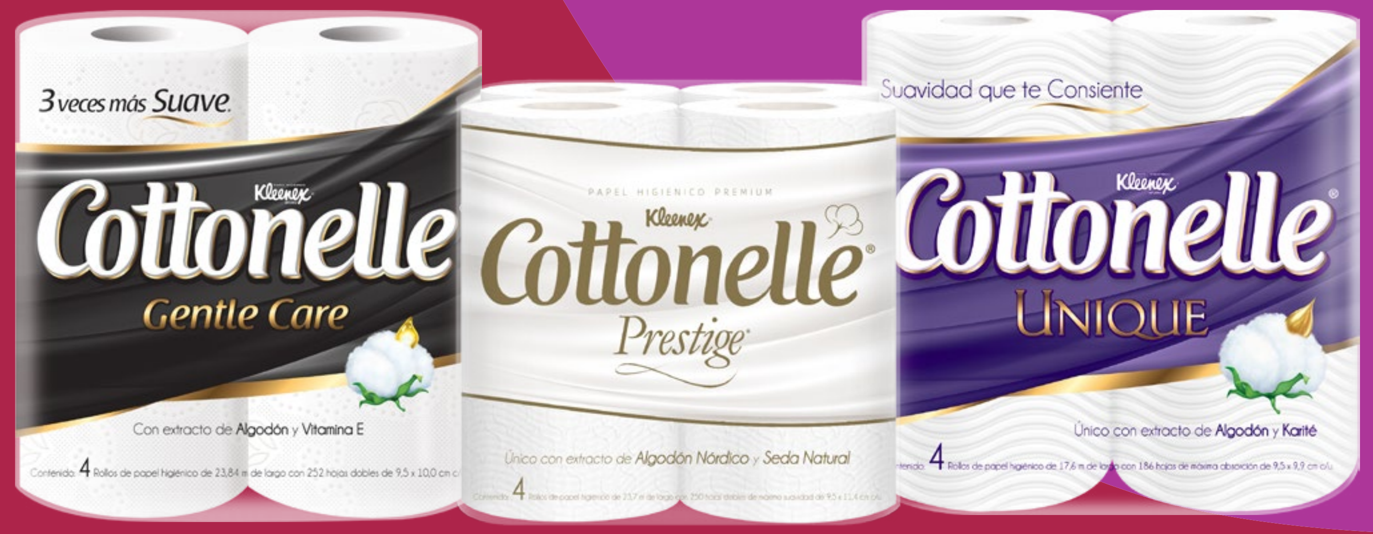
executing with passion

annual report **2015**

Kimberly-Clark de México

At Kimberly-Clark de México, **our long-term vision and unique strategy**, as well as our proven **execution**, allow us to achieve strong results. We continue to **work with passion** in order to create value for our consumers, shareholders and communities.



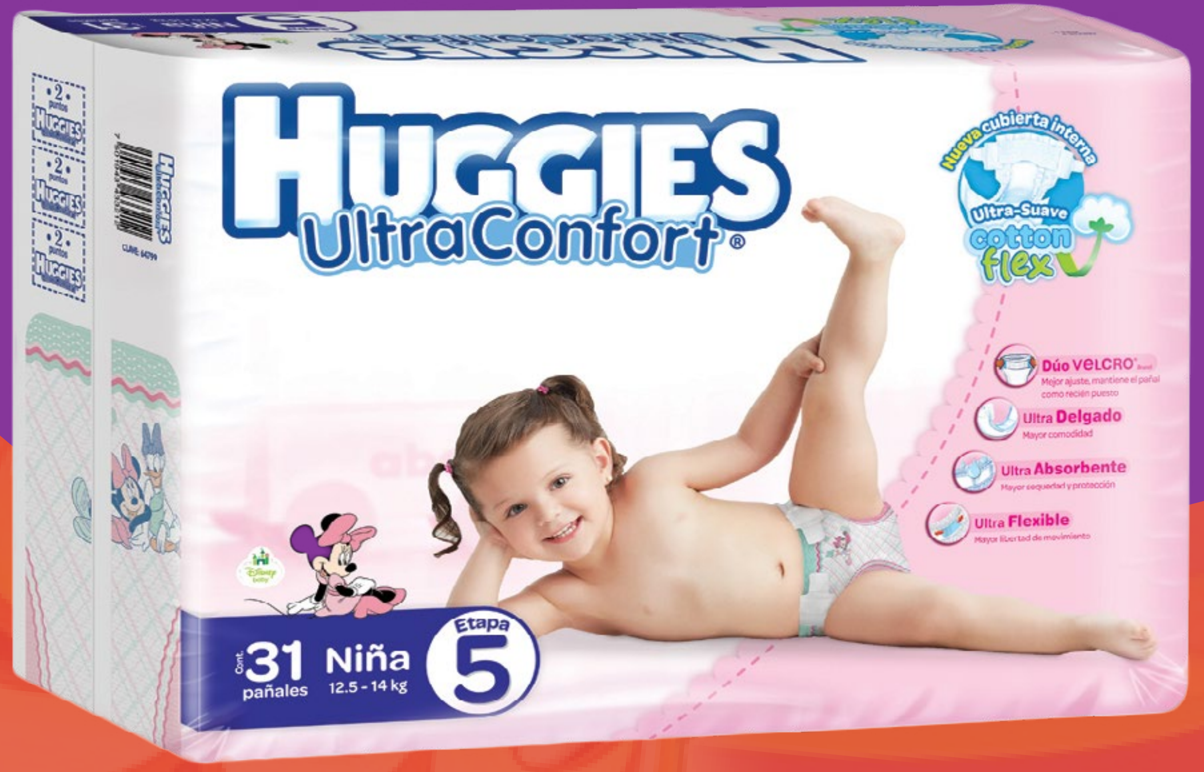
executing with passion

to continue growing in our markets

In 2015, we achieved solid growth in practically every one of our categories, supported by our four strategic pillars: a solid multitier and multibrand strategy to meet the needs of every consumer; constant innovation to strengthen our brands; flexibility and speed to get our products to the market; and superior execution in every action we take.

A results-oriented focus is fundamental at Kimberly-Clark de México, and results in 2015 were outstanding, highlighting the : Home, Baby Wipes, Facial Tissues, Evenflo, and Professional businesses.

We aim to continue improving the positioning of our business lines through superior execution at the point of- sale to meet our consumer´s needs and continue to earn their preference and loyalty.

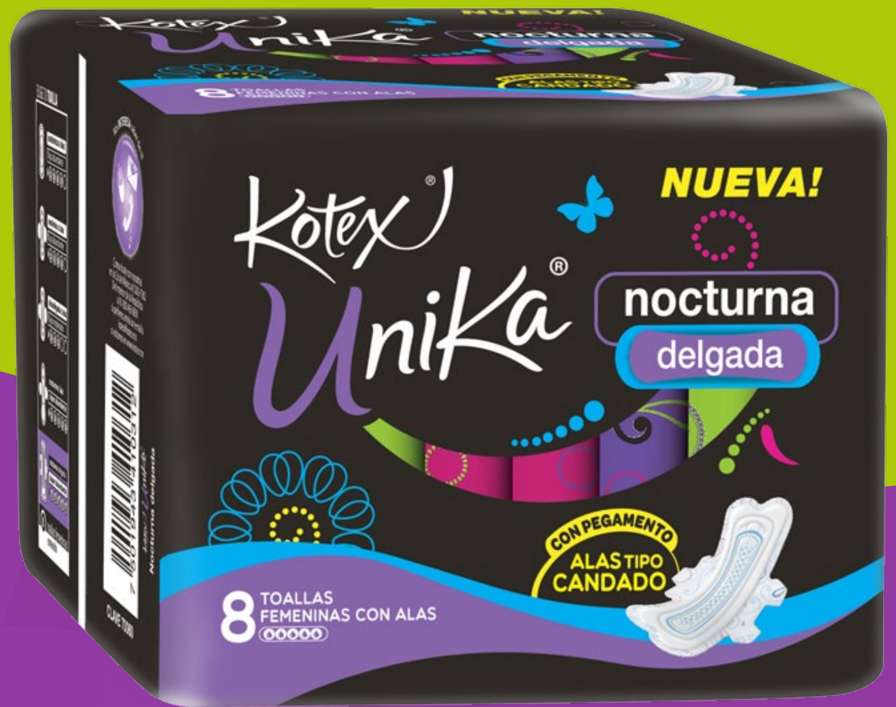


executing with passion

to fully satisfy our consumers

At Kimberly-Clark de México, we are committed to improve the quality of life for all Mexicans by making great personal care and hygiene products. This is what inspires us to continually enhance our product lines. Some examples of this are the launch of Kleenex® Cottonelle® Prestige, a new super-premium category toilet paper designed to offer comfort, functionality, luxury, and sophistication. In the Huggies® Supreme® brand, we developed a new cover called 3Dermo Protect in the small sizes. We also improved our Huggies® Natural Care Wet Wipes by implementing a new moisturizing glycerin formula. At Kotex®, we launched the Naturals line of feminine pads, with an innovative size created in partnership with the women who use it.

Innovation is a basic value and a strategic pillar for us, and that's why in 2015 we entered a new category: The successful launch of Kleenex® Soaps, which offers a portfolio of products that are superior in their segment, with six different and innovative scents, which quickly earned the preference of the consumers who have tried it.

