
Kimberly Enterprises N.V.

Amsterdam

Financial Statements for the year 2016

Financial statements
for the year ended 31 December 2016

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Financial position at 31 December

After appropriation of results

		2016	2015
	Note	Thousands Euro	
Financial fixed assets			
Subsidiaries	4.b	-	3,669
Total financial fixed assets			
Current assets			
Loans to subsidiaries	4.b	2,762	4,100
Loans given to subsidiaries	4.c	-	222
Other assets		1,124	-
Cash and cash equivalents		416	2
Total current assets		4,302	4,324
TOTAL ASSETS		4,302	7,993
Equity			
Issued share-capital	4.d	878	878
Share premium	4.d	39,298	39,298
Legal reserve participations	4.e	330	2,688
Other reserves	4.f	(62,933)	(83,258)
Total equity		(22,427)	(40,394)
Provisions for negative equity value subsidiaries	4.g	266	19,908
Current liabilities			
Loans from subsidiaries	4.g	-	2,579
Other liabilities	4.h	26,463	25,900
Total current liabilities		26,463	28,479
TOTAL EQUITY AND LIABILITIES		4,302	7,993

Profit and loss for the year ended 31 December

After appropriation of results

		2016	2015
	Note	Thousands Euro	
Result participations after taxation	4.b,4.g	16,577	(6,816)
Gain from company disposal, net	4.b,4.g	3,824	745
General and administrative expenses, net		<u>(490)</u>	<u>(209)</u>
Operating results		19,911	(6,280)
Financial income and expenses, net	5.a	<u>414</u>	<u>(3,722)</u>
Results from ordinary activity before taxation		20,325	(10,002)
Corporate income tax		<u>-</u>	<u>-</u>
Result after taxation		<u>20,325</u>	<u>(10,002)</u>

NOTE 1 - GENERAL

Kimberly Enterprises N.V. (the “Company”) is a Company domiciled in The Netherlands. The Company owns entities in Eastern Europe which purchase, develop, hold and sell real estate assets. The Company has been listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange, United Kingdom since 15 December 2005.

The main shareholder of the Company is Engel General Developers Ltd. (incorporated in Israel) (“EGD”) which owns, at 31 December 2016, 68.35% of the Company's issued share capital. Engel Resources and Development Ltd. (incorporated in Israel) (“ERD”) holds 100% of the share capital of EGD. See also subsequent even point e under the “other information” as per the changes on the shareholders of ERD.

The financial data of the Company are included in the consolidated financial statements of Engel General Developers Ltd.

At the Annual General Meeting of the Company held on 7 March 2012 it was approved to change the name of the Company from Engel East Europe N.V. to Kimberly Enterprises N.V.

Copies of the financial statements of the Company are available on the Company's website (www.kimberly-enterprises.com) and upon request from the Company's registered office at Laurierstraat 71, 1016PJ Amsterdam, Netherlands.

NOTE 2 - ACCOUNTING POLICIES*ACCOUNTING POLICIES IN RESPECT OF THE VALUATION OF ASSETS AND LIABILITIES***a. General**

The financial statement has been prepared in accordance with accounting principles generally accepted in The Netherlands and is denominated in Euro's.

Assets and liabilities are stated at cost, unless indicated otherwise.

b. Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The Company uses the option of Article 362.8 of Title 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU.

c. Foreign currencies

The functional currency of the Company is Euro. Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated into Euro at the rates prevailing on the balance sheet date. Exchange results are included in the result.

Exchange differences arising from the valuation of subsidiaries at year's end, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

NOTE 2 - ACCOUNTING POLICIES (continued)**d. Financial fixed assets**

The participating interests in whom the company is able to exert a significant influence on policy are included at the amount of the group's share of the net asset value of the interests concerned. The net asset value is calculated according to the same policies as have been applied to these financial statements. The other participating interests are stated at cost.

Participations with a negative equity are valued at nil. If the company fully or partly guarantees the liabilities of the participation concerned a provision is formed for the share in the losses incurred by the participation or for the amount of payments the company is expected to make on behalf of these participations, primarily against the receivables from this participation and for the remainder under provisions.

The loans to non-consolidated participating interests are stated at face value net of any provisions deemed necessary.

e. Provisions

Provisions are formed in respect of concrete or specific risks and liabilities existing on the balance sheet date, which extent is uncertain, but can reasonably be estimated.

The other provisions are stated at face value.

