

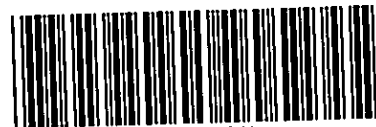
RHI LEISURE LLP

Members' report &
Financial statements
for the year ended

31st December 2011

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COMPANIES HOUSE

RHI LEISURE LLP

Company Information

Registration Number	0C314521
Members	International Tourism Holdings Limited Odyssey Resort Group Limited
Registered Office	7 Durweston Street London England
Auditors	Crowe Morgan Chartered Accountants 8 St George's Street Douglas Isle of Man IM1 1AH

RHI LEISURE LLP

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Members' Information
For the year ended 31st December 2011

Purpose	The purpose of the LLP is to carry on the business of owning, operating and managing a points-based leisure scheme
The LLP	The LLP was formed under a Limited Liability Partnership agreement dated 2 nd August 2005 and is registered under the Limited Partnership Act 2000
Principal place of Business	Isle of Man
Administrators	IFG International Limited International House Castle Hill Victoria Road Douglas Isle of Man IM2 4RB
Independent Auditors	Crowe Morgan Chartered Accountants 8 St George's Street Douglas Isle of Man IM1 1AH
Manager	International Tourism Holdings Limited

**General Members' report
For the year ended 31st December 2011**

The Members present their report and the audited financial statements of the LLP for the year ended 31st December 2011

Incorporation

RHI Leisure LLP "the LLP" was incorporated under the Limited Liability Partnership Act 2000 on 2nd August 2005

Members

The designated members during the year are as follows

International Tourism Holdings Limited
Odyssey Resort Group Limited

Statement of Members' Responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law regulations

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare group financial statements for each financial year. Under that law the members have elected to prepare the group financial statements in accordance with IFRS as adopted by the EU and applicable law. Under Regulation 8 of the 2008 Regulations the members 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 group and of the profit or loss of the group for that period.

In preparing those financial statements the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

Under Regulation 6 of the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time its financial position and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Principal Activity

The principal activity of the LLP is to carry on the business of owning, operating and managing a points-based leisure scheme.

Foreign exchange risk

The LLP is exposed to movement in foreign exchange rates as a result of transactions entered into by its subsidiaries. However, the members do not consider that the LLP is exposed to significant foreign exchange risk. Should the need arise the members will consider the need to protect the LLP's exposure by using the most cost efficient method available to the LLP to minimise the risk and cost to the LLP.

**General Members' report
For the year ended 31st December 2011**

Members' drawings and the subscription and repayment of members' capital

The members participate fully in the LLP's profits, share the risks and subscribe to the LLP's capital profit or loss allocations as disclosed in note 14

Members are permitted to receive drawings from the LLP to the extent of the profits allocated to them. The timing and amount of those drawings depends upon the level of activity within the LLP and the overriding cash requirements of the business.

An individual member's capital requirement is linked to the financial statements of the LLP. No interest is due on capital accounts.

Members' subscriptions and introduction of capital are disclosed in the Statement of Equity on page 10.

Review of business and future developments

The managing member considers the financial position as at 31st December 2011 and the future outlook to be satisfactory.

Provision of Information to Auditors

Each of the persons who are members at the time when the report is approved has confirmed that

- so far as the member is aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and
- each of the members have taken all the steps that they ought to have taken as a member to be aware of any information needed by the LLP's auditors in connection with preparing their report and to establish that the auditors are aware of that information.

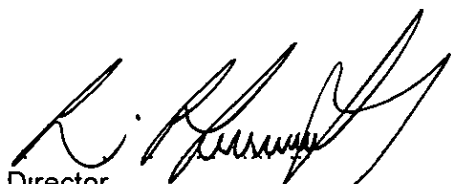
Auditors

The auditors, Crowe Morgan Chartered Accountants, have indicated their willingness to continue in office and offer themselves for re-appointment. A resolution proposing their re-appointment will be presented at a meeting of the members.

