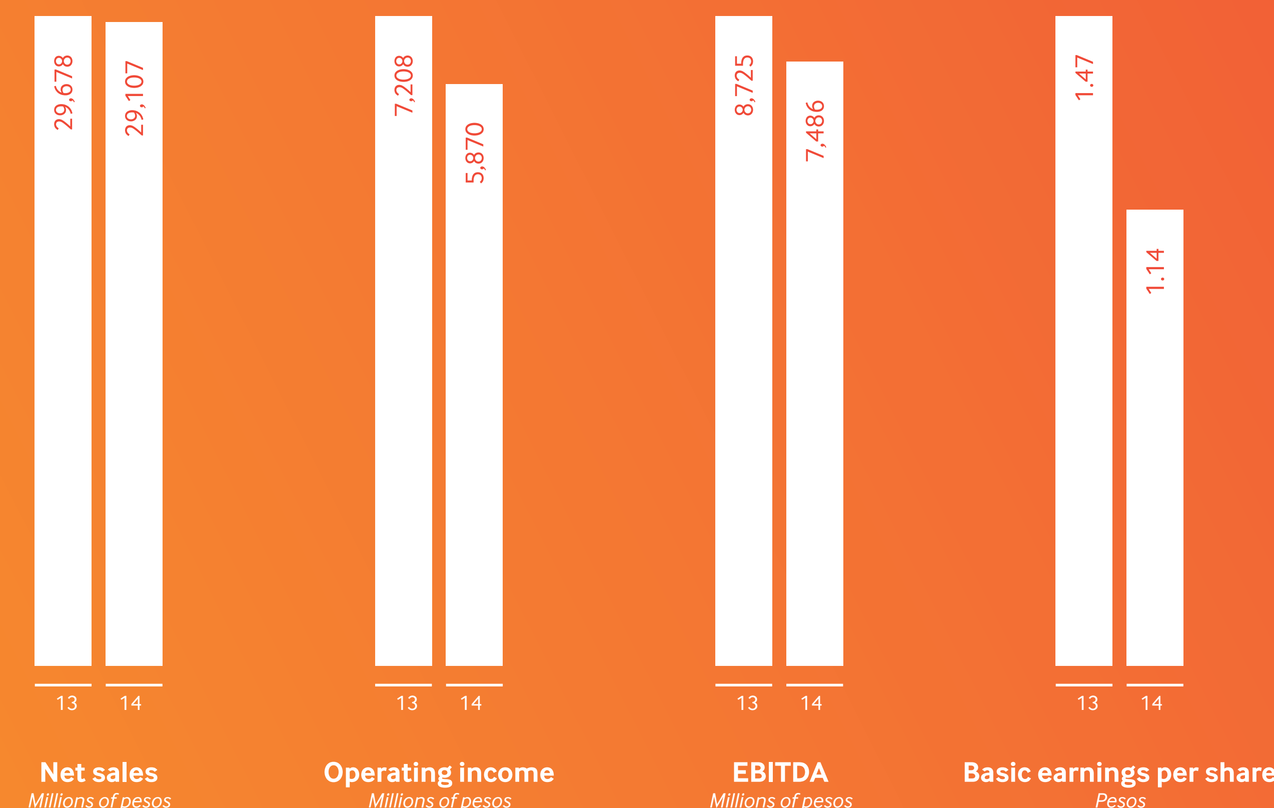
For our youngest consumers, we developed a new line of Evenflo® Advanced Slim Fit bottles that have a standard neck, a fresh design and an ergonomic shape.

Key financial information

Innovation has always been a determining factor behind our growth, our strong brands and our ability to build value.

Years ended December 31, 2014 and 2013

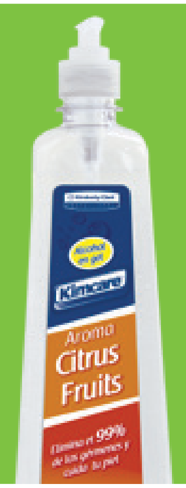
(Millions of pesos)	2014	2013	% chge.
Net sales	**29,107**	29,678	-2%
Gross income	**10,727**	11,918	-10%
Margin	**37%**	40%	
Operating income	**5,870**	7,208	-19%
Margin	**20%**	24%	
Net income	**3,544**	4,619	-23%
EBITDA	**7,486**	8,725	-14%
Margin	**26%**	29%	
Basic earnings per share	**1.14**	1.47	-22%



Ps.29,107
million
Net sales

26%
EBITDA
margin

Ps.7,486
million
EBITDA



Letter to our Shareholders

We are convinced that our 2014 strategy was the right one for both the medium and long term.

In 2014, the pace of global economic activity remained modest. The U.S. economy saw a solid recovery after suffering during a harsh first quarter. As the year progressed, more jobs were created, consumption grew, the dollar appreciated, and a drop in gasoline prices—a main driver of growth last year—gave the economy an extra boost.

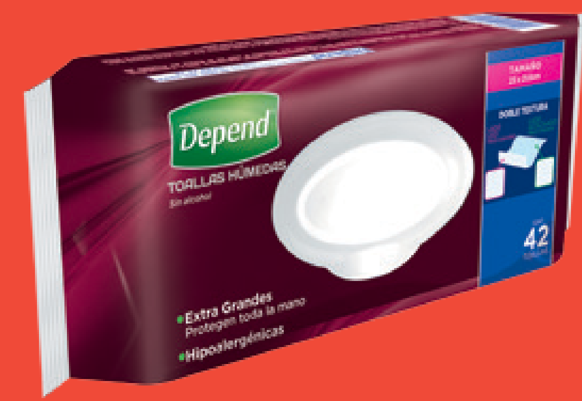
Meanwhile, although the eurozone remained fairly stable, the specter of recession loomed over the second half of the year as a slump in most commodity prices and a tentative pace of growth threatened deflation. In response, the European Central Bank launched an aggressive bond-purchasing strategy known as "quantitative easing," with the aim of jump-starting consumption and pushing up inflation throughout the region in order to avoid the fate that has befallen Japan in the past decade.

Among the world's emerging markets, economic growth in China continued to slow, Brazil remained flat, and Russia was hit hard by the plunge in oil prices and by sanctions imposed in connection with its actions in Ukraine. Only India succeeded in accelerating growth through its set of recent reforms.

As a result of this environment, along with sociopolitical tensions in the Mideast and other regions, stock market activity and exchange rates among countries classified as emerging markets were heavily affected.

In Mexico, in particular, economic performance was once again significantly below expectations. The impact of the fiscal reform, a sluggish outlay of public spending, high food inflation, and the uncertainty generated by crime and corruption all contributed to limited economic growth, which was expected to be around 3.9 percent when the year began, but ended at a scant 2 percent at the close, affected primarily by very low domestic consumption.

Faced with this scenario, competitors and clients were drawn into an intense bout of promotional activity, and this, along with our determination to defend our positions, affected our results in 2014. We are confident our strategy is the right one for the medium and long term, but it has meant a slowdown in our short-term results.



Financial results

The abovementioned decline in consumption was reflected in slower growth in our main categories, and since scale is a big part of our strategy, we redoubled our investment in prices. This in turn affected the value of sales, bringing a 2 percent reduction that was the product of a 4 percent cut in prices combined with a 2 percent jump in volume.

We saw the dollar prices of our main inputs rise over the course of the year, along with rates for natural gas and water. Additionally, the average exchange rate was higher than in 2013, and the peso experienced rapid depreciation in the year's last quarter.

We were able to achieve greater operating efficiencies, and we continued our cost- and expense-cutting programs, bringing in record savings for the year; however, these efforts were not enough to make up for all of the negative effects.

Because of this, operating income contracted 19 percent, net income decreased by 23 percent and our margins narrowed. EBITDA generation remained solid at Ps. 7,486 million, and this, along with a rise in financing, gave us a cash position of Ps. 5,050 million at year-end.

Throughout 2014, we invested Ps. 2,579 million (Ps. 1,645 million in capex and Ps. 934 million in stock repurchases) and paid dividends totaling Ps. 4,378 million.