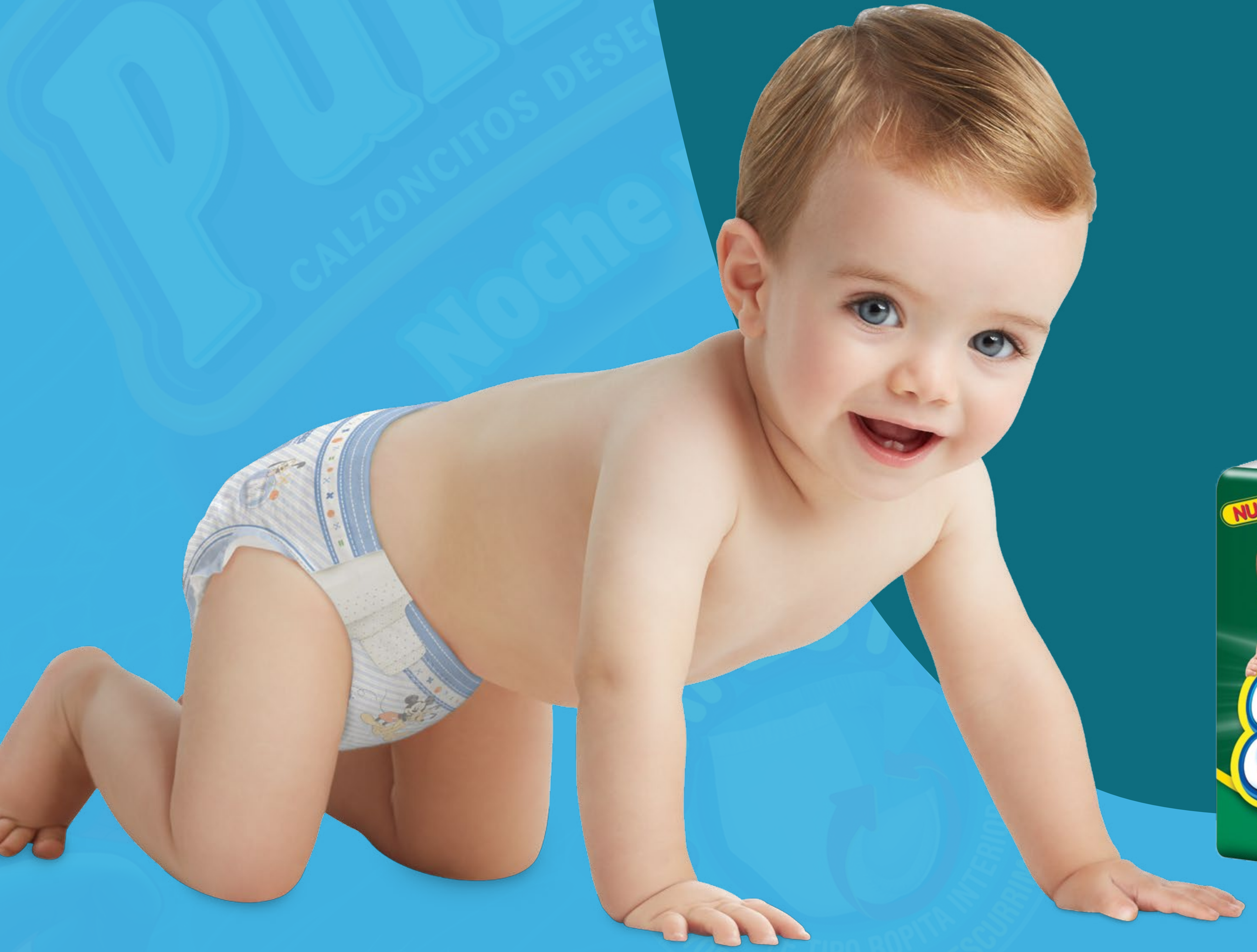


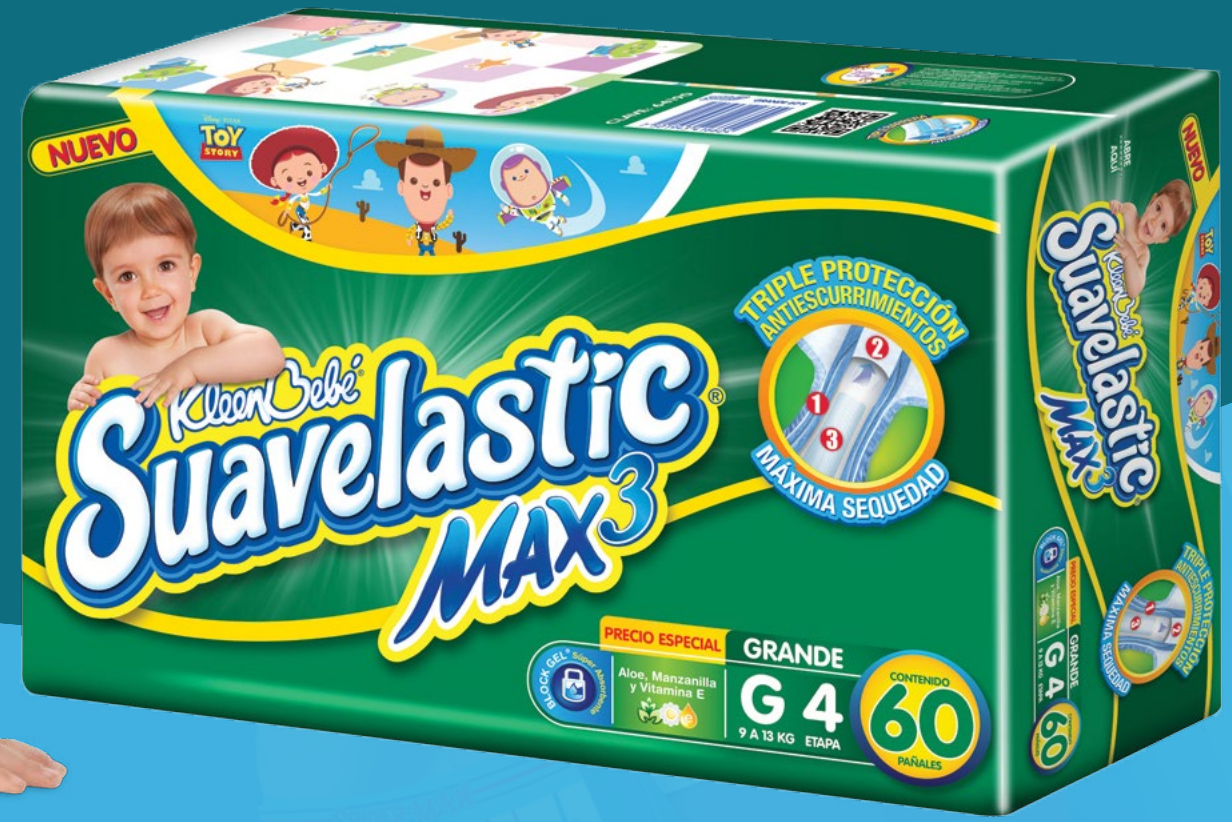
executing with passion

to achieve maximum corporate efficiency

In 2015, our strategy to add value to our categories through investment and operating efficiencies yielded highly positive results, offsetting much of the pressure on our cost of goods sold that resulted from the strengthening of the U.S. dollar during the year.

The savings of our ongoing cost reduction program amounted to Ps.$1.1 billion, record savings for the second year in a row—a little over 5 percent of our cost of goods sold. We also invested in equipment in order to have state-of-the-art technology to improve our operating efficiencies.



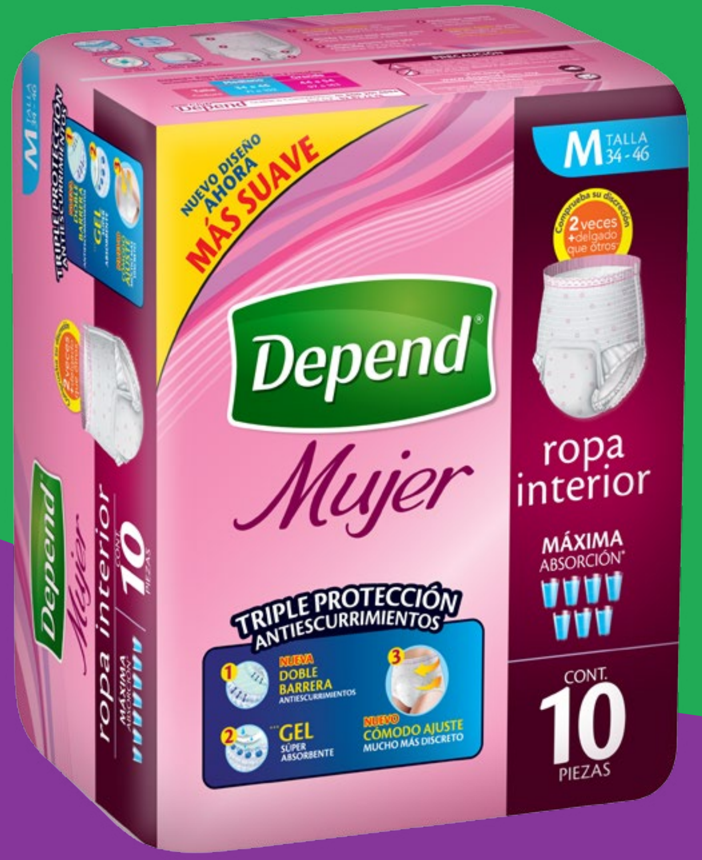


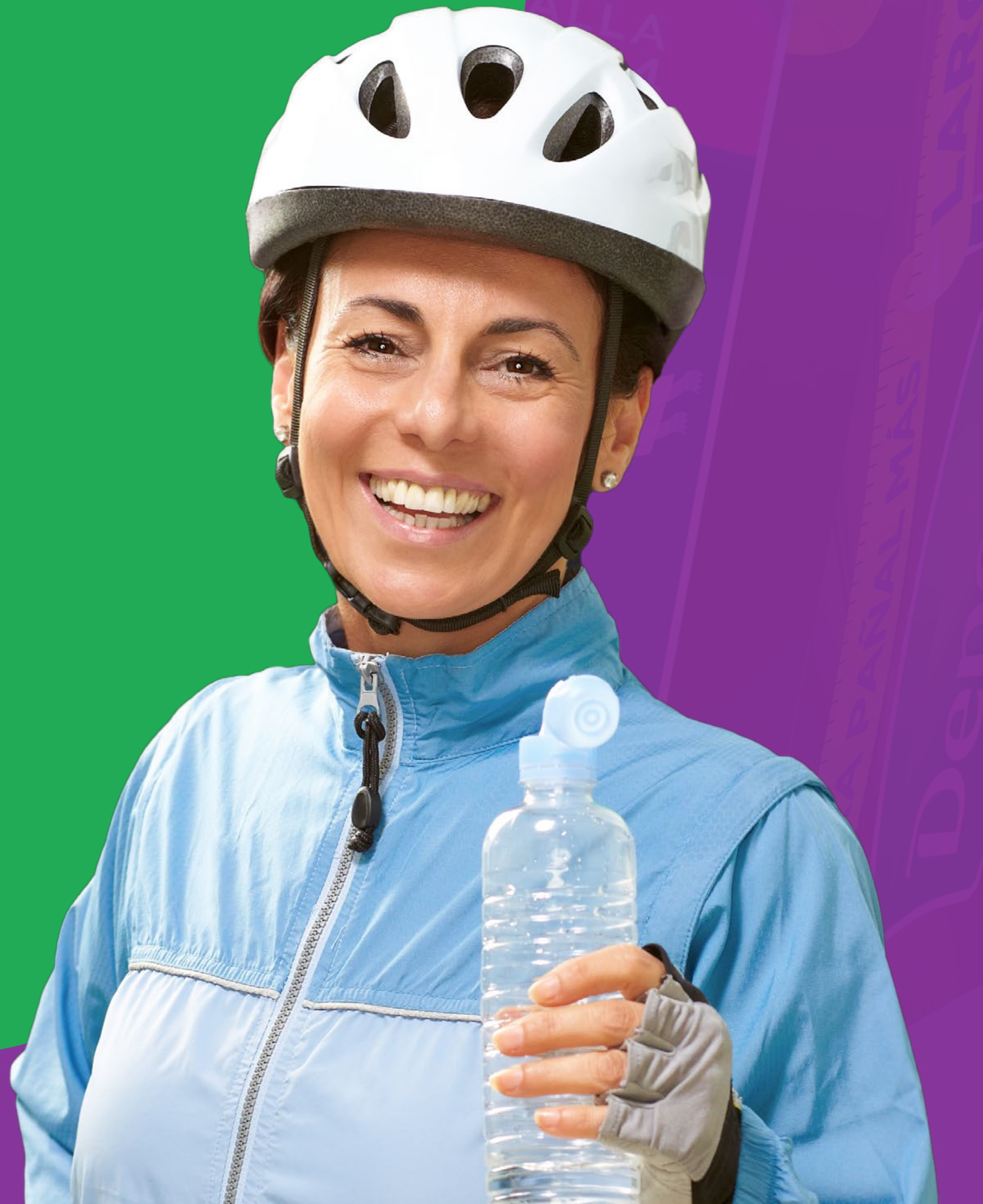
executing with passion

to offer attractive returns

We are committed to generate value for our shareholders and we focus on maintaining a healthy level of profitability in order to guarantee a sustained long-term growth for the company with a solid balance sheet. Our commitment is reflected in the results for 2015, in which our operating income grew 22 percent.

Thanks to these positive results, the return on our shares was more than 25 percent during the year, and we paid a dividend of Ps.$1.48 per share, which represented an increase in real terms compared to the previous year.