This report was approved by the members on their behalf by

26th September 2012

and signed on



Director
For and on behalf of
International Tourism Holdings Limited
Designated Member

**Independent Auditors' report to the
Members of RHI Leisure LLP**

We have audited the financial statements of RHI Leisure LLP for the year ended 31st December 2011 which comprises the consolidated Statement of Comprehensive income, the consolidated Statement of Financial Position, the Statement of Financial Position, the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As more fully explained in the Members' Responsibilities Statement set out on page 2, the members 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 and express an opinion on 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 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the General Members' Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31st December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008)

**Independent Auditors' report to the
Members of RHI Leisure LLP**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit



J B McCarney
Senior Statutory Auditor
For and on behalf of
Crowe Morgan Chartered Accountants
Statutory Auditors

8 St George's Street
Douglas,
Isle of Man,
IM1 1AH

Date 26th September 2012

**Consolidated statement of comprehensive income
For the year ended 31st December 2011**

	Note	2011 US\$	2010 US\$
CONTINUING OPERATIONS			
Revenue	1(h)	56,636,052	67,410,199
Administrative expenses		(57,238,464)	(55,650,069)
OPERATING PROFIT		(602,412)	11,760,130
Interest expenses		(551,414)	(525,168)
Interest income		689,523	1,454,713
Other expenses		(2,028,227)	(6,894,195)
(Loss)/profit for the year from continuing operations before taxation		(2,492,530)	5,795,480
Taxation	3	(3,308)	(4,316)
(Loss)/profit for the year from continuing operations after taxation		(2,495,838)	5,791,164
Attributable to:			
Equity holders of the parent		(1,724,152)	3,994,468
Minority interest in consolidated subsidiary	20	(771,686)	1,796,696
		(2,495,838)	5,791,164

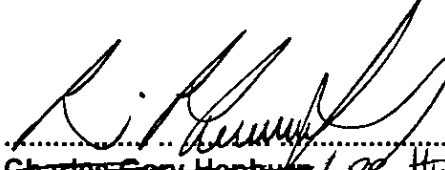
The notes on pages 12 to 21 form part of these financial statements

Consolidated statement of financial position
As at 31st December 2011

	Note	2011 US\$	2010 US\$
Assets			
Non-current assets			
Property, plant and equipment	4	5,788,559	7,537,436
Investments in associates	6	40,984,452	45,459,492
Total non-current assets		46,773,011	52,996,928
Current assets			
Trade and other receivables	7	27,785,684	25,698,351
Loans receivable from related parties	9	23,249,066	16,186,667
Occupation rights (net)	1(d)	23,395,805	24,264,070
Other assets	8	1,778,454	2,043,863
Cash and cash equivalents	1(f)	7,755,174	13,036,662
Total current assets		83,964,183	81,229,613
Total assets		130,737,194	134,226,541
Equity and liabilities			
Capital and reserves			
Members capital		46,716,321	46,716,321
Reserves		13,009,240	14,736,327
Equity attributable to equity holders of the parent		59,725,561	61,452,648
Minority interest	20	5,882,823	6,654,509
Total equity		65,608,384	68,107,157
Non-current liabilities			
Long term loans	12	-	1,684,022
Total non-current liabilities		-	1,684,022
Current liabilities			
Trade and other payables	10	6,281,580	8,462,053
Loans payable to related parties	9	20,391,492	18,054,803
Other current liabilities	11	38,455,738	37,918,506
Total current liabilities		65,128,810	64,435,362
Total liabilities		65,128,810	66,119,384
Total equity and liabilities		130,737,194	134,226,541

**Consolidated statement of financial position
As at 31st December 2011 (Continued)**

The financial statements were approved by the Members on 26th September 2012
and signed on their behalf by:


.....
Charles Gary Hephburn
Director for and on behalf of
International Tourism Holdings Limited
Designated Member

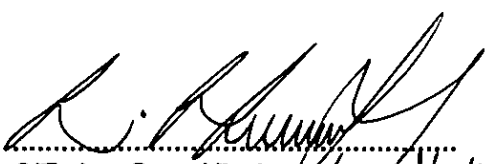

.....
David Andrew Harris
Director for and on behalf of
Odyssey Resort Group Limited
Designated member