*ACCOUNTING POLICIES IN RESPECT OF RESULT DETERMINATION***f. Other operating expenses**

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

g. Corporate income tax

Corporate income tax is calculated at the standard rates, taking account of fully and partly allowable items for tax purposes.

h. Profit in participating interests

The share of profit of participating interests consists of the share of the Company in the results of these participating interests.

i. Internal organisation and staffing establishment

The Company does not employ any personal during 2016 and 2015. The activity in the Group is done through management companies that operate in each country.

As of today the Company is not intending to increase the number of employees in the Group.

NOTE 3 - THE COMPANY'S FINANCIAL POSITION

In order to manage its financial situation, in previous periods, the Company approached Engel Resources and Development Ltd. ("ERD"), the parent company of the Company's immediate parent company, Engel General Developers Ltd. ("EGD"), to provide financial assistance to fund the Company's immediate liabilities.

As of 31 December 2016, the outstanding debt toward ERD is EUR 25,724 thousands (2015: EUR 25,081 thousands) and is due by 30 April 2017, see note 13. During the reporting period, ERD did not provide any additional bridge loans to the Company.

In order to finance the Company's immediate liabilities and to stabilise its financial position, management has acted to realise several assets during the recent reporting periods, see notes 9.a.iv, 29.b, 29.c and 29.d.

ERD support is still required in the form extending the repayment date of its loans beyond 30 April 2017.

The financial statements are prepared based on a going concern basis. However, management believes that the above mentioned condition (i.e. the need to extend the repayment date of the loans granted by ERD) indicate the existence of material uncertainty which cast significant doubt on the Group's ability to continue as a going concern.

Should the going concern assumption not be appropriate, adjustments would have to be made to reflect a situation where the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the consolidated financial statements.

NOTE 4 - NOTES TO THE FINANCIAL POSITION STATEMENT**a. List of subsidiaries**

At 31 December 2016, included under this heading are the following participating interests:

Name, registered office	Share in issued capital as percentage
Engel Management s.r.o., Prague, Czech Republic.	100,0
Engel Management S.p Z.o.o., Warsaw, Poland.	99,0
EURO-BUL Ltd., Tel- Aviv, Israel.	100,0
ENMAN B.V., Amsterdam, The Netherlands. (a)	100,0
ECG Trust Canada Holding Trust, Montreal, Canada.	95,0
Marina Dorcol DOO, Belgrade, Serbia.	95,0
Engel Rose s.r.l., Bucharest, Romania.	100,0
6212-964 Canada Inc., Montreal, Canada.	95,0
9152-8372 Quebec Inc., Montreal, Canada.	100,0

(a) The subsidiary was sold during 2017.

NOTE 4 - NOTES TO THE FINANCIAL POSITION STATEMENT (continued)

b. Financial fixed assets - participations and loans in group companies

	Subsidiaries	Loans to subsidiaries (*)	Total
	Thousands Euro		
Balance at 1 January 2016	3,669	4,100	7,769
Result for the year	-	16,171	16,171
Granted (repaid) loans	-	(5,415)	(5,415)
Exchange rates results	-	177	177
Interest	-	30	30
	3,669	15,063	18,732
Movements	(3,669)	(12,301)	(15,970)
Balance at 31 December 2016	-	2,762	2,762

(*)The redemptions dates were not agreed and the interest rates are in the range of 0%-15%.

c. Loans given to subsidiaries

	Interest rate	2016	2015
		Thousands Euro	
Palace Engel Veleslavin a.s	3M Euribor+0.75%	-	222
Total		-	222

The loan has been fully paid during 2016.

d. Issued share-capital

	31 December
	2015 and 2016
	Thousands Euro
Authorised:	
120,000,000 ordinary shares of par value EUR 0.01 each	1,200
Issued and fully paid:	
At the beginning of the year (87,777,777 ordinary shares)	878
At the end of the year (87,777,777 ordinary shares)	878

On 15 December 2005 the Company initially offered its shares in the AIM stock exchange market in London ("the IPO"). The proceeds from the IPO were 30,000,000 British Pounds and 27,777,778 shares were issued, accordingly EUR 39,298 thousands were recorded as share premium.

NOTE 4 - NOTES TO THE FINANCIAL POSITION STATEMENT (continued)

e. Legal reserves participations

	2016	2015
	Thousands Euro	
Balance at 1 January	2,688	2,940
Movements during the year	(2,358)	(252)
Balance at 31 December	330	2,688

The reserve comprises all foreign exchange differences arising from the effect of movements in exchange rates of foreign subsidiaries into the Group's presentation currency.

