Thinking big

Kimberly-Clark de México

Annual report 2011

Kimberly-Clark de México is engaged in the manufacture, distribution and sale of disposable products for daily consumer use, such as: diapers and child care products, feminine pads, incontinence care products, bathroom tissue, paper napkins, Kleenex, hand and kitchen towels, wet wipes and health care products. Its leading brands include: Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®. Due to its permanent innovation and focus on the consumer, the company holds a leadership position in all the markets in which it participates.The company trades on the Mexican Stock Exchange under the ticker symbol "KIMBER".

Contents

Kimberly-Clark had mixed results for the year, with growing net sales but with a reduced gross profit.

In order to face a complex economic environment, we increased our promotional and marketing efforts, while we remained focus on maintaining sales volumes and gaining additional market share.

making things to happen

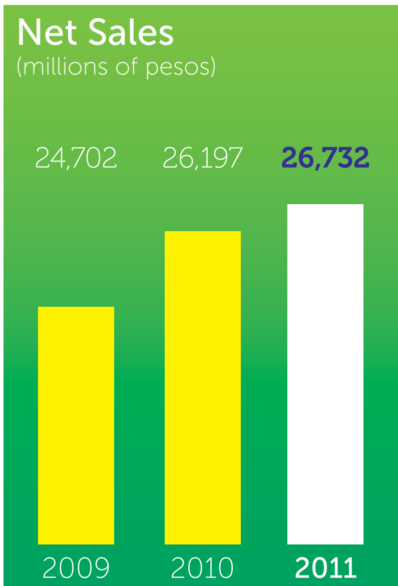
Financial
Highlights

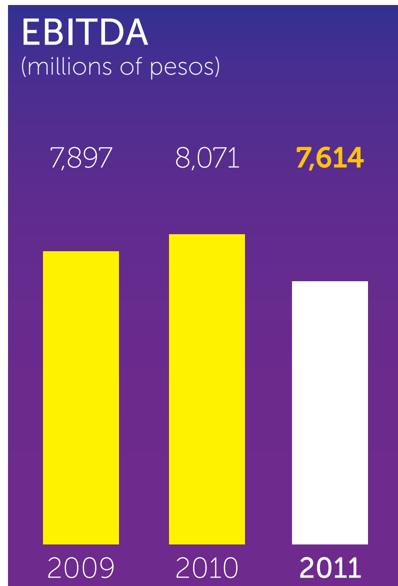
Years ended December 31, 2011 and 2010 (millions of pesos).

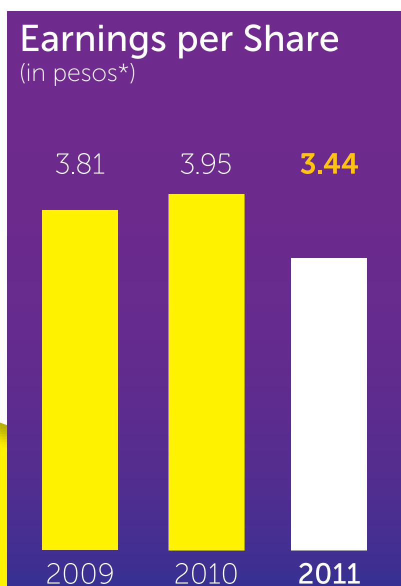
	2011	2010	%VAR
Net Sales	**26,732**	26,197	2
Gross Profit	**10,199**	10,556	(3)
Margin	**38%**	40%	
Operating Profit	**6,378**	6,881	(7)
Margin	**24%**	26%	
Net Income	**3,641**	4,223	(14)
ROIC	**25%**	29%	
EBITDA	**7,614**	8,071	(6)
Margin	**28%**	31%	
Earnings per Share (In pesos, using the weighted average of outstanding shares)	**3.44**	3.95	(13)