Statement of financial position
As at 31st December 2011

	Note	2011 US\$	2010 US\$
Assets			
Non-current assets			
Investment in subsidiaries	5	37,443,047	38,489,995
Loans receivable from subsidiary investment		1,408	1,408
Total non-current assets		37,444,455	38,491,403
Current assets			
Cash and cash equivalents		50,844	-
Total assets		37,495,299	38,491,403
Equity and liabilities			
Capital and reserves			
Members capital		46,716,321	46,716,321
Reserves		(10,154,038)	(8,926,182)
Total equity		36,562,283	37,790,139
Current liabilities			
Trade and other payables	10	82,235	123,090
Loans payable to subsidiary investments		850,781	578,174
Total current liabilities		933,016	701,264
Total liabilities		933,016	701,264
Total equity and liabilities		37,495,299	38,491,403

The financial statements were approved by the Members on
and signed on their behalf by:

26th September 2012


.....
Director for and on behalf of
International Tourism Holdings Limited
Designated Member


.....
David Andrew Harris
Director for and on behalf of
Odyssey Resort Group Limited
Designated member

Consolidated statement of changes in equity
For the year ended 31st December 2011

	Members Capital US\$	Reserves US\$	Total US\$	Minority Interest US\$	Total Equity US\$
Balance at 31 st December 2008	46,716,321	14,238,286	60,954,607	6,814,610	67,769,217
<i>Changes in Equity for 2009</i>					
Foreign currency translation differences	-	541	541	-	541
Loss for the year	-	(3,466,661)	(3,466,661)	(1,368,127)	(4,834,798)
Balance at 31 st December 2009	46,716,321	10,772,167	57,488,488	5,446,473	62,934,961
<i>Changes in Equity for 2010</i>					
Foreign currency translation differences	-	(30,308)	(30,308)	-	(30,308)
Profit for the year	-	3,994,468	3,994,468	1,796,696	5,791,164
Dividends paid	-	-	-	(588,660)	(588,660)
Balance at 31 st December 2010	46,716,321	14,736,327	61,452,648	6,654,509	68,107,157
Foreign currency translation differences	-	(2,935)	(2,935)	-	(2,935)
Loss for the year	-	(1,724,152)	(1,724,152)	(771,686)	(2,495,838)
Balance at 31 st December 2011	46,716,321	13,009,240	59,725,561	5,882,823	65,608,384

Consolidated statement of cash flows
For the year ended 31st December 2011

	Note	2011 US\$	2010 US\$
Cash flows from operating activities			
Group profit/(loss) from operations		(2,495,838)	5,791,164
Adjustments for			
Depreciation – property, plant and equipment		1,227,590	1,289,522
Equity income of associated company		4,475,041	(10,403,731)
Interest revenue		(689,523)	(1,454,713)
Interest expenses		551,414	525,168
Taxation expense		3,308	4,316
Operating cash flows before movements in working capital		3,071,992	(4,248,274)
Decrease/(Increase) in trade and other receivables	7	(2,087,333)	3,064,906
Decrease/(Increase) in occupational rights		868,265	963,429
(Increase)/decrease in other assets	8	265,409	(686,786)
Increase/(decrease) in trade and other payables	10	(2,180,473)	1,862,182
(Decrease)/increase in deferred revenues	11	437,750	454,065
(Decrease)/increase in amounts due from related parties	9	(4,725,710)	(2,367,629)
Cash used in operations		(4,350,100)	(958,107)
Interest paid		(551,414)	(525,168)
Taxation paid		(3,308)	(4,316)
Net cash used in operating activities		(4,904,822)	(1,487,591)
Cash flows from investment activities			
Interest received		689,523	1,454,562
Payments to acquire property, plant and equipment		(282,360)	(1,759,377)
Dividends paid		-	(588,660)
Proceeds from disposal of property, plant and equipment		803,648	-
Net cash generated by/ (used in) investing activities		1,210,811	(893,324)
Cash flows from financing activities			
Repayment of borrowings	13	(1,584,540)	(2,142,088)
Proceeds from borrowings	13	-	-
Net cash (used in)/ generated by financing activities		(1,584,540)	(2,142,088)
Net decrease in cash and cash equivalents		(5,278,551)	(4,523,003)
Cash and cash equivalents at the beginning of the year		13,036,662	17,589,973
Net foreign exchange difference		(2,937)	(30,308)
Cash and cash equivalents at the end of the year	1(f)	7,755,174	13,036,662