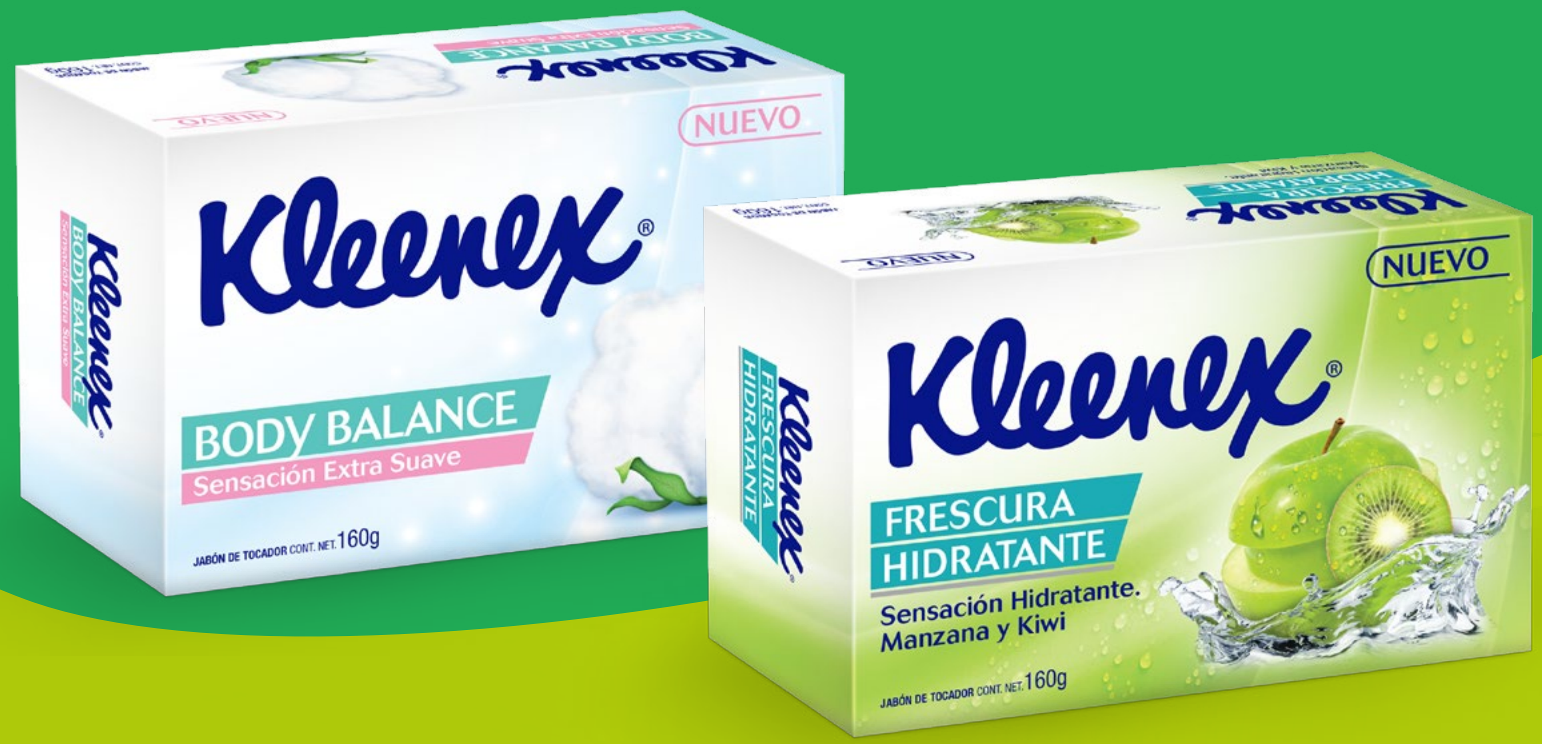
executing with passion

to achieve a sustainable development

At Kimberly-Clark de México, we are strict about the conservation and optimization of the natural resources we use in our operations. We are also committed to steadily reduce the amount we consume as well as reusing as much as possible. We also work to reduce and recycle the solid waste we generate and we take specific actions to lower our water usage as well as our carbon dioxide emissions.

In 2015, we invested Ps.$19 million in fulfilling our own environmental policies.

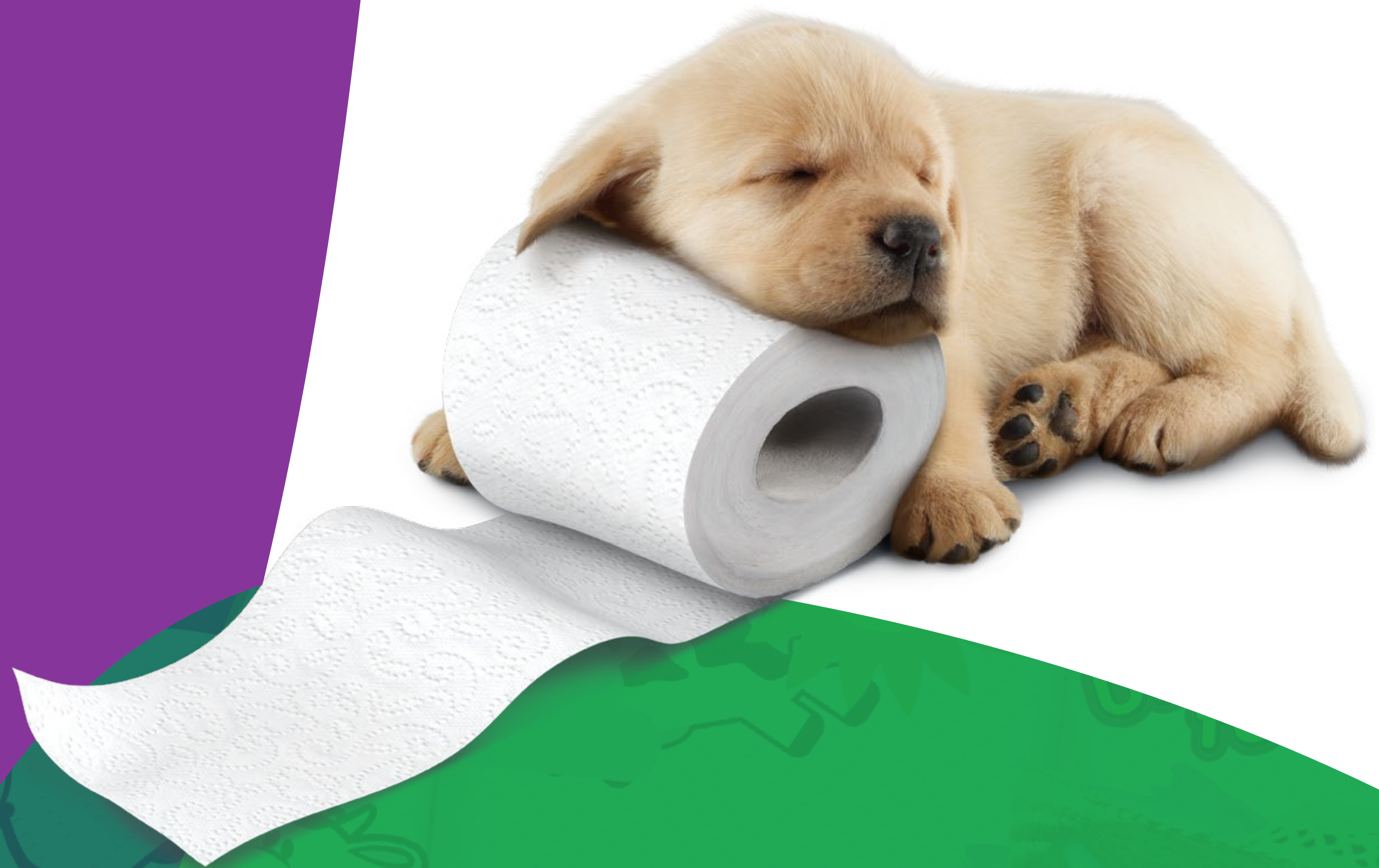
Thanks to the progress made in implementing these strategies, we were ratified as part of the Mexican Stock Exchange's Sustainability Index.

