

January 18, 2007

Due to the divestiture of the Writing and Printing Papers and Notebooks businesses that was completed on October 27, 2006 and, in accordance with the guidelines established by the Mexican Financial Information Norms; the Financial Statements being presented include the detail of the operations of the Consumer Products Business (PROCON) that are the continuing operations plus a summary of the results from the divested business as a separate line item denominated "Discontinued Operations".

RESULTS FROM OPERATIONS - PROCON (1)			
	Third Quarter Ended September 30th		
	2006	2005	% CHG
NET SALES	\$20,084	\$18,573	8
OPERATING PROFIT	5,747	4,984	15
INTEGRAL FINANCING COST	403	982	(60)
NET INCOME FROM CONTINUING OPERATIONS	3,584	2,671	34
EARNINGS PER SHARE CONTINUING OPERATIONS (Pesos)	3.11	2.30	35
DISCONTINUED OPERATIONS	(50)	353	N/A
NET INCOME	3,534	3,024	17
EBITDA	6,748	5,983	13

Results for the year 2006 were very positive. We had a growth of more than eight percent in Net Sales, more than fifteen percent in Operating Profit and 34 percent in Net Income from continuing operations.

Consumer product sales grew 11 percent, 10 percent due to a higher volume and one percent due to better prices and product mix. This increase was partially offset by lower sales of the professional line and less exports.

Operating Profit grew due to sales growth, better prices and good operations of the production facilities, given the higher volume with which the plants have been operating, and the positive result of the cost containment and reduction programs in place in all areas of the corporation. For these reasons, our Operating Profit margin improved almost 200 basis points to 29 percent.

Net Income from continuing operations was 34 percent higher than the prior year and exceeded Operating Profit growth. This was due mainly to not having been as affected by the appreciation of the exchange rate over a long position in financial instruments which resulted in the integral financial cost being substantially lower than the prior year.

The quality of the corporation's earnings is reflected in a solid financial position and an important generation of cash.

We generated an EBITDA of \$6,750 million pesos, 13 percent above the previous year and we also improved working capital management and administration by reducing days in accounts receivables and increasing inventory turnover.

All this enabled ending the year with \$1,777 million pesos in cash after having made capital expenditures of \$857 million pesos, using \$715 million pesos in the re-purchase of stock and having paid out a regular dividend to our shareholders of \$2,787 million pesos plus an extraordinary one for \$2,956 million pesos.

Under United States generally accepted accounting principles (US GAAP), the annual results, expressed in millions of dollars, were as follows: Net Sales of \$1,800, 12 percent above the prior year; Operating Profit of \$534, 14 percent above the previous year; and, Net Income of \$442, 63 percent above 2005.

Stock Re-purchase Program

	2006	2005
Shares re-purchased in the Twelve Months	17,159,700	12,579,100
Percentage of Total Outstanding Shares	1.5	1.1

RESULTS FROM OPERATIONS - PROCON (1)

	Fourth Quarter ended on the 31st of December of		
	MM Pesos		%
	2006	2005	Chg
NET SALES	\$5,230	\$4,942	6
OPERATING PROFIT	1,637	1,481	11
INTEGRAL FINANCING INCOME (COST)	13	(232)	N/A
NET INCOME FROM CONTINUING OPERATIONS	1,176	977	20
EARNINGS PER SHARE CONTINUING OPERATIONS (Pesos)	1.03	0.84	23
DISCONTINUED OPERATIONS	(265)	(13)	N/A
NET INCOME	911	964	(6)
EBITDA	1,855	1,686	10

Net Sales in the quarter grew 6 percent with respect to the same period of the previous year which was due to the 10 percent growth of consumer products sales coupled with sales reductions in professional line sales and exports due to lower tissue sales to third parties in the former and to a change in the mix of our main client in the latter.

The consumer products business showed a good performance during the quarter, reflecting the result of the strategy of participating more actively in all the segments of the market. Its sales volume grew 8 percent and prices were 2 percent above the previous year. The most important growth was in disposable diapers, bath tissue and wet wipes. Also, market share increased in these product areas.

The divestiture of PRODIN was completed on October 27th 2006 with the sale of the Writing and Printing Papers and Notebooks businesses. This transaction represented a total value for the corporation of \$434 million dollars of which \$384 million dollars were received in cash and the remaining \$50 million dollars represent the 40 percent share of the capital of PRODIN that the corporation retained, and which will be amortized over a period that will not exceed 5 years.

An important part of the net flows from this transaction were allocated to the payment of the mentioned extraordinary dividend to shareholders of \$2.50 (two pesos and fifty cents) per share, and the rest will be utilized to support the share buy-back and capital expenditure plans for 2007.

(1) In accordance with Mexican Financial Information Norms and expressed in millions of Mexican pesos of December 31st 2006 purchasing power.

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