

MARINE COVE RESORT CLUB TRUST

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

MARINE COVE RESORT CLUB TRUST
ABN 29 119 373 165

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MARINE COVE RESORT CLUB TRUST
ABN 29 119 373 165

**DIRECTORS' REPORT OF HOLIDAY CONCEPTS MANAGEMENT LIMITED AS MANAGER FOR
THE MARINE COVE RESORT CLUB TRUST**

The Directors of the Manager, Holiday Concepts Management Limited, present their report on the Trust for the financial year ended 30 June 2009.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Mrs Elizabeth Clegg

Mr Noel Reynolds

Mr Steven Power

Mr Derek Reynolds

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The loss of the trust for the financial year after providing for income tax amounted to \$26,824.

Review of Operation

The trust's result for the year was a net operating loss after tax of \$26,824 and after incurring resort refurbishment of \$44,376.

Significant Changes in State of Affairs

During the year redemptions from Blue Diamond Deposits Trust No. 1 were suspended by its manager. To ensure that the Club is not disadvantaged the Group Manager provided financial support, details of which are outlined in the Notes to the Accounts at notes 1(l), 14 and 16(c).

As a result of an inability to fulfil the role of trustee, the prior trustee (Custodial Limited) resigned in June 2009. A replacement has not yet been confirmed with the Australian Securities and Investments Commission (ASIC) due to other issues under the Corporations Act relating to legislative changes pertaining to Prescribed Interest Schemes. Holiday Concepts Management Limited is signing these accounts in its capacity as Manager of the Resort.

Principal Activity

The principal activity of the trust during the financial year was the provision of holiday resort facilities and services for the benefit of members and their guests, and to promote the common interests and welfare of those members. There were no significant changes in the nature of the trust's principal activities during the financial year.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the trust, the results of those operations, or the state of affairs of the trust in future financial years.

Likely Developments

The trust expects to maintain the present status and level of operations and hence there are no likely developments in the trust's operations.

Environmental Issues

The trust's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

MARINE COVE RESORT CLUB TRUST

DIRECTORS' REPORT OF HOLIDAY CONCEPTS MANAGEMENT LIMITED AS MANAGER FOR THE MARINE COVE RESORT CLUB TRUST (continued)

Distributions Paid or Recommended

The income and property of the trust are to be applied solely towards the promotion of its objectives as set out in its Trust Deed. Accordingly, no distributions were paid or declared since the start of the financial year. No recommendation for payment of distributions has been made.

Information on Directors

Mrs Elizabeth Clegg	– Director and Company Secretary
Qualifications	– G.A.I.C.D. (Dip) M.B.A.
Experience	– Nineteen years experience in the real estate industry and twenty-four years experience in the time share industry involved in the management of several Trusts and acting as Compliance Officer to the Licence Holder.
Special Responsibilities	– Responsible for ensuring that the Club has complied with all legal requirements.
Mr Noel Reynolds	– Chairperson
Experience	– Thirty-eight years experience in the finance and accounting sector, thirty-three years in real estate and property development and twenty-four years direct involvement in the time share industry in the areas of planning and construction of holiday resorts and directorship of the Licensed Manager.
Mr Steven Power	– Director
Qualifications	– Diploma of Business Studies; Diploma of Financial Services (Financial Planning) and Licensed Estate Agent.
Experience	– Twenty-eight years of experience in various management roles with the Tool Properties Group of Companies which has specialised in the developments of rural properties.
Mr Derek Reynolds	– Director and Company Secretary
Qualifications	– Diploma of Management; Diploma of financial Services (Financial Planning)
Experience	– Twenty-three years experience in property development, the real estate and time share industries including the involvement in primary and secondary time share sales and resort management.
Special Responsibilities	– Oversees all financial aspects of the Club's operations.

Meetings of Directors

During the year, 27 meetings of directors were held. Attendances by each director during the year were as follows:

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Mrs Elizabeth Clegg	27	27
Mr Noel Reynolds	27	27
Mr Steven Power	27	27
Mr Derek Reynolds	27	27

MARINE COVE RESORT CLUB TRUST

**DIRECTORS' REPORT OF HOLIDAY CONCEPTS MANAGEMENT LIMITED AS MANAGER FOR
THE MARINE COVE RESORT CLUB TRUST (continued)**

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the trust.

Proceedings on Behalf of the Trust


No person has applied for leave of Court to bring proceedings on behalf of the trust or intervene in any proceedings to which the trust is a party for the purpose of taking responsibility on behalf of the trust for all or any part of those proceedings.

The trust was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors of the Manager:

Director 

Mr Noel Reynolds

Director 

Mr Derek Reynolds

Dated this 27th day of January 2010

As directors of Holiday Concepts Management Limited, we attest that the Assets belonging to the Marine Cove Resort Club Trust are in order and in existence.