Finally, we placed Ps. 750 notes in the Mexican capital market at a floating rate of 17 basis points over the TIIE, and US$250 million in 10-year international bond under Rule 144A, with a fixed annual interest rate of 3.8 percent. In order to hedge our exposure to foreign-exchange risk, we entered into transactions to convert both the principal and interest on this dollar loan into pesos. On the other hand, we paid Ps. 2,300 million in debt.

Innovation

At Kimberly-Clark de México, innovation is a fundamental pillar of our growth strategy. Innovation helps us to make superior products that give our consumers a better quality of life.

In keeping with this strategy, in 2014 we made significant innovations in all our product categories.

In baby diapers, we improved the Huggies® UltraConfort® high-end segment with a new "CottonFlex" cover that prevents chafing, giving babies maximum freedom and comfort to move around.

In the middle segment, we improved our KleenBebé® Suavelastic Max® diaper, introducing a new antileak protection along the inside leg openings.

And in the budget segment, we relaunched KleenBebé® Comodisec® MAX, offering greater coverage and improved functionality, making this the best product in its segment.

In wet wipes for babies, we redesigned KleenBebé® Suavelastic Max®, with a heavier grade and a texturized finish for superior cleaning at the first swipe.

In the toiletries category, besides offering the highest-quality solutions, we improved the

Innovation is a fundamental pillar of our growth strategy.

graphic finish of the Huggies® Kids pull-ups with 3-D thermoshrinkable print.

In 2014, we introduced significant innovations in all our product categories.

We also launched the KleenBebé® line, with shampoo, lotion and bar soap that uses chamomile, strengthening our position in the various categories.

In toilet paper, we launched a new Kleenex® Cottonelle® Unique product, with a "fabric-type" texture that offers better functionality and a more refined appearance. We also improved Pétalo ® Rendimax® by incorporating a new embossed texture that makes it thicker and and more effective for our consumers.

Continuing with the improvements to our Pétalo® line, we increased product whiteness and functionality in the Pétalo Ultra Care® and Pétalo Ultra Resistente® brands by incorporating a new embossing that makes the paper softer and has a higher-quality appearance.

In the middle segment, we launched the new Suavel®, now with four new designs and colors and larger, softer sheets, giving consumers more value for their money.

In the budget segment, we relaunched Vogue®, with an updated, embossed design and new "Odor Control" technology.

In paper napkins, we launched Kleenex® Motivos in the premium segment, the only double-fold napkin with a combination of colors and elegant designs.

In the high-end segment, our Pétalo® Uno x Uno is the thickest napkin in the category. As the only laminated option in the high-end segment, it is a novel, practical and hygienic product with multiple uses.

In the paper towel category, we launched a new brand of Servitoalla® Pétalo Multicortes®, with lines of perforation that are closer together, so the consumer can choose how much they want to use.

In the professional category, we launched the "Great Places to Work" platform and a portfolio of products to accompany it: soaps, sanitizers, gel disinfectant and anti-viral facial tissue. We also launched Kleenex® Jumbo® and Pétalo® Jumbo® toilet tissue with "Odor Control" technology, and in the napkin category, we introduced the new KIMPOP® system for restaurants, which features an innovative dispenser.

In the feminine protection business, we launched the new Kotex® Unika® thin nighttime pad, which incorporates a rapid-absorption core and has a different shape in front and back for greater comfort. We also added an innovative wing system for a perfect fit.

We also introduced a new daily feminine hygiene line that includes Kotex® Intimate Shampoo and Kotex® wet wipes.

In the incontinence business, we expanded our portfolio with the launch of unisex Depend® brand underwear, offering customers a product with superior absorption, discretion and comfort.

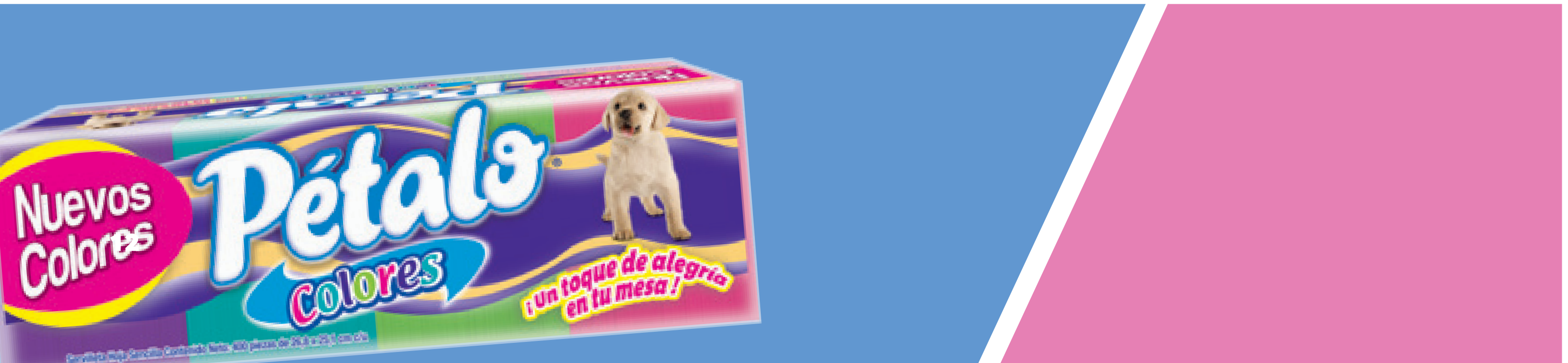
The Evenflo® Advanced line launched replacement nipples for wide-neck bottles and the new "Advanced SLIM FIT" standard-neck bottle, with a fresh design and an ergonomic shape.

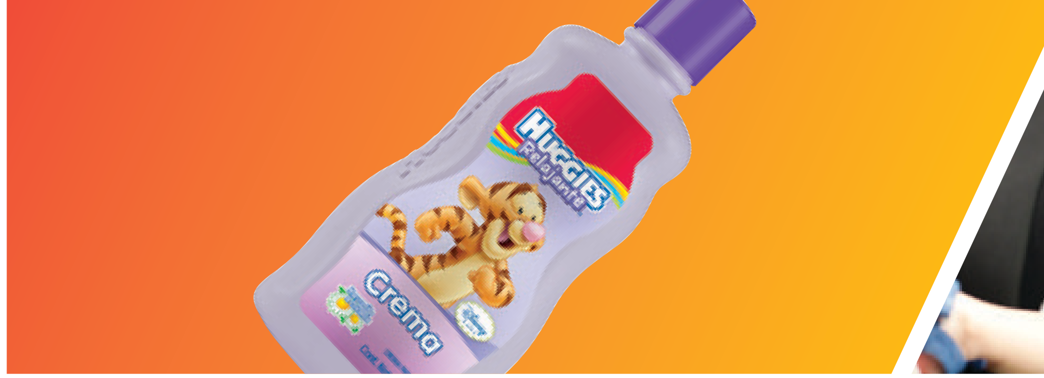
In the sippy cup category, we introduced the patented "Tilty" system, which helps teach children to drink from cups by ensuring an efficient outflow of liquid because of the cup's tilted bottom.

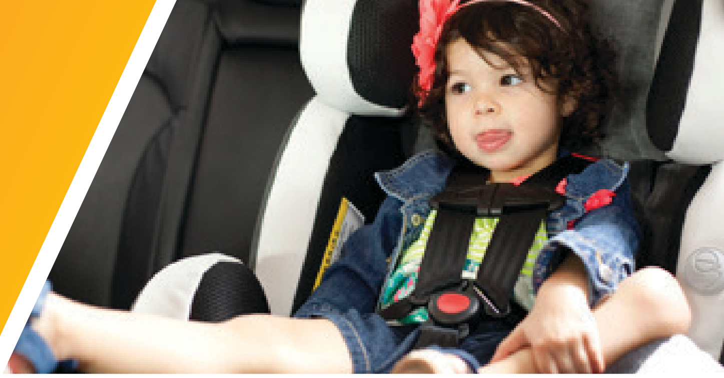
In the glass baby bottle segment, we added a new hexagonal "Twist" bottle to the portfolio, with the "Relax Fit" venting system.