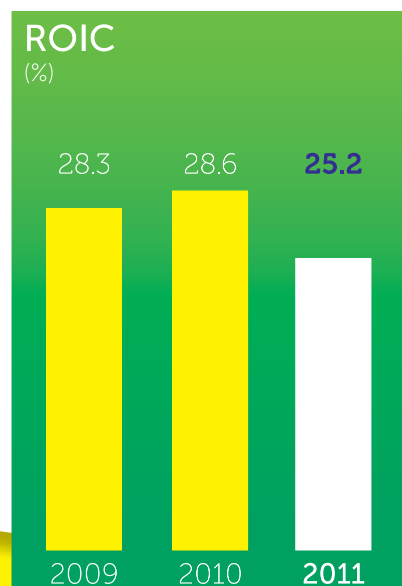
2%

Growth in Net Sales during 2011





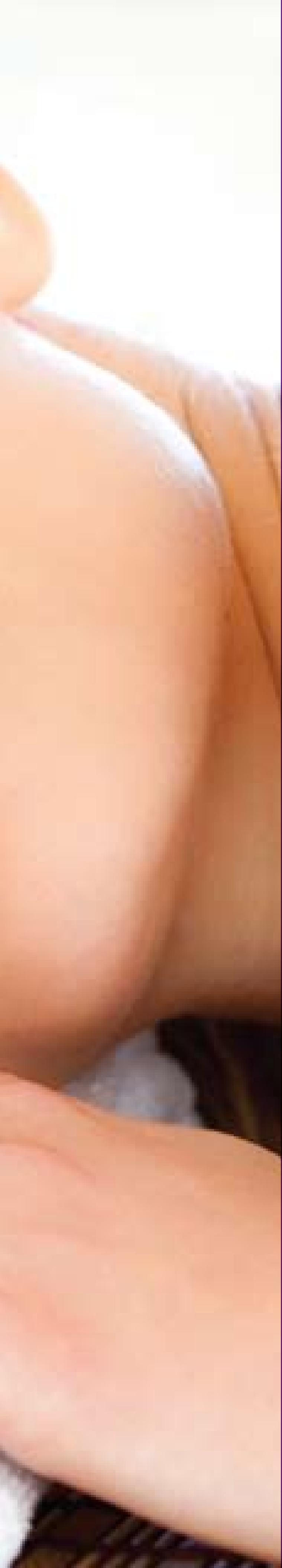




* Using the weighted average of outstanding shares

25.2%
ROIC


Edición limitada
Cottonelle
Spa Calming
Extracto de Algodón con Aloe



Managing
Director's Report

Mexico City, March 1, 2012

Messrs. Shareholders:

The year 2011 was characterized by a very difficult world economic environment. Europe sovereign debt issues heightened reaching important economies, and affecting the region's financial systems as well as financial systems around the world. Europe´s lack of growth and its impossibility for reaching political agreements to stabilize the performance of the markets and thus re-initiate growth, deteriorated the confidence of consumers and companies at a global level, which led to the weakening of economic activity worldwide.

Despite this situation, the United States achieved a modest growth improvement; but a slow and gradual recovery is at sight due to various structural factors that continue to limit a stronger economic drive.

With regards to emerging markets, their growth rate strongly diminished when compared to the previous year, with the exception of China that slightly moderated its growth rate which nevertheless continues to be very robust.

In Mexico, the overall economic situation was good in general terms, but it continued to underperform versus its potential and the requirements that the country has to advance towards creating a broader and stronger middle class. Jobs generation continues, although not sufficient nor with higher value added, which translates in a domestic market that does not grow with the strength that we would all like. In addition, there is no doubt that insecurity has negatively affected the economy in various areas of the country. Mexico´s financial markets also posted a negative and volatile performance, particularly in the second half of the year, thus resulting in a disorderly and strong depreciation of the peso.

Notwithstanding this environment, the prices of raw materials showed important increases during the first seven or eight months of the year and it was not until the last months that they posted decreases derived from the worsening of worldwide growth expectations coupled with an improvement in the supply of some of them. However, at the same time, most emerging markets currencies depreciated versus the dollar which has hampered lower raw material prices in their local currencies.

Financial Results

2011 was not a good year for Kimberly-Clark de Mexico in financial terms. Facing the aforementioned environment, we increased our promotional and marketing supports and focused on sustaining the sales volumes and increasing market shares.

Therefore, we achieved a historical record in net sales which grew 2 percent, 1 percent due to higher volume and 1 percent due to better price and product mix. We increased our market share in various consumer product businesses and the professional and exports businesses posted important net sales growth in the professional and export businesses.

We experienced the strong impact of price increases of some raw materials throughout the year, many of them continue at very high levels, while some others have started to show

Achievement

We continuously aim
to exceed our goals

$2,625

million pesos invested during the last year

a decreasing trend. However, the effects of the peso depreciation, which accelerated in the second half of the year, more than offset the effects of decreased prices of raw materials. Also, energy costs increased significantly in the year. Only the electricity we purchase increased 28 percent in 2011. Within this environment, we continued with our cost containment and reduction programs which amounted to more than $500 million pesos, but these were not sufficient to offset the overall negative impacts. On a historical perspective, in recent years, we had not been affected by such strong combined impacts of record high prices in raw materials in addition to the depreciation of the peso, which from its lowest reading to year end experienced an increase in excess of 20 percent.

Higher costs and increased investment in advertising and promotion caused operating profit to drop 7 percent compared to the prior year.

Net income was 14 percent lower due to a higher integral financing cost, resulting from a higher interest expense plus the effect of exchange rate losses from the above mentioned peso depreciation.

During the year, we generated $7,614 million pesos of EBITDA, made investments in the last twelve months of $2,625 million pesos ($1,907 in capital expenditures (CAPEX) plus $718 in the re-purchase of stock) and paid a dividend to our shareholders of $3,606 million pesos. As of December 31, 2011 the company had $4,028 million pesos in cash.

Innovation

To design, produce and finally take the best alternatives for our clients and consumers to the point of sale has always been a priority for the company. In this regard, we do not hold back on any efforts nor resources needed for innovation in order to continue to be favored with their preference.

A summary of the main innovations performed during the year that ended follows:

In diapers, we added oats to the internal lining of Huggies Supreme® Pure & Natural, a natural ingredient that has important properties to care for, moisturize, and maintain the delicate skin of the baby.