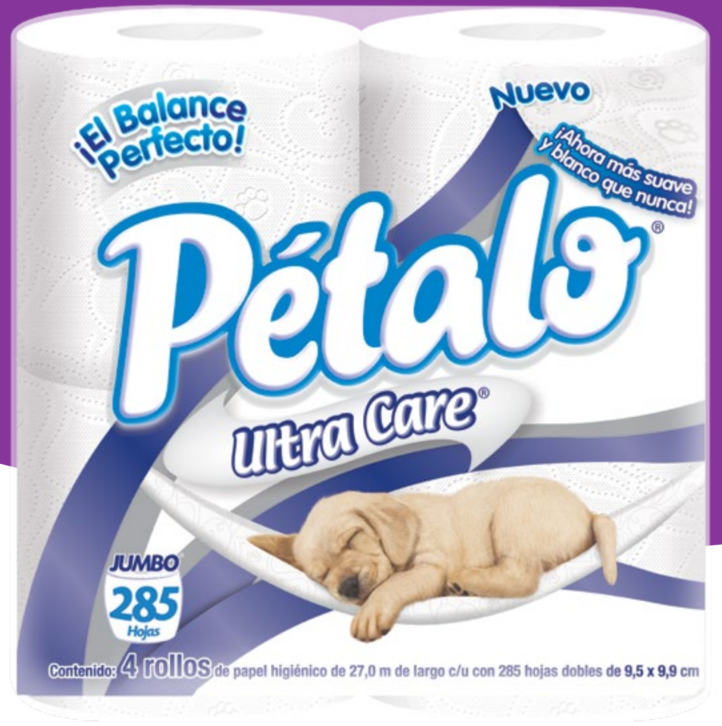


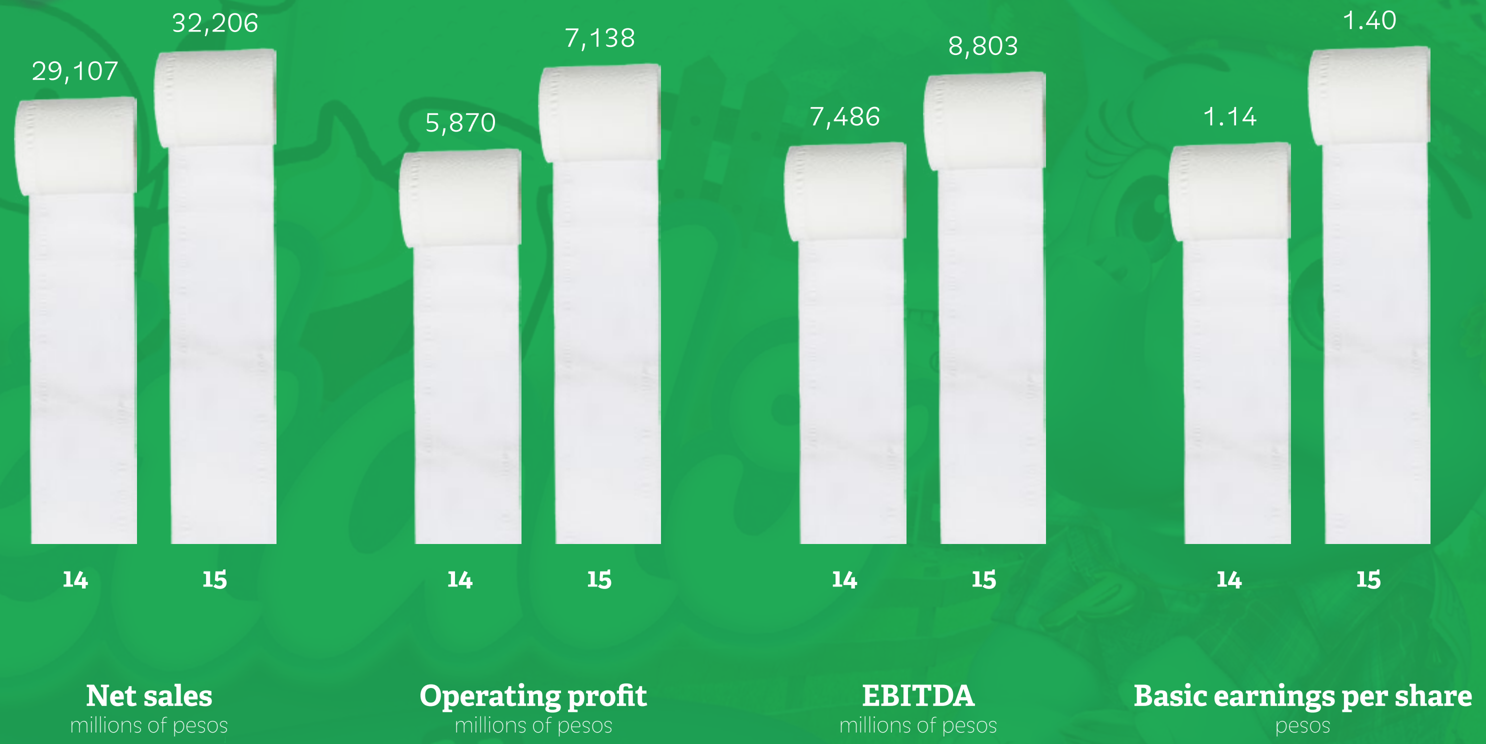
key **financial** information

years ended December 31, 2015 and 2014

	2015	2014	% chge.
Net sales	**32,206**	29,107	10.6%
Gross profit	**12,428**	10,727	15.9%
Margin	**38.6%**	36.9%	
Operating profit	**7,138**	5,870	21.6%
Margin	**22.2%**	20.2%	
Net income	**4,333**	3,544	22.3%
EBITDA	**8,803**	7,486	17.6%
Margin	**27.3%**	25.7%	
Basic earnings per share	**1.40**	1.14	22.8%







letter to our shareholders

Ps.$32.2

billion in net sales

In 2015, the global economy kept up a modest pace of growth. Despite a slowdown in energy, manufacturing, and exports, the U.S. economy continued to grow and generate jobs, primarily due to a drop in the price of commodities and finished products like gasoline, which gave a strong impetus to last year's engine of growth: consumption.

In the meanwhile, the Eurozone economy stabilized and even saw a slight recovery with the aggressive support of the European Central Bank, which worked to spur consumption and shore up inflation, hoping to evade in the region the problems that Japan has had on this front in the past decade. The region still has many challenges to face, particularly high unemployment among the youth, intense migratory flows and a fragile financial system, although the quantitative easing program introduced by the monetary authorities seems to have staved off the threat of deflation and a new recession, at least for now.

Among emerging markets, the pace of growth in China continued to slow and Brazil and Russia experienced a severe recession. Only India, through a series of recent reforms, has succeeded in picking up the pace of growth.

The stubbornly slow pace of economic growth around the world, combined with a sharp rise in oil production in the United States, created a marked imbalance between the supply and demand for oil, which resulted in a slide in prices impacting the world economy.

As a result of this climate, as well as sociopolitical tensions in the Middle East and other regions, market activity and currencies that are classified as emerging markets were heavily affected.

Mexico's economy actually improved somewhat over the preceding year, but once again, its performance was significantly lower than expected. The above mentioned impact from oil prices, the resulting cutbacks in public spending and the contraction in U.S. manufacturing, dampened Mexican exports and took a toll on the local economy. Still, new jobs, low inflation, growth in real wages, remittances, a reactivation of the housing industry, strong growth in tourism and the automotive industry have all helped to boost domestic consumption, strengthening the domestic market and in consequence the economy at large.

In this scenario, our company obtained very good results, with net sales and EBITDA reaching record levels.

Financial results

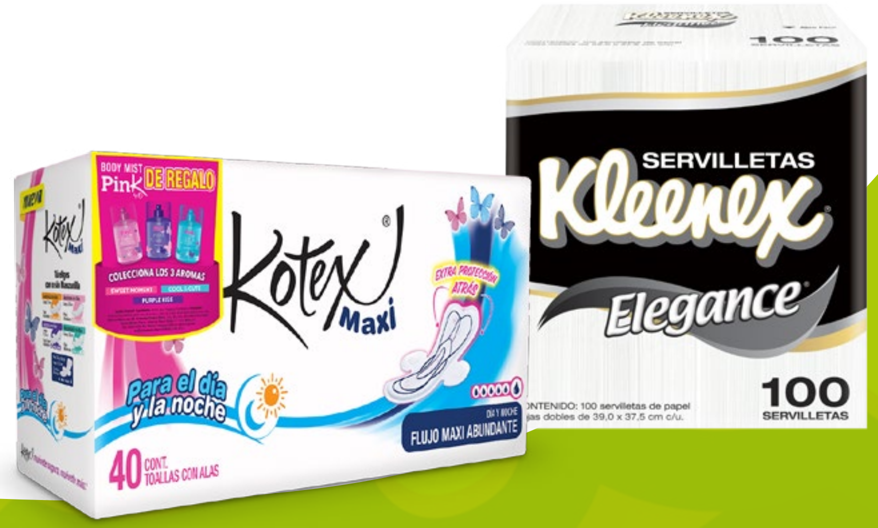
The actions we took to bolster our brand positioning in 2014 bore fruit in 2015, a year in which, supported by the domestic market and a healthier climate for consumption, sales increased 11 percent.

We achieved more and better operating efficiencies together with our ongoing cost- and expense-cutting program that brought in record-level of savings. This, together with a better price and mix of sales and a positive scenario in dollar prices on some of our main raw materials, helped us absorb the heavy impact from the peso's depreciation during the year.

As a result of this, both operating and net income grew 22 percent and our margins improved in the year. We generated Ps$ 8.8 billion in EBITDA and together with better financing conditions, we were able to close out the year with Ps.$ 7.9 billion in cash and cash equivalents.

During the year, we invested Ps.$1.4 billion (Ps.$1.3 billion in capex and Ps.$115 million in share buybacks).

Finally, during 2015 we issued a 10 year international bond of U.S.$250 million under the 144A rule with a fixed annual interest rate of 3.25



27.3%

EBITDA
margin

percent. In this case, with the purpose of hedging the currency risk, we signed a cross currency swap agreement for both principal and interests. Also, a total of Ps.$1.5 billion in debt was paid.

Innovation

At Kimberly-Clark de México, innovation is a fundamental pillar of our strategy for developing and offering superior products that are preferred by consumers. This has enabled us to establish and build upon our market leadership. The following sums up our most important initiatives in 2015:

In baby diapers, in the premium segment we incorporated Huggies Supreme® Dermo Protect internal covering in the newborn sizes, with pads that absorb semiliquid fecal material, reducing contact with the baby's delicate skin. In the value segment, we improved our Kleen Bebé Suavelastic MAX® line with barriers and an internal covering with super-soft cotton-type materials to protect the baby's skin.

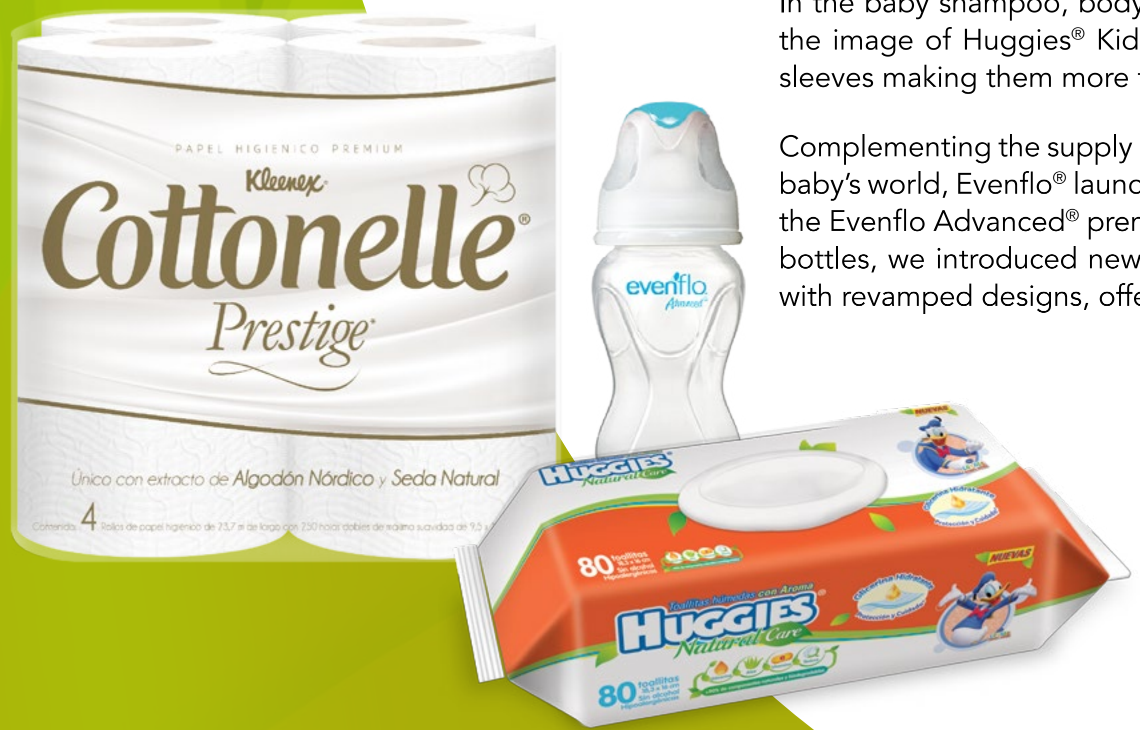
We also launched Kleen Bebé® Suavelastic® Fashion, a diaper with fashion designs creating an aesthetic value that differentiates it from other diapers.

Also in the diaper categories, we improved the image of quality and shelf presence of Huggies UltraConfort® and Kleen Bebé Suavelastic MAX® with more compact packages improving the efficiency of distribution, storage, and product display.

In baby wipes, we innovated in Huggies Natural Care®, adding the new moisturizing glycerin formula which naturally protects the baby's skin and is also 90 percent biodegradable.

In the baby shampoo, body lotion, and soap category, we revamped the image of Huggies® Kids with new designs on thermo-shrinkable sleeves making them more friendly and attractive for consumers.

Complementing the supply of products in the various categories of the baby's world, Evenflo® launched new boys' and girls' feeding bottles in the Evenflo Advanced® premium line. In the value category of feeding bottles, we introduced new ergonomic and aesthetic forms together with revamped designs, offering a new image in all the portfolio.



In this same brand, we launched a multifood processor in department stores, strengthening the brand's image with products that communicate functional superiority.

In the training cup category, we introduced new spout and bottle shapes with photoluminescent technology, offering a complete catalog of products in the value segment.

For the gear segment, we incorporated new products that strengthen the stroller and travel system categories, expanding the range of options that Evenflo® offers to parents to care for their babies.

In the toilet paper category, we developed a super-premium segment with the launch of the new Kleenex® Cottonelle® Prestige®, designed to offer comfort, functionality, luxury and sophistication thanks to its high degree of softness, thickness and sheet size.

Another new development was our line of Kleenex® Cottonelle® "Life Therapy" toilet paper, with thicker, more resistant sheets and new fragrances and extracts to provide a superior level of softness.

We also redesigned the Cottonelle Fresh® brand of flushable wipes, which now has a softer texture as well as a new lidded pouch container, offering our consumers a more practical solution.

In napkins, we developed a new embossed pattern for the Pétalo® brand in order to increase thickness and improve yield.

In the facial tissue category, we launched the innovative wallet-shaped Kleenex® Cartera, offering a practical and discreet presentation so consumers can carry it anywhere.

