

Diamond Resorts Travel Limited

Report and Financial Statements

Year Ended

31 December 2008



Company Registration Number: 2795926



BDO Stoy Hayward
Chartered Accountants

DIAMOND RESORTS TRAVEL LIMITED

**Annual report and financial statements
for the year ended 31 December 2008**

Contents

Page:

- 1 Directors' report
 - 3 Report of the independent auditors
 - 5 Profit and loss account
 - 6 Balance Sheet
 - 7 Notes forming part of the financial statements
-

Directors

S Crook
S J Hulme

Secretary and registered office

S Crook

Citrus House
Caton Road
Lancaster
Lancashire
LA1 3UA

Company registration number

02795926

Auditors

BDO Stoy Hayward LLP
3 Hardman Street
Manchester
M3 1AT

DIAMOND RESORTS TRAVEL LIMITED

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Principal activity and future developments

The company's principal activity is the provision of travel services to individuals who have previously purchased holiday ownership from fellow subsidiaries. During the year turnover increased due to a successful selling year in 2007, the full impact of which was not recognised until 2008, (revenue is released when travel bookings depart.) Cost of sales increased due to reduced commission payments received from suppliers of travel products. The directors expect future turnover to be considerably reduced due to the transfer of future member travel bookings to Interval International. All existing travel bookings will remain with the company.

Results and dividend

The profit for the year after taxation amounted to £625,996 (2007: £519,495). The directors do not recommend the payment of a dividend (2007: £Nil) and the profit has been transferred to reserves.

Directors

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

S Crook
S J Hulme (appointed 22 July 2008)
F C Bauman (resigned 7 January 2008)
M Kandel (appointed 7 January 2008, resigned 22 July 2008)

None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of the ultimate parent undertaking at the year end, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 judgments and estimates that are reasonable and prudent;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records that 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 1985. The directors 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.

DIAMOND RESORTS TRAVEL LIMITED

Report of the directors for the year ended 31 December 2008 *(continued)*

Financial instruments

The company does not use financial instruments.

Enhanced business review

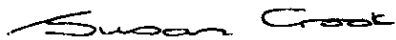
The company has taken the exemptions available in section 246 of the Companies Act 1985 in respect of the directors report relating to small companies.

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 Stoy Hayward LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S Crook
Secretary

25th June 2009

DIAMOND RESORTS TRAVEL LIMITED

Report of the independent auditors for the year ended 31 December 2008

To the shareholders of Diamond Resorts Travel Limited

We have audited the financial statements of Diamond Resorts Travel Limited for the year ended 31 December 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 13. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely upon this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

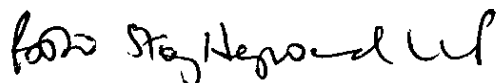
DIAMOND RESORTS TRAVEL LIMITED

Report of the independent auditors
for the year ended 31 December 2008 (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Manchester

26 June 2009

DIAMOND RESORTS TRAVEL LIMITED

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	3,649,315	2,607,798
Cost of sales		(2,041,450)	(641,930)
Gross profit		<u>1,607,865</u>	<u>1,965,868</u>
Administrative expenses		(2,055,355)	(2,643,926)
Other operating income		<u>1,067,254</u>	<u>1,134,774</u>
Operating profit		<u>619,764</u>	<u>456,716</u>
Interest receivable	4	6,232	68,056
Profit on ordinary activities before taxation	2	<u>625,996</u>	<u>524,772</u>
Tax on profit on ordinary activities	5	-	(5,277)
Profit for the financial year	10	<u><u>625,996</u></u>	<u><u>519,495</u></u>

The results disclosed above all relate to continuing operations.

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

The accompanying notes on pages 7 to 11 form part of these financial statements.