Notes to the financial statements

For the year ended 31st December 2011

1. Accounting policies

a) Basis of preparation of financial statements

The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards

The consolidated financial statements for RHI Leisure LLP are prepared under International Financial Reporting Standards ("IFRS") The majority of the subsidiaries of RHI Leisure LLP have prepared their accounts in conformity with United States of America ("US GAAP") Any difference in the treatment of items in the consolidated financial statements of RHI Leisure LLP as a result of the use of IFRS instead of US GAAP has been recorded in the notes to these accounts

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the LLP and its significant direct and indirect subsidiaries made up to 31st December each year A company is a subsidiary if the LLP directly or indirectly controls the financial and operating policies of the respective enterprise

All significant inter-company transactions and balances between group companies are eliminated on consolidation

c) Property, plant and equipment - depreciation

Property, plant and equipment are stated at acquisition cost less depreciation and any provision for impairment Depreciation is computed using the straight line method based on an estimated useful life of the related asset The periods generally applicable are

	Average useful life
Building	10 years
Leasehold Improvements	10 years
Building Improvements	5 – 10 years
Furniture and Fixtures	7 years
Computer Equipment	5 years
Vehicles	3 years

Worldwide Tourism Services N V departed from the Group policy and computed depreciation on vehicles over an estimated useful life of 4 years

Vacation Services International Limited departed from the Group policy and computed depreciation on buildings over an estimated useful life of 20 years

d) Occupational Rights

The occupation rights are registered in accordance with their book value at the assignment date The amortisation of the occupation rights is registered in accordance with the duration of the agreements made with the resorts for the weekly units, which usually is at 30 years

e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date Paid in capital is translated from the local currency using historical rates The average exchange rate for the period is used for translating revenues and expenses All exchange differences are dealt with in the consolidated statement of changes in equity

**Notes to the financial statements
For the year ended 31st December 2011**

1. Accounting policies (continued)**f) Cash Equivalents**

The Group considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

g) Impairment of assets

The carrying value of assets is reviewed annually to assess whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the recoverable amount or fair value of an asset is less than its carrying amount

h) Revenue Recognition

Holiday Club Management Company Limited – The Company recognises its revenue from sales of memberships according to the length of the term of the membership for thirty years, based on the contractual terms

The Company recognises a deferred liability for maintenance payments when received from members, which are normally paid in advance during the last quarter of the previous year of usage. The related revenue is recognised during the following year when the membership is used and the service is provided to the customer

Resort Interval Inc - The Company recognises membership sales net of related membership costs when the customer has made a 15% down payment and the period during which the customer may obtain a refund for the cancellation of the membership (usually 7 days subsequent to the receipt of the 15% down payment) has expired

Worldwide Tourism Services – Revenues are recognised when the services are performed or contractual obligations are met

Vacation Services International Ltd – The Company recognises revenues when the costs of maintenance of intervals are transferred to its related party

i) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments

j) Minority Interests

Minority interests are attributable to Central Holdings Limited and a subsidiary of Resort Interval Inc at 31st December 2011. The minority interests at 31st December 2011 are shown in Note 20 to the financial statements

Notes to the financial statements

For the year ended 31st December 2011

1. Accounting policies (continued)

k) Income Tax

The subsidiaries located in the Cayman Islands are not subject to income tax as revenues are not taxable in the Cayman Islands

Resort Interval Inc is located in Panama, however, Panamanian tax law indicates that companies incorporated in Panama but which earn revenues in foreign countries, do not incur income tax. Accordingly, Resort Interval Inc is not subject to any income tax. However, its subsidiaries in the Dominican Republic, Puerto Rico and Chile are subject to local income tax.

l) Deferred Income Taxes

The Group recognises deferred income tax assets and liabilities for the future consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, measured using enacted rates. The effects of changes in the statutory rates are accounted for in the period that includes the enactment date. Deferred income tax assets are also recognised for the estimated future effects of tax loss carry forwards and asset tax credit carry forwards. A valuation allowance is applied to reduce deferred income tax assets to the amount of future net benefit that is more likely than not to be realised.

m) Marketable Securities

Marketable securities represent highly liquid equity instruments purchased with a remaining maturity date at purchase of between 90 and 360 days and are stated at fair value. Such securities are classified as trading securities, as the Company's intent is to sell them in the near term. Unrealised holding gains and losses are included within earnings in the year incurred.