New heavy duty elastic tapes were introduced to the market for Kleenbebé® Suavelastic Max® and we renewed the front patch designs with the Monsters Inc. license. These innovations have enabled the brand to continue to be the individual leader in the market.

Also, Huggies® Pull-Ups® for boys with the Cars license were re-launched in order to keep in pace with market trends considering that the sequel of this movie will hit the theaters during the summer of this year.

In wet wipes, a new formula with triple glycerin to improve baby´s skin moisturizing was incorporated to Huggies® Natural Care and a rigid cap was implemented got Kleenbebé® Suavelastic Max® pouches in order to avoid the wet wipes from drying. In all of our wet wipes, we continue to emphasize our competitive advantage of having our exclusive Coform® technology which contains natural fibers that do absorb and clean better than others.

Additionally, we introduced shampoos and combing gels into the market under the Huggies® and Kleenbebé® brands in searching to participate in these product categories and offer moms a complete line and products with the best quality for their babies and kids. With this same intention

we recently acquired the baby feeding accessories business from Evenflo, Inc.

In household products and specifically in bath tissue, the launch of Kleenex® Cottonelle® Elegance® and the technological improvement of Kleenex® Cottonelle® Vitamina E stand out as the drivers for growth in the premium segment. Pétalo® Ultra Care® was also renewed by incorporating a 3D engraving which translates into better performance and comfort which immediately resulted in consumer preference.

The Suavel® line of product presentations was extended in order to consolidate its leadership position in the modern trade value segment, with the launch of Vogue® 650 and Higiénico Scott® we widened the options for consumers who look for high yield products in the economy segment.

In paper napkins and kitchen towels, the launch of new product counts and differentiated formats for the Kleenex®, Pétalo®, Suavel® and Lys® brands stands out, which coupled with the strategy of seasonal in-and outs and the use of licenses derived in important sales growth and market share gains.

In feminine care, both Kotex® Rosa and Kotex® Manzanilla now incorporate a new channel system for better distribution and thus better absorbency as well as new wings that allow a better pad fit.

Also in feminine care, the introduction of the new Kotex® Unika® broke all of the category's paradigms by presenting its new communication and design with a black plus colorful package. Kotex® Unika® is the only feminine pad with a cover that provides dryness and softness in contact with the skin and is also the only one with a truly and relevant communication proposal directed to teenagers.

Finally, Kotex® Unika® also launched the first panty liner with pH control which has been very well received by consumers.

In personal care, Kleenex® facial tissue introduced the new Kleenex® Duo, which offers the possibility of having two different types of tissues in the same box and continues to offer new and attractive forms.

For incontinence products, chamomile was added to the Diapro® brand, making it the only one in the market with this ingredient that provides important benefits to the consumer.

On the other hand, Depend® Femenine® introduced the new Odor-Lock® system which in addition to being a differentiator in feminine care products is the only incontinence product in the market with an odor control additive.

And finally, in Professional products, the launch of the new Kleenex® Antibacterial hand towel will revolutionize its category by being the first hand towel that eliminates 99 percent of the bacteria from different surfaces, thus providing increased safety and protection to the users.

We made important communication efforts—including social networks— in most of our categories and brands with very good results.

Operations

The operating focus continued with the identification and execution of various initiatives to achieve higher efficiency, more capacity and quality, and lower costs at all the manufacturing and converting equipment. Additionally, throughout the year, a number of initiatives in the supply and use of cellulose and recycled fibers were implemented due the high volatility in the supply and demand of these raw materials.

We also incorporated the Toluca plant, result from the acquisition of the productive assets from Georgia Pacific in Mexico, which contributed for record production levels for the Household and Professional product categories.

Innovation

We think in big solutions


Passion
Obsessed with winning
Kotex
Unika
10
ULTRADELGADA

Other investments made during the year were:

- The start-up of a new diaper machine at the Cuautitlan plant under a project carried out with a high component of Mexican engineering and started up with no learning curve.
- The re-build of a nonwovens machine at the Tlaxcala plant in order to reduce the costs of various materials utilized in the disposable diapers manufacturing process.
- The modification of a number of toilet paper converting machines at the Bajio, Ecatepec, Orizaba, Ramos Arizpe and Toluca mills, to increase capacity, quality and production flexibility.
- The change of all of the disposable diaper machines at Tlaxcala and Ramos Arizpe plants to wrap the product with a material that provides better integration and lowers its cost.
- The re-engineering at most of the Cuautitlan plant's machines to improve engraving of Absorsec® disposable diapers and improve the image and performance of feminine pads.
- The start-up, also with Mexican engineering, of four paper napkin converting lines at the Texmelucan mill.
- The initiation of toiletries production in Mexico.

It is important to mention that in many of our operations we are benchmark within our partner Kimberly-Clark Corporation's world.

Human Resources

To attract and maintain talented personnel are part of the fundamental challenges for achieving results. This means personnel with leadership, passion, audacity and creativity traits that adopt the company's culture as their own. This is what we believe and for this purpose is that we continue to invest in training and developing our core personnel as well as the work teams in all of our working places.