MARINE COVE RESORT CLUB TRUST

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF HOLIDAY CONCEPTS MANAGEMENT
LIMITED AS MANAGER FOR THE MARINE COVE RESORT CLUB TRUST**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Waters Dace Partners



.....
Ken K.Y. Kwong - CA

Partner

27 January 2010

Level 3, 329 Thomas Street

Dandenong VIC 3175

MARINE COVE RESORT CLUB TRUST

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 \$	2008 \$
Revenue	2	723,197	732,088
Other Income	2	<u>44,997</u>	<u>93,210</u>
		768,194	825,298
Resort Variable Operating Expenses		(267,777)	(284,416)
Resort Refurbishment Expenses		(44,376)	(57,258)
Administration Expenses		(246,605)	(226,559)
Depreciation, Amortisation & Impairment Losses		(2,006)	(1,196)
Employment Expenses		(111,370)	(111,648)
Occupancy Expenses		(79,922)	(78,104)
Other Expenses		<u>(40,985)</u>	<u>(43,651)</u>
Profit (Loss) Before Income Tax	3	(24,847)	22,466
Income Tax Expense	4	<u>(1,977)</u>	<u>(6,003)</u>
Profit (Loss) Attributable to Members of the Trust		<u>(26,824)</u>	<u>16,463</u>

The accompanying notes form part of these financial statements.

MARINE COVE RESORT CLUB TRUST

**BALANCE SHEET
AS AT 30 JUNE 2009**

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	164,986	400,855
Trade and Other Receivables	6	29,769	77,108
Other Current Assets	7	<u>12,339</u>	<u>3,124</u>
TOTAL CURRENT ASSETS		<u>207,094</u>	<u>481,087</u>
NON-CURRENT ASSETS			
Other Financial Assets	8	257,000	-
Property, Plant and Equipment	9	<u>5,484,751</u>	<u>5,483,643</u>
TOTAL NON-CURRENT ASSETS		<u>5,741,751</u>	<u>5,483,643</u>
TOTAL ASSETS		<u>5,948,845</u>	<u>5,964,730</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	31,975	60,209
Current Tax Liabilities	11	1,696	5,946
Short Term Provisions	12	4,039	4,933
Other Current Liabilities	13	<u>370,197</u>	<u>325,561</u>
TOTAL CURRENT LIABILITIES		<u>407,907</u>	<u>396,649</u>
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	11	945,636	945,636
Other Long Term Liabilities	13	<u>236</u>	<u>555</u>
TOTAL NON-CURRENT LIABILITIES		<u>945,872</u>	<u>946,191</u>
TOTAL LIABILITIES		<u>1,353,779</u>	<u>1,342,840</u>
NET ASSETS		<u>4,595,066</u>	<u>4,621,890</u>
EQUITY			
Settled Sum		150	150
Unit-Holders' Funds		4,534,365	4,534,365
Retained Earnings		<u>60,551</u>	<u>87,375</u>
TOTAL EQUITY		<u>4,595,066</u>	<u>4,621,890</u>

The accompanying notes form part of these financial statements.

MARINE COVE RESORT CLUB TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Settled Sum	Unit- Holders' Funds	Retained Earnings	Total
Balance at 1 June 2007	150	4,534,365	70,912	4,605,427
Profit Attributable to Members of the Trust	<u>-</u>	<u>-</u>	<u>16,463</u>	<u>16,463</u>
Balance at 30 June 2008	150	4,534,365	87,375	4,621,890
Loss Attributable to Members of the Trust	-	-	(26,824)	(26,824)
Revaluations for the year recognised direct in equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2009	<u>150</u>	<u>4,534,365</u>	<u>60,551</u>	<u>4,595,066</u>

The accompanying notes form part of these financial statements.

MARINE COVE RESORT CLUB TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 \$	2008 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		816,181	728,100
Payments to suppliers and employees		(818,706)	(780,483)
Interest received		32,997	35,262
Income tax paid		<u>(6,227)</u>	<u>(2,621)</u>
Net cash provided by/(used in) operating activities	18	<u>24,245</u>	<u>(19,742)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of Mortgage Income Trust investments		127,000	-
Payment for property, plant and equipment		(3,114)	(797)
Proceeds from recoupment of GST paid for plant & equipment purchased in the prior year		<u>-</u>	<u>(80)</u>
Net cash provided by/(used in) investing activities		<u>123,886</u>	<u>(877)</u>
Net increase/(decrease) in cash held		148,131	(20,619)
Cash at beginning of financial year		400,855	421,474
Effect of de-recognition of Mortgage Income Trust investments as an operating cash flow item	8	<u>(384,000)</u>	<u>-</u>
Cash at end of financial year	5	<u>164,986</u>	<u>400,855</u>

The accompanying notes form part of these financial statements.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied, unless otherwise stated.