In the Fem Care business, we launched a new pad called Kotex® Naturals Anatómica Larga with chamomile. The product has new channels that are different at the front and back to offer a better flow distribution, as well as a longer shape to give a better fit and more protection.

We also launched the Kotex® Ultra thin pad, making it more discreet and anatomical thanks to a new design that incorporates channels.

In the incontinence category, we improved our Depend® brand adult diapers, offering our consumers a longer product for better comfort and absorption performance.

We also entered the bar soap market through the Kleenex® brand, with a portfolio of superior products in their segment and offering six different and innovative fragrances.

Finally, in the Kimberly-Clark Professional business, we launched the Scott® line, which includes products in the toilet paper, hand towel, napkin and facial tissue categories, providing our clients with the best choices in the value segment.

Operations

In 2015, we focused our production strategy on sustaining high levels of quality and making our manufacturing and conversion equipment more efficient. We attained record productivity levels at our tissue paper plants, in each one of our diaper plants, and in various personal care production lines.

We also worked intensively to identify and implement various initiatives in order to create competitive cost advantages to contend with exchange-rate challenges and high inputs where the prices in dollars did not decline. These initiatives generated savings of Ps.$1.1 billion, which for the second year in a row, amounted to a little more than 5 percent of the cost of goods sold.

We installed toilet-paper-making equipment for Professional as well as other productive assets for Evenflo and for personal care material manufacturing, all with the purpose to meet the demands for our products. We also made some significant technological upgrades at the recycling plant in San Juan del Río, Querétaro.

Our inventory turnover remained at record levels for practically the entire year.

Sustainability and Social Responsibility

Kimberly-Clark de México has a mission: to improve the quality of life for all Mexicans by making, distributing, and selling products that are indispensable for hygiene and personal care that people and families can use inside and out of their home.

In last year's report, titled "With innovation, leadership and vision…" published in May 2015 and available on our website at http://www.kimberly-clark.com.mx/data/global/reportes/ingles/annuals/KCM2014AR.pdf, you can view the progress of our company in areas such as Corporate Governance, Business Ethics, Environmental Care, and Social Responsibility.

With relation to Environmental Care, we were able to meet the goals of our 2015 Vision in water management (an area in which we remain a benchmark for our industry), in the percentage of solid waste monetized, in procurement of sustainable fibers, in reduction of energy consumption in our operations and the reduction of greenhouse gases emission intensity.

In order to further reduce emissions and lower our electrical energy costs over the medium term, in April we will start up a power cogeneration operation at our plant in Ramos Arizpe, Coahuila. This is a turnkey project, the Ramos Arizpe facility will be taking up 50 percent of the nominal power, with the rest transferred to some of our other factories. We are also about to start building a similar plant at another of our plants.

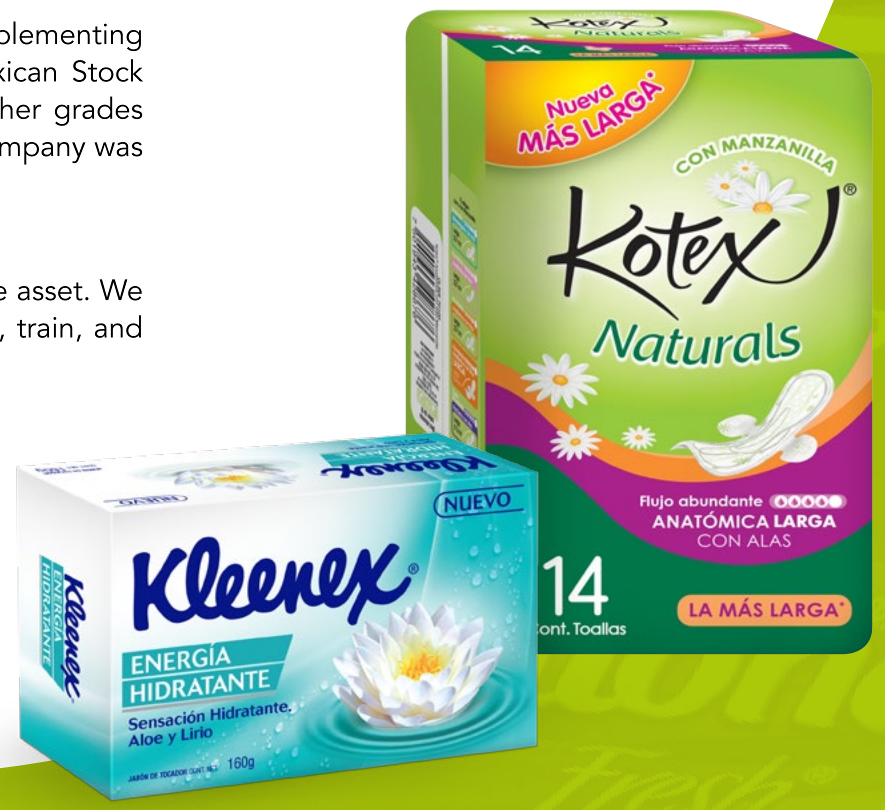
In Social Responsibility, we continue to stress our commitment to our stakeholders, serving their needs through the volunteer work of our employees and the support we provide every year to more than 200 charitable institutions.

As a result of the considerable progress made in implementing our Sustainability Strategy, the rating agency of the Mexican Stock Exchange Sustainable Index assigned us significantly higher grades than last year in all three dimensions evaluated and our company was once again was ratified for inclusion in that index.

Human Resources

Human capital is Kimberly-Clark de México's most valuable asset. We know that to achieve our goals we need to recruit, retain, train, and

We entered the bar soap market through the Kleenex® brand and launched the Kotex® Naturals Anatómica Larga pad with chamomile



The safety of our personnel is and always has been a most important value

motivate employees by generating a challenging, inclusive, and safe working environment. This is how we've been able to build such a capable and competitive team that is prepared to innovate and respond to the challenges we face as a company.

The safety of our personnel is and has always been the most important concern, so we are committed to guaranteeing the occupational health and safety of every single one of our employees, contractors, and visitors. The results for this year show a slight rise in the number of accidents and days lost, so we will be redoubling our efforts in this area.

The salaries and benefits the company offers its employees are above those required by law, and our negotiations with unions have always been conducted on a competitive basis in a climate of cordiality and mutual respect, which the company has always encouraged. In 2015, we maintained our philosophy of having our people share in our results, continuing to generate and pay out a level of profit-sharing that has consistently been recognized as one of the highest in the country.

We are grateful to all of this company's personnel for the efforts made over the course of the year and we urge you to continue enriching this company through the dedication, commitment, and enthusiasm you have always been known for.

Relationship with Kimberly-Clark Corporation

Our partnership with Kimberly-Clark Corporation is fundamental both for supporting our product and innovation initiatives as well as the implementation of state-of-the-art technology. This partnership also enables us to participate in global purchasing agreements and share best practices and information, both operating and commercial.

Outlook

As you all know, 2016 started out amid considerable uncertainty and volatility due to lower than expected growth in China and other emerging economies, which affected oil and other commodity prices. Combined with this, the growing divergence between monetary policies of the U.S. Federal Reserve and those of its peers in Europe, Japan, and China, drove the dollar sharply higher against other global currencies, in which the Mexican peso was among the hardest hit.

Despite the global turbulence, Mexico's growth prospects remain fairly bright. Economic fundamentals are still solid, and we are confident that growth will accelerate in the coming years.

We are facing a great opportunity to help this country reach its full growth potential through effective implementation of reforms that will trigger investment; competitiveness; more jobs; and steady, inclusive, long-term growth. We cannot let this great opportunity fade. To emphasize on it, it is imperative that we make more progress in the area of public safety, attacking corruption and impunity, building strong institutions, and promoting a true rule of law.

In these areas, there is little doubt but that we are in debt to the country, and it is urgent that we move more rapidly to face the situation head-on. This is the only way we can restore the confidence and credibility needed to cement the changes the country so direly needs in order to eventually become modern and developed.

For this coming year specifically, there are signs of a coming acceleration in growth, among them a rise in jobs and wage remittances; increased investment as a result of the above-mentioned reforms; a pickup in the construction and housing industries; a surge in tourism; and a controlled inflation for the year, which means the purchasing power of local wages can continue to grow.

So despite lower prices and the lower domestic production of oil, which has forced the government to once again cut the federal spending budget, we hope the economy grows at a rate similar to last year's.

Our company remains positioned to take advantage of a pickup in growth and a more vigorous consumption climate from the result of a larger and stronger middle class. To this end, we will try to consolidate

In 2016, we will continue to invest in innovation, brands, technology, and training and development of our people

and strengthen our competitive advantages, investing in innovation as well as in our brands, technology and in the training and development of our people.

At the same time, to offset the impact of higher prices on raw materials and exchange-rate effects, we will continue to improve our efficiency and productivity, and we will introduce further cost- and expense-cutting measures.

In this coming year, we plan to invest between US$200 and US$250 million in assets, focused precisely on innovation, product quality, cost savings, and some capacity expansions.

With all of this, we expect once again to report solid results in 2016. And as economic growth accelerates in the year to come—and translates into a more dynamic, stronger market for domestic consumption—our company will be exceptionally well positioned to take advantage of it.

Finally, and in keeping with our dividend policy, at this year's Shareholders' Meeting we are proposing to approve payment of a dividend that is higher in real terms than last year's.

To our shareholders, we once again express our gratitude for supporting and trusting in our management during the year just ended, and we reiterate our pledge to carry out the necessary plans and programs to ensure Kimberly-Clark de México remains the successful company it is and has always been.

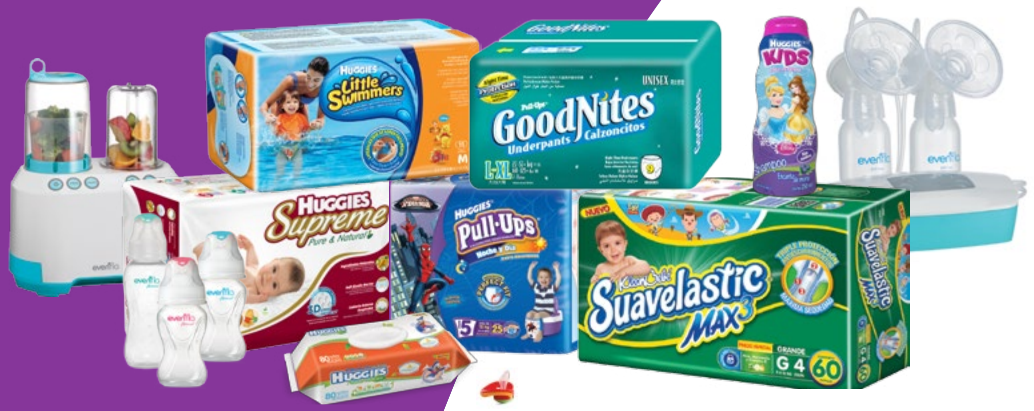
Sincerely,

Claudio X. González
Chairman of the
Board of Directors

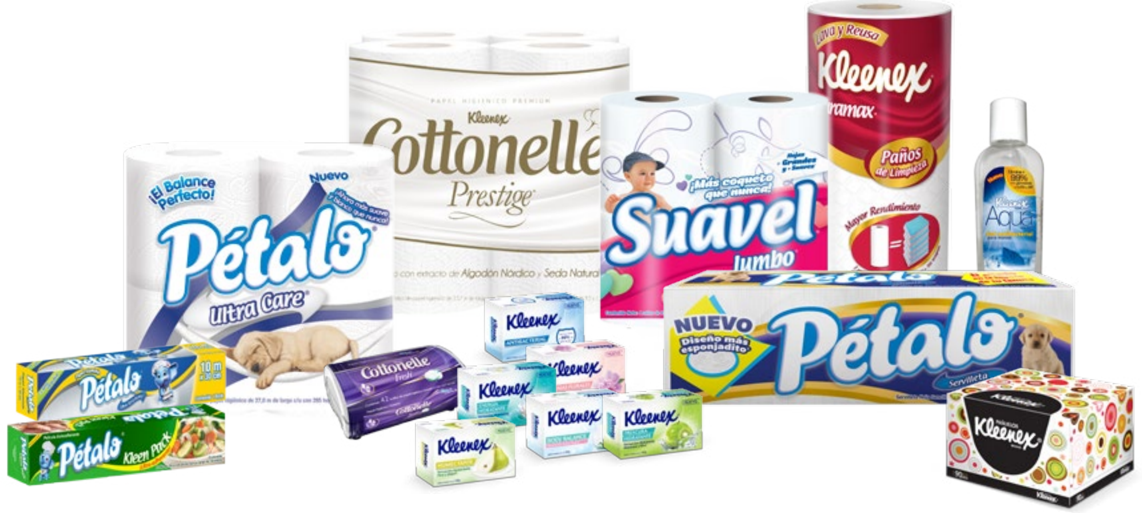
Pablo R. González G.
Chief Executive Officer

This report was fully approved by the Board of Directors in its meeting on February 9, 2016.

