Kimberly-Clark de México

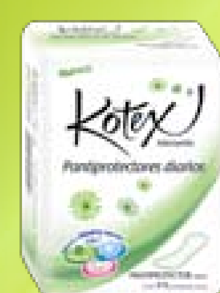
Annual Report **2009**

Kimberly-Clark de México is engaged in the manufacture, distribution and sale of disposable products for daily consumer use, such as: diapers and baby products, feminine napkins, incontinency care products, bathroom tissue, paper napkins, Kleenex, hand and kitchen towels, moist towelettes and health care products. Its leading brands include Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®.

Through its continuous innovation and focus on the consumer, the company has earned a leadership position in most markets in which it participates.

The company is listed on the Mexican Stock Exchange under the ticker symbol “KIMBER,” and through ADRs listed on the New York Stock Exchange.

innovation



Financial **highlights**

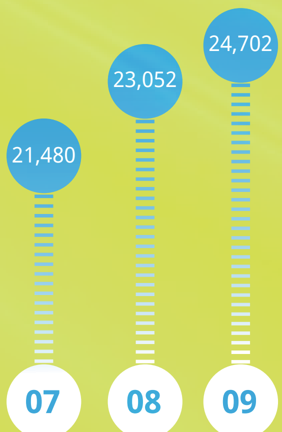
Figures in million pesos, except for earnings per share.

	2009	2008	%VAR
Net Sales	**24,702**	23,052	7%
Gross Profit	**10,137**	9,218	10%
Margin	**41%**	40%	
Operating Profit	**6,703**	5,951	13%
Margin	**27%**	26%	
Net Income	**4,152**	3,312	25%
ROIC	**28%**	25%	
EBITDA	**7,897**	7,106	11%
Margin	**32%**	31%	
Earnings per Share	**3.81**	2.99	27%

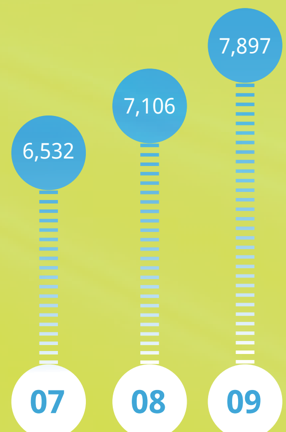
(in pesos, using the weighted average of outstanding shares)

13%

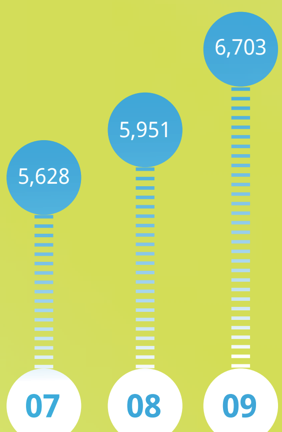
growth in
operating profit



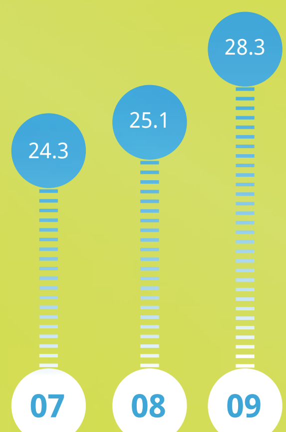
Net Sales
(millions of pesos)



EBITDA
(millions of pesos)



Operating Profit
(millions of pesos)



ROIC
(%)

Managing Director´s Report

To our shareholders:

In 2009, we faced a global economy in a severe recession, and a highly complex situation on the domestic front. In the economic sphere, it will be remembered as the year of the worst recession since the Great Depression, a significant rise in unemployment in the largest economies of the globe, and the recovery programs introduced by the world's governments to contend with it. In the political arena, we witnessed the inauguration of Barack Obama, and the growing importance of China as a world power.

$24,702

million pesos
in net sales

The governments of the world's largest nations were able to slow and, in some cases, to reverse the downward course of their economies by implementing numerous economic support programs, particularly in the largest economy, the United States. Obviously, to do so they had to take on a heavy burden of debt that will have to be repaid over the coming years. But these measures were necessary to restore the confidence of the world and the financial markets, helping them to pull out of the recession and to stabilize by March, in many cases recovering much of the ground lost.

Another factor contributing to the markets' recovery was the anticipation that by 2010, China and India would return to a brisk pace of growth, driving worldwide demand for commodities. This increase began to happen in the second half of 2009.

In Mexico, the economic contraction of 2009 was severe. In general, the economy had its worst year in recent decades, because the recession in the United States hampered external demand for Mexican products. There were other factors as well: the AH1N1 flu outbreak in April and May, which paralyzed much of the economy for weeks; widespread drought conditions in various states of the nation; a more pronounced decline than expected in government revenues—oil and non-oil—, which prompted budget cutbacks and limited the government's capacity to use public spending to ease the impact of the recession; and a dwindling inflow of wage remittances from abroad. All of these factors combined into what we can call a "Perfect Storm," driving Mexico's GDP down by 6.5% in the year.

Despite all this, the economy proved its stability and capacity to confront adverse situations: inflation remained under control, the exchange rate was stable, and short-term interest rates declined. The impact on Mexican jobs was also less severe than expected, and the nation's middle class suffered fewer repercussions than they had in earlier crises, like 1994-1995.

The first two quarters of 2009 were the toughest for Mexico, and although the second quarter saw an improvement, the economy is still only beginning to come out of the recession. The good news is that the U.S. recovery looks very much like a reality, and this means a reactivation of external demand for Mexican products that eventually will become the engine to drive our economy.

Despite the difficult climate for business last year, we brought in strong results, based on ongoing innovation in our products and processes, our brands leadership and the ability, passion and priority on execution that has always characterized our people.

The following are some highlights of the results obtained last year.

Financial results:
In 2009, we achieved record levels in net sales, operating profit, EBITDA and net income.

Sales were up 7 percent, 3 percent due to higher volume and 4 percent from better price and mix.