The financial report is for the entity Marine Cove Resort Club Trust as an individual entity. Marine Cove Resort Club Trust is a unit trust, established and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

(a) Income Tax

The trust does not qualify for exemption from income tax. However, under the principle of mutuality it is only subject to income tax on income derived from non-members, such as interest from financial institutions, less an appropriate amount of directly and indirectly related expenses.

Deferred tax and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates enacted or substantively enacted at reporting date. This measurement also reflects the manner in which the trust expects to recover or settle the carrying amount of the related asset or liability.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Marine Cove Resort Club Trust is not part of any consolidated income tax group.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. Should an estimated recoverable amount exceed an asset's carrying amount, it is immediately written down to the recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The repair and replacement of original villa chattels is considered to be an on-going expense, the cost of which will be provided for by the Manager in the annual operating budget as Resort Refurbishment. Proceeds from the sale of any such items will be recognised in the accounts as sundry income as and when received.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their estimated useful lives to the trust commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Plant and equipment	18.75 - 40 %	Diminishing Value
Office Equipment	18.75 - 40 %	Diminishing Value
Low Value Asset Pool	18.75 - 37.5 %	Diminishing Value

The Manager has not charged depreciation on either the buildings or their contents, as required under AASB 116: "Property, Plant & Equipment" as in the opinion of the Manager, compliance with the requirements of AASB 116 may result in the financial statements not presenting a true and fair view of the net worth of the unit-holders' interest in the trust's assets. This is separate from the application of impairment testing, as per Note 1(i).

The gROUP Manager recommends that the frequency of revaluations should be considered by the unit-holders at each Annual General Meeting, but is of the opinion that revaluations at five-yearly intervals is satisfactory. Any net increments or decrements from such revaluations will be reflected in the financial statements in accordance with AASB 116, unless a departure from the standard is deemed more appropriate at the time, and are shown as an adjustment to the value of unit-holders' funds at year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Employee Benefits

Employee benefits arising from wages and salaries, relating to sick leave, have not been brought to account.

Contributions are made by the trust to employee superannuation funds and are charged as expenses when incurred.

Long service leave is brought to account at an amount based on a formula whereby the entitlement is recognised upon a service period of greater than five years across all the Holiday Concept Group of time share resorts. The liability is calculated using a pro-rata nominal basis of current remuneration of the employees.

Annual Leave is recognised as at the expected dollar value of the payments to be made for service provided up to balance date for eligible employees. It is measured on a nominal basis.

(d) Income Recognition

Members' annual maintenance fees are brought to account in respect of the financial year and are included in the accounts accordingly on an accruals basis.

However, since members are invoiced in respect of the calendar year, maintenance fees received and receivable in respect of the six months ended 31st December 2009 are excluded from current income and are shown in the accounts as part of Other Current Liabilities.

Interest receivable on maintenance fees in arrears is brought to account as and when received, not on an accruals basis.

Interest receivable from banks and mortgage income trusts is brought to account on an accruals basis.

(e) Cash & Cash Equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks and financial institutions. Due to a change in the liquidity of the underlying investments, investments in mortgage income trusts are not considered part of cash and cash equivalents from 1 July 2008.

(f) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(g) Impairment of Assets

At each reporting date, the Manager reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Manager estimates the recoverable amount of the cash-generating unit to which the asset belongs.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Bonus Time Income

Bonus time income was derived from additional weeks' holidays taken by resort owners, owners from sister (Holiday Concepts Group) resorts, affiliated resorts and other time share owners through the various exchange organisations.

Members are able to book bonus holidays, no longer than nine months in advance, provided they have both paid for and been allocated their ownership week(s). The Manager and Membership Services have advised that in any one year the experience of the time share industry generally and the Holiday Concepts Group (hereinafter referred as "HC Group") is that approximately 10% - 15% of the available space each year is not booked by members, whether financial or otherwise, and accordingly each resort has the ability to offer limited bonus time to financial members.

The trust entered into an Agreement with Resort Systems Pty Ltd (H.C. Direct) to promote the availability of bonus time throughout the entire Holiday Concepts Group membership.

Resort Systems Pty. Ltd. allocates 60% of all bonus time income to the Clubs and in turn, the Manager allocates this income between the Clubs on a needs basis.

(i) Unpaid Maintenance Fees

The directors have determined that a provision for unpaid maintenance fees is not necessary, as their experience to date has been that there is sufficient demand from other time-share owners in the HC Group to acquire the re-possessed weeks, at values at least equal to the amounts in arrears.