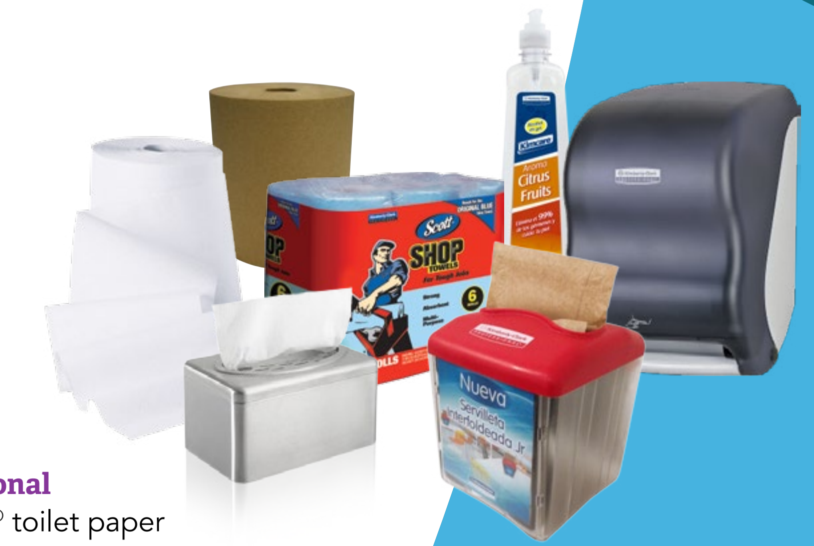
products



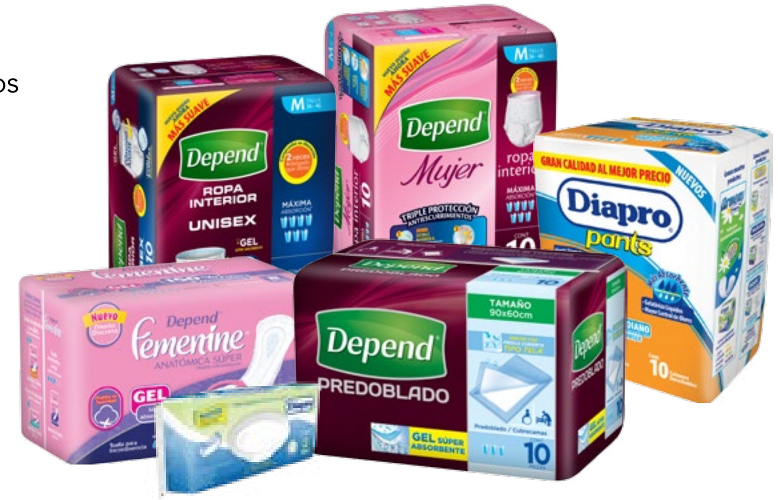
Baby and Child Care
- Diapers
- Training pants
- Swimming diapers
- Bedwetting underwear
- Baby wipes
- Shampoo
- Body lotions and bar soaps
- Feeding products



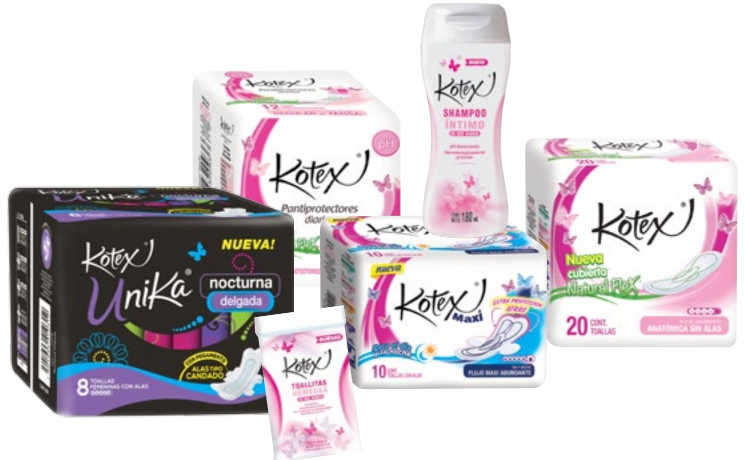
Home
- Toilet paper
- Napkins
- Facial tissues
- Paper towels
- Antibacterial gel
- Wet wipes
- Food wraps
- Bar soaps



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



Adult Care
- Underwear
- Cleansing cloths
- Protector pads



Feminine Care
- Pads
- Panty liners
- Tampons
- Feminine wipes

board of **directors**

Directors

Claudio X. González Laporte
Chairman

Valentín Diez Morodo*
Vice Chairman

Thomas J. Falk
Vice Chairman

Jorge Ballesteros Franco*
Emilio Carrillo Gamboa*
Antonio Cosío Ariño*
Pablo R. González Guajardo
Maria Henry
Michael Hsu
Esteban Malpica Fomperosa*
Fernando Senderos Mestre*
Elane Stock

Alternate Directors

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Jorge Babatz García
José Antonio Noguera Castillo
José Antonio Mondragón Pacheco
Agustín Gutiérrez Espinosa
Antonio Cosío Pando
Fernando Ruiz Sahagún
Sergio Chagoya Díaz
Jesús González Laporte
Jorge Barrero Stahl
Juan Carlos Machorro Guerrero
Jorge A. Lara Flores

*Independent members

officers

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Chief Executive Officer

Jorge Morales Rojas
Corporate Director of Business and Commercial Strategy

Xavier Cortés Lascurain
Chief Financial Officer

Bernardo Aragón Paasch
Chief Operating Officer

Fernando González Velazco
Director of Consumer Product Sales

Roberto García Palacios
Corporate Director of Product Innovation, Technology Development, and Quality

Jesús González Laporte
Director of Strategic Operations Planning

Alejandro Lascurain Curbelo
Director of Human Resources

Jose María Robles Miaja
Export Manager

Regina Celorio Calvo
e-Marketing /e-Commerce / Communications Manager

Fernando Vergara Rosales
Corporate Comptroller

Alejandro Argüelles de la Torre
General Counsel

Carlos Conss Curiel
Deputy Director of Information Services

Azul Argüelles Rojas
Manager of Finances and Treasury and Investor Relations

consolidated financial statements

Independent Auditors' Report **16** / Consolidated Statements of Financial Position **17** / Consolidated Statements of Income **18** / Consolidated Statements of Other Comprehensive Income **19** / Consolidated Statements of Changes in Stockholders' Equity **20** / Consolidated Statements of Cash Flows **21** / Notes to the Consolidated Financial Statements **22**

Independent auditors' report

To the Board of Directors and Stockholders of Kimberly-Clark de México, S.A.B. de C.V.

We have audited the accompanying consolidated financial statements of Kimberly-Clark de México, S.A.B. de C.V. and its Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the consolidated statements of income, other comprehensive income, changes in stockholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark de México, S.A.B. de C.V. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board.

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

C. P. C. Alejandro González Anaya
Mexico City, Mexico
February 5, 2016

Consolidated statements of
financial position

December 31, 2015 and 2014
(Thousands of Mexican pesos)

	NOTES	2015	2014
Assets			
Current assets:			
Cash and cash equivalents		**$ 7,933,699**	$ 5,049,547
Accounts receivable and other	4	**4,859,375**	5,097,611
Inventories	5	**2,226,509**	1,887,357
Total current assets		**15,019,583**	12,034,515
Long-term assets:			
Property, plant and equipment	6	**15,670,354**	15,979,624
Derivative financial instruments	14	**1,830,163**	354,143
Intangibles and other assets	8	**944,158**	981,391
Goodwill	7	**582,771**	582,771
Total long-term assets		**19,027,446**	17,897,929
Total		**$ 34,047,029**	$ 29,932,444
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	9	**$ 800,000**	$ 1,500,000
Trade accounts payable		**3,721,679**	3,487,438
Other accounts payable, accrued liabilities and provisions	10	**1,840,944**	1,763,363
Employee benefits		**1,230,398**	925,085
Income tax	11	**724,302**	200,443
Total current liabilities		**8,317,323**	7,876,329
Long-term liabilities:			
Long-term debt	9	**17,238,200**	13,086,817
Deferred income taxes	11	**1,461,820**	1,712,511
Derivative financial instruments	14	**89,991**	134,718
Retirement benefits and other liabilities	12	**202,157**	188,447
Total long-term liabilities		**18,992,168**	15,122,493
Total liabilities		**27,309,491**	22,998,822
Stockholders' equity	15	**6,737,538**	6,933,622
Total		**$ 34,047,029**	$ 29,932,444

See accompanying notes to consolidated financial statements.

Consolidated Statements of
income

Years ended December 31, 2015 and 20104
(Thousands of Mexican pesos, except as indicated)

	NOTES	2015	2014
Net sales		$ 32,206,234	$ 29,106,853
Cost of sales		19,778,457	18,379,732
Gross profit		12,427,777	10,727,121
General expenses		5,289,686	4,857,069
Operating profit		7,138,091	5,870,052
Finance costs:			
Borrowing costs		1,075,526	906,458
Interest income		(206,687)	(227,327)
Exchange fluctuation – net		(3,483)	116,922
Income before income taxes		6,272,735	5,073,999
Income taxes	11	1,940,202	1,529,881
Consolidated net income		$ 4,332,533	$ 3,544,118
Basic earnings per share (in pesos)		$ 1.40	$ 1.14
Weighted average number of outstanding shares (in thousands)		3,097,016	3,113,970

See accompanying notes to consolidated financial statements.

Consolidated statements of Other
comprehensive income

Years ended December 31, 2015 and 2014
(Thousands of Mexican pesos)

	NOTES	2015	2014
Consolidated net income		**$ 4,332,533**	$ 3,544,118
Other comprehensive income:			
Items that will not be reclassified subsequently to statements of income			
Actuarial losses on retirement benefits - net	12	**(9,909)**	(31,340)
Items that may be reclassified subsequently to statements of income			
Translation effects of foreign operations		**–**	137,706
Changes in valuation of derivative financial instruments - net	14	**179,167**	7,054
		169,258	113,420
Consolidated other comprehensive income		**$ 4,501,791**	$ 3,657,538

See accompanying notes to consolidated financial statements.