2 Operating Profit

	2011	2010
	\$	\$
The operating profit is stated after charging -		
Auditors' remuneration	<u>29,341</u>	<u>18,103</u>

3. Taxation

The balances included under the consolidated income statement and consolidated statement of financial position relate to group companies which are subject to a variety of local taxes.

The LLP, however, is not subject to income tax. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual members and not the LLP itself.

Notes to the financial statements
For the year ended 31st December 2011

4. Property, plant and equipment

	Construction In Progress US\$	Land and Buildings US\$	Leasehold Improvements US\$	Fixings & Fittings US\$	Vehicles US\$	Computer Equipment US\$	Total US\$
Cost							
1 st January 2011	-	5,553,602	1,432,241	4,167,399	117,494	248,511	11,519,247
Additions	-	121,274	51,459	92,465	-	17,162	282,360
Transfers	-	-	(59,875)	(42,302)	(3,559)	(12,683)	(118,419)
Disposal	-	(553,363)	(32,338)	(35,097)	(15,327)	(49,104)	(685,229)
31 st December 2011	-	5,121,513	1,391,487	4,182,465	98,608	203,886	10,997,959
Depreciation							
At 1st January 2011	-	1,717,318	320,057	1,739,130	59,047	146,259	3,981,811
Charge for the year	-	477,638	368,365	426,571	47,001	32,244	1,351,819
On disposal	-	-	-	(20,117)	(8,317)	(39,246)	(67,680)
Transfers	-	-	(36,432)	(19,376)	-	(742)	(56,550)
31 st December 2011	-	2,194,956	651,990	2,126,208	97,731	138,515	5,209,400
Net book value							
31 st December 2011	-	2,926,557	739,497	2,056,257	877	65,371	5,788,559
Net book value							
31 st December 2010	-	3,836,284	1,112,184	2,428,270	58,447	102,252	7,537,436

The LLP has no property, plant or equipment

5 Investments in subsidiary companies

	Brought forward US\$	Impairment of Investment US\$	Provision for liability US\$	Carried forward US\$
Central Holdings Limited	22,341,698	-	-	22,341,698
Holiday Club Management Company Ltd	(9,985,385)	-	-	(9,985,385)
Resort Interval Inc	1,431,400	(951,613)	-	479,787
RH Financial Ltd	22,486,925	-	-	22,486,925
Royal Holiday Club A G	524,768	-	-	524,768
Vacation Services International Limited	2,301,000	-	-	2,301,000
Worldwide Tourism Services N V	(610,411)	-	(95,335)	(705,746)
Balance as at 31st December 2011	38,489,995	(951,613)	(95,335)	37,443,047

See note 19 for further details regarding the impairment of the investment and the provision and reversal for liabilities of the subsidiaries

Notes to the financial statements
For the year ended 31st December 2011
5. Investments in subsidiary companies (continued)

	Company		Class	% Owned	Country of Incorporation	Status
(i)	Central Holdings Limited	US\$1	Ord Shares	82.79%	Cayman Islands	Unlisted
(ii)	Holiday Club Management Company Ltd	US\$1	Ord Shares	100%	Cayman Islands	Unlisted
(iii)	Resort Interval Inc	US\$1	Ord Shares	100%	Panama	Unlisted
(iv)	RH Financial Ltd	US\$1	Ord Shares	100%	Cayman Islands	Unlisted
(v)	Royal Holiday Club A G	CHF1	Ord Shares	100%	Switzerland	Unlisted
(vi)	Vacation Services International Limited	US\$1	Ord Shares	100%	Cayman Islands	Unlisted
(vii)	Worldwide Tourism Services N V	US\$1	Ord Shares	100%	Netherlands Antilles	Unlisted

- (i) Central Holdings Limited is located in the Cayman Islands. The Company is engaged in the activity of investment holding. The company was acquired by the group on 10th April 2006. The net assets of the company at 31st December 2011 were \$40,978,697 (2010 \$45,476,025). The financial statements for the year ended 31st December 2011 were audited by PricewaterhouseCoopers S C Mariano Escobedo 573, Colonia Rincón del Bosque C P Mexico.