(j) Repossessed Weeks

Repossessed Weeks are brought to account at an amount equal to the total outstanding maintenance fees at the time of repossession. Interest and administration fees are not brought to account in this total as they are only recognised as and when received.

(k) GST Income Adjustment

During the course of the 2008 financial year Holiday Concepts Management Limited received a Private Ruling from the Australian Taxation Office, to the effect that Club maintenance fees are input-taxed financial supplies and therefore are not subject to GST.

The credit amount shown in the Income Statement is the net adjustment relating to the accounting treatment of the notional GST included in maintenance fees since 1st January 2007, less a proportionate amount of input-tax credits no longer claimable on Club expenses.

Marine Cove Club Trust Resort is not registered for Goods and Services Tax.

(l) Investment in Blue Diamond Deposits Trust No. 1

As referred to in Note 16(c), the Club's investment in the Blue Diamond Deposits Trust No. 1 ("Blue Diamond") has been impaired to the extent that it is not immediately recoverable. Furthermore, the Manager believes the final recoverable amount could be as low as 50 cents in the dollar, subject to the success or otherwise of certain legal proceedings and the realisation of securities held by Blue Diamond. No provision for any loss of capital has been made in these accounts as the Group Manager, Leisuretime Concepts Pty Ltd, has given the Manager an undertaking that it will provide sufficient financial support to the Club to ensure that it will not suffer any loss of capital arising from this investment.

The financial support referred to above will be limited to the face value of the Club's investment in Blue Diamond as at 30 June 2009, less the total of the actual amount recovered from Blue Diamond and the accumulated amounts of Group Management Fees foregone, as from the financial year ended 30 June 2009 until the financial year in which a final distribution is received from Blue Diamond.

Should the total of Blue Diamond recoveries and Group Management Fees foregone exceed the face value of the investment, the Group Manager will recover the excess from the Club.

MARINE COVE RESORT CLUB TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
NOTE 2: REVENUE			
Operating activities			
- Maintenance Fees		656,861	612,000
- Bonus Time		63,419	55,415
- On-Site Management Fees		-	60,739
- Manager's Rent Received		<u>2,917</u>	<u>3,934</u>
		<u>723,197</u>	<u>732,088</u>
Non-operating activities			
- Interest Received	2(a)	23,707	35,843
- Telephone Income		-	12
- Hospitality Income		16,336	19,067
- Cleaning Income		79	594
- Merchandise Income		24	88
- Video		556	820
- Net GST Adjustment	1(k)	2,443	35,850
- Profit (Loss) on Disposal of Non-Current Assets		876	-
- Sundry Income		<u>976</u>	<u>936</u>
		<u>44,997</u>	<u>93,210</u>
Total Income		<u>768,194</u>	<u>825,298</u>
 (a) Interest from:			
- Members		2,229	2,442
- Mortgage Income Trusts		12,928	33,080
- Financial Institutions		<u>8,550</u>	<u>321</u>
		<u>23,707</u>	<u>35,843</u>
 NOTE 3: PROFIT (LOSS) FROM ORDINARY ACTIVITIES			
Profit (losses) from ordinary activities before income tax expenses has been determined after:			
(a) Expenses			
Depreciation of non-current assets			
- Plant and equipment		357	438
- Office Equipment		1,271	392
- Low Value Asset Pool		<u>378</u>	<u>366</u>
Total Depreciation		<u>2,006</u>	<u>1,196</u>
Remuneration of the auditors for			
- Audit or Review services		6,032	4,768
Remuneration for other services to related practices of the auditor		<u>12,818</u>	<u>10,132</u>
		<u>18,850</u>	<u>14,900</u>

MARINE COVE RESORT CLUB TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
NOTE 4: INCOME TAX EXPENSE			
(a) The components of tax expense comprise:			
- Current Tax		<u>1,977</u>	<u>6,003</u>
(b) The prima facie tax payable on profit (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax payable (benefit) on profit (loss) from ordinary activities before income tax at 30.0% (2008 - 30.0%)		(7,454)	6,740
Less:			
Tax effect of:			
- Net Member Income		<u>(9,431)</u>	<u>737</u>
Income tax expense attributable to the trust		<u>1,977</u>	<u>6,003</u>
NOTE 5: CASH AND CASH EQUIVALENTS			
Cash on Hand		400	400
Cash at Bank		164,586	16,455
Mortgage Income Trusts	8	<u>-</u>	<u>384,000</u>
		<u>164,986</u>	<u>400,855</u>
NOTE 6: TRADE AND OTHER RECEIVABLES			
CURRENT			
Maintenance Fees in Arrears		29,210	67,259
Sundry Debtors		<u>559</u>	<u>9,849</u>
		<u>29,769</u>	<u>77,108</u>
NOTE 7: OTHER ASSETS			
CURRENT			
Prepayments		3,443	3,124
Repossessed Weeks		<u>8,896</u>	<u>-</u>
		<u>12,339</u>	<u>3,124</u>