In the third quarter and, particularly, in the last quarter of the year, we were hit by considerable price increases on some basic inputs that until then had been declining. But a stronger peso and the reduction and containment of costs across the organization offset the negative effect of these price hikes, along with the high rate of productivity at which we operate throughout the year. We also made a concerted effort to control operating expenses. All of these resulted in a 13% growth in operating profit higher than the growth of net sales.

We achieved record results based on our **products and processes innovation**

A glance at our bottom line shows a brisk 25% growth in the year, driven by the substantial rise in operating income and the fact that the 2008 results were hurt by the recognition of foreign-exchange losses stemming from the peso's devaluation.

$3,208

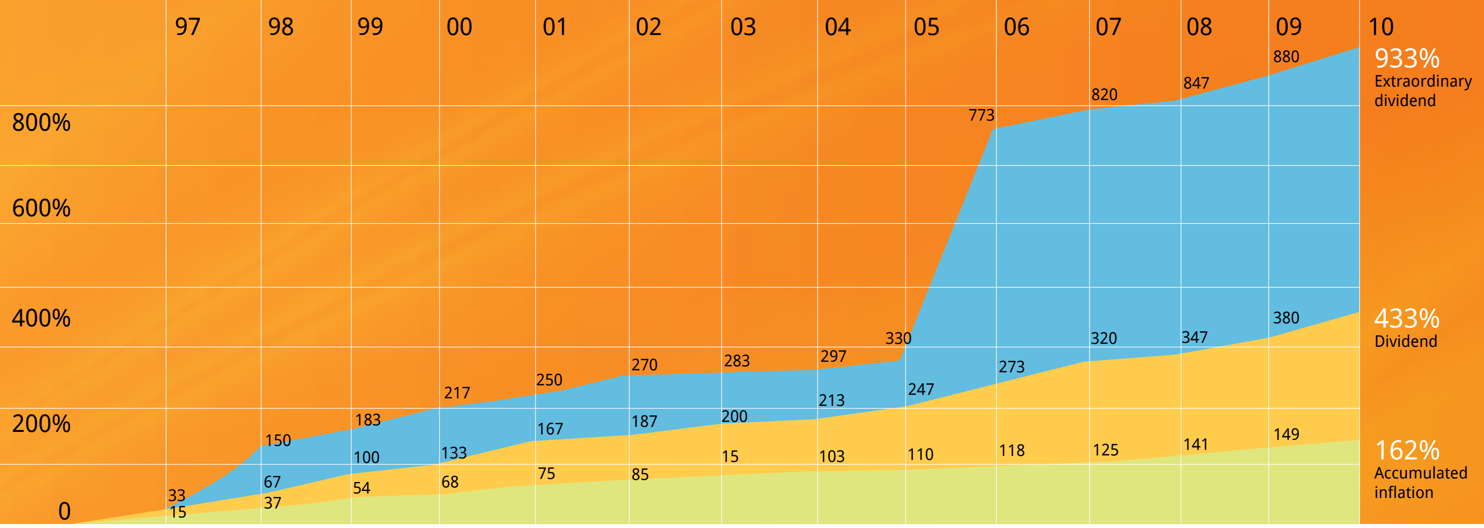
million pesos in dividends

The quality of the company's profits is reflected in a solid financial position and substantial cash flow, which together with efficient working capital management resulted in an EBITDA of $7,897 million pesos last year, 11% higher than in 2008.

We have invested $2,171 million pesos over the past 12 months ($1,064 million of it in Capex and $1,107 million in the repurchase of our own stock), and we paid out $3,208 million pesos in dividends to our shareholders; hence, returning to them 55% of our profits.

Thanks to the confidence of our investors and our strong financial position, determined management, and solid prospects, we were able to float two issues of Securities Certificates (CBs) last year: one in the first quarter, for $3.5 billion pesos, and one in the third, for $2.7 billion pesos. Both were considered successful, and became milestones in the debt issue market. The proceeds of the first issue were used to settle a US$250 million liability taken on 10 years ago, and the second to pre-finance a similar amount of debt maturing in April 2010.

Accumulated dividends paid



$7,897

million pesos in EBITDA during the year, an 11% growth

Product innovation and fresh packaging spurred **7% growth in sales**

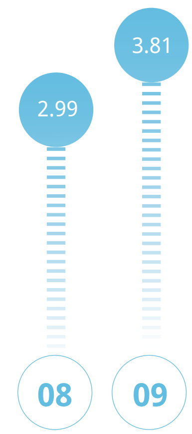
Sales growth:

Despite the difficult economic conditions prevailing throughout the year, coupled with a slowdown in demand and intense competition, we managed to achieve growth in practically every one of the company's divisions.

In **Consumer Products**, which encompasses the company's largest business areas, the growth was 9%, 5% due to higher volume and 4% to better price and mix. We brought in record sales volume in practically every product in our portfolio, led by disposable diapers, bathroom tissue and wet wipes. In these three businesses, the growth in volume surpassed the growth of the market, deriving in market share gains.

The **Professional** division turned in growth of 14%, 8% of which came from volume and 6% from price and mix. The company continues to expand its leadership in the institutional market for hygiene and cleaning products.

Export Sales revenues were down by 20%, hampered by the recession in the United States, which is the main market for our exports.



Earnings per Share
(pesos)

Operations:

We focused operations on maximizing productivity and building our capacity; on improving the quality and functionality of our products and processes; and on controlling and reducing production costs.

We once again set production records in all our areas in 2009, in line with the growth in sales for all businesses. Additionally, the startup of several new operations helped us meet the goals we set. Among the biggest investments of the past year were:

1) Startup of a second wet wipes machine in Tlaxco, Tlaxcala;
2) A new converting line for bath tissue products in San Juan del Río, Querétaro;
3) The acquisition and integration of assets for Diapro® incontinency care products in Cuautitlán, State of Mexico;
4) The modification of 50% of the bath tissue lines to transform products in the Petalo®, Suavel® and Vogue® brands;
5) Additional capacity to produce jumbo bath tissue and hand towels in Texmelucan, Puebla; and
6) The modification of 12 diaper lines in order to improve the KleenBebé Comodisec® brand and reduce the packaging size of KleenBebé Absorsec® brand, also in Cuautitlán, State of Mexico.

