
Kimberly Enterprises N.V.

Amsterdam

Annual Report for the year 2014

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Financial position at 31 December

After appropriation of results

		2014	2013
	Note	Thousands Euro	
Financial fixed assets			
Subsidiaries and joint ventures	4.b	579	505
Total financial fixed assets			
Current assets			
Loans to subsidiaries	4.b	8,159	8,156
Loans given to subsidiaries of joint ventures	4.h	235	250
Other assets		4	22
Cash and cash equivalents		1	3
Total current assets		8,399	8,431
TOTAL ASSETS		8,978	8,936
Equity			
Issued share-capital	4.d	878	878
Share premium	4.d	39,298	39,298
Legal reserve	4.e	3,280	1,785
Capital reserve		(340)	(340)
Other reserves	4.f	(73,256)	(63,304)
Total equity		(30,140)	(21,683)
Provisions for negative equity value subsidiaries	4.g	10,202	3,872
Current liabilities			
Loans from subsidiaries	4.g	3,879	3,504
Other liabilities	4.h	25,037	23,243
Total current liabilities		28,916	26,747
TOTAL EQUITY AND LIABILITIES		8,978	8,936

Profit and loss for the year ended 31 December

After appropriation of results

		2014	2013
	Note	Thousands Euro	
Result participations after taxation	4.b,4.g	(8,529)	(6,103)
Gain from company disposal		-	19
General and administrative expenses, net		<u>(135)</u>	<u>(443)</u>
Total operating costs			
Operating results		(8,664)	(6,527)
Financial income and expenses, net	5.a	<u>(1,288)</u>	<u>(2,026)</u>
Results from ordinary activity before taxation		(9,952)	(8,553)
Corporate income tax		<u>-</u>	<u>-</u>
Result after taxation		<u><u>(9,952)</u></u>	<u><u>(8,553)</u></u>

NOTE 1 - GENERAL

Kimberly Enterprises N.V. (the “Company”) is a Company domiciled in The Netherlands. The Company owns subsidiary companies and has jointly controlled entities mainly 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.

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 consolidated 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 annual report has been prepared in accordance with accounting principles generally accepted in The Netherlands and are 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, using the same accounting policies as in the consolidated 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 subsidiaries, 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 annual accounts. 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. The activity in the Group is been done through management companies that operate in each country. The personal by the end of 2014 was 11 compare to 14 by the end of 2013.

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

NOTE 3 - THE COMPANY'S FINANCIAL POSITION

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to raise funding to meet its obligations to the banks, its employees and service providers.

The financial position of the Group remains weak and is not certain that it will be able to meet its obligations to its employees and service providers as they fall due; as well the Group is in breach of:

- Interest bearing loan from bank;
- The obligation to make lease payments.

Management considers it is unlikely that some of the projects related to the joint ventures will generate sufficient cash inflows to repay all obligations when they fall due.

The notes to the financial statements disclose all the key risk factors, assumptions made and uncertainties of which the management of the Company is aware, that are relevant to the Company's ability to continue as a going concern, including significant conditions and events.

In order to manage its financial situation, 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 additional financial assistance to fund the Company's immediate liabilities.

During 2013, ERD provided the Group several bridge loans for a total amount of EUR 0.9 million.

The management is also examining other solutions to fund the Company's immediate liabilities and to stabilise its financial situation.

The management is also examining other solutions (like assets realisations) to fund the Company's immediate liabilities and to stabilise its financial position, but it is not impossible.

Management believes that the above mentioned conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

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

At 31 December 2014, included under this heading are the following participating interests:

Name, registered office	Share in issued capital as percentage
Palace Engel s.r.o., Prague, Czech Republic.	64,0
Palace Engel Development s.r.o., Prague, Czech Republic.	64,0
Engel Management s.r.o., Prague, Czech Republic.	100,0
Palace Engel Troja a.s., Prague, Czech Republic.	100,0
Burlington Hungary Kft. Budapest, Hungary.	100,0
Turlington Kft. Budapest, Hungary.	100,0
Engel Management S.p.Z.o.o., Warsaw, Poland.	99,0
EURO-BUL Ltd., Tel- Aviv, Israel.	100,0
Arces International B.V., Bavel, The Netherlands.	50,0
ENMAN B.V., Amsterdam, The Netherlands. (*)	50,0
ECG Trust Canada Holding Trust, Montreal, Canada.	95,0
Marina Dorcol DOO, Belgrade, Serbia.	95,0
Marina Management DOO, Belgrade, Serbia.	100,0
Engel Rose s.r.l., Bucharest, Romania.	95,0
Davero Invest s.r.l., Bucharest, Romania.	100,0
6212-964 Canada Inc., Montreal, Canada.	95,0
9152-8372 Quebec Inc., Montreal, Canada.	100,0

(*) 25%/50% in profits.

Participating interests (subsidiaries, joint ventures and associates) are measured on the basis of the net asset value.

