

Diamond Resorts Management Limited

Company Number: 1833365

Report and Financial Statements

Year Ended

31 December 2009



BDO

DIAMOND RESORTS MANAGEMENT LIMITED

**Annual report and financial statements
for the year ended 31 December 2009**

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Directors

S J Hulme
S Crook

Secretary and registered office

S Crook

Citrus House
Caton Road
Lancaster
Lancashire
LA1 3UA

Company number

1833365

Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Diamond Resorts Management Limited

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Results and dividends

The result for the year after taxation amounted to £nil (2008 £nil) The directors do not recommend the payment of a dividend (2008 £nil)

Principal activity

The company's principal activity is the receipt and distribution of maintenance fees on behalf of Diamond Resorts European Collection Ltd, a fellow group undertaking Diamond Resorts European Collection performs the role of an owners club for the purchasers of point rights from Diamond Resorts (Europe) Ltd, the founder member of Diamond Resorts European Collection Any surplus or deficit in funding is represented by amounts payable or receivable on behalf of Diamond Resorts European Collection Ltd on the balance sheet

As the activities of the company are limited to receipt and distribution of funds on behalf of Diamond Resorts European Collection, the company does not generate income nor incur expenditure on its own behalf and consequently does not have a profit or loss for any year

Directors

The directors who held office during the year are shown below All directors served throughout the year unless otherwise indicated

S Crook
S J Hulme

None of the directors have any interest in the share capital of the company The interests of the directors in the share capital of Diamond Resorts (Holdings) Limited are disclosed in the financial statements of that company

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Diamond Resorts Management Limited

Report of the directors for the year ended 31 December 2009 (Continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

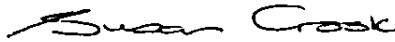
The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

This report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to companies subject to the small companies' regime.

On behalf of the board

**S Crook
Director**



Date 16th July 2010

Diamond Resorts Management Limited

Report of the Independent auditors for the year ended 31 December 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIAMOND RESORTS MANAGEMENT LIMITED

We have audited the financial statements of Diamond Resorts Management Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Diamond Resorts Management Limited

Report of the Independent auditors for the year ended 31 December 2009 (continued)

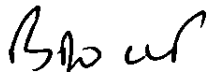
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year 2009 for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



*Eric Solomons (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
Date 21 JULY 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Diamond Resorts Management Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		-	-
Operating profit	2	<u>-</u>	<u>-</u>
Interest receivable and similar income		-	-
Profit on ordinary activities before taxation		<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	4	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

The results disclosed above all relate to continuing operations

There were no recognised gains or losses other than the result for the financial year

The notes on pages 7 to 9 form part of these financial statements

Diamond Resorts Management Limited

Balance sheet as at 31 December 2009

Company Number 1833365

	Note	2009 £'000	2008 £'000
Current assets			
Debtors	5	39,560	38,333
Cash at bank and in hand	6	17,953	13,054
		<u>57,513</u>	<u>51,387</u>
Creditors: amounts falling due within one year	7	(57,513)	(51,387)
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	-	-
Equity shareholders' funds	10	<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16th July 2010

S Crook
Director



The notes on pages 7 to 9 form part of these financial statements

Diamond Resorts Management Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Profit and Loss

The company has no reported income or expenditure as its principal activity is the receipt of funds and the distribution of those funds on behalf of Diamond Resorts European Collection Limited

Cash flow statement

The company has taken advantage of the exemption provided by FRS 1 and has not prepared a cash flow statement as its results are included in the consolidated results of Diamond Resorts (Holdings) Limited, which are publicly available

2 Operating result

The audit fee has been borne by the parent entity Diamond Resorts (Holdings) Limited

3 Directors and employees

All staff are employed and paid by a fellow group company, Diamond Resorts (Europe) Limited. The directors did not receive any emoluments for services to the company during the year (2008: £Nil)

4 Tax on result from ordinary activities

As the company does not trade, there was no corporation tax liability or asset at 31 December 2009 or 31 December 2008

5 Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	38,165	36,786
Receivable on behalf of Diamond Resorts European Collection Limited	1,395	1,547
	<u>39,560</u>	<u>38,333</u>

Diamond Resorts Management Limited

**Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)**

6 Cash at bank and in hand

Cash and bank in hand comprise restricted cash balances held on behalf of Diamond Resorts European Collection Limited. None of the amounts held are available for use by the company.

7 Creditors : amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	57,513	51,368
Bank overdraft	-	19
	<u>57,513</u>	<u>51,387</u>

The bank overdraft is secured by cross guarantees with group companies.

8 Share capital

	2009 £'000	2008 £'000
Authorised		
500,000 Ordinary shares of £1 each	500	500
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-
	<u> </u>	<u> </u>

9 Profit and Loss Account

	£'000
At 1 January 2009 and 31 December 2009	-

10 Reconciliation of movements in equity shareholders deficit

	2009 £'000	2008 £'000
Result for the financial year	-	-
Opening shareholders funds	-	-
	<u> </u>	<u> </u>
Closing shareholders funds	-	-

Diamond Resorts Management Limited

**Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)**

11 Related party transactions

The company has taken advantage of the exemption included in FRS 8 and has not disclosed transactions with other members of the group headed by Diamond Resorts Holdings LLC

12 Ultimate parent undertaking

The directors regard Diamond Resorts Holdings LLC, a company incorporated in the USA, as the company's ultimate parent undertaking

The smallest group in which the results of the company are consolidated is that headed by Diamond Resorts (Holdings) Ltd, whose principal place of business is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA. The consolidated accounts of the group can be obtained from Companies House

13 Financial commitments

The company is party to a cross guarantee, registered 24 April 2009, which secures the revolving credit facility provided by Diamond Resorts Corporation, a fellow member of the group headed by Diamond Resorts Holdings LLC, at the balance sheet date, to the subsidiary companies. The amount outstanding at the year end was £52,712,000 (2008: £53,999,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.