The company invested in the stock of Grupo Costamex, S A de C V, (40.65%) in 1991. Such investments are recorded by equity method. Further details can be found in note 6.

- (ii) Holiday Club Management Company Ltd is located in the Cayman Islands. The Company is engaged in providing services related to the membership contracts sold by Resort Interval Inc (a fellow subsidiary) to members, which grant certain rights over the usage of vacation properties over the term of such membership contracts.

The Company was acquired by the group on 16th August 2005. The net liabilities of the Company at 31st December 2011 were \$7,335,059 (2010 \$9,985,385).

The financial statements for the year ended 31st December 2011 were audited by PricewaterhouseCoopers S C Mariano Escobedo 573, Colonia Rincon del Bosque C P Mexico and have been prepared on a going concern basis subject to the continued support of the parent LLP and a fundamental uncertainty note has been included in the audit report in this regard.

- (iii) Resort Interval Inc is located in the Republic of Panama. The Company is engaged in the marketing and sale of memberships (participation bonds), offered by Royal Holiday Club S A (a fellow subsidiary).

The Company was acquired by the group on 16th August 2005. The net assets of the Company at 31st December 2011 were \$479,787 (2010 \$7,440,691). The financial statements for the year ended 31st December 2011 were audited by PricewaterhouseCoopers S C Mariano Escobedo 573, Colonia Rincón del Bosque C P Mexico.

- (iv) RH Financial Ltd is located in the Cayman Islands. The Company is dedicated primarily to providing financial services to the group. The company was acquired by the group on 2nd December 2005. The net assets of the company at 31st December 2011 were \$27,165,067 (2010 \$26,544,678). The financial statements for the year ended 31st December 2010 were audited by PricewaterhouseCoopers S C Mariano Escobedo 573, Colonia Rincón del Bosque C P Mexico.

**Notes to the financial statements
For the year ended 31st December 2011**

5. Investments in subsidiary companies (continued)

- (v) Royal Holiday Club A G is a non profit association based in Switzerland which holds participation bonds, which are marketed and sold to members by Resort Interval Inc, and which grant certain rights for the usage of vacation properties over the term of the membership contracts

The Company was acquired by the group on 16th August 2005 The net assets of the Company at 31st December 2011 were \$628,124 (CHF 668,293) (2010 \$630,779 – CHF 654,616) The financial statements of Royal Holiday Club A G for the year ended 31st December 2011, have not been audited

- (vi) Vacation Services International Limited is located in the Cayman Islands The Company earns revenue from the rent of intervals owned ("occupation rights") to related parties

The Company was acquired by the group on 2nd June 2006 The net assets of the Company at 31st December 2011 were \$5,287,677 (2010 \$5,334,804) The financial statements for the year ended 31st December 2011 were audited by R S & Associates CPA PSC, Condomino El Centro II, 500 Muñoz Rivera Ave Ste 301, San Juan, Puerto Rico

- (vii) Worldwide Tourism Services N V is located in Curacao, Netherlands Antilles The Company is engaged in providing administration services to related parties located in the Caribbean, Central and South America

The Company was acquired by the group on 16th August 2005 The net liabilities at 31st December 2011 were \$705,746 (2010 \$610,411)

The financial statements for the year ended 31st December 2011 were audited by PricewaterhouseCoopers S C Mariano Escobedo 573, Colonia Rincón del Bosque C P Mexico and have been prepared on a going concern basis subject to the continued support of the parent LLP and a fundamental uncertainty note has been included in the audit report in this regard