MARINE COVE RESORT CLUB TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
NOTE 8: OTHER FINANCIAL ASSETS			
NON-CURRENT			
Mortgage Income Trusts			
- at cost		<u>257,000</u>	<u>-</u>
<p>Investments in Mortgage Income Trusts were shown as part of cash and cash equivalents for the year ended 30 June 2008. Due to the manager of these trusts placing a suspension on redemptions during the 2009 year, these have been shown as non-current financial assets for the year ended 30 June 2009. No restatement was made to comparative figures as these trusts were utilised as part of ordinary cash facilities prior to being frozen.</p>			
NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
PROPERTY			
27 Barrage Road, Goolwa, South Australia			
Villa Units 1-20			
At Independent Valuation 23 August 2007	8(b)	3,630,000	3,630,000
Villa Chattels Units 1-20			
At Manager's Valuation 30 June 2007		100,000	100,000
Villa Unit 21			
At Independent Valuation 23 August 2007	8(c)	1,000,000	1,000,000
13-15 McHaffie Drive, Cowes, Victoria			
Villa Units and Chattels 10-14			
At Independent Valuation 30 June 2002	8(d)	<u>750,000</u>	<u>750,000</u>
Unit-Holders' Equity in Resort Property		<u>5,480,000</u>	<u>5,480,000</u>
PLANT AND EQUIPMENT			
(a) Plant and Equipment			
At Cost		6,200	6,200
Less: Accumulated Depreciation		<u>(4,553)</u>	<u>(4,196)</u>
		<u>1,647</u>	<u>2,004</u>
(b) Office equipment			
At cost		11,408	8,294
Less accumulated depreciation		<u>(8,934)</u>	<u>(7,663)</u>
		<u>2,474</u>	<u>631</u>
(c) Low value asset pool			
At Written Down Value		<u>630</u>	<u>1,008</u>
		<u>630</u>	<u>1,008</u>
Total Plant and Equipment		<u>4,751</u>	<u>3,643</u>
Total Property, Plant and Equipment		<u>5,484,751</u>	<u>5,483,643</u>

MARINE COVE RESORT CLUB TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Property	Plant & equipment	Office equipment	Low value asset pool
	\$	\$	\$	\$
2009				
Balance at the beginning of the year	5,480,000	2,004	631	1,008
Additions	-	-	3,114	-
Depreciation expense	-	(357)	(1,271)	(378)
Carrying amount at end of year	<u>5,480,000</u>	<u>1,647</u>	<u>2,474</u>	<u>630</u>

(b) The revaluation of villas 1 – 20 at 27 Barrage Road, Goolwa, was based on the assessment of their current market value. The independent revaluation on 23rd August 2007 was carried out by Rachel Elliott B.Bus (Val & PM), AAPI and Certified Practising Valuer, of Goolwa, South Australia.

The valuations were made in accordance with a regular policy to revalue the properties every five years.

(c) The revaluation of villa 21 at 27 Barrage Road, Goolwa, South Australia, being the manager's residence and associated recreational amenities, has been included in the accounts at its market value. The developer has acknowledged in a Declaration of Trust that, whereas it remains the registered title-holder to Unit 21, it has no beneficial interest in that property. Accordingly, it is shown as part of the unit-holders' equity. The independent valuation on 23rd August 2007 was carried out by Rachel Elliott B.Bus (Val & PM), AAPI, Certified Practising Valuer of Goolwa, South Australia.

The valuations were made in accordance with a regular policy to revalue the properties every five years.

(d) The revaluation of villas 10-14 at 13-15 McHaffie Drive, Cowes, Victoria was based on the assessment of their market value at 30th June 2002. The independent revaluation on 30th June 2002 was carried out by John J. Jess, AAPI, of J. Jess & Associates, Yarram, Victoria.

A more recent sworn valuation has not been completed, despite the policy to revalue every five years. However, the Manager holds a statement from John J. Jess, AAPI, stating that he conducted the valuation at 30th June 2002 and that the current market value of the property at 30th June 2007 is not less than that assessment and there is no reason to believe this not the case at 30 June 2008.