We expanded the use of wet wipes to other segments, with new products like Kleenex Aqua

On the other hand, in 2009 we improved our delivery and service levels for our clients and some relocation of our warehouses were made in order to achive higher efficiency and service rates.

Human resources:

We are convinced that having trained, competitive, creative, and efficient personnel is fundamental to achieve the results we expect. Accordingly, we place special emphasis on recruiting and retaining the right personnel, strengthening our work teams, and investing in training and development programs in all our locations.

Last year, the wage increases established for our staff and the review of collective bargaining contracts and wage scales remained within competitive limits, adding to the healthy climate of cordiality and mutual respect within this company. Furthermore, the financial results obtained in 2009 will allow us to distribute more profits than the previous year, consistent with our philosophy that our workers deserve a share in the results of the company.

We improved delivery and **service levels for our clients**

Regarding safety, we achieved the highest metrics in our company's history. With only five incidents reported during the year, our workplace accident frequency and severity indicators were significantly reduced. We will continue to work toward our safety goal: to ensure that no one suffers an on-the-job injury.

We are grateful to our personnel for their efforts during the year, which were crucial to obtaining the abovementioned results. We urge them to join together and redouble efforts to confront the challenges of 2010 with courage, aggressiveness, speed and efficiency.

Innovation:

The company's priority is offering clients and consumers the best products in every segment in which we participate. We aim to distinguish our products by their higher added value, and to ensure they are at the top of consumer preference. To this end, we continuously work on driving innovation in our products, in our operations, and in everything we do. The following are some of the key advances made in this area.

In disposable diapers, Huggies Ultraconfort® launched Superflex technology, with an elastic band at the back and larger stretchable wings on the sides, to give the baby total freedom of movement with the most comfortable and secure diaper.

Huggies® Pull Ups® disposable training pants introduced new print covers for boys and girls with underwear-style designs. In both cases, the improvements allowed these products to bolster their leadership in their respective business segments.

Our KleenBebé® brand, launched the new Comodisec® diaper with more ergonomic front flaps, strengthening its position as the only ultra-light diaper on the market. Meanwhile, KleenBebé Suavelastic MAX®, the leading market brand, updated its look and strengthened its dominance in absorption capacity and dryness in the middle segment of the market.

In the bathroom tissue segment, we transformed the category by launching:

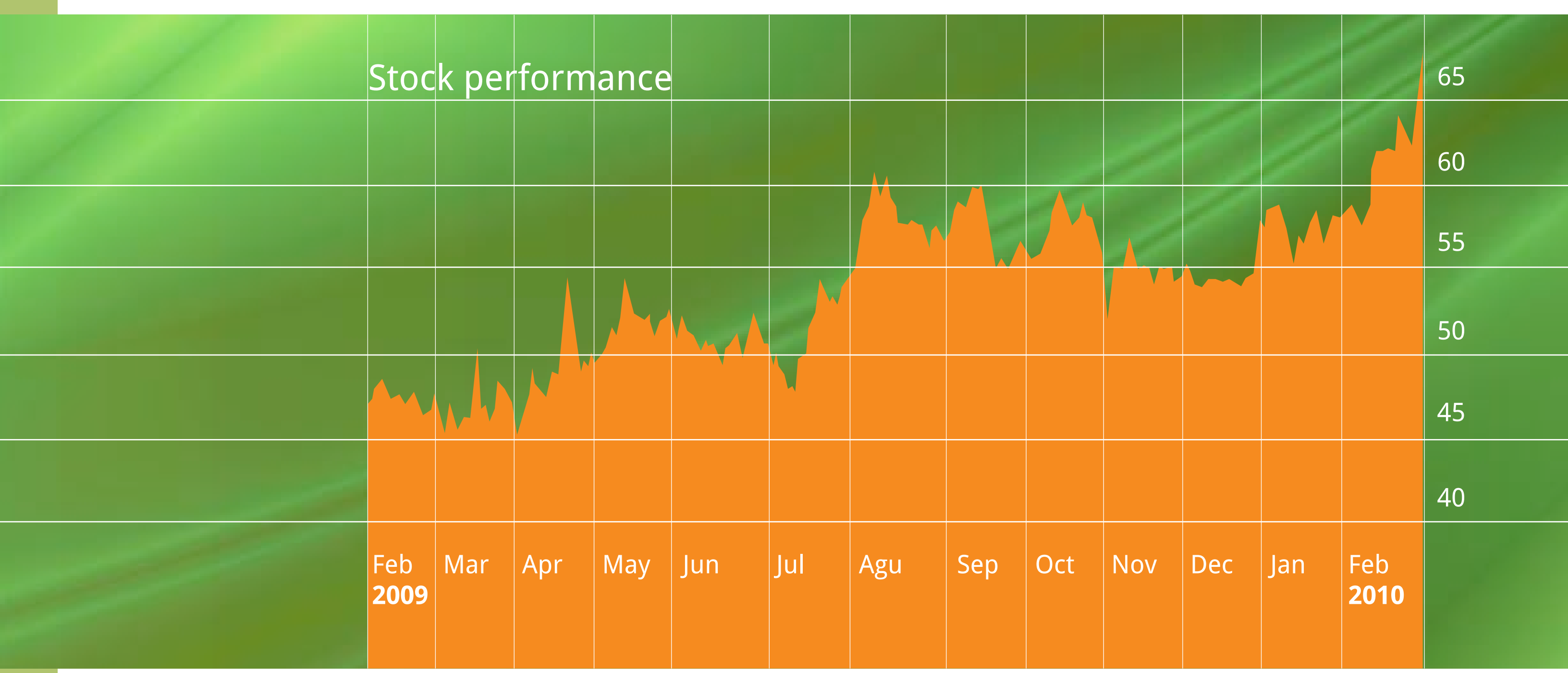
1) Kleenex Cottonelle Fresh®, the first moist toilet tissue in Mexico;
2) Suavel®, with new pin-to-pin technology, offering customers a softer, fluffier and more absorbent product, and thus strengthening its position in the supermarket channel; and
3) Vogue®, the leading brand in the traditional channel, in which we increased the size and yield of the product.
Also, in an effort to keep up with the current climate, we launched new presentations of the Delsey®, Delsey Max® and Lys® brands, which were very attractive and successful on the market.