During the year, the established salary increases for our personnel, collective labor contract and wage tabulator revisions were completed under competitive parameters, adding to a healthy climate of cordiality and mutual respect that is maintained in the company. 2010 results allowed the company to distribute to their employees profit sharing which is considered as one of the highest in the country and is consistent with our philosophy of sharing profits with the employees of the company.

Regarding industrial safety, we achieved outstanding results for the third consecutive year, we only had 6 reportable accidents during the year and our frequency and severity indexes were very favorable. We understand that safety is a primary value and we will continue to support our safety and work place health programs until we achieve the objective that all our facilities operate as accident free and work related disease free places to work.

We appreciate the efforts of our personnel during the year and encourage them to redouble their efforts to achieve the outstanding results that have always characterized the company.

Relationship with Kimberly-Clark Corporation

Our partnership with Kimberly-Clark Corporation (KCC) continues to be key, both to support our products and processes innovation initiatives, as well as to implement state of the art technology. Through this relationship with KCC, we have a window to the world and access to innovation, developments in products, and in processes. Additionally, we participate with them in global purchasing programs for some key raw materials and consistently share best practices for both operating and commercial activities. In summary, this strategic association is very advantageous for both parties as it allows driving and facilitating competiveness in both companies.

Leadership

Being leaders in our markets entails a great commitment towards our customers and shareholders; we state this leadership pledge in everything we do, in quality, in innovation projects,

in our fixed assets investments, in our behavior in the market, in our responsible management of the company´s resources and in the continued search for new growth opportunities. As a reflection of this commitment, your company is leader in almost all the categories in which it participates, and even in a non-favorable economic environment, we managed to sustain, and in some cases increase, our important market shares.

Consistent with our commitment, we have encouraged a culture of execution, innovation, learning, productivity, speed and doing more with less, which has enabled us to be at the vanguard, consolidate our leadership position in the market and enjoy a very solid financial position.

We will continue to work under these principles and will search to improve at all times in order to strengthen our leadership and broaden our presence to other categories.

Social Responsibility

Satisfy the needs of our consumers, shareholders, clients, suppliers and workers, implies a huge commitment with millions of families that trust our brands and products, including the big responsibility that being a sustainable company represents.

For this reason, we have always been a company committed with our mission to promote Mexico's development, this commitment begins with our people, offering them a safe place to work which facilitates their professional and human development; continues with the supply chain we generate, benefiting thousands of families; and, with the country, by fully complying with our responsibilities.

We also maintain a sustainability model based on 5 "R's"; the first three are commonly known and utilized by everyone; **Reduce, Recycle** and **Re-Utilize**, and two more that we have added; **Renovate** and **Results**. This model has enabled us to perform very concrete actions with positive **Results**, such as:

- What we **Reduce** in energy, water and greenhouse gases, both in our production processes as well as in our distribution and in the raw materials that we use in our manufacturing processes;
- The inputs we **Re-Utilize** such as water which is **Re-Utilize** up to 4.5 times!, as well as by-products from our processes;
- What we **Recycle**, because more than 60 percent of our manufacturing is done with recycled fiber, not just keeping, but even improving, the quality and functionality of our products; and,
- The natural resources that we **Renovate**.

Even though the disposal materials that we generate are products resulting from the combination of natural materials, these being water and cellulose and, considering that the company has CRETI certification —which guarantees that all the disposal materials produced by our manufacturing processes are neither corrosive, reactive, explosive, toxic, nor flammable—, we now have an innovative process by means of which we eliminate them via their utilization as raw material for the construction industry.

We have Clean Industry certifications and our Bajio mill at San Juan del Río, Queretaro has obtained the Clean Water certification for 13 consecutive years.

As every year, we also furnished aid to more than 200 institutions, benefiting more than 70 thousand families, 58 thousand women, 152 thousand elderly people, and 90 thousand babies.

All these results and further detail of these matters is available at our Sustainability Report which can be found at **www.kimberly-clark.com.mx/kcmsustentable**.

Finally, it is important to highlight that Kimberly-Clark de Mexico is part of the new Sustainability Index developed by the Mexican Stock Exchange (*Bolsa Mexicana de Valores*). We will continue to search for opportunities and to perform necessary investments to comply with our commitment to society and with the environment.

Leadership

Big strategies

Perspectives

It appears that 2012 will also be a difficult and volatile year, particularly with the situation that the European Union countries are facing, many of which will probably enter into a recession. However, recent economic data for the United States, the main economy in the world and our most important commercial partner, points to a gradual recovery and the largest emerging economies will continue to post good growth, with Asia again being the engine for global growth.

Mexico will continue growing albeit not taking full advantage of its real potential. The macroeconomic fundamentals of the Mexican economy are very solid and there are neither fiscal nor external imbalances and the financial system has very robust capitalization levels.

Also, as mentioned above, the center of economic crisis is in Europe, and not in the United States, where two of the most affected sectors by the financial crisis —construction and automobiles— had an adverse effect on the Mexican economy, but now are in better shape — the automotive sector has now been re-structured and re-capitalized while the housing sector appears to be showing an incipient recovery.

Thus, if these positive economic indicators of the US economy extend throughout 2012, Mexico can probably grow its GDP at 3.5 percent as established in the country's economic criteria.