Consolidated statements of changes in stockholders' equity

Years ended December 31, 2015 and 2014
(Thousands of Mexican pesos)

	Contributed	Earned	Items comprehensive income			
	Common stock	Retained earnings	Actuarial losses	Translation effects of foreign operations	Valuation of derivative financial instruments	Total stockholders' equity
Balance, January 1, 2014	$ 2,900,918	$ 5,847,545	$ (57,033)	$ 7,976	$ (112,091)	$ 8,587,315
Dividends paid		(4,377,600)				(4,377,600)
Repurchase of own stock	(26,212)	(907,419)				(933,631)
Comprehensive income		3,544,118	(31,340)	137,706	7,054	3,657,538
Balance, December 31, 2014	2,874,706	4,106,644	(88,373)	145,682	(105,037)	6,933,622
Dividends paid		(2,293,327)				(2,293,327)
Capital stock reimbursement	(2,289,696)					(2,289,696)
Repurchase of own stock	(3,304)	(111,548)				(114,852)
Comprehensive income		4,332,533	(9,909)		179,167	4,501,791
Balance, December 31, 2015	**$ 581,706**	**$6,034,302**	**$ (98,282)**	**$ 145,682**	**$ 74,130**	**$ 6,737,538**

See accompanying notes to consolidated financial statements.

Consolidated statements of cash flows

Years ended December 31, 2015 and 2014
(Thousands of Mexican pesos)

	2015	2014
Operating activities:		
Income before income taxes	**$ 6,272,735**	$ 5,073,999
Items related to investing and financing activities:		
Depreciation and amortization	**1,664,773**	1,616,000
Exchange fluctuations	**(3,483)**	116,922
Interest expense - net	**868,839**	679,131
	8,802,864	7,486,052
Accounts receivable and other	**287,439**	(118,752)
Inventories	**(339,152)**	(42,823)
Trade accounts payable	**(71,731)**	(84,870)
Other accounts payable, accrued liabilities and provisions	**21,673**	147,600
Employee benefits and retirement	**333,401**	(137,037)
Income taxes paid	**(1,731,102)**	(1,785,519)
Net cash flows provided by operating activities	**7,303,392**	5,464,651
Investing activities		
Additions to property, plant and equipment	**(1,318,384)**	(1,644,889)
Other	**114**	16,662
Net cash flows used in financing activities	**(1,318,270)**	(1,628,227)
Excess cash to apply in financing activities	**5,985,122**	3,836,424
Financing activities		
Borrowings	**3,683,442**	4,018,398
Payment of loans	**(1,500,000)**	(2,300,000)
Interest paid	**(818,776)**	(662,044)
Dividends paid	**(2,293,327)**	(4,377,600)
Capital stock reimbursement	**(2,289,696)**	–
Repurchase of own stock	**(114,852)**	(933,631)
Other liabilities	**(28,534)**	(24,647)
Net cash flows used in financing activities	**(3,361,743)**	(4,279,524)
Increase (decrease) in cash and cash equivalents	**2,623,379**	(443,100)
Adjustment to cash flows due to changes in exchange rates	**260,773**	102,397
Cash and cash equivalents at the beginning of year	**5,049,547**	5,390,250
Cash and cash equivalents at the end of year	**$ 7,933,699**	$ 5,049,547

There were no non-monetary transactions.

See accompanying notes to consolidated financial statements.

Notes

to the consolidated financial statements

Years ended December 31, 2015 and 2014
(Thousands of Mexican pesos, except as indicated)

1. General information

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

2. International Financial Reporting Standards ("IFRS")

Mandatory standards and improvements issued by the International Accounting Standard Board (IASB) are effective beginning on or after January 1, 2015.

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

3. Basis of presentation and significant accounting policies

The accompanying consolidated financial statements are in accordance with IFRS and they have been translated from Spanish into English for use outside of Mexico. The significant accounting policies are as follows:

a. Measurement basis

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

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

b. Basis of consolidation

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

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

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

c. Critical accounting judgments and key information for estimates

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

The estimates and assumptions are reviewed on an ongoing basis. Review of accounting estimates are recognized in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods (see notes 4 through 8).

d. 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.

e. Financial assets

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

- Loans and accounts receivable

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

- Impairment of financial assets

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Borrowing costs

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

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

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

i. Intangibles

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

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

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

j. Impairment of tangible and intangible assets

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

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

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

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

k. Business combinations

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

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

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

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

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

l. Goodwill

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

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

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

m. Financial liabilities

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

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

The fair value of debt is determined at the end of each accounting period, considering observable data although not from active market quotes. Such value is determined with a discounted cash flow model.

– Borrowings and trade payables

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

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

– Derecognition of financial liabilities

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

n. Income taxes

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

– Current tax

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

– Deferred income tax

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

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

– Current and deferred tax

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

o. Provisions

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

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

p. Employee benefits

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

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

q. Retirement benefits

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

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

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

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

r. Derivative financial instruments

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

s. Revenue recognition

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

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

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

t. Foreign currency transactions

The functional currency of the Entity is the Mexican peso.

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

Exchange rate differences are recognized in results of the period.

Effective January 1, 2015, functional currency of Evenflo Feeding Inc. was modified as a result of changes in the economic environment in which the company operates, in respect to the currency in which cash flows from financing activities are obtained. Consequently non-monetary balances that were recorded originally at fair value, represented mainly by goodwill and intangible assets arising at acquisition, are translated at the exchange rate of the date in which the modification was made.

Until December 31, 2014, for the entity whose functional currency is not the Mexican peso, for purposes of the presentation of the consolidated financial statements, the entity's foreign currency assets and liabilities were expressed in Mexican pesos using the exchange rates in effect at the end of the reporting period. The revenue and expenses items were converted at the average exchange rates in effect during the period, unless they fluctuated significantly, in which case the exchange rates in effect on the transaction dates were utilized. The conversion differences were recorded in other comprehensive results as part of stockholders' equity.

4. Accounts receivable and other

	2015	2014
Trade	**$ 6,109,719**	$ 6,068,764
Provision for discounts	**(1,207,251)**	(899,066)
Allowance for doubtful accounts	**(118,349)**	(115,905)
Net	**4,784,119**	5,053,793
Other	**14,258**	18,842
Prepaid expenses	**60,998**	24,976
Total	**$ 4,859,375**	$ 5,097,611

	2015	2014
Provision for discounts		
Balance at January 1,	**$ (899,066)**	$ (715,528)
Increases	**(5,812,732)**	(5,255,200)
Applications	**5,504,547**	5,071,662
Balance at December 31,	**$ (1,207,251)**	$ (899,066)

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

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

5. Inventories

	2015	2014
Finished goods	**$ 805,503**	$ 720,474
Work in process	**254,155**	188,134
Raw materials and spare parts	**1,211,663**	1,017,047
	2,271,321	1,925,655
Allowance for obsolescence	**(44,812)**	(38,298)
Total	**$ 2,226,509**	$ 1,887,357

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

6. Property, plant and equipment

	2015	2014
Depreciable fixed assets	**$ 36,664,170**	$ 36,051,764
Accumulated depreciation	**(22,904,735)**	(21,415,721)
Net	**13,759,435**	14,636,043
Land	**742,593**	742,593
Construction in progress	**1,168,326**	600,988
Total	**$ 15,670,354**	$ 15,979,624

In 2014, the Entity acquired a piece of land for $129,452.

At December 31, 2015 and 2014, the amount of unamortized capitalized borrowing costs amounted to $49,491 and $52,233 respectively.

	Buildings	Machinery and equipment	Transportation equipment	Total
Depreciable fixed assets				
Balance at the beginning of 2014	$ 4,908,197	$ 28,452,902	$ 938,478	$ 34,299,577
Additions	445,412	1,755,934	42,062	2,243,408
Disposals	(290)	(462,877)	(32,127)	(495,294)
Translation effect		4,073		4,073
Balance at December 31, 2014	$ 5,353,319	$ 29,750,032	$ 948,413	$ 36,051,764
Additions	57,841	645,404	50,112	753,357
Disposals	(13,816)	(72,448)	(54,687)	(140,951)
Balance at December 31, 2015	**$ 5,397,344**	**$ 30,322,988**	**$ 943,838**	**$ 36,664,170**
Accumulated depreciation				
Balance at the beginning of 2014	$ (2,137,516)	$ (17,444,152)	$ (742,317)	$ (20,323,985)
Additions	(93,413)	(1,446,384)	(42,002)	(1,581,799)
Disposals	290	462,877	30,615	493,782
Translation effect		(3,719)		(3,719)
Balance at December 31, 2014	$ (2,230,639)	$ (18,431,378)	$ (753,704)	$ (21,415,721)
Additions	(154,605)	(1,431,671)	(41,378)	(1,627,654)
Disposals	13,816	71,446	53,378	138,640
Balance at December 31, 2015	**$ (2,371,428)**	**$ (19,791,603)**	**$ (741,704)**	**$(22,904,735)**

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

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

7. Goodwill

Balance at the beginning of 2014	$	516,986
Translation effect		65,785 **Balance**
at December 31, 2014 and 2015	**$**	**582,771**

8. Intangibles and other assets

		2015		**2014**
Trademarks and licenses	**$**	**106,735**	$	106,735
Patents and permits		**25,636**		25,636
Customer relationships		**583,441**		583,441
		715,812		715,812
Accumulated amortization		**(163,601)**		(126,482)
Trademarks and licenses with indefinite life - added due to business combination		**374,372**		374,372
Total intangibles		**926,583**		963,702
Other assets		**17,575**		17,689
Total	**$**	**944,158**	$	981,391

		Trademarks and licenses		**Patents and permits**		**Customer relationships**		**Total**
Cost								
Balance at the beginning of 2014	$	106,735	$	22,681	$	533,549	$	662,965
Translation effect				2,955		49,892		52,847
Balance at December 31, 2014 and 2015	**$**	**106,735**	**$**	**25,636**	**$**	**583,441**	**$**	**715,812**
Accumulated amortization								
Balance at the beginning of 2014	$	(35,220)	$	(2,963)	$	(48,099)	$	(86,282)
Additions		(6,827)		(1,604)		(25,770)		(34,201)
Translation effect				(551)		(5,448)		(5,999)
Balance at December 31, 2014		(42,047)		(5,118)		(79,317)		(126,482)
Additions		(7,957)		(1,772)		(27,390)		(37,119)
Balance at December 31, 2015	**$**	**(50,004)**	**$**	**(6,890)**	**$**	**(106,707)**	**$**	**(163,601)**

The useful lives used for calculating amortization are:

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

9. Long-term debt

	2015	2014
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rates of 9.98%, 9.65%, 7.17% and 6.98%.	**$ 5,450,000**	$ 5,450,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the 28 days Mexican Interbank Equilibrium rate TIIE plus or minus certain credit spreads. As of December 31, 2015, the annualized rates ranged from 3.25% to 3.58%.	**4,000,000**	5,500,000
Notes denominated as global bonds issued for USD$250 million, unsecured, bearing interest at a fixed net annual rate of 3.8%.	**4,300,000**	3,687,500
Notes denominated as global bonds issued for USD$250 million, unsecured, bearing interest at a fixed net annual rate of 3.25%.	**4,300,000**	–
Total	**18,050,000**	14,637,500
Current portion	**(800,000)**	(1,500,000)
Expenses on debt issuance	**(84,806)**	(50,683)
Increase of debt at fair value	**73,006**	–
Long-term debt	**$ 17,238,200**	$ 13,086,817

Long-term debt agreements contain certain obligations that do not include financial restrictions. Such obligations have been complied with as of December 31, 2015 and 2014.

Long-term debt matures as follows:

2017	$ 2,500,000
2018	1,500,000
2019	400,000
2020	2,500,000
2023	1,750,000
2024	4,300,000
2025	4,300,000
	$ 17,250,000

Considering the rates and the debt in effect as of December 31, 2015, accruable interest ranges from $961 million Mexican pesos in 2016 to $33 million Mexican pesos in 2025; including the effect of derivative financial instruments mentioned in note 14.

