

PACIFIC VIEW RESORT NO 2 LIMITED
ABN 81 010 318 297

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

PACIFIC VIEW RESORT NO 2 LIMITED
ABN 81 010 318 297

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PACIFIC VIEW RESORT NO 2 LIMITED

ABN 81 010 318 297

DIRECTORS' REPORT

The directors submit herewith the financial report for the year ended 31 December 2011, and report in accordance with a resolution of the directors as follows:

1 The following persons were directors during the year:

Kenneth E Park	Brenda J Suhr
Gregory H Suhr	Kenneth B Durston
Keith N Martin	
Jasper W Glover	

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

- 2 The principal activity of the company in the course of the financial year has been that of timeshare resort management. No significant change occurred in this activity during the year.
- 3 The net profit after tax of the company for the year ended 31 December 2011 was \$328,136 (2010: \$29,486).
- 4 No dividend has been recommended for the year ended 31 December 2011 nor has any dividend been paid or declared since the end of the previous financial year (2010: \$nil).
- 5 There were no significant changes in the state of affairs of the company during the financial year.
- 6 No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:
- (a) the company's operations;
 - (b) the results of those operations; or
 - (c) the company's state of affairs.
- 7 The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.
- 8 No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- 9 No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.
- 10 No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
- 11 Particulars of directors' qualifications, experience, special responsibilities, shares in the company or related body corporate, as at the date of this report, are as follows:

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITY
Kenneth E Park	Engineer (<i>retired</i>)	Chairman
Gregory H Suhr	Director of a farming enterprise Director of a hospital and aged care complex	Finance

PACIFIC VIEW RESORT NO 2 LIMITED

ABN 81 010 318 297

DIRECTORS' REPORT

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITY
Brenda J Suhr	Deputy Head - Independent Girls School Director of a farming enterprise	-
Keith N Martin	Senior Inspector with the DPI Qualified as a carpenter	Secretary
Kenneth B Durston	Company director Sales management	-
Jasper W Glover	Retired Primary School Principal Post graduate qualification in Education Administration	-

12 During the financial year, 4 meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

Name	Number of Meetings Held	Number of Meetings
	While a Director	Attended
Kenneth E Park	4	4
Brenda Suhr	4	4
Gregory H Suhr	4	4
Keith N Martin	4	3
Kenneth Durston	4	4
Jasper W Glover	4	2

13 Key Management Personnel Remuneration Policy

The company's policy for determining the nature and amount of any remuneration of key management is as follows:

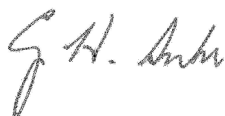
The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Since the end of the financial year, no director has received or become entitled to receive a benefit by reason of any contract made by the company with any director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

14 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 3.

Signed in accordance with a resolution of directors at Caloundra, 26 March 2012.

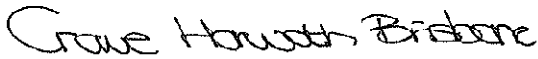


Gregory H Suhr
Director

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Pacific View Resort No 2 Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2011 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.

**Crowe Horwath Brisbane****Vanessa De Waal
Partner**

Signed at Brisbane, 26 March 2012

PACIFIC VIEW RESORT NO 2 LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	2011 \$	2010 \$
REVENUE			
Maintenance fee		867,031	828,904
GST ITC recovery		142,544	-
Rental pool commission		13,311	17,044
Interest received		29,491	19,874
Sundry revenue		96,525	11,824
TOTAL REVENUE		<u>1,148,902</u>	<u>877,646</u>
EXPENSES			
Administration expenses		51,120	55,532
Depreciation expenses		35,982	25,897
Employee benefits expenses		283,104	275,129
Property expenses		335,637	389,453
Resort operating expenses		96,360	97,117
Impairment of financial assets		19,224	9,995
TOTAL EXPENSES		<u>821,427</u>	<u>853,123</u>
Net profit/(loss) before income tax expense/(benefit)		327,475	24,523
Income tax expense/(benefit)	3	<u>(661)</u>	<u>(4,963)</u>
Net profit/(loss) after income tax expense/(benefit) attributable to members		328,136	29,486
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		<u>328,136</u>	<u>29,486</u>

Notes to the financial statements are attached.