However, some pending issues remain and have not yet showed progress, these are essential for reaching the true development potential of the country, and thus be able to address social backwardness and build the prosperous and modern Mexico that we all long for, with a larger medium class, more competitive and modern. that we all long for.

Therefore, it is mandatory to improve security, institutional capabilities and democracy in the country, as well as to initiate a renewed effort to achieve the priority structural reforms such as the education, labor, energy, and fiscal reforms, in addition to addressing all the tangles and obstacles that affect the country's competiveness and growth capacity.

The country's priority must be to do whatever is needed to grow consistently and in accordance with its maximum potential and by doing so, develop the capabilities of all Mexicans by offering more jobs and opportunities. There is no other way, no shortcuts and we cannot wait any longer as time is critical and the need and urgency are totally clear.

In this electoral period, the commitment of all candidates and political parties is essential for executing the public policies needed to achieve a 5 to 6 percent growth rates for the country, as well as to expand its middle class.

From our point of view, we see the country with optimism and full of opportunities; we will continue to perform the role that we have as a company, in the social and economic fields. We re-state our commitment of continuing to invest, innovate, and strengthen our offering with the objective of providing consumers the best price-to-quality ratio. In addition, for the year that is beginning, we will double our capital expenditures program (CAPEX) in order to have the products, processes, equipment and technology needed to ensure and maintain the leadership of our brands and our company; we will intensify our efforts in cost containment and reduction programs, in addition to continuing to manage the company's resources in a responsible way.

Messrs. Shareholders, once again we thank you for your support and confidence in our mandate during the year that just ended, and reiterate our commitment to execute the necessary plans and programs that will enable Kimberly-Clark de Mexico to continue to be the successful company it has always been.

Sincerely yours,

Claudio X. González
CHAIRMAN OF THE BOARD OF DIRECTORS

Pablo R. González G.
MANAGING DIRECTOR

This report was approved in all of its terms by the Board of Directors in its meeting of February 7, 2012.

Sustainability

Our model is based on 5 Rs: Reduce, Recycle,
Re-utilize, Renovate, and Results, shown in actions that demonstrate our committment to our associates, communities, and our country.

Product
Lines

Family care
Bathroom tissue, napkins, facial tissue, kitchen towels, antibacterial gel, wet wipes, and wraps.

Feminine care
Feminine pads, panties, tampons, and wet wipes.

Health care
Medical supplies and devices.

Child care

Disposable diapers, training and swimming pants, diapers for enuresis, wet wipes, shampoo, lotion, and soap bars.

Adult care

Underwear, wet wipes and guards.

Professional

Jumbo® bathroom tissue, hand towels, napkins, industrial clothes, and dispatchers.

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
Exports 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

Consolidated Financial Statements

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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, 2011 and 2010, 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, 2011 and 2010, and the results of their operations, changes in their stockholders' equity and their 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 Limited

C. P. C. Enrique Vázquez Gorostiza
February 2, 2012

Consolidated

Balance Sheets

December 31, 2011 and 2010 (Thousands of Mexican pesos)

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	$ 4,027,564	$ 6,306,972
Accounts receivable – net	5,447,840	4,671,283
Inventories - net	2,092,595	1,915,377
Total current assets	11,567,999	12,893,632
Property, plant and equipment - net	14,731,287	14,047,566
Total	$ 26,299,286	$ 26,941,198
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 17,297	$ 46,687
Trade accounts payable	3,156,348	2,691,547
Benefits to employees	718,000	800,782
Accrued liabilities	1,525,690	1,549,092
Income tax	147,777	221,089
Total current liabilities	5,565,112	5,309,197
Derivative financial instruments	155,309	102,551
Long-term debt	11,250,000	11,265,364
Deferred income taxes	1,551,736	1,720,039
Other liabilities	230,341	277,049
Total liabilities	18,752,498	18,674,200
Stockholders' equity	7,546,788	8,266,998
Total	$ 26,299,286	$ 26,941,198

See accompanying notes to consolidated financial statements.

Consolidated

Statements of Income

Years ended December 31, 2011 and 2010 (Thousands of Mexican pesos)

	2011	2010
Net sales	$ 26,732,383	$ 26,196,519
Cost of sales	16,533,544	15,640,626
Gross profit	10,198,839	10,555,893
General expenses	3,821,093	3,674,838
Operating profit	6,377,746	6,881,055
Statutory employee profit sharing and other, net	487,291	543,926
Comprehensive financing result	740,755	427,016
Income before income taxes	5,149,700	5,910,113
Income taxes	1,508,827	1,687,168
Net income	$ 3,640,873	$ 4,222,945
Basic earnings per share (in pesos, using weighted average number of outstanding shares)	$ 3.44	$ 3.95

See accompanying notes to consolidated financial statements.