Constant **innovation is one of our strengths**, and part of our commitment to consumers

In napkins and kitchen towels, we stressed aesthetic and functional differentiation of our Petalo® and Kleenex® brands through printing technology, color, and texture, and we launched the Pétalo® Rendimax® Servitoalla®, which positioned us as the highest-yield products in the kitchen towel category.

In feminine care, in February we re-launched the Kotex® brand, combining the soft, breathable cover of Kotex Free & Soft® with Absorgel®, which is the odor-control component of Kotex Control®, to provide all the benefits in a single feminine pad. Then, in October, we launched the KOTEX® maximum-security system, with a unique and exclusive anti-bacterial herbal extract that eliminates the formation of bacteria in the pad and has a breathable cover layer to protect women's skin.

We also introduced major innovations in other categories like Kleenex Aqua® pocket wet wipes, and Kotex®, extending the use of wet wipes to other segments: Kleenex Aqua® anti-bacterial gel, which has a formula that eliminates the AH1N1 flu virus; the Super Feminine napkin, and improvements to Diapro® brand products, as well as improvements to various of our products in the Professional division.

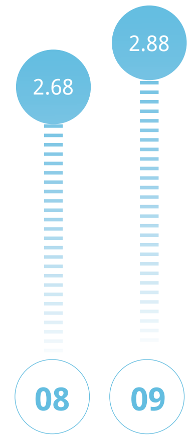


Source: Infosel Financiero

In all these cases, the innovations helped us to improve our position in the market, strengthen our brands, and achieve better results.

Relationship with Kimberly-Clark Corporation:

Our partnership with Kimberly-Clark Corporation (KCC) remains a key support in both product and process innovations, and in the introduction of state-of-the-art technology. Through our relationship with KCC, we have a window on the world, and access to new ideas and developments in our products and processes. We can also share global purchases of some key materials, and constantly share information on practical improvements in our operating and sales practices. In short, this strategic alliance benefits both sides, because it promotes and favors the competitiveness of our companies.



Dividend per Share
(pesos per share)

We launched major innovations in the categories of disposable diapers, household products, napkins and kitchen towels, feminine care, wet wipes and anti-bacterial gel

Our partnership with Kimberly-Clark Corporation remains a key support in both product and process innovations and in the introduction of state-of-the-art technology

Leadership:

Being the market leader requires a strong commitment to our customers and our shareholders. We express this will for leadership in everything we do: in our innovations, in our investment in production equipment, in our actions in the market, in our responsible management of the company's resources, and in the ongoing search for new areas of growth.

As a testament of this commitment, our company is the market leader in almost every category in which it participates, and even in a less than favorable economic climate, we were able to maintain and in some cases even increase our significant market shares.

We encourage an attitude of innovation, learning, productivity, speed, and making more with less, which has kept us at the forefront of our industry, consolidated our position as market leader, and earned us a very solid financial position.

We will continue to work according to these principles, and we will seek at all times to build on that leadership, and expand our presence to other categories.

Diapro®

We maintain our leadership based on **innovation**, learning, productivity, speed, and doing more with less.

Social Responsibility:

We are a company committed to society, to the environment, and to the rational, sustainable use of natural resources. Our commitment begins with our people: we offer them a safe workplace environment and promote their professional and personal development; it continues with our productive chain, which benefits tens of thousands of families through Mexico; and with our country, by fully complying with all of our obligations.

In 2009, we were able to reduce energy and water consumption per metric ton of product. We continue to use primarily recyclable fiber; and the virgin fiber we purchase comes from certified forests.

And as we do every year, in 2009 we gave our support to more than 200 institutions, benefiting more than 20,000 families, 5,000 women, 3,000 older adults and 5,000 infants.

Outlook:

The economic environment in the world's markets is still volatile and fragile. Despite the most recent symptoms seen in Europe, we are confident that they will be contained, and that the world economy will be able to grow this year, albeit modestly. If the start of a phase of economic expansion is

We maintain programs aimed to fullfill our commitment to society and to the environment

confirmed, particularly in the United States, Mexico stands much to gain. But without structural changes, without the strengthening of our domestic market, growth will continue to depend primarily on external sources.

This means that the economy recovery process will be slow and heterogeneous. The activities that will recover the most swiftly will be those related to the external sector; those focused on domestic demand and dependent on jobs recovery will grow more slowly.

Meanwhile, incipient domestic demand and a stronger exchange rate will help keep inflation low, regardless the pressure on prices early in the year due to new and higher taxes, as well as to a rise in public prices and fees.

So 2010 will be a year of economic recovery, but it will fall well short of the country's needs and full potential. Attaining a higher, sustained pace of economic growth to be able to create the jobs our people require, addressing social disadvantages and strengthening and building this nation's middle class, is urgent than ever. This is why we have to work toward the structural changes pending in this country. We cannot wait any longer. The time is upon us, and the need and urgency are crystal clear.

On our side, we will continue to play the role that corresponds to us as a good corporate citizen in the social and economic sphere. We reiterate our commitment to ongoing innovation and to strengthen our products offer, in order to bring consumers the best products in every segment of the markets in which we participate. We will continue to invest in our personnel, brands, products, processes, equipment, markets, and technology, to consolidate and maintain our leadership; and we will continue to manage this company's resources in a responsible manner.

To our shareholders, on behalf of the people of Kimberly-Clark de México, we express our gratitude for your support and confidence in the past year, and we reiterate our pledge to work to our utmost capacity to achieve better results in the year to come.