PACIFIC VIEW RESORT NO 2 LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	NOTE	2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	668,863	616,407
Trade and other receivables	5	169,575	322,211
Financial assets	6	2,573	21,655
Other current assets	7	47,687	46,688
TOTAL CURRENT ASSETS		<u>888,698</u>	<u>1,006,961</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	414,939	319,815
TOTAL NON-CURRENT ASSETS		<u>414,939</u>	<u>319,815</u>
TOTAL ASSETS		<u>1,303,637</u>	<u>1,326,776</u>
CURRENT LIABILITIES			
Trade and other payables	9	564,120	920,295
Short term provisions	10	30,391	24,830
TOTAL CURRENT LIABILITIES		<u>594,511</u>	<u>945,125</u>
NON-CURRENT LIABILITIES			
Long term provisions	10	1,000	1,000
Deferred tax liability	11	33,736	34,397
TOTAL NON-CURRENT LIABILITIES		<u>34,736</u>	<u>35,397</u>
TOTAL LIABILITIES		<u>629,247</u>	<u>980,522</u>
NET ASSETS		<u>674,390</u>	<u>346,254</u>
EQUITY			
Issued capital	12	1,584	1,584
Retained profits		672,806	344,670
TOTAL EQUITY		<u>674,390</u>	<u>346,254</u>

Notes to the financial statements are attached.

PACIFIC VIEW RESORT NO 2 LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Issued capital	Retained profits	Total
		\$	\$	\$
At 1 January 2010		1,584	283,520	285,104
Prior year adjustment	1(i)	-	31,664	31,664
Restated balance at 1 January 2010		1,584	315,184	316,768
Total comprehensive income				
Net profit/(loss) for the year		-	29,486	29,486
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	29,486	29,486
At 31 December 2010		1,584	344,670	346,254
At 1 January 2011		1,584	344,670	346,254
Total comprehensive income				
Net profit/(loss) for the year		-	328,136	328,136
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	328,136	328,136
At 31 December 2011		1,584	672,806	674,390

Notes to the financial statements are attached.

PACIFIC VIEW RESORT NO 2 LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		930,287	897,117
Payments to suppliers and employees		(774,513)	(811,359)
Interest received		26,525	20,542
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	13(b)	<u>182,299</u>	<u>106,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(141,293)	-
Proceeds from the sale of Property, Plant & Equipment		11,450	-
		<u>(129,843)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH USED IN INVESTING ACTIVITIES			
		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		52,456	106,300
Cash and cash equivalents at the beginning of the year		<u>616,407</u>	<u>510,107</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13(a)	<u>668,863</u>	<u>616,407</u>

Notes to the financial statements are attached.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements cover Pacific View Resort No.2 Limited as an individual entity. Pacific View Resort No.2 Ltd is a company limited by shares, incorporated and domiciled in Australia.

The company is primarily involved in the operation of a timeshare resort in Australia.

The financial statements were authorised for issue by the board of directors on 26 March 2012.

Basis of Preparation

Statement of Compliance

The financial statements of Pacific View Resort No.2 Limited are general purpose financial statements prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards form the basis of Australian Accounting Standards adopted by the AASB.

The financial statements of Pacific View Resort No.2 Limited comply with International Financial Reporting Standards in their entirety.

Reporting Basis and Conventions

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, revenue and expenses. The financial statements are presented in Australian dollars and rounded to the nearest dollar.

- **Critical Accounting Estimates and Judgements**

The estimates and judgements incorporated into the financial statements are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the company. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

- **Key Estimates — Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required accounting estimates and judgements.

The financial statements have been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or, except where stated, the current value of non-monetary assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) 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.

Property, plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses.

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss in the financial period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of 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 which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(a) Property, Plant and Equipment (cont.)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on the diminishing balance basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates

Depreciation rates used for each class of assets are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rates</u>
Buildings	2.5%
Plant & Equipment	15% - 66.6%
Motor Vehicles	20%

(b) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(c) Cash and cash equivalents

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than 3 months which are readily convertible to cash on hand at the investor's opinion and are subject to an insignificant risk of changes in value, and borrowings which are integral to the cash management function and which are not subject to a term facility.

(d) Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Maintenance levies

Maintenance levies are invoiced for once per annum and recorded in unearned income in the statement of financial position. The balance is recognised in revenue on a straightline basis over the period to which it relates.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items directly to equity, in which case the deferred tax is adjusted directly against equity.