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

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

	Subsidiaries and joint ventures	Loans to subsidiaries (*)	Total
	Thousands Euro		
Balance at 1 January 2014	505	8,156	8,661
Result for the year	412	(649)	(237)
Granted (repaid) loans	-	(308)	(308)
Exchange rates results	(18)	122	104
Interest	-	518	518
	899	7,839	8,738
Movement in provisions	(320)	320	-
Balance at 31 December 2014	579	8,159	8,738

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

c. Loans given to subsidiaries of joint ventures

		2014	2013
	Interest rate	Thousands Euro	
Palace Engel Veleslavin a.s	3M Euribor+0.75%	235	233
Troja Gardens s.r.o	3M Euribor+0.75%	-	17
Total		235	250

The redemptions dates were not agreed.

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

d. Issued share-capital

	31 December
	2013 and 2014
	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.

e. Legal reserves

	2014	2013
	Thousands Euro	
Balance at 1 January	1,785	1,505
Movements during the year	1,495	280
Balance at 31 December	3,280	1,785

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. Accumulated losses

	2014	2013
	Thousands Euro	
Balance at 1 January	(63,304)	(54,751)
Result after taxation	(9,952)	(8,553)
Balance at 31 December	(73,256)	(63,304)

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

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 2014	3,872	3,504	7,376
Result for the year	8,292	-	8,292
Granted (repaid) loans	(563)	375	(188)
Exchange rates results	(1,393)	-	(1,393)
Interest	(6)	-	(6)
	10,202	3,879	14,081
Movement in provisions	-	-	-
Balance at 31 December 2014	10,202	3,879	14,081

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

h. Other liabilities

	2014	2013
	Thousands Euro	
Engel Resources and Development Ltd.	23,881	21,669
GBES Ltd.	188	123
Trade accounts payables	382	356
Legal claims	-	500
Accruals	93	102
Minority interest	493	493
Total	25,037	23,243

NOTE 5 - NOTES TO THE PROFIT AND LOSS STATEMENT

a. Finance (income) expenses, net

	2014	2013
	Thousands Euro	
Bank charges	3	5
Impairment loss on loans given to subsidiaries of joint ventures	-	145
Interest on interest bearing loans from bank	212	230
Income from loans granted to related parties	(527)	(570)
Interest on loans from related parties	1,330	1,603
Net foreign exchange losses	270	613
Total	1,288	2,026

STATUARY AUDIT

This annual report 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 2014 loss after tax: an amount of EUR 9,952 (x 1,000) to be deducted from the other reserves. The result after taxes for 2014 is included under the retained earnings item in the shareholders' equity.

SUBSEQUENT EVENTS

Subsequent events in respect to the investment in ENMAN B.V.:

1. On 22 January 2015, a wholly owned subsidiary of ENMAN, signed an agreement to sell a plot designed for residential purposes in Czech Republic ("Troja") for a total cash consideration of CZK 195 million (EUR 7,113 thousands).
On 30 April 2015, the above mentioned sale agreement has been finalised following which the Company recognised a profit before tax on income in the amount of EUR 0.5 million (which was recorded under the "Result participations after taxation").
The net proceeds of the disposal were EUR 5,890 thousands (the Company's share is EUR 2,945 thousands) and were distributed to the joint venture's partners during 2015.
2. On 30 July 2015, two wholly owned subsidiaries of ENMAN sold a plot designed for residential purposes in Czech Republic ("Veslavín phase 2") for a total cash consideration of CZK 63 million (EUR 2.3 million).
The net proceeds of the disposal were EUR 1.8 million (the Company share is EUR 0.45 million) and the profit of the transaction was recorded under the "Result participations after taxation".

Subsequent events in respect to the investment in Arces International B.V.:

3. In 2012, one of the Group project's previous contractors issued a lien against Arces' bank account, for the total amount of EUR 0.4 million.
During 2015, the high court in Hungary accepted the Group's appeal, rejected the claim following which the Company succeeded in removing the lien against Arces' bank account.

SUBSEQUENT EVENTS (CONTINUED)**Subsequent events in respect to the investment in MLP:**

4. The Company and MLP were in a legal proceeding with a minority shareholder who was employed as technical manager for the Canadian projects and was dismissed by the Company. The amount of the claim was CAD 13 million (approximately EUR 9.4 million). According to the court past decision, disposal of assets in Canada will require the approval of the court.
In 2013, the trial in regard to the above legal procedure was held in the Canadian court. In August 2014, the Canadian court delivered a verdict which dismissed the claims of the plaintiff and ordered the plaintiff to pay the Company a total amount of CAD 80 thousands plus interest (approximately EUR 57 thousands plus interest). The plaintiff filed an appeal on the above verdict, which was rejected by the court during 2015.

5. On 8 May 2015, MLP sold one of the plots in Montreal, Canada ("The Trianon plot") for a total consideration of CAD 3.05 million (EUR 2.2 million).
MLP recognised a profit before tax on income in the amount of EUR 342 thousands (the Company's share is EUR 68 thousands which was recorded under the "Result participations after taxation").
The Company's share in the net proceeds of the disposal was EUR 351 thousands which was distributed to the Company during 2015.
Based on prior agreements with ERD all the net future proceeds generated from the Company's assets in Canada will be used to repay the outstanding debts of the Company and Eurobul to ERD.