Cordially,

Claudio X. González
Chairman of the
Board of Directors

Pablo R. González G.
Managing Director

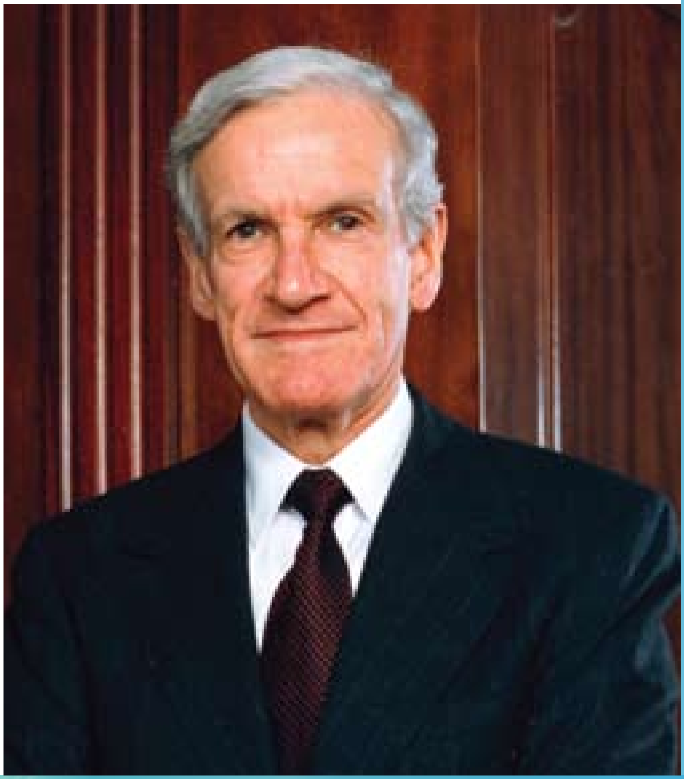
We reiterate our commitment to ongoing innovation, defending and increasing the leadership of our products, our brands, and our company

This report was approved in all of its terms by the Board of Directors in its meeting of February 9, 2010.

Agustín Santamarina Vázquez

Don Agustín Santamarina Vázquez has announced that he will be retiring as a member of the Board of Directors of Kimberly-Clark de México, after an uninterrupted term of fifty-five years. During this time, he has held numerous key positions: Secretary, Vice Chairman, Chairman of the Compensation Committee, and member of the Audit and Corporate Practices Committee.

Mr. Santamarina's brilliant and successful career is bound inextricably to the founding, consolidation, and development of this company. The now distant acquisition of La Aurora in 1955, the public placement of KCM stock on the Mexican Stock Exchange in 1962, the acquisition of Crisoba in 1996, the spin-off of the paper and notebook division in 2006, and countless other decisions, actions and projects in which he participated, clearly prove that Don Agustín's professional and personal contributions to this company, as board member and as external legal advisor, have served as constant, well-aimed, valuable, and transcendent support.



On behalf of our shareholders, the Board of Directors, and the officers and employees of this organization, we extend the most sincere expression of our recognition, appreciation and gratitude.

Many thanks, Don Agustín, for all these years of support and professional commitment.

Claudio X. González
Chairman of the Board of Directors

Pablo R. González G.
Managing Director

Board of Directors

Directors

Claudio X. González Laporte
Chairman of the Board

Robert Abernathy

Jorge Ballesteros Franco

Mark Buthman

Emilio Carrillo Gamboa

Antonio Cosío Ariño

Valentín Diez Morodo

Thomas J. Falk

Pablo R. González Guajardo

Esteban Malpica Fomperosa

Robert W. Black

Fernando Senderos Mestre

Alternate Directors

Guillermo González Guajardo

Jesús Gonzalez Laporte

José Antonio Mondragón Pacheco

José Lois Prieto

Agustín Gutiérrez Espinosa

Antonio Cosío Pando

Jorge Babatz García

José Antonio Noguera Castillo

Fernando Ruíz Sahagún

Jorge Barrero Stahl

Jorge A. Lara Flores

Sergio Paliza Valdez

Main Officers

Pablo González Guajardo
Managing Director

Bernardo Aragón Paasch
Director of Operations

José Antonio Barrera Bortoni
Director of Innovation and Growth

Xavier Cortés Lascurain
Director of Strategic Planning

Jesús González Laporte
Director of Strategic Planning Operations

Jesús González Urevig
Director of Logistics and Customer Service

Fernando González Velasco
Director of Sales Consumer Products

Virgilio Isa Cantillo
Director of Marketing of Infant Products

Gabriel Lance Brunet
Director of Manufacture

Jorge Lara Flores
Director of Finance

Alejandro Lascurain Curbelo
Director of Human Resources

José Lois Prieto
Director of Analysis and Control

José Antonio Lozano Córdova
Director of Product Innovation,
Technological Development and Quality

Jorge Morales Rojas
Director of Marketing Family Care Products

Jean-Lois Brunet Torres
Deputy Commercial Director Professional
and Health Care

Sergio Camacho Carmona
Treasurer

Carlos Conss Curiel
Deputy Director of Information Services

Humberto Escoto Zubirán
Deputy Director of Legal Affairs

Jose María Robles Miaja
Foreign Trade Manager

Armando Paz Camacho
Internal Audit Manager

Javier Pizzuto del Moral
Deputy Director of Marketing Personal and
Feminine Care Products

Luis Santiago de la Torre Oropeza
Deputy Director of Labor Relations

Fernando Vergara Rosales
Financial Controller

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 balance sheets of Kimberly-Clark de México, S. A. B. de C. V. and subsidiaries (the “Company”) as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders’ equity and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark de México, S. A. B. de C. V. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in their stockholders’ equity and cash flows for the years then ended in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of users.