6. Investments in associates

The investment in associates represents Central Holdings Limited's 40.65% (2010 40.65%) investment in the stock of Grupo Costamex, S A de C V The investment is accounted for in Central Holdings Limited by the equity method (Note 5) The associate prepares accounts to 31st December

Grupo Costamex, S A de C V has been presented in the financial statements as an associated undertaking as the group exercises a significant influence over operating and financial policy, by virtue of the group holding in the associated undertaking being in excess of 20% of the voting rights

Notes to the financial statements
For the year ended 31st December 2011
7. Trade and Other Receivables

	Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Accounts receivable long term	12,765,617	-	17,703,860	-
Less doubtful debts	(1,276,561)	-	(1,770,386)	-
Accounts receivable - Trade	27,584,702	-	16,602,448	-
- Other	3,443,331	-	2,592,230	-
- Doubtful debts	(14,731,405)	-	(9,429,801)	-
	<u>27,785,684</u>	<u>-</u>	<u>25,698,351</u>	<u>-</u>

Long term receivables represent receivables generated from membership contracts executed with Customers which generally have a maximum due date of 5 years from the date of execution of the contract

8. Other Assets

	Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Guarantee deposits	242,102	-	317,258	-
Prepayments	426,019	-	393,246	-
Deferred Interest	469,049	-	632,955	-
Others	27,182	-	57,759	-
Recoverable income tax	614,102	-	642,645	-
	<u>1,778,454</u>	<u>-</u>	<u>2,043,863</u>	<u>-</u>

9. Loans receivable and payable with related parties

	2011 Due from related party US\$	2011 Due to related party US\$	2010 Due from related party US\$	2010 Due to related party US\$
Grupo Costamex S A De C V	<u>23,395,805</u>	<u>20,391,492</u>	<u>16,186,667</u>	<u>18,054,803</u>

Notes to the financial statements
For the year ended 31st December 2011

10. Trade and other payables

	Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Trade payables	2,871,824	52,894	4,959,340	105,302
Accrued expenses	3,409,756	29,341	3,502,713	17,788
	<u>6,281,580</u>	<u>82,235</u>	<u>8,462,053</u>	<u>123,090</u>

11. Other Current Liabilities

		Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Current position on borrowings	13	230,213	-	130,731	-
Deferred revenues		38,225,525	-	37,787,775	-
		<u>38,455,738</u>	<u>-</u>	<u>37,918,506</u>	<u>-</u>

12. Non Current Liabilities

		Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Non Current position on borrowings	13	-	-	1,684,022	-

13. Borrowings

	Group 2011 US\$	LLP 2011 US\$	Group 2010 US\$	LLP 2010 US\$
Loan from Textron Financial Corporation	<u>230,213</u>	<u>-</u>	<u>1,814,753</u>	<u>-</u>
Analysed as				
Current obligations	230,213	-	130,731	-
Non current obligations	-	-	1,684,022	-
	<u>230,213</u>	<u>-</u>	<u>1,814,753</u>	<u>-</u>

On 3rd February 2005, a credit contract was signed between Resort Interval Inc and Textron Financial Corporation with a revolving credit line of \$19 million. Principal and interest is repayable in monthly instalments according to the collection of the accounts receivable guaranteed in such operation.

Notes to the financial statements For the year ended 31st December 2011

14. Membership Subscriptions

The members subscribed to the LLP are shown below, and as specified by the Membership Agreement dated 2nd August 2005,

	Capital Contribution £	Percentage Interest %
International Tourism Holdings Limited	90	90
Odyssey Resort Group Limited	10	10
	<u>100</u>	<u>100</u>

15. Commitments and Contingencies – Litigation

Companies within the RHI Leisure LLP Group are party to various actions in the normal course of business. None of the Companies are involved in or threatened by proceedings for which the Companies believe they are not adequately insured or indemnified, or which, it determined adversely, would have a material adverse effect on their financial positions, results of operations, or cash flows.

16. Transfer Pricing

Worldwide Tourism Service – Additional taxes payable could arise in transactions with non-resident related parties if the tax authority, during a review, believes that prices and amounts used by the Company are not similar to those used with or between independent parties in comparable transactions.