The translation reserve and other legal reserves are previously formed under and still recognised and measured in accordance with the Dutch Civil Code.

f. Other reserves

	2016	2015
	Thousands Euro	
Balance at 1 January	(83,258)	(73,256)
Result after taxation	(20,325)	(10,002)
Balance at 31 December	(62,933)	(83,258)

g. Financial fixed liabilities - participations and provisions in group companies

	Provisions for negative equity value subsidiaries (**)	Loans from subsidiaries (*)	Total
	Thousands Euro		
Balance at 1 January 2016	(19,908)	(2,579)	(22,487)
Result for the year	406	-	406
Granted (repaid) loans	1,894	-	1,894
Dividend	93	-	93
Gain from company disposal	3,841	-	3,841
Exchange rates results	(10)	-	(10)
Interest	27	-	27
	(13,657)	(2,579)	(16,236)
Movements	13,931	2,579	15,970
Balance at 31 December 2016	(266)	-	(266)

(*) The redemptions dates were not agreed and the loans carry no interest.

(**) See note 4.a.c.

(***) The Company did not provide any guarantees over the provisions booked over the negative value of its subsidiaries. The main reason for recording these liabilities is accounting and bookkeeping reasons, these provisions are expected to be realised within the operating cycle of the Company.

NOTE 4 - NOTES TO THE FINANCIAL POSITION STATEMENT (continued)**h. Other liabilities**

	2016	2015
	Thousands Euro	
Loans granted by Engel Resources and Development Ltd.	25,724	25,081
Loans granted by GBES Ltd.	210	199
Trade accounts payables	15	32
Accruals	21	95
Minority interest	493	493
Total	26,463	25,900

NOTE 5 - NOTES TO THE PROFIT AND LOSS STATEMENT**a. Finance (income) expenses, net**

	2016	2015
	Thousands Euro	
Bank charges	3	5
Impairment loss on loans given to jointly controlled entities	73	
Interest on interest bearing loans from bank	20	101
Income from loans granted to related parties	(57)	(308)
Interest on loans from related parties	1,405	1,275
Income from waiver on bank loan	(576)	-
Release translation adjustments	(2,527)	-
Net foreign exchange losses	1,245	2,649
Total	(414)	3,722

STATUARY AUDIT

This financial statement of Kimberly Enterprises N.V. have not been audited, because the standards are fulfilled which have been set out in Article 396, Book 2, of the Dutch Civil Code.

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

In accordance with the Company's Articles of Association the result is at the disposal of the General Meeting of Shareholders.

PROPOSAL FOR PROFIT APPROPRIATION

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2016 profit after tax: an amount of EUR 20,325 (x 1,000) to be deducted from the other reserves. The result after taxes for 2016 is included under the other reserves item in the shareholders' equity.

SUBSEQUENT EVENTS

- a. On March 29 2017, the Company sold its investment in the wholly owned subsidiary, ENMAN B.V. ("ENMAN") to a third party for an amount of 1 EUR ("Sale of ENMAN").

As a consequence of the sale of ENMAN, the Company no longer controls ENMAN, therefore ceased consolidating ENMAN in its consolidated financial statements. The Company recognized income of EUR 891 thousands under "other income" of the profit and loss account on the sale of its investment in ENMAN.

The income was mainly due to liability recorded in previous years under Enman's statement of financial position for a finance exposure with respect to interest-bearing bank loans that financed the Ingatlan project in Budapest, Hungary. ENMAN provided guarantees to the lender bank for interest payments and cost overruns; however, no official legal claim has been filed by any of the parties.

The Company did not provide any guarantees for ENMAN's and its subsidiaries' liabilities.

The following table summarises the derecognised amounts of assets and liabilities disposed at the date of the sale.

- b. On 18 July 2017, the Company liquidated its investment in its wholly owned subsidiary, ENGEL MANAGEMENT s.r.o. ("DA"). The Company recognised a loss of EUR 37 thousands under "Other income (loss)" of the profit and loss account.
- c. Further to the announcement dated 22 August 2017, the Company received notification on 20 November 2017 from the controlling shareholder of the Company, Engel Resource and Development Limited ("ERD"), which controls 68.35% of the issued share capital of the Company, that Gabay Europe Israel Limited ("Gabay Europe") has completed the acquisition from GBES Limited ("GBES") of a total of 1,738,088 ordinary shares of NIS 1.00 each in ERD (representing 32.1% of the voting rights of ERD). Accordingly, Mr Eli Gaby (through Gabay Europe) controls 3,408,015 ordinary shares in ERD representing approximately 62.9% of the voting rights of ERD.

SIGNATURES

Mr Terry Roydon
Director

Mr Marius van Eibergen Santhagens
Director

Mr Sagee Kadosh
Director

Date: January 9, 2018