6. On 16 September 2015, MLP reached a conditional agreement ("the agreement") to sell two plots of land held for residential development purposes in Canada for a total cash consideration of CAD 20.2 million (approximately EUR 13.1 million).
The gross profit (before related expenses and tax duties) on completion of the sale by MLP is approximately CAD 9.4 million (approximately EUR 6.1 million). The net cash proceeds of the disposals received by MLP are approximately CAD 18.7 million (approximately EUR 12.1 million).
The net cash proceeds of the disposals will be distributed by MLP after completion of the disposals and the approval of the Company's partner in MLP. Kimberly's expected share of the distribution will be 20%, equating to approximately CAD 3.7 million (approximately EUR 2.4 million) and the profit before tax of the transaction is expected to be CAD 1.7 million (approximately EUR 1.1 million) which will be booked in the accounts of Kimberly under the "share of profit (loss) of equity-accounted investments, net of tax".
On 13 January 2016, the agreement becomes binding and the sale has been completed.
Based on prior agreements with ERD all the net future proceeds generated from the Company's assets in Canada will be used to repay the outstanding debts of the Company to ERD.

SUBSEQUENT EVENTS (CONTINUED)**Subsequent events in respect to the Company, subsidiaries and shareholders:**

7. On 14 May 2015, the Company, ERD and Eurobul signed a new amendment to the agreements which were signed on 30 July 2009 with the following below main clauses:
 - The Company agreed to repay ERD a total amount of EUR 4,000 thousands from the recent distributions generated from Arces and ENMAN, the amount was fully paid on 15 May 2015.
 - The Company agreed to set a repayment framework of an additional EUR 1,300 thousands which will be repaid from future proceeds which the Company will be entitled to. As of the signature of the accounts the Company did not pay ERD any funds according to this clause.
 - All future repayments are subject to keeping the necessary funds in the Company and Eurobul which will allow the companies to meet their obligations to employees and service providers as they fall due.
 - The parties agree that all the net future proceeds generated from the Company's assets in Canada will be used to repay the outstanding debts of the Company and Eurobul to ERD. As of the signature of the accounts the Company did not pay ERD any funds according to this clause.

8. On 4 May 2015, a receiver was appointed by a court in Hungary due to a claim of the Hungarian tax authorities in the subsidiary, Turlington Kft. ("Turlington").
As a consequence the Company does not control Turlington, therefore ceased to consolidate it in its consolidated financial statements. Since the Company did not provide any guarantees for the Turlington it recognised an income in the amount of EUR 437 thousands which is recorded under "other loss" at the condensed consolidated statements of profit or loss.

9. On 1 May 2015, a liquidator was appointed to the subsidiaries Palace Engel s.r.o. ("Prokopsky") and Palace Engel Development s.r.o. ("Barandov"), the Company hold 64% interest in each of these subsidiaries.
As a consequence the Company does not control Prokopsky and Barandov, therefore ceased to consolidate them in its consolidated financial statements and recognised a loss in the amount of EUR 12 thousands which is recorded under the "other loss" at the condensed consolidated statements of profit or loss.

10. On 31 July 2015, the Company reached an agreement with funds managed by Heitman LLC ("Heitman") according to which the Company waived its share of distributions from Arces International B.V. ("Arces") and ENMAN B.V. ("ENMAN") amounting to EUR 1.1 million (consists of EUR 0.9 million dividends and EUR 0.2 loans repayments) which will instead all be paid to Heitman (out of an aggregate distribution of EUR 3.5 million, which was fully repaid during August 2015). In return Heitman will transfer to the Company all its rights in Arces and ENMAN.
Following the transaction the Company owns 100% of both Arces and ENMAN. In August 2015 the Company acquired control in Arces and ENMAN and began to consolidate both companies in its condensed consolidated financial statements. As the two transactions are linked, the difference between the consideration paid and the fair value of the net assets acquired was calculated as a single amount for the two companies together.
As a result of the transaction which was done base on fair value, the effect of the transaction in the profit or loss is nil.

SUBSEQUENT EVENTS (CONTINUED)

Subsequent events in respect to the Company, subsidiaries and shareholders: (continued)

11. On 1 May 2015, a liquidator was appointed to the subsidiaries Palace Engel s.r.o. (“Prokopsky”) and Palace Engel Development s.r.o. (“Barandov”), the Company holds a 64% interest in each of these subsidiaries.
As a consequence the Company does not control Prokopsky and Barandov, therefore ceased to consolidate them in its consolidated financial statements and recognised a loss in the amount of EUR 12 thousands which is recorded under the “other gain (loss)” at the consolidated statements of profit or loss.

SIGNATURES

Mr Terry Roydon
Director

Mr Marius van Eibergen Santhagens
Director

Date: ___ February 2016