Consolidated Statements of

Changes in Stockholders' Equity

Years ended December 31, 2011 and 2010 (Thousands of Mexican pesos)

	Common stock	Retained earnings	Translation effect of foreign operations	Valuation of financial instruments	Total stockholders' equity
Balance, January 1, 2010	$ 4,122,021	$ 4,515,858	$ 4,117	$ (7,939)	$ 8,634,057
Dividends paid		(3,455,602)			(3,455,602)
Repurchase of own stock	(58,650)	(1,010,443)			(1,069,093)
Other transfers		2,655	(2,655)		-
Comprehensive income		4,222,945	(1,462)	(63,847)	4,157,636
Balance, December 31, 2010	4,063,371	4,275,413	-	(71,786)	8,266,998
Dividends paid		(3,606,275)			(3,606,275)
Repurchase of own stock	(53,932)	(663,945)			(717,877)
Comprehensive income		3,640,873		(36,931)	3,603,942
Balance, December 31, 2011	**$ 4,009,439**	**$ 3,646,066**	**$ -**	**$ (108,717)**	**$ 7,546,788**

See accompanying notes to consolidated financial statements.

Consolidated Statements of
Cash Flows

Years ended December 31, 2011 and 2010 (Thousands of Mexican pesos)

		2011		2010
Operating activities:				
Income before income taxes	$	**5,149,700**	$	5,910,113
Items related to investing and financing activities:				
Depreciation		**1,236,161**		1,189,583
Exchange fluctuations		**109,126**		(58,990)
Interest expense - net		**631,629**		486,006
Statutory employee profit sharing and other, net		**487,291**		543,926
		7,613,907		8,070,638
Accounts receivable		**(762,316)**		(425,489)
Inventories		**(177,218)**		(233,745)
Trade accounts payable		**345,449**		139,327
Benefits to employees		**(590,786)**		(500,588)
Accrued liabilities		**(24,937)**		72,669
Income taxes paid		**(1,734,615)**		(2,262,542)
Net cash flows from operating activities		**4,669,484**		4,860,270
Investing activities				
Additions to property, plant and equipment - net		**(1,906,553)**		(866,572)
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V. (including interest)		**-**		417,370
Interest collected		**174,234**		178,609
Nets cash flows used in investing activities		**(1,732,319)**		(270,593)
Excess cash to apply in financing activities		**2,937,165**		4,589,677
Financing activities				
Obtained loans		**-**		4,000,000
Payment of loans		**(47,510)**		(3,521,610)
Interest paid		**(810,678)**		(669,068)
Dividends paid		**(3,606,275)**		(3,455,602)
Repurchase of own stock		**(717,877)**		(1,069,093)
Other liabilities		**(32,947)**		(26,332)
Net cash flows used in financing activities		**(5,215,287)**		(4,741,705)
Net decrease in cash and cash equivalents		**(2,278,122)**		(152,028)
Adjustment to cash flows due to changes in exchange rates		**(1,286)**		(1,495)
Cash and cash equivalents at the beginning of period		**6,306,972**		6,460,495
Cash and cash equivalents at the end of period	$	**4,027,564**	$	6,306,972

See accompanying notes to consolidated financial statements.

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 – The financial statements and related notes as of December 31, 2011 and 2010 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 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.
- 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.

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.

Operating profit - Operating profit is the result of subtracting from the net sales the cost of sales and general expenses. While Mexican Financial Reporting Standard ("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 "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 – NIF B-10, Effects of Inflation defines two economic environments:

a) Inflationary, where cumulative inflation of the three preceding years is equal to 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, 2011 and 2010, the accumulated effects of inflation for the three preceding years were 15.19% and 14.48%, 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 statements was suspended. However, certain assets and stockholder's equity accounts, 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 net 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, 2011 and 2010.

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 Asignación de Unidades Virtuales" (Virtual Share Awards Plan), compensation cost is recognized in results of operation of each year. To meet this 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 when they qualify for hedge accounting. These instruments are used as a hedge to reduce the risk of the effects of the Company's exposure to interest rates.

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, 2011 and 2010, the amounts of PTU were $494,243 and $554,770, 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

	2011	2010
Trade	**$ 5,499,741**	$ 4,660,307
Allowance for doubtful accounts	**(116,036)**	(116,397)
Net	**5,383,705**	4,543,910
Other	**64,135**	127,373
Total	**$ 5,447,840**	$ 4,671,283

3. Inventories

	2011	2010
Finished goods	**$ 728,912**	$ 648,662
Work in process	**227,296**	200,640
Raw materials and spare parts	**1,136,387**	1,066,075
Total	**$ 2,092,595**	$ 1,915,377

4. Property, plant and equipment

	2011	2010
Buildings	**$ 4,652,816**	$ 4,605,736
Machinery and equipment	**26,099,849**	24,592,665
Transportation equipment	**910,415**	897,533
Total	**31,663,080**	30,095,934
Accumulated depreciation	**(18,029,812)**	(17,152,876)
Net	**13,633,268**	12,943,058
Land	**503,410**	503,410
Construction in progress	**594,609**	601,098
Total	**$ 14,731,287**	$ 14,047,566

At December 31, 2011 and 2010, balances of unamortized capitalized comprehensive financing result were $392,815 and $472,613, respectively.