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities

Trade Creditors	23,641	46,001
PAYG Withholding Payable	6,078	7,182
GST Control	1,817	5,574
Sundry Creditors and Accruals	<u>439</u>	<u>1,452</u>
	<u>31,975</u>	<u>60,209</u>

MARINE COVE RESORT CLUB TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
NOTE 10: TRADE AND OTHER PAYABLES (Continued)			
NOTE 11: TAX LIABILITIES			
CURRENT			
Income Tax Payable		<u>1,696</u>	<u>5,946</u>
NON-CURRENT			
Deferred Tax Liabilities		<u>945,636</u>	<u>945,636</u>
Reconciliation of movement in deferred taxes			
Opening Balance of Deferred Tax Liability		<u>945,636</u>	<u>945,636</u>
Closing Balance of Deferred Tax Liability		<u>945,636</u>	<u>945,636</u>
NOTE 12: PROVISIONS			
			Provision for Annual Leave
2009			
Carrying amount at beginning of period			4,933
Net movement in provisions during year			<u>(894)</u>
Carrying amount at reporting date			<u>4,039</u>
NOTE 13: OTHER LIABILITIES			
CURRENT			
Unearned Income		350,350	306,240
Maintenance Fees in Advance		<u>19,847</u>	<u>19,321</u>
		<u>370,197</u>	<u>325,561</u>
NON-CURRENT			
Maintenance Fees in Advance		<u>236</u>	<u>555</u>

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

The Manager is not aware of any contingent assets, unasserted claims or litigation against the trust.

As disclosed at notes 1(l) and 16(c) to these accounts, the Group Manager has agreed to reduce its entitlement to group management fees to a lesser amount as part of financial support to the Club, given the uncertain Blue Diamond situation. Should recoveries from Blue Diamond and foregone group management fees exceed the face value of the Blue Diamond investment at 30 June 2009, the Group Manager will invoice the excess to the Club. As the recoveries from Blue Diamond are currently uncertain, a reliable estimate of this figure is not available and accordingly, is not quantified in these accounts. However, the total amount of financial support provided by the Group Manager to 30 June 2009 is \$22,570.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$	2008 \$
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NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

On 17 December 2009, an administrator was appointed to Traditional Values Management Limited (the Responsible Entity of the Blue Diamond Deposits Trust). The Resort has investments in the Blue Diamond Deposits Trust. As at the date of this report, no information has been made available by the administrator as to the likely outcomes. It is unlikely that the Resort will suffer financial loss from this administration due to the financial support outlined at notes 1(l) and 16(c).

NOTE 16: RELATED PARTY TRANSACTIONS

(a) The developer of the Marine Cove Resort Club Trust, Holiday Concepts Corp Pty Ltd and its associated entities Leisuretime Services Pty Ltd, Leisuretime Concepts Pty Ltd and John Pernal Pty Ltd are also the developers of other time share schemes, being the Riviera Beach Resort Ltd, The Bright Resort Ltd, Lakeside Numurkah Country Club Ltd, Island Breeze Club Ltd, Mainland Resorts Trust, Resort Vacation Trust, Bellbrae Country Club Ltd, Tamarind Sands Trust, the Holiday Rewards Club Trust and the Links Club Trust.

(b) Certain directors of Holiday Concepts Management Ltd (the Manager of Marine Cove Resort Club Trust) are also the directors of the above limited companies. They have not received any remuneration for their services and no remuneration is payable to them for their services, other than those provided for or disclosed in the accounts.

MARINE COVE RESORT CLUB TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
NOTE 16: RELATED PARTY TRANSACTIONS (Continued)			
<p>(c) As provided for in the trust's product disclosure statement, the Group Manager, Leisuretime Concepts Pty Ltd, an entity of which certain directors of the Manager are also directors and in which they have a beneficial interest, is entitled to annual remuneration for management services provided to the trust and other resorts within the HC Group.</p> <p>As referred to in Note 1(l) of the accounts, the Group Manager has agreed to provide financial assistance to the extent of a potential loss in the Blue Diamond Deposits Trust No. 1 investment, in the form of a reduction in group management fees.</p>			
Amounts Paid to Leisuretime Concepts Pty Ltd		<u>31,599</u>	<u>45,900</u>
<p>No further entitlements are payable to either Holiday Concepts Management Ltd or Leisuretime Concepts Pty Ltd at the reporting date other than those fees provided for in the accounts, save for Leisuretime Concepts Pty Ltd recovering group management fees foregone as part of its financial support related to the Blue Diamond investment.</p>			
<p>(d) During the course of the year payments were made to Resort Systems Pty Ltd, an entity of which certain directors of the Group Manager are also directors, for membership services fees.</p>			
Amounts Paid to Resort Systems Pty Ltd		<u>73,281</u>	<u>63,750</u>
<p>(e) Central Administration Fees paid in respect of common Club operational expenses, shared on a per capita (member) basis.</p>			
Amounts Paid to The Holiday Club Pty Ltd		<u>29,239</u>	<u>24,255</u>
<p>(f) The Club has entered into an agreement with HC Asia Pacific Management Pty Ltd (HCAP), a company in which certain directors of the developer and its associates have a financial interest, to manage villa units owned by HCAP located on the resort property.</p>			
Amounts received from HC Asia Pacific Management Pty Ltd		<u>-</u>	<u>60,739</u>
<p>(g) Face value of investments with Blue Diamond Deposits Trust No. 1, an entity in which Elizabeth Clegg and Noel Reynolds are directors of the Responsible Entity (Traditional Values Management Limited).</p>			
		<u>257,000</u>	<u>-</u>
Interest received from Blue Diamond Deposits Trust No. 1		<u>12,928</u>	<u>-</u>
<p>(h) Off-site management fees paid to sister resorts within the Holiday Concepts group</p>			
Amounts paid to the Island Breeze Club Limited		<u>96,669</u>	<u>78,168</u>