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.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Because of the principal of mutuality, only income arising from non-member activities is subject to income tax.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Other than the available-for-sale financial assets for which changes in the fair value of the financial instrument are recognised directly in equity, impairment losses are recognised in the statement of comprehensive income.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(h) Impairment of Assets

At each reporting date, the company reviews the carrying value of 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.

(i) Comparative figures

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

In the preparation of the financial report it was identified that in the prior year GST liabilities were overstated by an amount of \$31,664. This amount has been restated in the current year financial report by amending the comparative figures. On the basis that the amount was not considered material to the overall financial report we have not prepared detailed disclosures or presented the Statement of Financial Performance at 1 January 2010 as required by AASB108: Changes in Accounting Policies, Change in Estimates and Errors.

(j) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2011 reporting periods. The company has reviewed these amendments and is not aware of any which would have a material impact on the company.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
NOTE 2 - EXPENSES		
Profit / (loss) has been determined after:		
<i>Expenses</i>		
Depreciation	35,982	25,897
- Buildings & leasehold improvements	6,250	6,250
- Plant & equipment	20,372	17,364
- Motor vehicle	9,360	2,283
Impairment of financial assets	19,224	9,995
- Bad debts written off	19,224	56,418
- Movement in provision for doubtful debts	-	(46,423)
Superannuation expense	21,195	19,462
Staff costs	261,909	255,666
Auditors remuneration for audit services rendered	9,750	9,500

NOTE 3 - INCOME TAX EXPENSE

Income tax		
Deferred tax	(661)	(4,963)
	(661)	(4,963)

Reconciliation of income tax expense to prima facie tax

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Operating profit before income tax	327,475	24,523
Prima facie tax payable on profit before income tax at 30% (2009: 30%)	98,243	7,357
Increase/(decrease) in income tax expense due to:		
- Amounts excluded under principal of mutuality	(100,779)	(14,195)
- Non-deductible depreciation	1,875	1,875
Income tax attributable to operating profit	(661)	(4,963)

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash on hand	300	300
Cash at bank	668,563	616,107
	668,863	616,407

NOTE 5 - TRADE AND OTHER RECEIVABLES

<i>Current</i>		
Trade receivables	97,703	70,501
Provision for impairment	(19,224)	-
Interest receivable	2,966	-
Other receivables	2,759	2,820
GST refund receivable	85,371	248,890
	169,575	322,211

The GST refund receivable in 2011 represents the net amount receivable from the ATO in respect of the GST amendments passed in the prior year. The amount was received subsequent to the balance date

NOTE 6 - FINANCIAL ASSETS

Trust account	2,573	21,655
	2,573	21,655

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
NOTE 7 - OTHER CURRENT ASSETS		
<i>Current</i>		
Prepayments	47,687	46,688
	47,687	46,688

NOTE 8 - PROPERTY, PLANT & EQUIPMENT

Buildings, at deemed cost	250,000	250,000
Accumulated depreciation	(53,125)	(46,875)
	196,875	203,125
Plant and equipment, at cost	287,887	185,834
Accumulated depreciation	(98,646)	(78,274)
	189,241	107,560
Motor vehicle, at cost	38,183	25,943
Accumulated depreciation	(9,360)	(16,813)
	28,823	9,130
Total property, plant and equipment	414,939	319,815

Movements in Carrying Amounts

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

	<i>Buildings & leasehold improvements</i>	<i>Plant & equipment</i>	<i>Motor vehicle</i>	<i>Total</i>
	\$	\$	\$	\$
2011				
Written down value at the beginning of the year	203,125	107,560	9,130	319,815
Additions	-	104,508	38,183	142,691
Disposals	-	(2,505)	(9,080)	(11,585)
Depreciation expense	(6,250)	(20,372)	(9,360)	(35,982)
Written down value at the end of the year	196,875	189,191	28,873	414,939
	<i>Buildings & leasehold improvements</i>	<i>Plant & equipment</i>	<i>Motor vehicle</i>	<i>Total</i>
	\$	\$	\$	\$
2010				
Written down value at the beginning of the year	209,375	125,129	11,413	345,917
Additions	-	-	-	-
Disposals	-	(205)	-	(205)
Depreciation expense	(6,250)	(17,364)	(2,283)	(25,897)
Written down value at the end of the year	203,125	107,560	9,130	319,815

NOTE 9 - TRADE AND OTHER PAYABLES

Current

Trade creditors	112	4,754
Income received in advance	541,398	493,487
Trust creditors / undistributed rent	3,258	21,034
GST Payable	-	142,544
Sundry creditors and accruals	19,352	9,586
Income received in advance-GST	-	248,890
	564,120	920,295