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

C. P. C. Enrique Vázquez Gorostiza
February 4, 2010

Consolidated Balance Sheets

December 31, 2009 and 2008 (Thousands of Mexican pesos)

Assets	**2009**	**2008**
Current assets:		
Cash and cash equivalents	$ 6,460,495	$ 3,017,607
Accounts receivable – net	4,250,097	4,256,683
Current portion of the account receivable to Corporación Scribe, S.A.P.I. de C.V.	210,098	–
Inventories - net	1,681,632	1,889,735
Total current assets	12,602,322	9,164,025
Account receivable due from Corporación Scribe, S.A.P.I. de C.V.	210,097	617,068
Derivative financial instruments	–	14,371
Property, plant and equipment - net	14,356,111	14,453,503
Total	$ 27,168,530	$ 24,248,967

Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 3,521,687	$ 3,529,268
Trade accounts payable	2,633,156	2,395,287
Benefits to employees	781,023	576,472
Accrued liabilities	1,458,989	1,688,315
Income tax	838,004	275,839
Derivative financial instruments	–	150,930
Total current liabilities	9,232,859	8,616,111
Derivative financial instruments	11,342	–
Long-term debt	7,315,454	4,646,471
Deferred income taxes	1,705,860	1,944,328
Other liabilities	268,958	339,563
Total liabilities	18,534,473	15,546,473
Stockholders' equity	8,634,057	8,702,494
Total	$ 27,168,530	$ 24,248,967

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Years ended December 31, 2009 and 2008 (Thousands of Mexican pesos)

	2009	2008
Net sales	$ 24,702,207	$ 23,051,522
Cost of sales	14,564,753	13,833,201
Gross profit	10,137,454	9,218,321
General expenses	3,434,906	3,267,238
Operating profit	6,702,548	5,951,083
Statutory employee profit sharing and other, net	571,644	375,647
Comprehensive financing result	491,062	1,431,959
Income before income taxes	5,639,842	4,143,477
Income taxes	1,488,116	831,338
Net income	$ 4,151,726	$ 3,312,139
Basic earnings per share (in pesos, using weighted average number of outstanding shares)	$ 3.81	$ 2.99

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2009 and 2008 (Thousands of Mexican pesos)

	Common stock	Retained earnings	Insufficiency in restated stockholders' equity and other	Valuation of financial instruments	Total stockholders' equity
Balance, January 1, 2008	$ 4,279,540	$ 5,136,710	$ (76,090)	$ 35,222	$ 9,375,382
Dividends paid		(3,048,751)			(3,048,751)
Repurchase of own stock	(73,899)	(769,441)			(843,340)
Transfer of insufficiency in restated stockholders' equity		(76,090)	76,090		
Comprehensive income		3,312,139	40,608	(133,544)	3,219,203
Balance, December 31, 2008	4,205,641	4,554,567	40,608	(98,322)	8,702,494
Dividends paid		(3,207,618)			(3,207,618)
Repurchase of own stock	(83,620)	(1,023,425)			(1,107,045)
Transfer of other		40,608	(40,608)		
Comprehensive income		4,151,726	4,117	90,383	4,246,226
Balance, December 31, 2009	**$ 4,122,021**	**$ 4,515,858**	**$ 4,117**	**$ (7,939)**	**$ 8,634,057**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008 (Thousands of Mexican pesos)

	2009	2008
Operating activities:		
Income before income taxes	$ 5,639,842	$ 4,143,477
Items related to investing and financing activities:		
Depreciation	1,194,231	1,154,993
Exchange fluctuations	(18,401)	1,005,812
Interest expense - net	509,463	426,147
Statutory employee profit sharing and other, net	571,644	375,647
	7,896,779	7,106,076
Accounts receivable	8,401	(568,173)
Inventories	208,103	(235,635)
Trade accounts payable	320,389	(59,471)
Benefits to employees	(458,042)	(356,098)
Accrued liabilities	(132,338)	277,061
Income taxes paid	(1,199,253)	(945,477)
Net cash flows from operating activities	6,644,039	5,218,283
Investing activities		
Additions to property, plant and equipment - net	(1,063,500)	(1,022,585)
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V. (including interest)	211,413	197,525
Interest received	221,783	154,919
Nets cash flows used in investing activities	(630,304)	(670,141)
Excess of cash to apply in financing activities	6,013,735	4,548,142
Financing activities		
Obtained loans	6,193,293	–
Payment of loans	(3,392,223)	(75,610)
Interest paid	(890,902)	(636,687)
Dividends paid	(3,207,618)	(3,048,751)
Repurchase of own stock	(1,107,045)	(843,340)
Derivative financial instruments	(185,973)	(118,568)
Other liabilities	14,854	227,974
Net cash flows used in financing activities	(2,575,614)	(4,494,982)
Net increase in cash and cash equivalents	3,438,121	53,160
Adjustment to cash flows due to changes in exchange rates	4,767	49,479
Cash and cash equivalents at the beginning of period	3,017,607	2,914,968
Cash and cash equivalents at the end of period	$ 6,460,495	$ 3,017,607

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2009 and 2008 (Thousands of Mexican pesos)

1. Operations, basis of presentation and summary of significant accounting policies

Operations

Kimberly-Clark de México, S.A.B. de C.V. and its subsidiaries (the "Company") are 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® and Kotex®.

Basis of financial statement presentation

Monetary unit of the financial statements – Financial statements and related notes as of December 31, 2009 and 2008 and for the years then ended, include balances and transactions in pesos of different purchasing power.

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 machinery and equipment and provides other services to Kimberly-Clark de México, S.A.B. de C.V.
- Paper Products Trade Corporation which is a trading company incorporated in the United States of America, to promote exports of the Company's products.
- 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.
- 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 statement.

Comprehensive income – Is presented in the statements of changes in stockholders' equity and is comprised of the net income for the year, plus other items that represented comprehensive income (loss) of the same period, which are presented directly in stockholders' equity without affecting the statements of income. It includes the effects of translation of foreign subsidiaries and valuation of financial instruments.

Operating profit - Operating profit is the result of subtracting from the net sales the cost of sales and general expenses. While NIF B-3 Statement of Income does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

Summary of significant accounting policies

The accompanying consolidated financial statements are in accordance with Mexican Financial Reporting Standards "NIF", which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and the disclosures in the accompanying notes, as considered pertinent in the circumstances. The significant accounting policies are as follows:

Recognition of the effects of inflation – According with NIF B-10, Effect of inflation, considers two economic environments:

a) inflationary, where cumulative inflation of the three preceding years is equal or higher than 26%, in which case, the effects of inflation will be recognized, and b) non-inflationary, when in the same three year period, cumulative inflation is lower than 26%, in which case, the effects of inflation have not been recognized in the financial statements.

