

**Andalucian Realty Limited**

Report and Financial Statements

Year ended 31 December 2006



BDO Stoy Hayward

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**Andalucian Realty Limited**

**Annual report and financial statements for the year ended 31 December 2006**

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**Director**

F C Bauman

**Secretary and registered office**

S Crook

Citrus House  
Caton Road  
Lancaster  
Lancashire  
LA1 3UA

**Company registration number**

3009948

**Auditors**

BDO Stoy Hayward LLP  
Commercial Buildings  
11-15 Cross Street  
Manchester  
M2 1WE

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## **Andalucian Realty Limited**

### **Report of the director for the year ended 31 December 2006**

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The director presents the report together with the financial statements for the year ended 31 December 2006

#### **Principal activity**

The company is a holding company and did not trade during the year. There has been no income and expenditure and no change has arisen in the position of the company. Any expenses have been met by a fellow group undertaking.

#### **Directors**

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

F C Bauman (appointed 21 September 2006)

G I Bruce (resigned 30 January 2006)

D R Harris (resigned 1 May 2006)

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 immediate parent undertaking at the year end, Sunterra Europe (Group Holdings) plc, are disclosed in the financial statements of that company.

#### **Statement of director's responsibilities**

The director is responsible for preparing the director's 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 director 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

**Andalucian Realty Limited**

**Report of the director for the year ended 31 December 2006 (*Continued*)**

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**Financial instruments**

The company does not use financial instruments

**Post balance sheet events**

The company was acquired by Diamond Resorts Holdings LLC on 25th April 2007. This is detailed in note 7 of the financial statements.

**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.

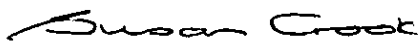
**Auditors**

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

The company proposes to reappoint BDO Stoy Hayward LLP as its auditors for the forthcoming year.

By order of the Board

**S Crook  
Secretary**



Date 26<sup>th</sup> July 2007

## **Andalucian Realty Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Andalucian Realty Limited**

We have audited the financial statements of Andalucian Realty Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

#### ***Respective responsibilities of directors and auditors***

The director's responsibilities for preparing the director's 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 director's 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 are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Director's Report is not consistent with the 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 director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 on 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 director 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.

**Andalucian Realty Limited**

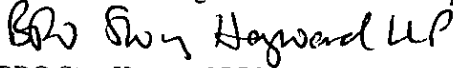
**Report of the independent auditors (*Continued*)**

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**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 affairs of the company as at 31 December 2006 and of the profit of the company 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*

Date *30 August 2007*

**Andalucian Realty Limited**

Profit and loss account for the year ended 31 December 2006

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During the year and the preceding year, the company did not trade and received no income and incurred no expenditure. Consequently, during the year the company made neither a profit nor a loss.

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

**Andalucian Realty Limited**

**Balance sheet as at 31 December 2006**

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Investment	2	3,695,627	3,695,627
<b>Creditors - amounts falling due within one year</b>	3	(3,728,993)	(3,728,993)
<b>Net liabilities</b>		<u>(33,366)</u>	<u>(33,366)</u>
<b>Capital and reserves</b>			
Called up share capital	4	2	2
Profit and loss account		(33,368)	(33,368)
<b>Equity shareholders' deficit</b>		<u>(33,366)</u>	<u>(33,366)</u>

The financial statements were approved by the Board and authorised for issue on

24 July 2007



F C Bauman  
Director

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



## **Andalucian Realty Limited**

### **Notes to the financial statements for the year ended 31 December 2006**

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#### **1 Accounting policies**

##### ***Basis of preparation***

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

The financial statements have been prepared on a going concern basis, notwithstanding the deficiency in net assets, because of an undertaking by Sunterra Corporation to provide or procure sufficient financial support for the foreseeable future

The company is exempt from preparing consolidated financial statements on the grounds that it qualifies under Section 229 of the Companies Act 1985 as a wholly owned subsidiary of a company registered in England and Wales for which consolidated financial statements are prepared. These financial statements therefore present information about the company as an individual undertaking and not about its group

The principal accounting policies of the company have remained unchanged from the previous year and are set out below. The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the company's circumstances

##### ***Investments***

Investments are stated at cost less amounts written off

##### ***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

## Andalucian Realty Limited

### Notes to the financial statements for the year ended 31 December 2006 (*Continued*)

#### 2 Fixed asset investments

Fixed asset investments			Shares in subsidiary undertakings £
Cost and net book amount			
At 31 December 2005 and 31 December 2006			3,695,627
			<hr/>
Name of subsidiary	Country of incorporation	Proportion of ordinary shares held	Nature of business
Hewicoon SL	Spain	100%	Property management
Pastor Inmobiliario Insular SL	Spain	100%	Property management

#### 3 Creditors amount falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	3,728,993	3,728,993
	<hr/>	<hr/>

#### 4 Share capital

	2006 £	2005 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2
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## **5 Ultimate parent undertaking**

At the balance sheet date, the director regards Sunterra Corporation, a company incorporated in the USA, as the company's ultimate parent undertaking

The Sunterra Group was acquired by Diamond Resorts Holdings LLC, a company incorporated in the USA, on 25 April 2007

The Director regards Diamond Resorts Holdings LLC as the company's ultimate parent undertaking

The smallest group in which the results of the company are consolidated is that headed by Sunterra Europe (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

## **6 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 Sunterra Corporation

## **7 Post balance sheet events**

The Sunterra Group was acquired by Diamond Resorts Holdings LLC, a company incorporated in the USA, on 25 April 2007