And finally, in the gear segment, we incorporated the "value" lines of transport systems, carriages and car seats, increasing the range of options that Evenflo® offers the market.

In e-marketing, our digital platforms have created large communities of consumers, and in e-commerce we remain at the forefront in all of our categories.







Operations

In 2014, our production strategy focused on sustaining high levels of quality and greater efficiency in our manufacturing and conversion equipment. We set productivity records in all our tissue paper plants and diaper plants, and in various personal care lines as well.

We also continued working on various initiatives aimed at creating competitive cost advantages, and we placed particular emphasis on process control. The savings from this ongoing cost- and expense-cutting program totaled Ps. 929 million last year, equivalent to 5 percent of the cost of goods sold.

In June, we started up the number four tissue machine at the Bajío Plant, on time and within budget, with no learning curve and excellent results in terms of efficiency and energy use. This machine includes the latest technology in its field and is operating at a very high level.

We also installed equipment for diapers, feminine hygiene products, napkins and incontinence products, and other products, to meet growing demand.

Inventory turnover in 2014 remained consistently higher than the previous year's and closed at 9.6 times, up from 9.0 in 2013.

Sustainability and Social Responsibility

It is Kimberly-Clark de México's mission to improve the quality of life of all Mexicans by manufacturing, distributing and selling products that are vital for hygiene and for personal and family care, both in and out of the home.

To achieve this, we are focused on offering the best products and obtaining sustainable results. In the area of sustainability in particular, we base our efforts on three pillars: Economic, Social, and Workplace and Environmental Safety.

These pillars commit us to profitable and sustainable growth, product quality and innovation, and health and well-being. They also commit us to brand leadership in full compliance with all our obligations and to transparent, efficient corporate governance; to the promotion of the communities where we operate and the protection of the environment that surrounds our operations; and to the advancement and safety of our human capital and the value chain we generate.

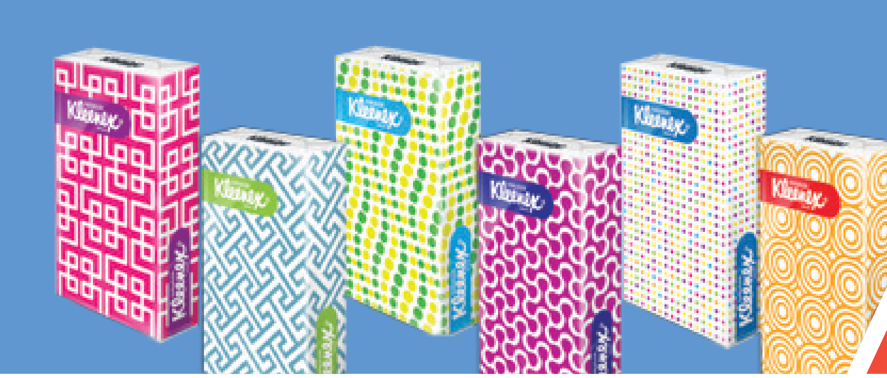
Our last Sustainability Report, *Innovating to Accelerate Our Sustainable Growth*, which was published on our website in May 2014, detailed the progress our company has made in these various areas.

In that report, we detailed our excellence in water management, which has made us a benchmark in the industry, and we highlighted our actions regarding the reduction in the use of materials, the sustainable management of the solid waste we generate through recycling and co-processing, the improvements in energy consumption per metric ton produced, and the lessening of our greenhouse gas emissions.

In the area of social responsibility to both internal and external stakeholders, we explained our engagement, which takes many forms, including our commitment to safety, training and professional advancement for our employees; our indirect economic impact; the social volunteer work of our personnel in the communities where we operate; and our support of the more than 200 institutions to which we donate products. In addition, our dedication to social responsibility was evident in our solidarity with poor families affected by hurricane Odile in various municipalities of Baja California Sur in 2014.

As a result of our success in implementing our Sustainability and Social Responsibility Strategy, the agency responsible for reviewing companies on the Mexican Stock Exchange's IPC Sustainable Index gave us higher ratings in the areas of Corporate Governance, Social Responsibility, and Environmental Performance than we received the previous year. We were therefore once more ratified as members of the IPC Sustainable Index, as we have been every year since it was introduced four years ago.

The savings from our ongoing cost- and expense-cutting program totaled Ps.929 million.



For our company, safety is a primordial value, so we are committed to guarantee the occupational health and safety of every employee, contractor or visitor.

Human Resources

We believe that in order to maintain our leadership, we must have the best personnel in all our areas. That is why we invest in attracting the finest people and providing them the orientation and training they need to keep pace with technological change and develop their full potential.

For us, safety is a fundamental value, so we are committed to administering our operations in a way that guarantees the occupational health and safety of every employee, contractor and visitor. Our success on this front during the past year was evident in the reduction of total number of accidents and days lost.

In keeping with our philosophy of sharing profits with our employees, we generate and deliver a level of profit-sharing that is consistently recognized as one of the highest in the country. We also grant salary raises and contractual reviews on competitive bases, in the same climate of openness and mutual respect that the company has always maintained with its employees.

To all of our personnel, we express our gratitude for your commitment and dedication, and we urge you to redouble efforts to attain the outstanding results that we have always been known for.

Relationship with Kimberly-Clark Corporation

Our alliance with Kimberly-Clark Corporation (KCC) is fundamental both for supporting our product and process innovation initiatives and for introducing state-of-the-art technology. This partnership also enables us to participate in global purchasing agreements for some key inputs and share best practices and information, both operating and commercial, on a worldwide basis.

Outlook

The outlook for growth in Mexico remains positive despite the limited performance of the economy in recent years. Economic fundamentals remain solid, and we are confident that growth will accelerate in coming years.

We are faced with a tremendous opportunity to achieve a pace of growth consistent with Mexico's high potential. The effective instrumentation of the sweeping reforms the country has achieved will have the potential to trigger investment, competitiveness, job creation and long-term growth that is both steady and inclusive. We must not let this historic opportunity pass us by. To capitalize on this, it is crucial that we improve public safety, attack corruption, develop strong institutions, and work for the genuine rule of law.

The country today is at a difficult juncture, but this can be the starting point in acting decisively to make the changes that will restore the confidence and credibility Mexico so greatly needs in order to achieve its potential.

Looking ahead to 2015, there are already signs of stronger growth, among them the dynamism of manufacturing exports, spurred on by the solid growth of the U.S. economy; an increase in wage remittances and jobs; greater investment stemming from the abovementioned reforms; the resurgence of the construction and housing industries; the substantial growth in tourism; lower inflation projected for this year, which will improve the purchasing power of local wages; and interest rates that are at all-time lows.

Despite the drop in oil prices and domestic oil production, which has prompted the government to cut spending, we expect that the encouraging signs in the economy will lead to greater strength this year, though growth will still likely remain well below what is desired.

Our company continues to position itself to take advantage of this more dynamic economic climate, in which the growing middle class is driving consumption. To do so we intend to build upon our competitive advantages by investing in innovation, in brands, in technology, and in the training and development of our personnel.

At the same time, we will continue to work for greater efficiency and productivity and to pursue our cost- and expense-savings program in order to offset rising costs in our raw materials and the depreciation of the peso.

We intend to invest between US$100 million and US$120 million in plants and equipment, specifically in the areas of innovation, product quality, cost savings and some capacity expansions.

As the expected economic growth translates into a more dynamic, stronger domestic consumption market, our company will be exceptionally well positioned to take advantage of it.

Finally, and in keeping with our dividend policy, we will be asking our shareholders to approve a dividend that is higher in real terms than last year's.

Once again, I would like to express our appreciation to you, our shareholders, for your support and confidence in our management during this past year, and reiterate our commitment to carrying out the plans and programs that Kimberly-Clark de México needs in order to remain the successful company it is and has always been.