Due to December 31, 2009 and 2008, the accumulated effects of inflation for the three preceding years were 15.01% and 11.56%, respectively; the economic environment is consider as non-inflationary.

Consequently beginning January 1, 2008, recognition of the effects of inflation in the Company's financial statement was suspended. However, assets, liabilities and stockholder's equity, include the restatement effects recognized through December 31, 2007.

Cash and 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.

Inventories and cost of sales – Inventories are stated at lower of cost or realizable value, using the first-in first-out method.

Property, plant and equipment – Property, plant and equipment are recorded at acquisition cost. Balances arising from acquisitions of national origin made up to December 31, 2007, were restated using the National Consumer Price Index (NCPI) through that date. For fixed assets of foreign origin, the acquisition cost expressed in the currency of the country of origin was restated for inflation in such country and converted into Mexican pesos at the market exchange rate as of the balance sheet date.

Depreciation of property, plant and equipment is computed using the straight-line method, based on the estimated useful lives of the assets, as follows:

	Average Years
Buildings	45
Machinery and equipment	15 to 25
Transportation equipment	12 and 25

Capitalization of comprehensive financing result – Net comprehensive financing result incurred during and attributable to the period of construction and installation of property, plant and equipment is capitalized for major projects. Until December 31, 2007 net comprehensive financing result was restated by applying the NCPI.

Impairment of long-lived assets in use – The Company reviews the carrying amounts of long-lived assets in use in order to detect signs of impairment indicators. There are no impairment indicators as of December 31, 2009 and 2008.

Benefits to employees – Includes fringe benefits earned by the employees, for direct benefits, severance payments upon termination and pension plans. Benefit includes compensation plan for officers and employees named "Plan de Asiganación de Unidades Virtuales" (Virtual Share Awards Plan), compensation cost is recognized in results of operation of each year. To meet these obligation, the Company has established a trust.

Derivative financial instruments – Derivative financial instruments are valued at their market value and their effects are recognized either in results of operations of the period or stockholders' equity. These instruments are used as a hedge to reduce the risk of the effects of the Company's exposure to interest rates, exchange rate fluctuations and the prices of certain utilities.

Foreign currency balances and transactions – Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the comprehensive financing result of the period in which they occur.

Revenue recognition – Revenues are recognized in the period in which ownership of the risks and rewards of the inventories is transferred to customers.

Statutory employee profit sharing "PTU" – PTU is recorded in the results of the year in which it is incurred. Deferred PTU is derived from temporary differences determined by comparing the tax basis and accounting value of assets and liabilities, when it can be reasonably assumed that such differences will generate a liability or benefit, and there is no indications that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized. As of December 31, 2009 and 2008, the amounts of PTU were $577,134 and $391,156, respectively.

Income taxes – Income tax "ISR", is recorded in the results of the year in which it is incurred, recognizing deferred effects originated by temporary differences, corresponding to transactions and other economic events recognized in the financial statements in periods different from those considered in the Company's tax returns. Such effects are recorded considering all temporary differences determined by comparing the tax and book basis of assets and liabilities.

In order to recognize deferred taxes, it is necessary to prepare financial projections to identify prevailing taxable basis, (income tax or Business Flat Tax "IETU") for payment of income taxes.

2. Accounts receivable

	2009	2008
Trade	$ 4,219,692	$ 4,302,657
Allowance for doubtful accounts	(123,645)	(136,265)
Net	4,096,047	4,166,392
Other	154,050	90,291
Total	$ 4,250,097	$ 4,256,683

3. Inventories

	2009	2008
Finished goods	$ 613,098	$ 627,321
Work in process	176,349	191,829
Raw materials and spare parts	892,185	1,070,585
Total	$ 1,681,632	$ 1,889,735

4. Property, plant and equipment

	2009	2008
Buildings	$ 4,539,700	$ 4,482,794
Machinery and equipment	24,330,125	23,865,649
Transportation equipment	845,173	856,916
Total	29,714,998	29,205,359
Accumulated depreciation	(16,338,406)	(15,634,212)
Net	13,376,592	13,571,147
Land	503,410	505,310
Construction in progress	476,109	377,046
Total	$ 14,356,111	$ 14,453,503

At December 31, 2009 and 2008, balances of unamortized capitalized comprehensive financing result were $554,961 and $611,209, respectively.

5. Long-term debt

Long-term debt is summarized as follows:

		2009		2008
Notes payable to banks, denominated in U.S. dollars, unsecured, bearing interest based on LIBOR. As of December 31, 2009, annual rates ranged from .88% to 1.09%.	$	139,131	$	233,239
Senior notes denominated in U.S. dollars, uns ecured, bearing interest at a net fixed annual rate of 8.875%.		–		3,442,500
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on Cetes with maturity of 182 days, plus 75 basis points. As of December 31, 2009 the annual rate is 5.61%.		750,000		750,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rates of 8.95%, 9.98% and 9.65%.		2,450,000		1,250,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the TIIE with maturity of 28 days, plus or minus different basis points. As of December 31, 2009 the annualized rates ranged from 4.82% to 5.91%.		7,498,010		2,500,000
		10,837,141		8,175,739
Less - current portion		3,521,687		3,529,268
	$	7,315,454	$	4,646,471

Long-term debt agreements contain certain obligations which have been complied with as of December 31, 2009.

Long-term debt matures as follows:

2011 and 2012	$	65,454
2013		1,250,000
2014		2,300,000
2016		800,000
2017		2,500,000
2019		400,000
	$	7,315,454

To reduce the risk of interest rate volatility on a portion equivalent to 60% of the debt issued during 2007, in the amount of $2,500,000, the Company entered into an interest rate swap which changed the profile of interest payments to a fixed annual rate of 8.01%.