17. Non Audit Services

In common with many other businesses of this size and nature, the auditors are used to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

18. Related Parties

On the 2nd August 2006 RHI LLP entered into an agreement with Grupo Costamex S A De C V "Costamex" a company incorporated under the laws of the United Mexican States. The agreement was to have effect from 24th November 2005. The agreement granted exclusive rights to the Costamex group to market and sell memberships in Mexico. Details of the loans due and from Costamex group can be found in note 9.

Notes to the financial statements
For the year ended 31st December 2011

19. Impairment of investment in subsidiaries and provision for losses

The LLP acquired net assets in Resort Interval Inc (RI) of \$10,947,902, however, at 31st December 2011 RI had net assets of \$479,787. Consequently, the LLP recognised an impairment of the investment in RI of \$10,468,115.

At 31st December 2011, Worldwide Tourism Services N V (WWTS) had net liabilities of \$705,746. Consequently, the LLP has recognised a provision of \$705,746 in respect of the investment in WWTS, which represents the extent to which the LLP may be liable to settle WWTS's liabilities in the future.

The LLP acquired net assets in Holiday Club Management Company Limited (HCMC) of \$11,208,729, however, at 31st December 2011 HCMC had net liabilities of \$9,985,385. Consequently, the LLP has recognised an impairment of the investment in HCMC of \$11,208,729 and in addition recognised a provision of \$9,985,385 which represents the extent to which the LLP may be liable to settle HCMC's liabilities in the future.

20. Minority Interest

	Group 2011 US\$	Group 2010 US\$
Minority interest brought forward	6,654,509	5,446,473
(Loss)/profit attributable to minority interest	(771,686)	1,796,696
Dividends paid to minority interests	<u>-</u>	<u>(588,660)</u>
Minority interests at 31st December 2011	<u>5,882,823</u>	<u>6,654,509</u>

**Detailed statement of comprehensive income
For the year ended 31st December 2011**

	Note	2011 US\$	2011 US\$	2010 US\$
Revenue				
Dividends received from investments			-	-
Expenditure				
Audit fees		32,818		14,626
Administration fees		146,415		103,351
Foreign Exchange gain/(loss)		1,676		(3,496)
			(180,909)	(114,481)
Loss for the year before Impairment and provisions			(180,909)	(114,481)
Impairment of subsidiary investment	5	(951,613)		(6,009,291)
Provision for subsidiary's liabilities	5	(95,335)		(868,766)
Reversal of provision for subsidiary's liabilities		-		-
Loss for the year before taxation		(1,227,857)		(6,992,538)
Taxation	3	-		-
Loss for the year after taxation		(1,227,857)		(6,992,538)
Retained reserves brought forward		(8,926,182)		(1,933,644)
Dividends		-		-
Retained reserves carried forward		(10,154,038)		(8,926,182)

Detailed consolidated statement of comprehensive income
For the year ended 31st December 2011

	2011 US\$	2011 US\$	2010 US\$
Revenue			
Share of results from associate	(4,475,041)		10,403,731
Membership sales	21,921,379		20,712,700
Other income	10,075,178		9,210,030
Maintenance Fees	24,235,804		22,176,686
Occupation rights revenue	4,878,732		4,907,052
	<u>56,636,052</u>		<u>67,410,199</u>
Expenditure			
Cost of sales, intervals and services	(20,820,040)		(19,415,034)
General, administrative and selling expenses	(36,418,423)		(36,235,035)
	<u></u>		<u></u>
Group operating (loss)/profit		(602,411)	11,760,130
Interest expenses	(551,414)		(525,168)
Interest income	689,523		1,454,713
Other expenses	(2,028,227)		(6,894,195)
	<u></u>		<u></u>
(Loss)/profit for the year from continuing Operations before taxation		(2,492,530)	5,795,480
Taxation		(3,308)	(4,316)
		<u></u>	<u></u>
Profit/(loss) for the year from continuing Operations after taxation		<u>(2,495,838)</u>	<u>5,791,164</u>
Attributable to:			
Equity holders of the parent		(1,724,152)	3,994,468
Minority interest in consolidated subsidiary		(771,686)	1,796,696
		<u>(2,495,838)</u>	<u>5,791,164</u>