Comparative figures are not shown at note 16(g) as this entity did not meet the definition of a related party until June 2009.

MARINE COVE RESORT CLUB TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
NOTE 17: SEGMENT REPORTING			
The trust operates one business segment, being the provision of holiday resort facilities and services for the benefit of members and their guests in Goolwa, South Australia and Cowes, Victoria.			
NOTE 18: CASH FLOW INFORMATION			
Reconciliation of cash flow from operations with profit (loss) from ordinary activities after income tax			
Profit (Loss) from ordinary activities after income tax		(26,824)	16,463
Non-cash flows in profit (loss) from ordinary activities			
Depreciation		2,006	1,196
GST on Capital Acquisitions		-	80
Changes in assets and liabilities			
(Increase)/decrease in receivables		47,339	(14,406)
(Increase)/decrease in other assets		(9,216)	738
Increase/(decrease) in prepaid income		208	(102)
Increase in unearned income		44,110	480
Decrease in payables		(28,234)	(26,814)
Increase/(decrease) in income tax payable		(4,250)	3,382
Decrease in provisions		<u>(894)</u>	<u>(759)</u>
Net Cash Provided By (Used In) Operations		<u>24,245</u>	<u>(19,742)</u>

NOTE 19: TRUST DETAILS

The principal place of business of the trust is:
Marine Cove Resort Club Trust
27 Barrage Road
Goolwa South Australia

MARINE COVE RESORT CLUB TRUST

**DIRECTORS' DECLARATION OF HOLIDAY CONCEPTS MANAGEMENT LIMITED AS
MANAGER FOR THE MARINE COVE RESORT CLUB TRUST**

The Directors of the Manager, Holiday Concepts Management Limited declare that:

1. the financial statements and notes, as set out on pages 5 to 20 present fairly the trust's financial position as at 30 June 2009 and of the performance for the financial year ended on that date of the trust in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
2. in the Directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the Manager.

Director



Mr Noel Reynolds

Director



Mr Derek Reynolds

Dated this 27th day of January 2010

As directors of Holiday Concepts Management Limited, we attest that the Assets belonging to the Mainland Resorts Trust are in order and in existence.

MARINE COVE RESORT CLUB TRUST
INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF
MARINE COVE RESORT CLUB TRUST

Report on the Financial Report

We have audited the financial report, being a general purpose financial report, of Marine Cove Resort Club Trust, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of the significant accounting policies and other explanatory notes and the directors' declaration of the Manager.

The Manager's responsibility for the financial report

The Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Manager also states, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagement and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Marine Cove Resort Club Trust, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Marine Cove Resort Club Trust is in accordance with the Corporations Act 2001,

including:

(i) giving a true and fair view of the trust's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) The financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Application of Accounting Standard AASB 116

Without qualification to the opinion expressed above, attention is drawn to the following matter. As described in Note 1(b) to the accounts, the Marine Cove Resort Club Trust has not provided depreciation for buildings and chattels in the financial statements and such is not in compliance with the requirements of Accounting Standard AASB 116 "Property, Plant & Equipment".

The Manager is of the opinion, however, that not providing depreciation on these items does not result in the financial report not giving a true and fair view as required by the Corporations Act 2001. We do not disagree with this non-application of accounting standard AASB 116 as the carrying values as disclosed in the accounts will not be materially overstated.

Financial Support Regarding Blue Diamond Deposits Trust No. 1 Investment

Without qualification to the above, attention is drawn to the following matter. As disclosed in note 16(c) the Group Manager has agreed to provide financial support by not charging the maximum entitlement to group management fees to the extent of a potential loss arising from the investment in Blue Diamond Deposits Trust No. 1. No provision for this financial support has been recognised in the accounts as the total amount, if any, cannot be reasonably measured as at the reporting date. We do not disagree with this accounting treatment on the basis that the ultimate recovery from Blue Diamond Deposits Trust No. 1 is inherently uncertain at the reporting date and the additional disclosures provided by the Manager has given a true and fair view of the financial report.