Our investments will focus on innovation, product quality, cost savings and some capacity expansions.

Sincerely,

Claudio X. González
Chairman of the Board
of Directors

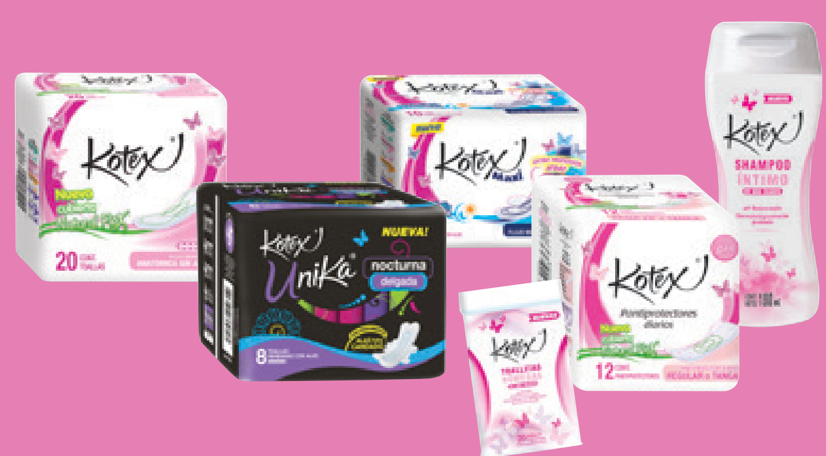
Pablo R. González G.
Chief Executive Officer

This report was fully approved by the Board of Directors in its meeting on February 10, 2015.

Product Line

Family Care

- Toilet paper
- Napkins
- Facial tissues
- Paper towels
- Antibacterial gel
- Wet wipes
- Food wraps

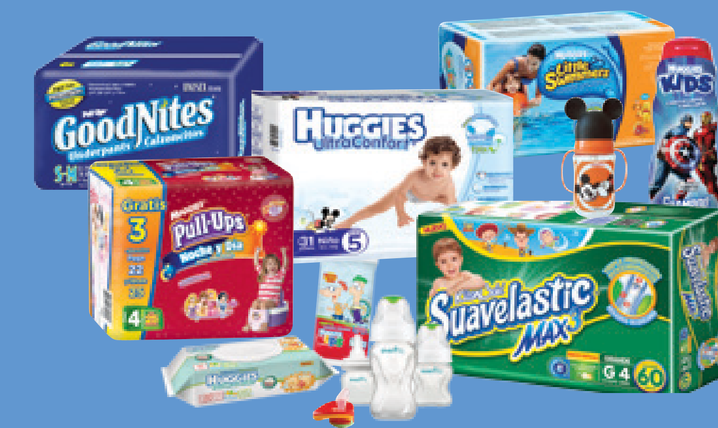


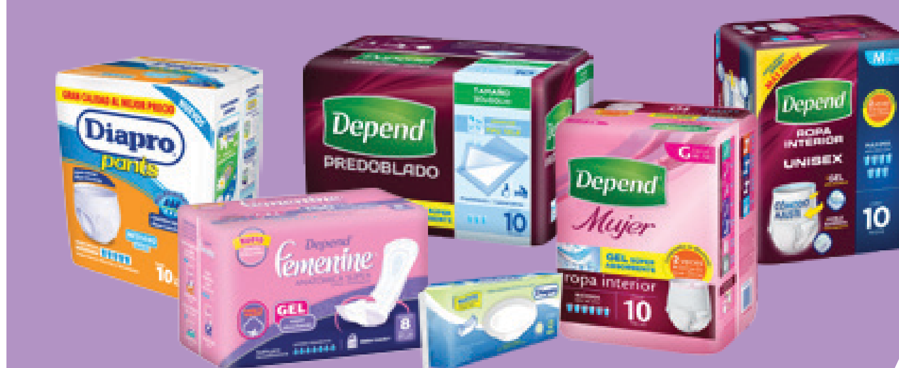
Feminine Care

- Pads
- Pantyliners
- Tampons
- Feminine wipes

Baby and Child Care

- Diapers
- Training pants
- Swim diapers
- Bedwetting underwear
- Baby wipes
- Shampoo
- Bath wash and solid soap



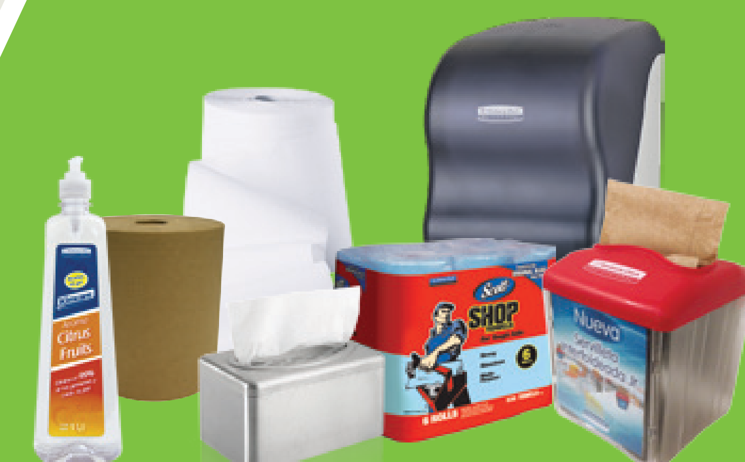


Adult Care

- Underwear
- Cleansing cloths
- Protector pads

Professional

- Jumbo® toilet paper
- Hand towels
- Napkins
- Industrial rags
- Dispensers



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Operations Strategic Planning Director

Jesús González Urevig
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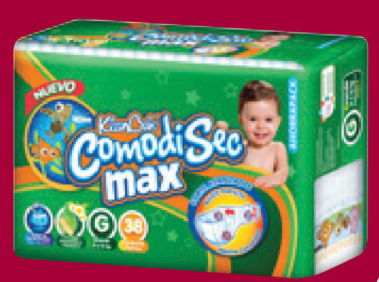
Export Manager

José Luis Díaz Morales
Internal Audit Manager

Javier Pizzuto del Moral
Feminine Products and Personal Care Products Marketing Assistant Director

Luis Santiago de la Torre Oropeza
Labor Relations Deputy Director

Fernando Vergara Rosales
Corporate Comptroller



Consolidated Financial Statements

Independent Auditors' Report

Independent Auditors' Report to the Board of Directors and Stockholders of Kimberly-Clark de México, S. A. B. de C. V.

We have audited the accompanying consolidated financial statements of Kimberly-Clark de México, S. A. B. de C. V. and its Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of income, other comprehensive income, changes in stockholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Alejandro González Anaya
Mexico City, Mexico
February 5, 2015

Consolidated statements of

Financial Position

December 31, 2014 and 2013
(Thousands of Mexican pesos)

	Notes	2014	2013
Assets			
Current assets:			
Cash and cash equivalents		$ 5,049,547	$ 5,390,250
Accounts receivable and other	4	5,097,611	4,946,464
Inventories	5	1,887,357	1,844,534
Total current assets		12,034,515	12,181,248
Long-term assets:			
Property, plant and equipment	6	15,979,624	15,878,641
Derivative financial instruments	14	354,143	-
Intangibles and other assets	8	981,391	962,964
Goodwill	7	582,771	516,986
Total long-term assets		17,897,929	17,358,591
Total		$ 29,932,444	$ 29,539,839
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	9	$ 1,500,000	$ 2,300,000
Trade accounts payable		3,487,438	3,319,071
Other accounts payable, accrued liabilities and provisions	10	1,763,363	1,582,092
Employee benefits		925,085	1,085,471
Income tax	11	200,443	470,194
Total current liabilities		7,876,329	8,756,828
Long-term liabilities:			
Long-term debt	9	13,086,817	10,177,845
Deferred income taxes	11	1,712,511	1,712,747
Derivative financial instruments	14	134,718	160,131
Retirement benefits and other liabilities	12	188,447	144,973
Total long-term liabilities		15,122,493	12,195,696
Total liabilities		22,998,822	20,952,524
Stockholders' equity	15	6,933,622	8,587,315
Total		$ 29,932,444	$ 29,539,839

See accompanying notes to consolidated financial statements.