5. Long-term debt

Long-term debt is summarized as follows:

	2011	2010
Notes payable to banks, denominated in U.S. dollars, unsecured, bearing interest based on LIBOR. As of December 31, 2011 the rate is .80%.	**$ 17,297**	$ 62,051
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rates of 8.95%, 9.98%, 9.65% and 7.17%.	**4,950,000**	4,950,000
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, 2011 the annualized rates ranged from 4.70% to 5.74%.	**6,300,000**	6,300,000
	11,267,297	11,312,051
Less - current portion	**17,297**	46,687
	$ 11,250,000	$ 11,265,364

Long-term debt agreements contain certain obligations that do not include financial restrictions. Such obligations have been complied with as of December 31, 2011.

Long-term debt matures as follows:

2013	$ 1,250,000
2014	2,300,000
2015	1,500,000
2016	800,000
2017	2,500,000
2019	400,000
2020	2,500,000
	$ 11,250,000

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, 2011 and 2010, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2011	%	2010	%
Series "A"	**547,059,075**	**52**	552,285,675	52
Series "B"	**504,489,640**	**48**	509,388,640	48
Total	**1,051,548,715**	**100**	1,061,674,315	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, during the years ended December 31, 2011 and 2010, 10,125,600 and 15,324,100 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, 2011, the balances of the stockholders' equity tax accounts are represented by Contributed capital account for $28,075,000 and a Net tax income account for $12,587,000, approximately.

During the years ended December 31, 2011 and 2010, the Company paid dividends of $3,606,275 and $3,455,602, respectively. If such dividends had not been paid, stockholders' equity would have been greater by $7,061,877 and $3,455,602 as of such dates.

7. Business segment information

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

	2011		2010	
	Consumer Products	Professional and Health Care	Consumer Products	Professional and Health Care
Net sales	**$ 23,206,845**	**$ 3,525,538**	$ 22,889,197	$ 3,307,322
Operating profit	**5,949,390**	**428,356**	6,388,487	492,568
Depreciation	**1,024,446**	**211,715**	1,007,712	181,871
Total assets	**22,780,874**	**3,518,412**	23,312,630	3,628,568

Export sales represent 6% of total sales in 2011 and 2010, and are included in the respective segments.

8. Comprehensive financing result

Consists of the following:

	2011	2010
Interest expense - net	**$ 638,006**	$ 489,628
Exchange fluctuations - net	**109,126**	(58,990)
Capitalized comprehensive financing result	**(6,377)**	(3,622)
	$ 740,755	$ 427,016

Figures include an unfavorable net effect of derivative financial instruments of $49,874 and $48,705; in 2011 and 2010, respectively.

9. Income taxes

ISR consist of the following:

	2011	2010
Income tax:		
Current	$ 1,661,302	$ 1,645,627
Deferred	(152,475)	41,541
Net	$ 1,508,827	$ 1,687,168

The statutory ISR rate for both years is 30%.

Statutory and effective ISR rates differ due to certain permanent differences. 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, 2011 and 2010 represent almost 100%, of such liability.

On December 7, 2009 amendments to the ISR Law were published, becoming effective beginning 2010, such amendments change tax consolidation regime to establish that benefits obtained from tax consolidation should be paid in installments beginning in 2010. The liability is not significant.

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:

	2011	2010
Monetary assets	85,146	77,896
Monetary liabilities	128,837	119,478

Exchanges rate used to value such balances were $13.96 and $12.40 Mexican pesos per one U.S. dollar, respectively.

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

	2011	2010
Export sales	133,513	119,169
Purchases of raw materials, spare parts and services	628,321	586,035
Purchases of machinery and equipment	115,936	33,884

11. Related parties

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

	2011	2010
Kimberly-Clark Corporation:		
Purchases of inventories and technical services	$ 1,238,878	$ 1,256,242
Purchases of machinery and equipment	167,431	25,825
Net sales	699,747	835,536
Trade accounts payable	162,833	144,302
Trade accounts receivable	96,764	97,113

In April 2010 Corporación Scribe, S.A. P. I. de C. V. decided to liquidate in advance the account receivable favorable for the Company, consequently as of that date is not a related party.

	2010
Corporación Scribe, S.A.P.I. de C.V.:	
Purchases and other services	$ 143,557
Services income, interest and others	190,933

Other – As of December 31, 2011 and 2010, employee benefits granted to Company's key senior management were $206,949 and $200,386, 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:

	2011	2010
Accumulated benefit obligation	$ 375,229	$ 324,707
Projected benefit obligation	488,057	429,284
Plan assets	375,619	366,939
Net periodic cost	35,491	38,723

13. Commitments

At December 31, 2011, the Company held the following commitments:

- The acquisition of machinery, equipment and construction projects, totaling approximately $391,700.
- The acquisition of raw materials, totaling approximately $307,000.
- Operating lease agreements for warehouses and offices with non-cancelable terms ranging from 5 to 10 years and annual rents of $144,000.

Commitments of acquisition of machinery, equipment and raw materials are mainly denominated in U.S. dollars.