6. Stockholders' equity

As of December 31, 2009 and 2008, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2009	%	2008	%
Series "A"	560,228,575	52	571,774,975	52
Series "B"	516,769,840	48	527,071,640	48
Total	1,076,998,415	100	1,098,846,615	100

In accordance with the Company'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, as of December 31, 2009 and 2008, 21,848,200 and 19,308,300 shares, respectively, have been 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 Company, in the event of distribution. As of December 31, 2009 the balances of the stockholders' equity tax accounts are represented by Contributed capital account for $26,547,000 and a Net tax income account for $12,192,000, approximately.

During the years ended December 31, 2009 and 2008, the Company paid dividends of $3,207,618 and $3,048,751, respectively. If such dividends had not been paid, stockholders' equity would have been greater by $6,256,369 and $3,048,751 as of such dates.

7. Business segment information

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

	2009		2008	
	Professional Consumer Products	Professional and Health Care	Consumer Products	and Health Care
Net sales	$ 21,740,540	$ 2,961,667	$ 20,063,730	$ 2,987,792
Operating profit	6,209,857	492,691	5,498,924	452,159
Depreciation	1,033,795	160,436	980,244	174,749
Total assets	23,779,593	3,388,937	20,812,929	3,436,038

Export sales, as a percentage of net sales were 5% and 7%, in both 2009 and 2008, respectively, and are included in the respective segments.

8. Comprehensive financing result

Consists of the following:

	2009	2008
Interest expense - net	$ 537,311	$ 459,672
Exchange fluctuations - net	(18,401)	1,005,812
Capitalized comprehensive financing result	(27,848)	(33,525)
	$ 491,062	$ 1,431,959

Figures include a unfavorable net effect of derivative financial instruments of $215,876 and $36,019; in 2009 and 2008, respectively.

9. Income taxes

ISR consist of the following:

	2009	2008
Income tax:		
Current	$ 1,761,418	$ 1,054,202
Deferred	(273,302)	(222,864)
Net	$ 1,488,116	$ 831,338

The ISR rate was 28% in 2009 and 2008.

Statutory and effective ISR rates differ due to certain permanent differences, and in 2008 including the recognition of a tax benefit arising from a tax refund obtained as a result of the settlement of a lawsuit won by the Company. Tax results of the subsidiaries are consolidated at 100% of the equity held in their voting stock.

The deferred income taxes liability is primarily derived from property, plant and equipment, which as of December 31, 2009 and 2008 represent almost 100%, of such liability.

On December 7, 2009, amendments to the ISR law were published, which include, among others the following changes:

a) The ISR rate is increased to 30% for the years 2010 to 2012, but it will be reduced to 29% in 2013 and 28% in 2014.

As a consequence of the above mentioned, deferred income tax liability was increased as of December 2009. Corresponding expense for approximately $115,000 was recognized in the income statement.

b) Tax consolidation regime is modified to establish that the payments of ISR related to the benefits of fiscal consolidation has to be paid in different instalments starting in 2010.

Implementation of this law will not have significant impact on the cash flows of the Company.

10. 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:

	2009	2008
Monetary assets	97,947	99,373
Monetary liabilities	121,476	371,878

Exchanges rate used to value such balances were $13.08 and $13.77 Mexican pesos per one U.S. dollar, respectively.

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

	2009	2008
Export sales	89,387	135,456
Purchases of raw materials, spare parts and services	463,530	565,366
Purchases of machinery and equipment	39,638	44,183
Interest expense – net	10,413	19,324

11. Related parties

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

	2009	2008
Kimberly-Clark Corporation:		
Purchases of inventories and technical services	$ 1,355,438	$ 1,215,625
Purchases of machinery and equipment	86,591	156,828
Sales	568,814	842,394
Trade accounts payable	158,274	161,407
Trade accounts receivable	95,743	103,170

	2009	2008
Corporación Scribe, S.A.P.I. de C.V.:		
Purchases and other services	$ 420,521	$ 532,974
Services income, interest and others	577,889	882,264
Trade accounts payable	36,736	25,260
Trade accounts receivable	420,195	617,068

Other - As of December 31, 2009 and 2008, employee benefits granted to Company's key senior management were $181,526 and $120,282, respectively.

12. Benefits to employees

The liability and annual cost of legally mandated seniority premiums, pension plans for qualifying personnel and severance payments upon termination of the labor relationship, is calculated by an independent actuary based on the projected unit credit method. To meet these obligations, the Company has established funds under an administered plan.

Relevant information regarding these obligations is as follows:

	2009	2008
Accumulated benefit obligation	$ 273,005	$ 231,498
Projected benefit obligation	359,005	316,627
Plan assets	324,117	234,295
Net periodic cost	35,573	37,964

13. Commitments

At December 31, 2009, the Company held the following commitments:

- The acquisition of machinery, equipment and construction projects, totaling approximately $346,000.
- The acquisition of raw materials, totaling approximately $238,000.
- Operating lease agreements for warehouses and offices with non-cancelable terms ranging from 5 to 10 years and annual rents of $105,000.

14. Authorization of issuance of financial statements

On February 4, 2010, the issuance of these consolidated financial statements was authorized by Licenciado Pablo R. González Guajardo, General Director, and C.P. Jorge A. Lara Flores, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Ordinary Stockholders' Meeting.

15. International Financial Reporting Standards

On January 2009, the National Banking and Insurance Commission published amendment to the Circular Letter for publically traded to incorporate the obligation to prepare financial statement accordance with International Financial Reporting Standards beginning in 2012, with permits the early adoption.

Stock Exchange Markets
· Bolsa Mexicana de Valores (BMV), Mexico.

· New York Stock Exchange (NYSE), USA (ADR´S - OTC)

Type of Shares
A series
B series

Ticker Symbols
BMV: KIMBER
NYSE: KCDMY

Investor Relations
Sergio Camacho
scamacho@kcc.com
Phone: +52 (55) 5282 7204

Corporate Headquarters
Av. Jaime Balmes No. 8, 9th floor
Los Morales Polanco, 11510
Mexico City
Phone: +52 (55) 5282 7300
Fax: +52 (55) 5282 7272

COTIZA EN BOLSA MEXICANA DE VALORES

KCDMY LISTED NYSE

Design: signi.com.mx

www.kimberly-clark.com.mx