Consolidated statements

of Income

Years ended December 31, 2014 and 2013
(Thousands of Mexican pesos, except as indicated)

	Notes	2014	2013
Net sales		$ 29,106,853	$ 29,677,516
Cost of sales		18,379,732	17,759,990
Gross profit		10,727,121	11,917,526
General expenses		4,857,069	4,709,510
Operating profit		5,870,052	7,208,016
Finance costs:			
Borrowing costs		906,458	746,952
Interest income		(227,327)	(126,874)
Exchange fluctuation – net		116,922	(21,327)
Income before income taxes		5,073,999	6,609,265
Income taxes	11	1,529,881	1,990,223
Consolidated net income		$ 3,544,118	$ 4,619,042
Basic earnings per share (in pesos)		$ 1.14	$ 1.47
Weighted average number of outstanding shares (in thousands)		3,113,970	3,137,535

See accompanying notes to consolidated financial statements.

Consolidated statements of other
Comprehensive Income

Years ended December 31, 2014 and 2013
(Thousands of Mexican pesos)

	Notes	2014	2013
Consolidated net income		$ 3,544,118	$ 4,619,042
Other comprehensive income:			
Items that will not be reclassified subsequently to statements of income			
Actuarial losses on retirement benefits - net	12	(31,340)	(1,877)
Items that may be reclassified subsequently to statements of income			
Translation effects of foreign operations		137,706	16,049
Changes in valuation of financial instruments- net	14	7,054	10,435
		113,420	24,607
Consolidated comprehensive income		$ 3,657,538	$ 4,643,649

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in
Stockholders' Equity

Years ended December 31, 2014 and 2013
(Thousands of Mexican pesos)

	Contributed	Earned	Items of other comprehensive income.			
	Common stock	Retained earnings	Actuarial losses	Translation effects of foreign operations	Valuation of financial instruments	Total stockholders' equity
Balance, January 1, 2013	$ 2,913,821	$ 5,897,994	$ (55,156)	$ (8,073)	$ (122,526)	$ 8,626,060
Dividends paid		(4,146,258)				(4,146,258)
Repurchase of own stock	(12,903)	(523,233)				(536,136)
Comprehensive income		4,619,042	(1,877)	16,049	10,435	4,643,649
Balance, December 31, 2013	2,900,918	5,847,545	(57,033)	7,976	(112,091)	8,587,315
Dividends paid		(4,377,600)				(4,377,600)
Repurchase of own stock	(26,212)	(907,419)				(933,631)
Comprehensive income		3,544,118	(31,340)	137,706	7,054	3,657,538
Balance, December 31, **2014**	**$ 2,874,706**	**$ 4,106,644**	**$ (88,373)**	**$ 145,682**	**$ (105,037)**	**$ 6,933,622**

See accompanying notes to consolidated financial statements.

Cash Flows

Years ended December 31, 2014 and 2013
(Thousands of Mexican pesos)

	2014	2013
Operating activities:		
Income before income taxes	$ 5,073,999	$ 6,609,265
Items related to investing and financing activities:		
Depreciation and amortization	1,616,000	1,516,913
Income from recovery of insurance	-	(84,176)
Exchange fluctuations	116,922	(21,327)
Interest expense - net	679,131	620,078
	7,486,052	8,640,753
Accounts receivable and other	(118,752)	396,795
Inventories	(42,823)	105,734
Trade accounts payable	(84,870)	528,786
Other accounts payable, accrued liabilities and provisions	147,600	65,342
Employee benefits and retirement	(137,037)	52,325
Income taxes paid	(1,785,519)	(2,288,071)
Net cash flows provided by operating activities	5,464,651	7,501,664
Investing activities		
Additions to property, plant and equipment	(1,644,889)	(1,637,034)
Recovery of insurance	-	154,507
Other	16,662	(15,009)
Net cash flows used in investing activities	(1,628,227)	(1,497,536)
Excess cash to apply in financing activities	3,836,424	6,004,128
Financing activities		
Borrowings	4,018,398	2,492,827
Payment of loans	(2,300,000)	(1,250,000)
Interest paid	(662,044)	(590,140)
Dividends paid	(4,377,600)	(4,146,258)
Repurchase of own stock	(933,631)	(536,136)
Other liabilities	(24,647)	(48,399)
Net cash flows used in financing activities	(4,279,524)	(4,078,106)
(Decrease) increase in cash and cash equivalents	(443,100)	1,926,022
Adjustment to cash flows due to changes in exchange rates	102,397	(702)
Cash and cash equivalents at the beginning of year	5,390,250	3,464,930
Cash and cash equivalents at the end of year	$ 5,049,547	$ 5,390,250

There were no non-monetary transactions.

See accompanying notes to consolidated financial statements.

Financial Statements

Years ended December 31, 2014 and 2013
(Thousands of Mexican pesos)

1. General information

Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries (the Entity) is a public company listed on the Mexican Stock Exchange. The address of its registered office and principal place of business is 8 Jaime Balmes street, 9th floor, Los Morales Polanco, Mexico City, and it is engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away from home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and health care products. Some of the main brands include: Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend®, Kotex® and Evenflo®.

2. International Financial Reporting Standards ("IFRS")

Mandatory standards and improvements issued by the International Accounting Standard Board (IASB) were beginning on or after January 1, 2014.

These new standards and improvements have no effect on the Entity's amounts and disclosures included in the consolidated financial statements.

3. Basis of presentation and significant accounting policies

The accompanying consolidated financial statements are in accordance with IFRS. The significant accounting policies are as follows:

a. Explanations for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico.

b. Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for valuation of financial instruments that are measured at fair values.

- Historical cost is generally based on the fair value of the consideration given in exchange for assets.
- Fair value is defined as the price which would be received for selling an asset or which would be paid for transferring a liability in an orderly transaction between market participants at the valuation date.

c. Basis of consolidation

The consolidated financial statements include the accounts of Kimberly-Clark de México, S. A. B. de C. V. and the following wholly owned subsidiaries:

- Crisoba Industrial, S. A. de C. V., rents property, machinery and equipment and provides other services to Kimberly-Clark de México, S. A. B. de C. V.
- Servicios Empresariales Során, S. A. de C. V. provides financing and, through its subsidiaries, distribution and other services to Kimberly-Clark de México, S. A. B. de C. V.
- Three subsidiaries which comprise the feeding accessories business in Mexico and the United States, as well as the commercialization in Mexico of other Evenflo® trademark products.

- Taxi Aéreo de México, S. A. provides air transportation services to personnel of Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries, as well as to the general public.
- Other subsidiaries which lease properties, mainly to other subsidiaries of Kimberly-Clark de México, S. A. B. de C. V.

Intercompany transactions and balances have been eliminated in these consolidated financial statements.

d. Critical accounting judgments and key information for estimates

In the application of the Entity's accounting policies, the management is required to make judgments, estimates and assumptions regarding the carrying amounts of financial statements' assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Review of accounting estimates are recognized in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods (see notes 4 and 5).

e. Cash equivalents

Consist of daily cash surplus investments which are highly liquid investments and are easily convertible into cash and subject to low risk of changes in value.

f. Financial assets

Financial assets are recognized when the Entity becomes a party to the contractual provisions of the instruments.

- Loans and accounts receivable

Accounts receivable, loans and other accounts receivable with fixed or determinable payments that are not quoted in an active market are classified as loans and accounts receivable. Loans and accounts receivable are measured at amortized cost using the effective interest method, less any impairment.

- Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of accounts receivable could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on payments.

In the case of accounts receivable, the carrying amount is reduced through the use of an allowance for doubtful accounts. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

g. Inventories

Inventories are stated at the lower of cost and net realizable value. The costs, including an appropriate portion of indirect fixed and variable costs, are allocated to the inventories by using the most appropriate method for the specific class of inventory; the majority are valued by the first-in first-out method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

h. Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Depreciation is recorded in profit or loss and computed using the straight-line method, based on the estimated useful lives of the assets.