As of December 31, 2015 and 2014, the fair value of debt approximates its carrying value.

10. Other accounts payable, accrued liabilities and provisions

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

	2015	2014
Promotion	**$ 123,430**	$ 69,322
Freight	**125,373**	133,550
Total	**$ 248,803**	$ 202,872

	Promotion	Freight	Total
Balance at the beginning of 2014	$ 87,106	$ 97,137	$ 184,243
Increases	324,226	1,663,955	1,988,181
Applications	(342,010)	(1,627,542)	(1,969,552)
Balance at December 31, 2014	69,322	133,550	202,872
Increases	390,170	1,685,859	2,076,029
Applications	(336,062)	(1,694,036)	(2,030,098)
Balance at December 31, 2015	**$ 123,430**	**$ 125,373**	**$ 248,803**

11. Income taxes

The statutory income tax rate is 30% for the years 2015 and 2014. The Entity is subject to ISR on a consolidated basis until 2013. As a consequence of amendments to the Income tax law in December 2013, the tax consolidation regime was eliminated. As a result, the Entity must pay benefits previously recognized under the consolidation regime over the next five years starting in 2014. The amount of this obligation is not significant.

a. Income taxes recognized in profit or loss

	2015	2014
Current	**$ 2,254,958**	$ 1,515,768
Deferred	**(314,756)**	14,113
Total income taxes	**$ 1,940,202**	$ 1,529,881

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

	2015 RATE %	2014 RATE %
Statutory rate	**30.0**	30.0
Effects of inflation	**.5**	.3
Non deductible items	**1.0**	1.2
Tax incentive and others	**(.6)**	(1.3)
Effective rate	**30.9**	30.2

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

	2015	2014
Due to valuation of derivative financial instruments	**$ (76,786)**	$ (3,024)
Due to actuarial losses	**4,247**	13,432
Total	**$ (72,539)**	$ 10,408

d. Deferred tax in the statement of financial position

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

	2015	2014
Property, plant and equipment	$ **1,799,086**	$ 1,954,346
Intangibles arising from business combination	**33,524**	36,537
Inventories	**9,045**	(4,478)
Loss carryforwards (expiring in 2017 and 2035)	**(104,695)**	(105,591)
Other liabilities and provisions	**(306,910)**	(123,287)
Derivative financial instruments	**31,770**	(45,016)
Total	$ **1,461,820**	$ 1,712,511

12. Retirement benefits and other liabilities

a. Retirement benefits

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

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

Relevant information regarding these obligations is as follows:

	2015	2014
Projected benefit obligation	$ **538,047**	$ 494,532
Plan assets	**(371,439)**	(370,168)
Net liability	**166,608**	124,364
Annual cost	$ **32,519**	$ 27,027

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

	2015	2014
	%	%
Discount rate	**6.50**	6.50
Expected return on plan assets	**6.50**	6.50
Expected rate of salary increase	**4.50**	4.50

Other disclosures related to retirement benefits are not considered material.

b. Other liabilities

As of December 31, 2015 and 2014, the amount of other liabilities is $35,549 and $64,083, respectively.

13. Risks

a. Liquidity risk

The Entity's liquidity risk is limited as it has a healthy cash flow profile due to its diversified sales, which are made to customers and distributors with solvent financial positions. As of December 31, 2015, considering the profile of the Entity's debt it believes it has enough cash on hand to mitigate the negative effects of any potential external event which could temporarily result in a liquidity reduction and impact the Entity's ability to meet its short-term obligations.

When the Entity acquires debt, it seeks to ensure staggered maturities to further mitigate the liquidity risk. The profile of future maturities as of December 31, 2015 is spaced out over ten years and no maturities in any one year represent more than 25% of the total debt. None of the Entity's annual maturities under its current debt profile exceeds the flow derived from the result before income taxes for the year 2015, nor the cash and cash equivalents position as of December 31, 2015.

The Entity has sound relations with different financial institutions and considers that it has access to different types of financing through loans in Mexico or abroad, whether directly with such institutions or through the capital markets. For such purpose the Entity permanently maintains ratings of the Standard & Poor's and Fitch Ratings agencies for debt both in pesos and in foreign currency. As of December 31, 2015, debt ratings by Standard & Poor's were "AAA" in pesos and "A-" in U.S. dollars, whereas those of Fitch Ratings were "AAA" in pesos and "A" in U.S. dollars. In all cases, these are considered investment-grade ratings.

b. Market risk

- Exchange rate

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

Furthermore, the prices of a significant portion of the inputs that the Entity utilizes in its production processes are established in foreign currency or tend to be adjusted for exchange rate movements. To mitigate this risk, an export business is maintained. Also, the financial derivatives markets are continually analyzed to seek opportunities to mitigate these risks. As of December 31, 2015 the Entity had not entered into any hedge instrument on supplies purchases. Export sales in the year 2015 were $1,731 million Mexican pesos and it is estimated that the purchases of those inputs whose prices fluctuate due to changes in the exchange rate represent about 60% of its costs.

During 2015 and 2014, the Entity entered into derivative financial instruments denominated cross currency swaps (CCS) in order to reduce its exposure to exchange rate fluctuations related to this U.S. dollar denominated debt.

- Interest rates

To reduce the risk of interest rate variations, the Entity divides the profile of its debt between fixed rate and variable rate. As of December 31, 2015, 78% of the debt was at a fixed rate and 22% at a variable rate. Of the variable rate debt, $1,500 million Mexican pesos are hedged whereby the derivative instrument converts the debt to a fixed rate; as well as $3,010 million Mexican pesos of U.S. dollar-denominated debt are hedged to convert fixed rate debt in U.S. dollars to variable rate debt in Mexican pesos, with the net exposure being $5,510 million Mexican pesos, equivalent to 31% of the total debt. On another hand, the Entity had $5,557 million Mexican pesos invested in variable rate investments which are classified as cash equivalents; consequently the Entity has mitigated its exposure to interest rate risk.

- Other pricing risks

  The main pricing risk is related with movements in cellulose prices. To reduce this risk, the Entity has different strategies in place such as paper-recycling plants. Approximately 60% of the cellulose consumed by the Entity during 2015 was recycled fiber. Other strategies include the utilization of different types of fiber and different suppliers, as well as sourcing from different geographical regions. The Entity believes that no efficient financial hedge market exists for cellulose.

  Another pricing risk derives from the price of natural gas as a result of the Entity's consumption of this input in its processes, as well as its impact on the prices of electricity. The prices of gas are monitored and hedging options are constantly analyzed. As of December 31, 2015, the Entity had not contracted any hedge instrument related to natural gas.

14. Derivative financial instruments

a. Cross currency swaps

In order to reduce its exposure to exchange rate fluctuations from its U.S. dollar-denominated debt, during 2015 and 2014 the Entity entered into cross currency swaps. Such instruments convert U.S. 500 million of debt into $7,036.3 million pesos.

For the 2015 issuance, through its derivatives, the Entity exchanged the annual fixed rate of 3.25% in USD to an annual fixed rate of 6.21% in pesos, which is 50% of the total, and converts to a variable rate in pesos at TIIE plus 0.22% the remaining 50%; for the 2014 issuance, through its derivatives, the Entity exchanges the annual fixed rate in USD from 3.80% to an annual fixed rate of 6.85% in pesos for 80% of the total and to variable in pesos of TIIE plus 0.05% for the remaining 20%.

As the due dates of principal and interest are the same as the debt, these financial instruments were designated as hedges; those that convert to fixed rate in pesos, are recorded as a cash flow hedge and those that convert to variable rate in pesos are recorded as a fair value hedge. In both cases the effects in consolidated statement of income is recorded as the exchange rate of the hedged item fluctuates.

b. Interest rate swaps on peso-denominated debt

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

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

The unfavorable effect of these contracts for $73,045 and $69,490 for the years 2015 and 2014, respectively, recycled to net income, are presented in results as part of borrowing costs.

Determination of fair value of those instruments includes estimations over future currency exchange rates and interest rates, as well as the credit risk of both parts.

15. Stockholders' equity

As of December 31, 2015 and 2014, common stock consists of nominative common shares with no par value, as follows:

	SHARES			
	2015	%	2014	%
Series "A"	**1,610,024,363**	52	1,612,136,688	52
Series "B"	**1,485,504,035**	48	1,486,954,190	48
Total	**3,095,528,398**	100	3,099,090,878	100

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

As part of the program for the repurchase of the Company's own shares approved annually by the stockholders, during the years ended December 31, 2015 and 2014, 3,562,480 and 28,258,598 shares, respectively, were repurchased.

In an extraordinary shareholders meeting held on February 26, 2015, stockholders approved a capital stock reimbursement of $0.74 pesos per share, totaling $2,289,696 which was paid during the second quarter of such year.

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

As of December 31, 2015, the balances of the stockholders' equity tax accounts are represented by contributed capital account of $29,347,000, the net tax income account until 2013 for $9,021,000 and the net tax income account that started in 2014 for $8,993,000, approximately.

During the year ended December 31, 2015, the Entity paid a capital stock reimbursement for $2,289,696 as well as dividends for $2,293,327 and during the year ended December 31, 2014 the Entity paid dividends for $4,377,600. If such capital stock reimbursement and dividends had not been paid, stockholders' equity have been increased by $8,960,623 and $4,377,600, as of such dates.

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

16. Foreign currency balances and transactions

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

	2015	2014
Monetary assets	**$ 149,894**	$ 91,026
Monetary liabilities	**620,232**	391,080

Exchange rates used to value such balances were $17.20 and $14.75 Mexican pesos per one U.S. dollar, respectively.

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

	2015	2014
Export sales	**$ 108,370**	$ 115,911
Purchases of raw materials, spare parts and services	**582,479**	595,211
Purchases of machinery and equipment	**30,537**	46,343

17. Related parties

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

	2015	2014
Kimberly-Clark Corporation:		
Purchases and technical services	**$ 1,352,972**	$ 1,408,109
Machinery and equipment	**8,881**	24,691
Net sales and others	**391,960**	464,659
Trade accounts payable	**178,306**	146,592
Trade accounts receivable	**42,723**	65,979

Other - As of December 31, 2015 and 2014, employee benefits granted to Entity's key senior management were $157,314 and $161,787, respectively.

18. Business segment information

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

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

2015

	Consumer Products	Professional and Health Care	Exports	Total
Net sales	**$ 27,345,900**	**$ 3,129,648**	**$ 1,730,686**	**$ 32,206,234**
Operating profit	**6,420,009**	**446,157**	**271,925**	**7,138,091**
Depreciation and amortization	**1,398,672**	**187,087**	**79,014**	**1,664,773**
Total assets	**28,908,895**	**3,308,528**	**1,829,606**	**34,047,029**

2014

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

19. Commitments

At December 31, the Entity held the following commitments:

	2015	2014
Acquisition of machinery, equipment and construction projects	**$ 598,851**	$ 352,400
Acquisition of raw materials	**454,507**	493,546
Operating lease agreements of real estate and offices with non-cancelable terms ranging from 1 to 5 years, and estimated annual rents	**195,263**	182,076

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

20. Subsequent event to the reporting period

On January 27 2016, the Entity entered into a five year credit contract for an amount of USD200 million with Bank of America, as well as entered into a derivative financial instrument "cross currency swap" to hedge the exchange rate risk. The funds were received on January 29, 2016.

21. New accounting principles

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

– IFRS 9 Financial Instruments

– IFRS 15 Revenue From Contracts With Customers

22. Authorization of issuance of financial statements

On February 5, 2016, the issuance of these consolidated financial statements was authorized by Licenciado Pablo R. González Guajardo, General Director, and Ingeniero Xavier Cortés Lascurain, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Stockholders' Ordinary Meeting.

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

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