DIAMOND RESORTS TRAVEL LIMITED

Balance sheet for the year ended 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Investments	6		5,160		5,160
Current assets					
Debtors	7	8,266,458		4,264,606	
Cash at bank and in hand		54,126		2,528,058	
			8,320,584		6,792,664
Creditors: amounts falling due within one year	8		(5,051,571)		(4,149,647)
Net current assets			3,269,013		2,643,017
Net assets			3,274,173		2,648,177
Capital and reserves					
Called up share capital	9		75,000		75,000
Profit and loss account	10		3,199,173		2,573,177
Equity shareholders' funds	11		3,274,173		2,648,177

The financial statements were approved by the Board and authorised for issue on 25th June 2009



S Crook
Director

The accompanying notes on pages 7 to 11 form part of these financial statements.

DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements for the year ended 31 December 2008

1 Principal accounting policies

Basis of preparation

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

Exemption from preparing consolidated accounts

The company is exempt under section 228a of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the full consolidation in the consolidated financial statements of its ultimate parent. These financial statements therefore present information about the company as an individual undertaking and about its group.

The following principle accounting policies have been applied:

Turnover

Where the company takes ownership of the products or service and is acting as principal, the full value of product or services being sold is recognised. Where the company is an agent the company recognises the commission earned.

Other operating income comprises of reservation fee recharges, and is recognised once the reservation is complete.

Investments

Investments are stated at cost less amounts written off.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

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) Ltd, which are publicly available.

DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

2 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company, and arose wholly within the United Kingdom.

The profit on ordinary activities before taxation is stated after charging :

	2008	2007
	£	£
Auditors' remuneration – audit services	3,600	3,600

3 Directors and employees

All staff are employed and paid by a fellow group company, Diamond Resorts (Europe) Ltd. The directors did not receive any emoluments for services to the company during the year (2007: £Nil).

4 Interest receivable

	2008	2007
	£	£
Interest receivable	6,232	68,056

5 Tax on profit on ordinary activities

The taxation charge / (credit) represents:

	2008	2007
	£	£
Movement in deferred tax	-	5,277

DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2008 (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax for the year

The difference between the actual tax assessed in the year and the expected charge based on the standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%) is explained as follows:

	2008 £	2007 £
Profit on ordinary activities before taxation	625,996	524,772
	£	£
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%)	178,409	157,432
Effect of:		
Expenses not deductible for tax purposes	-	857
Group relief	(178,409)	(158,289)
Current tax charge for the year	-	-

6 Fixed asset investment

	Shares in Subsidiary Undertaking £
Cost and net book amount	
At 1 January 2008 and 31 December 2008	5,160

The company had the following subsidiary undertaking at 31 December 2008:

Name of subsidiary	Nature of business	Country of Incorporation	Proportion of ordinary share capital held
Diamond Resorts Voyages SARL	Provision of travel services	France	100%

DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

7 Debtors

	2008 £	2007 £
Trade debtors	127,625	1,716,734
Amounts owed by group undertakings	8,124,404	2,289,851
Prepayments and accrued income	12,876	252,298
Other debtors	1,553	5,723
	<u>8,266,458</u>	<u>4,264,606</u>

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	176,916	2,212,473
Amounts owed to group undertakings	629,430	119,770
Other creditors	7,227	7,227
Accruals and deferred income	4,237,998	1,810,177
	<u>5,051,571</u>	<u>4,149,647</u>

9 Share capital

	2008 £	2007 £
Authorised		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
Allotted, called up and fully paid		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

10 Profit and loss account

	£
At 1 January 2008	2,573,177
Profit for the financial year	<u>625,996</u>
At 31 December 2008	<u>3,199,173</u>

DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

11 Reconciliation of movements in equity shareholders' funds

	2008 £	2007 £
Profit for the financial year	625,996	519,495
Opening equity shareholders' funds	2,648,177	2,128,682
Closing equity shareholders' funds	<u>3,274,173</u>	<u>2,648,177</u>

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 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) Limited.

14 Financial commitments

The company is party to a cross guarantee, registered 24 April 2008, 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 £53,999,000 (2007: £56,937,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.