The estimated useful lives are reviewed at the end of each reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Properties in the course of construction for production are carried at cost, less any recognized impairment loss. Depreciation of these assets, as well as in other property assets, commences when the assets are ready for their intended use.

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be made ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

j. Intangibles

Intangible assets acquired separately - Are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the within general expenses in the consolidated statements of income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination - Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if had no impairment loss been recognized for the asset in prior years.

l. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are recognized in profit or loss as incurred. The consideration transferred in each business combination is measured at fair value; the identifiable assets acquired and the liabilities assumed are also measured at fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12, Income Taxes, and IAS 19, Employee Benefits, respectively.

There is a valuation period in which the acquirer adjusts the provisional amounts or recognizes additional assets or liabilities necessary to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The valuation period is the time elapsed from the acquisition date until the Entity obtains complete information on the facts and circumstances in effect at the acquisition date, which cannot exceed one year.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

m. Goodwill

Goodwill arising from business acquisitions is carried at cost, as established at the acquisition date, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating unit (or groups of cash-generating units) of the Entity, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

n. Financial liabilities

Financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in results.

- Borrowings and trade payables

Borrowings and trade payables are measured at amortized cost using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate a shorter period), to the net carrying amount on initial recognition.

- Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

o. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

Income tax (ISR) is recorded in results of the year in which it is incurred.

- Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, applying the rate corresponding to these differences and, as appropriate, tax losses to be amortized or tax credits are included. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, income tax is also recognized in other comprehensive income or directly in equity, respectively, or in the case of the initial accounting for a business combination, within goodwill.

p. Provisions

Provisions are recognized when the Entity has a present obligation (legal or assumed) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

q. Employee benefits

Employee benefits are determined based on the services provided, considering current salaries, and the liability is recognized as accrued. It includes statutory employee profit sharing (PTU) payable, fringe benefits earned by the employees for direct benefits and incentives. Benefits also include compensation plan for officers and employees named "Plan de Asignación de Unidades Virtuales" (Virtual Shares Award Plan), for which compensation cost is recognized in profit or loss of each year. To meet this obligation, the Entity has established a trust.

PTU is recorded in profit or loss of the year in which it is incurred and is presented within cost of sales and general expenses line items, as applicable.

r. Retirement benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the beginning and the end of each reporting period.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation, reduced by the fair value of plan assets.

Differences between actuarial valuation at the beginning and end of each period represent actuarial gains and losses of the year and they are presented within other comprehensive income.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

s. Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss and in other comprehensive income when it qualifies for cash flow hedge accounting.

t. Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable, taking into account the estimated amount of customer returns, discounts and other similar allowances.

Revenue from the sale of goods is recognized when all of the following conditions are met:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

u. Foreign currency transactions

The functional currency of the Entity is the Mexican peso, except for Evenflo Feeding, Inc., which is the US dollar.

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange rate differences are recognized in results of the period.

For the entity whose functional currency is not the Mexican peso, for purposes of the presentation of the consolidated financial statements, the Entity's functional currency assets and liabilities are expressed in Mexican pesos using the exchange rates in effect at the end of the reporting period. The revenue and expenses items are converted at the average exchange rates in effect during the period, unless they fluctuate significantly, in which case the exchange rates in effect on the transaction dates are utilized. The conversion differences are recorded in other comprehensive results as part of stockholders' equity.

4. Accounts receivable and other

	2014	2013
Trade	**$ 6,068,764**	$ 5,684,425
Provision for discounts	**(899,066)**	(715,528)
Allowance for doubtful accounts	**(115,905)**	(114,136)
Net	**5,053,793**	4,854,761
Other	**18,842**	17,607
Prepaid expenses	**24,976**	74,096
Total	**$ 5,097,611**	$ 4,946,464

Provision for discounts	2014	2013
Balance at January 1,	**$ (715,528)**	$ (562,802)
Increases	**(5,255,200)**	(4,816,619)
Applications	**5,071,662**	4,663,893
Balance at December 31,	**$ (899,066)**	$ (715,528)

The provision for discounts is determined according to customer negotiations based on the fulfillment of conditions, such as sales volumes, timeliness of orders, a product mix and compliance with the credit terms established, among others.

The Entity reviews on a quarterly basis the allowance for doubtful accounts. The main factors it considers to determine the amount of the allowance are risks related to the customer's financial position based on credit limits established and delays in collection.

5. Inventories

	2014	2013
Finished goods	**$ 720,474**	$ 728,358
Work in process	**188,134**	207,815
Raw materials and spare parts	**1,017,047**	946,308
	1,925,655	1,882,481
Allowance for obsolescence	**(38,298)**	(37,947)
Total	**$ 1,887,357**	$ 1,844,534

The allowance for obsolescence of finished goods and raw materials inventories is recorded in cost of sales as it is incurred and estimated. The main factor considered is the substitution of products due to new product presentations.

6. Property, plant and equipment

	2014	2013
Depreciable fixed assets	**$ 36,051,764**	$ 34,299,577
Accumulated depreciation	**(21,415,721)**	(20,323,985)
Net	**14,636,043**	13,975,592
Land	**742,593**	613,141
Construction in progress	**600,988**	1,289,908
Total	**$ 15,979,624**	$ 15,878,641

In 2014, the Entity acquired a piece of land for $129,452; in 2013, the Entity acquired a piece of land for $21,482 and disposed of land with a carrying value of $8,859.

At December 31, 2014 and 2013, the amount of unamortized capitalized borrowing costs amounted to $52,233 and $15,937 respectively.

	Buildings	Machinery and equipment	Transportation equipment	Total
Depreciable fixed assets				
Balance at the beginning of 2013	$ 4,849,880	$ 27,767,146	$ 903,837	$ 33,520,863
Additions	76,948	834,160	51,083	962,191
Disposals	(18,631)	(148,404)	(16,442)	(183,477)
Balance at December 31, 2013	4,908,197	28,452,902	938,478	34,299,577
Additions	445,412	1,755,934	42,062	2,243,408
Disposals	(290)	(462,877)	(32,127)	(495,294)
Translation effect		4,073		4,073
Balance at December 31, **2014**	**$ 5,353,319**	**$ 29,750,032**	**$ 948,413**	**$ 36,051,764**
Accumulated depreciation				
Balance at the beginning of 2013	$ (2,019,562)	$ (16,269,921)	$ (722,976)	$ (19,012,459)
Additions	(127,349)	(1,322,111)	(33,930)	(1,483,390)
Disposals	9,395	147,880	14,589	171,864
Balance at December 31, 2013	(2,137,516)	(17,444,152)	(742,317)	(20,323,985)
Additions	(93,413)	(1,446,384)	(42,002)	(1,581,799)
Disposals	290	462,877	30,615	493,782
Translation effect		(3,719)		(3,719)
Balance at December 31, **2014**	**$ (2,230,639)**	**$ (18,431,378)**	**$ (753,704)**	**$ (21,415,721)**

The following average useful lives are used in the calculation of depreciation:

Buildings	45 years
Machinery and equipment	15 to 25 years
Transportation equipment	6 and 20 years

7. Goodwill

Balance at the beginning of 2013	$ 509,634
Translation effect	7,352
Balance at December 31, 2013	516,986
Translation effect	65,785
Balance at December 31, **2014**	**$ 582,771**

8. Intangibles and other assets

	2014	2013
Trademarks and licenses	$ 106,735	$ 106,735
Patents and permits	25,636	22,681
Customer relationships	583,441	533,549
	715,812	662,965
Accumulated amortization	(126,482)	(86,282)
Trademarks and licenses with indefinite life - added due to business combination	374,372	351,930
Total intangibles	963,702	928,613
Other assets	17,689	34,351
Total	$ 981,391	$ 962,964