Waters Dace Partners
Level 3, 329 Thomas Street
Dandenong VIC 3175



Ken K.Y. Kwong - CA

Partner

27 January 2010

Dandenong

MARINE COVE RESORT CLUB TRUST
COMPILATION REPORT TO THE UNITHOLDERS OF
MARINE COVE RESORT CLUB TRUST

Scope

We have compiled the accompanying special purpose financial statements of The Marine Cove Resort Club Trust, which comprises of the detailed income statement for the financial year ended 30 June 2009. The specific purpose for which the special purpose financial statements were prepared was to provide additional information for the use of the Manager and members.

The Responsibility of the Manager

The Manager is solely responsible for the information contained in the special purpose financial statement and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

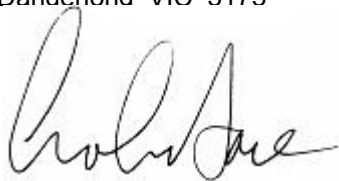
Our Responsibility

On the basis of information provided by the Manager we have compiled the accompanying special purpose financial statement in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statement was compiled exclusively for the benefits of the Manager and the members. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Waters Dace Partners Pty Ltd
Level 3, 329 Thomas Street
Dandenong VIC 3175



Graham D.N. Dace - FCA
Director

27 January 2010
Dandenong

MARINE COVE RESORT CLUB TRUST

DETAILED INCOME STATEMENT

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$	\$
INCOME		
Maintenance Fees	656,861	612,000
Bonus Time	63,419	55,415
On-Site Management Fees	-	60,739
Interest Received	23,707	35,843
Manager's Rent Received	2,917	3,934
Telephone Income	-	12
Hospitality Income	16,336	19,067
Cleaning Income	79	594
Merchandise Income	24	88
Net GST Adjustment	2,443	35,850
Sundry Income	976	936
Video	556	820
Profit (Loss) on disposal of non-current assets	876	-
	<u>768,194</u>	<u>825,298</u>
LESS: VARIABLE OPERATING EXPENSES		
Activities Officer	326	4,267
Cleaning - Materials	6,007	8,202
Cleaning - Wages	67,910	77,791
Electricity	36,943	33,280
Gas	20,753	22,085
Ground Upkeep	12,891	11,973
Ground Wages	33,073	33,864
Hospitality Expenses	13,205	17,978
Laundry	18,560	17,990
Merchandise	320	-
Outside Activities	1,177	1,032
Pool & Complex	24,332	19,687
Telephone	3,942	3,198
Vehicle Allowances	7,402	6,319
Video	67	568
Villa Upkeep	17,809	24,067
Waste Disposal	3,060	2,115
TOTAL VARIABLE OPERATING EXPENSES	<u>267,777</u>	<u>284,416</u>
CARRIED FORWARD	<u>500,417</u>	<u>540,882</u>

These financial statements should be read in conjunction with the attached Compilation Report.

MARINE COVE RESORT CLUB TRUST

DETAILED INCOME STATEMENT

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 \$	2008 \$
BROUGHT FORWARD	500,417	540,882
LESS: FIXED AND FINANCIAL EXPENSES		
Annual General Meeting	2,115	4,569
ASIC Fees	1,000	1,000
Audit & Accountancy	18,850	14,900
Bank Charges	3,476	3,501
Central Administration	29,239	24,255
Computer Expenses	3,639	3,674
Custodian Fees	3,507	2,500
Debt Recovery Costs	(1,410)	(488)
Depreciation	2,006	1,196
Group Management Fees	31,599	45,900
Insurance	9,535	10,959
Long Service Leave Expense	374	1,452
Management & Office Salaries	89,082	82,311
Manager's & Staff Training	1,632	4,187
Member Services	73,281	63,750
Newsletter	4,067	2,077
Off-Site Management Fees	96,669	78,168
Printing, Postage and Stationery	1,610	2,585
Provision for Annual Leave	-	4,933
Rates & Taxes	67,191	64,280
Security Costs	3,196	2,864
Sundry Expenses	3,754	5,833
Superannuation	14,518	14,977
Trustee Fees	13,721	12,474
Uniforms	842	1,325
Workcover	<u>7,395</u>	<u>7,976</u>
TOTAL FIXED AND FINANCIAL EXPENSES	<u>480,888</u>	<u>461,158</u>
NET PROFIT/(LOSS)	<u>19,529</u>	<u>79,724</u>
Less: Resort Refurbishment	<u>44,376</u>	<u>57,258</u>
NET OPERATING SURPLUS (DEFICIT) BEFORE TAX	<u>(24,847)</u>	<u>22,466</u>
Less: Income Tax Expense	<u>1,977</u>	<u>6,003</u>
OPERATING SURPLUS (DEFICIT) AFTER INCOME TAX	<u>(26,824)</u>	<u>16,463</u>

These financial statements should be read in conjunction with the attached Compilation Report.