14. Effects of Adopting International Financial Reporting Standards

The National Banking and Securities Commission (CNBV), established the requirement to entities that disclose their financial information to the public through the Mexican Stock Exchange beginning 2012 mandatorily prepare and disclose their financial information according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements to be issued by the Company for the year ending December 31, 2012 will be its first annual financial statements that comply with IFRS. The transition date is January 1, 2011 and, therefore, the year ended December 31, 2011 will be the comparative period established by IFRS 1, First-Time Adoption of International Financial Reporting Standards, none of the relevant mandatory exceptions with retroactive application have an effect on the Company, and the Company has opted for the following optional exemptions to the retroactive application of IFRS and for which the effects are recognized in retained earnings, as follows:

Deemed cost – The deemed cost exemption will be applied. Therefore, the Company has opted for using the fair value as of the date of transition as assumed cost for certain property, plant and equipment.

Benefit to employees – The employee benefits exemption will be applied. Therefore, all actuarial gains and losses accumulated as of the date of transition are recognized.

Below is a summary of the main differences the Company has identified in its transition from NIFs to IFRS as of the date of these consolidated financial statements, as well as an estimate of their most significant effects:

Effects of inflation – According to IFRS, inflationary effects are recognized in the financial statements when the economy of the country where the Company operates is considered hyperinflationary. The Mexican economy ceased to be hyperinflationary in 1999 and, as a result the inflationary effects recognized by the Company since that date to December 31, 2007 recognized under NIFs, were reversed against equity, representing a decrease in common stock and an increase in retained earnings.

Benefit to employees – According to IFRS, the severance payment provision is recognized until the Company is capable of evidencing its commitment to end the relationship with the employee or has made him/her an offer to encourage voluntary retirement. Therefore, the liability recorded under NIFs was eliminated. Also, IFRS does not allow recognition of deferred PTU assets or liabilities, so, the liability recorded in accordance with NIFs was eliminated as well. In both cases the adjustment results in an increase of retained earnings.

Deferred taxes – According to IFRS, deferred taxes were recalculated using the book values of assets and liabilities as adjusted according to IFRS, which resulted in a reduction in retained earnings.

Other differences in presentation and disclosures in the financial statements – Other expenses, mainly PTU, must be presented in cost of goods sold and general expenses as appropriate.

Generally, IFRS disclosure requirements are wider in scope than those of NIFs, this may result in a more expansive disclosures regarding accounting policies, significant judgments and estimates; financial instruments and risk management, among others.

As a result of the adoption of IFRS the Company has decided to adopt the following accounting policies:

Property, plant and equipment – Subsequent acquisitions to the transition date are recorded at acquisition cost.

Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets.

Benefits to employees – Actuarial gain or losses subsequent to the transition date are recorded directly in stockholders' equity as component of other comprehensive income or loss.

The estimated amounts of most significant effects of the adoption in the main lines of the balance sheets and income statement are as follows:

(In millions of mexican pesos)

	NIF amounts as of December 31, 2010	Effects of adoption	IFRS amounts as of January 1, 2011
Balance sheets			
Assets			
Current assets	$ 12,894	$	**$ 12,894**
Property, plant and equipment - Net	14,047	1,710	**15,757**
Total of assets	$ 26,941	$ 1,710	**$ 28,651**
Liabilities and stockholders' equity			
Current liabilities	$ 5,309	$	**$ 5,309**
Long term liabilities	13,365	450	**13,815**
Stockholders' equity			
Common stock	4,063	(1,109)	**2,954**
Retained earnings	53	2,369	**2,422**
Net income	4,223		**4,223**
Valuation of financial instruments	(72)		**(72)**
Total stockholders' equity	8,267	1,260	**9,527**
Total of liabilities and stockholders' equity	$ 26,941	$ 1,710	**$ 28,651**

	NIF amounts as of December 31, 2011	Effects of adoption	IFRS amounts as of December 31, 2011
Balance sheets			
Assets			
Current assets	$ 11,568	$	$ 11,568
Property, plant and equipment - Net	14,731	1,602	16,333
Total of assets	$ 26,299	$ 1,602	$ 27,901
Liabilities and stockholders' equity			
Current liabilities	$ 5,565	$	$ 5,565
Long term liabilities	13,187	470	13,657
Stockholders' equity			
Common stock	4,010	(1,109)	2,901
Retained earnings	5	2,369	2,374
Net income	3,641	(82)	3,559
Actuarial losses – pensions		(46)	(46)
Valuation of financial instruments	(109)		(109)
Total stockholders' equity	7,547	1,132	8,679
Total liabilities and stockholders' equity	$ 26,299	$ 1,602	$ 27,901

	NIF amounts as of December 31, 2011	Effects of adoption	IFRS amounts as of December 31, 2011
Income statements			
Revenue	$ 26,732	$	$ 26,732
Operating income	6,378	(595)	5,783
Net income	3,641	(82)	3,559

15. Subsequent event

The Board of Directors approved on January 17, 2012 the purchase to Evenflo Company Inc. of feeding accessories business in Mexico, United States and Canada, also an exclusive and perpetual license to trade products of this business around the world. This acquisition includes the ownership of trade marks in Mexico.

16. Authorization of issuance of financial statements

On February 2, 2012, 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.

Stock exchange markets

Bolsa Mexicana de Valores (BMV), México.

USA (ADR'S - OTC)

Type of shares

A series

B series

Ticker symbol

BMV: KIMBER

cotiza en

Bolsa Mexicana

KIMBER

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