	Trademarks and licenses	Patents and permits	Customer relationships	Total
Cost				
Balance at the beginning of 2013	$ 108,275	$ 22,351	$ 527,973	$ 658,599
Reclassification to other assets	(1,540)			(1,540)
Translation effect		330	5,576	5,906
Balance at December 31, 2013	106,735	22,681	533,549	662,965
Translation effect		2,955	49,892	52,847
Balance at December 31, **2014**	$ 106,735	$ 25,636	$ 583,441	$ 715,812

	Trademarks and licenses	Patents and permits	Customer relationships	Total
Accumulated amortization				
Balance at the beginning of 2013	$ (28,395)	$ (1,376)	$ (22,505)	$ (52,276)
Additions	(6,825)	(1,542)	(25,156)	(33,523)
Translation effect		(45)	(438)	(483)
Balance at December 31, de 2013	(35,220)	(2,963)	(48,099)	(86,282)
Additions	(6,827)	(1,604)	(25,770)	(34,201)
Translation effect		(551)	(5,448)	(5,999)
Balance at December 31, de **2014**	$ (42,047)	$ (5,118)	$ (79,317)	$ (126,482)

The useful lives used for calculating amortization are:

Trademarks and licenses	10 and 20 years
Patents and permits	15 years
Customer relationships	15 and 25 years

9. Long-term debt

	2014	2013
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rates of 9.98%, 9.65%, 7.17% and 6.98%.	$ 5,450,000	$ 5,450,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the 28-day Mexican Interbank Equilibrium rate (TIIE) plus or minus certain credit spreads. As of December 31, 2014, the annualized rates ranged from 3.19% to 3.59%.	5,500,000	7,050,000
Notes denominated as global bonds issued for USD$250 million, unsecured, bearing interest at a fixed net annual rate of 3.8%.	3,687,500	-
Total	14,637,500	12,500,000
Less:		
Current portion	1,500,000	2,300,000
Expenses on debt issuance	50,683	22,155
Long-term debt	$ 13,086,817	$ 10,177,845

Long-term debt agreements contain certain obligations that do not include financial restrictions. Such obligations have been complied with as of December 31, 2014.

Long-term debt matures as follows:

2016	$ 800,000
2017	2,500,000
2018	1,500,000
2019	400,000
2020	2,500,000
2023	1,750,000
2024	3,687,500
	$ 13,137,500

Considering the rates and the debt in effect as of December 31, 2014, accruable interest ranges from $893 million Mexican pesos in 2015 to $58 million Mexican pesos in 2024; including the effect of derivative financial instruments mentioned in note 14.

10. Other accounts payable, accrued liabilities and provisions

Other accounts payable, accrued liabilities and provisions are mainly represented by value-added tax, other taxes payable, accrued services and provisions. Provisions are composed as follows:

	2014	2013
Promotion	$ 69,322	$ 87,106
Freight	133,550	97,137
Total	$ 202,872	$ 184,243

	Promotion	Freight	Total
Balance at the beginning of 2013	$ 60,977	$ 80,183	$ 141,160
Increases	305,631	1,559,156	1,864,787
Applications	(279,502)	(1,542,202)	(1,821,704)
Balance at December 31, 2013	87,106	97,137	184,243
Increases	324,226	1,663,955	1,988,181
Applications	(342,010)	(1,627,542)	(1,969,552)
Balance at December 31, **2014**	$ 69,322	$ 133,550	$ 202,872

11. Income taxes

The statutory income tax rate is 30% for the years 2014 and 2013. The Entity is subject to ISR on a consolidated basis until 2013. As a consequence of amendments to the Income tax law in December 2013, the tax consolidation regime was eliminated. As a result, the Entity must pay benefits previously recognized under the consolidation regime over the next five years starting in 2014. The amount of this obligation is not significant.

a. Income taxes recognized in profit or loss

	2014	2013
Current	$ 1,515,768	$ 2,128,086
Deferred	14,113	(137,863)
Total income taxes	$ 1,529,881	$ 1,990,223

b. Reconciliation between the statutory rate and the effective rate expressed as a percentage of income before income taxes is as follows:

	2014 Rate %	2013 Rate %
Statutory rate	30.0	30.0
Effects of inflation	.3	.3
Non deductible items	1.2	.7
Tax incentives and others	(1.3)	(.9)
Effective rate	30.2	30.1

c. Annual deferred income tax recognized in other comprehensive income:

		2014		2013
Due to valuation of financial instruments	$	(3,024)	$	(4,472)
Due to actuarial losses		13,432		805
Total	$	10,408	$	(3,667)

d. Deferred tax in the statement of financial position

The main items comprising the balance of the deferred tax liability as of December 31 are:

		2014		2013
Property, plant and equipment	$	1,954,346	$	2,056,966
Intangibles arising from business combination		36,537		39,550
Inventories		(4,478)		(7,810)
Loss carryforwards (expiring in 2017)		(105,591)		(109,338)
Other liabilities and provisions		(123,287)		(218,582)
Derivative financial instruments		(45,016)		(48,039)
Total	$	1,712,511	$	1,712,747

12. Retirement benefits and other liabilities

a. Retirement benefits

The liability and the annual cost for labor obligations derive from a pension plan for qualifying personnel, retirement severance payments and legal seniority premium.

The present value of the obligations for defined benefits and the annual cost are calculated by an independent actuary based on the projected unit credit method. To meet this obligation, the Entity has established administration funds that are balanced between fixed and variable rates with a moderate risk.

Relevant information regarding these obligations is as follows:

		2014		2013
Projected benefit obligation	$	494,532	$	454,754
Plan assets		(370,168)		(398,511)
Net liability		124,364		56,243
Annual cost	$	27,027	$	27,174

The main assumptions used for actuarial valuations purposes are as follows:

	2014 %	2013 %
Discount rate	6.50	7.75
Expected return on plan assets	6.50	7.75
Expected rate of salary increase	4.50	4.50

Other disclosures related to retirement benefits are not considered material.

b. Other liabilities

As of December 31, 2014 and 2013, the amount of other liabilities is $64,083 and $88,730, respectively.

13. Risks

a. Liquidity risk

The liquidity risk is very limited because the Entity has a healthy flow profile due to its diversified sales, which are made through customers and distributors which have solvent financial positions. As of December 31, 2014, the Entity had enough cash to mitigate or eliminate the effects of some external event which could imply a temporary liquidity reduction.

When the Entity acquires debt, it seeks to ensure staggered maturities to further mitigate the liquidity risk. The profile of future maturities as of December 31, 2014 is spaced out over ten years and no maturities in any one year represent more than 25% of the total debt. None of the Entity's annual maturities under its current debt profile exceeds the flow derived from the result before income taxes for the year 2014, nor the cash and cash equivalents position as of December 31, 2014.

The Entity has sound relations with different financial institutions and considers that it has access to different types of financing through loans in Mexico or abroad, whether directly with such institutions or through the capital markets. For such purpose the Entity permanently maintains ratings of the Standard & Poor's and Fitch Ratings agencies for debt both in pesos and in foreign currency. As of December 31, 2014, debt ratings by Standard & Poor's were "AAA" in pesos and "A-" in U.S. dollars, whereas those of Fitch Ratings were "AAA" in pesos and "A" in U.S. dollars. In all cases, these are considered investment-grade ratings.

b. Market risk

- Exchange rate

The purchases which the Entity makes in foreign currency are greater than sales in foreign currency. This is reflected in the fact that accounts payable in foreign currency exceed accounts receivable, resulting in a liability position which is subject to exchange rate fluctuations. To reduce the exchange rate risk for the exposed position, the Entity keeps part of its cash in U.S. dollars. The foreign currency position is presented in (note 16).

Furthermore, the prices of a significant portion of the inputs that the Entity utilizes in its production processes are established in foreign currency or tend to be adjusted for exchange rate movements. To mitigate this risk, an export business is maintained. Also, the financial derivatives markets are continually analyzed to seek opportunities to mitigate these risks. As of December 31, 2014 the Entity had not entered into any hedge instrument on supplies purchases. Export sales in the year 2014 were $1,544 million Mexican pesos and it is estimated that the purchases of those inputs whose prices fluctuate due to changes in the exchange rate represent about 50% of its costs.

During 2014, the Entity entered into derivative financial instruments denominated Cross Currency Swaps (CCS) in order to reduce its exposure of exchange rate fluctuations related to this U.S. dollar denominated debt.

- Interest rates

To reduce the risk of interest rate variations, the Entity divides the profile of its debt between fixed rate and variable rate. As of December 31, 2014, 62% of the debt was at a fixed rate and 38% at a variable rate. Of the variable rate debt, $1,500 million Mexican pesos are converted at a fixed rate, with the net exposure being $4,000 million Mexican pesos, equivalent to 28% of the total debt. On another hand, the Entity had $4,074 million Mexican pesos invested in variable rate investments; consequently there is not an exposed position.

- Other pricing risks

The main pricing risk is related with movements in cellulose prices. To reduce this risk, the Entity has different strategies in place such as paper-recycling plants. Approximately 60% of the cellulose consumed by the Entity during 2014 was recycled fiber. Other strategies include the utilization of different types of fiber and different suppliers, as well as sourcing from different geographical regions. The Entity believes that no efficient financial hedge market exists for cellulose.

Another pricing risk derives from the price of natural gas as a result of the Entity's consumption of this input in its processes, as well as its impact on the prices of electricity. The prices of gas are monitored and hedging options are constantly analyzed. As of December 31, 2014, the Entity had not contracted any hedge instrument related to natural gas.

14. Derivative financial instruments

a. Cross currency swaps

In order to reduce its exposure to exchange rate fluctuations form its U.S. dollar-denominated debt, the Entity entered into cross currency swaps. Such instruments convert U.S. 250 million of debt into $3,306.3 million pesos. At the same time, the annual interest fixed US dollar rate of 3.8% was exchanged for a 6.85% rate, over the peso amount.

As the due dates of principal and interest are the same as the debt, these financial instruments were designated as cash flow hedges. The effects are taken into the statement of income as the exchange rate of the hedged item fluctuates.

b. Interest rate swaps on peso-denominated debt

To reduce interest rate volatility, an interest rate swap was contracted for $1,500 million, whereby interest payment profile is converted from variable rate to fixed rate.

All interest rate swap contracts where interest at the variable rate is exchanged for interest at the fixed rate are designated as cash flow hedges to reduce the exposure of the Entity's cash flow derived from the variable interest rates on loans. The interest rate swaps and the interest payments on the loan take place simultaneously and the accumulated amount in other comprehensive income within stockholders' equity is reclassified to consolidated statement of income in the period in which the interest payments at the variable rate on the debt affect results.

The unfavorable effect of these contracts for $69,490 and $57,281 for the years 2014 and 2013, respectively, recycled to net income, are presented in results as part of borrowing costs.

15. Stockholders' equity

As of December 31, 2014 and 2013, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2014	**%**	2013	%
Series "A"	**1,612,136,688**	**52**	1,626,493,759	52
Series "B"	**1,486,954,190**	**48**	1,500,855,717	48
Total	**3,099,090,878**	**100**	3,127,349,476	100

In accordance with the Entity's by-laws, Series "A" shares must represent, at a minimum, 52% of common stock outstanding and must be owned by Mexican investors.

As part of the program for the repurchase of the Company's own shares approved annually by the stockholders, during the years ended December 31, 2014 and 2013, 28,258,598 and 13,910,049 shares, respectively, were repurchased.

In accordance with the Mexican income tax law, total stockholders' equity, except for stockholders' contributions and their related tax restatement, as well as retained earnings determined based on the provisions of such law, is subject to a dividend tax, payable by the Entity, in the event of distribution.

As of December 31, 2014, the balances of the tax accounts are represented by the Contributed capital account for $31,036,000, the Net tax income account until 2013 for $11,072,000, and the Net tax income account that started in 2014 for $3,802,000, approximately.

During the years ended December 31, 2014 and 2013, the Entity paid dividends of $4,377,600 and $4,146,258, respectively. If such dividends had not been paid, stockholders' equity would have been increased by $8,523,858 and $4,146,258, as of such dates.

The Entity is not subject to any external requirement related to the management of its equity.

16. Foreign currency balances and transactions

Assets and liabilities include monetary items receivable or payable in foreign currencies. Such items, denominated in thousands of U.S. dollars, consist of the following:

	2014	2013
Monetary assets	**$ 91,026**	$ 89,048
Monetary liabilities	**391,080**	143,285

Exchange rates used to value such balances were $14.75 and $13.05 Mexican pesos per one U.S. dollar, respectively.

Transactions denominated in thousands of U.S. dollars were as follows:

	2014	2013
Export sales	**$ 115,911**	$ 110,673
Purchases of raw materials, spare parts and services	**595,211**	588,947
Purchases of machinery and equipment	**46,343**	71,320

17. Related parties

For the years ended December 31, the Entity had the following transactions and balances with related parties:

	2014	2013
Kimberly-Clark Corporation:		
Purchases and technical services	**$ 1,408,109**	$ 1,401,827
Machinery and equipment	**24,691**	80,617
Net sales and others	**464,659**	556,178
Trade accounts payable	**146,592**	160,918
Trade accounts receivable	**65,979**	116,265

Other – For the years ended December 31, 2014 and 2013, employee benefits granted to Entity's key senior management were $161,787 and $251,004, respectively.

18. Business segment information

IFRS 8, Operating Segments, requires that the operating segments be identified based on internal reports on the Entity's components.

Information corresponding to each business segment, based on a managerial approach is as follows:

	2014			
	Consumer Products	Professional and Health Care	Exports	Total
Net sales	**$ 25,034,390**	**$ 2,528,148**	**$ 1,544,315**	**$ 29,106,853**
Operating profit	**5,380,679**	**387,984**	**101,389**	**5,870,052**
Depreciation and amortization	**1,358,037**	**173,576**	**84,387**	**1,616,000**
Total assets	**25,744,469**	**2,599,857**	**1,588,118**	**29,932,444**

	2013			
	Consumer Products	Professional and Health Care	Exports	Total
Net sales	$ 25,823,752	$ 2,428,281	$ 1,425,483	$ 29,677,516
Operating profit	6,655,975	429,453	122,588	7,208,016
Depreciation and amortization	1,283,469	162,605	70,839	1,516,913
Total assets	25,703,953	2,417,016	1,418,870	29,539,839

19. Commitments

At December 31, the Entity held the following commitments:

	2014	2013
Acquisition of machinery, equipment and construction projects	$ 352,400	$ 712,800
Acquisition of raw materials	493,546	383,600
Operating lease agreements of real estate and offices with non-cancelable terms ranging from 1 to 6 years, and estimated annual rents	182,076	166,900

Commitments for the acquisition of machinery, equipment, raw materials and some operating lease agreements are mainly denominated in U.S. dollars.

20. New accounting principles

The following new and revised IFRS have been issued but are not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

21. Authorization of issuance of financial statements

On February 5, 2015, the issuance of these consolidated financial statements was authorized by Licenciado Pablo R. González Guajardo, General Director, and Ingeniero Xavier Cortés Lascurain, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Stockholders' Ordinary Meeting.

Trade Markets
Mexican Stock Exchange (BMV), Mexico
The United States (OTC ADRs)
Types of shares
Series A
Series B
Ticker
BMV: KIMBER

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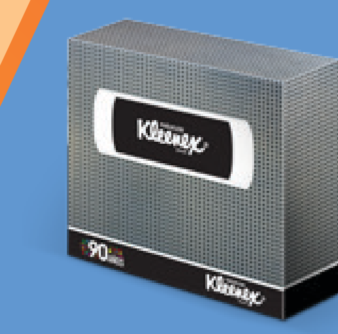

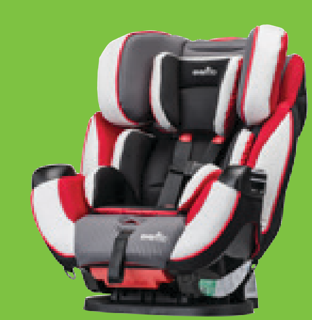

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