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	\$	\$
NOTE 10 - PROVISIONS		
<i>Current</i>		
Provision for annual leave	15,948	12,188
Provision for long service leave	14,443	12,642
	30,391	24,830
<i>Non current</i>		
Provision for long service leave	1,000	1,000
	1,000	1,000
NOTE 11 - DEFERRED TAX LIABILITY		
The balance comprises temporary differences attributable to:		
- Provision for employee entitlements	(428)	(430)
- Provision for audit fees	(143)	(158)
- Property, plant and equipment	75,000	75,000
- Tax losses	(40,693)	(40,015)
	33,736	34,397
Reconciliation of movements:		
Balance at the beginning of the year	34,397	39,360
- Provision for employee entitlements	2	(59)
- Provision for audit fees	15	7
- Interest receivable	-	(200)
- Tax losses	(678)	(4,711)
	33,736	34,397
Balance at the end of the year	33,736	34,397
NOTE 12 - ISSUED CAPITAL		
<i>Share capital</i>		
1,584 fully paid \$1 ordinary shares (2010: 1,584)	1,584	1,584
	1,584	1,584
	Number of shares 2011	Number of shares 2010
Balance at the beginning of the year	1,584	1,584
Balance at the end of the year	1,584	1,584

The holders of ordinary shares are entitled to the followings rights, and subject to the following restrictions:

- (i) the right to receive notice of any general meeting of the company.
- (ii) the right to have one vote per fully paid share held, and in the case of partly paid shares a fraction of the vote equivalent to the proportion which is paid up, at shareholders' meetings. Votes can be made either personally or by proxy.
- (iii) the right to receive dividends as determined from time to time, in accordance with the company's constitution.
- (iv) In the event of winding up the company, the right to participate in the proceeds from the sale of all surplus assets, in proportion to the number of and amounts paid up on shares held.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
NOTE 13 - CASH FLOW INFORMATION		
(a) Reconciliation of cash & cash equivalents		
Cash and cash equivalents (note 4)	668,863	616,407
	668,863	616,407
(b) Reconciliation of net cash to operating profit/(loss) after income tax		
Operating profit/(loss) after income tax	328,136	29,486
<i>Adjustment for non-cash and other disclosure items</i>		
Depreciation	35,982	25,897
Loss on disposal of property, plant and equipment	(1,263)	205
(Decrease)/increase in provision for impairment of financial assets	19,224	(36,428)
<i>Adjustments for changes in assets and liabilities</i>		
<i>(Increase)/decrease in:</i>		
Interest receivable	(2,966)	668
Trade and other receivables	(256,117)	39,838
Financial assets	19,082	(14,334)
Other current assets	(999)	(2,594)
<i>Increase/(decrease) in:</i>		
Trade and other payables	36,320	63,368
Provisions for employee benefits	5,561	5,157
Deferred tax liability	(661)	(4,963)
Net cash provided by/(used in) operations	182,299	106,300

NOTE 14 - RELATED PARTY TRANSACTIONS

(a) Directors' Names

The names of directors who have held office during the financial year and their shares in the company are:

Kenneth E Park	2	Shares jointly held with F Park
Brenda Suhr	1	Shares jointly held with G Suhr
Gregory H Suhr	1	Shares jointly held with B Suhr
Keith N Martin	2	Shares jointly held with R Martin
Kenneth Durston	3	Shares jointly held with P Durston
Jasper W Glover	1	

(b) Directors' Remuneration and Retirement Benefits:

There are no remuneration or retirement benefits provided to directors during the year. (2010: \$nil)

(c) Executive remuneration

The directors of the resort are directly accountable and responsible for the strategic direction and operational management of the resort and are responsible for managing the resort. During the year there were no executives of the resort.

(d) There are no transactions between the company and directors and director-related entities.

NOTE 15 - CONTINGENT LIABILITIES

The company has no contingent liabilities at the date of this report.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 16 - SUBSEQUENT EVENTS

No material events occurred after balance date and to the date of this report requiring disclosure.

NOTE 17 - SEGMENT INFORMATION

The company's principal activity is that of a timeshare resort property management in Australia.

NOTE 18 - NET FAIR VALUE

The net fair value of trade and other receivables, other financial assets and trade & other payables approximate their carrying values.

NOTE 19 - MEMBER RENTAL POOL

The rental pool is maintained by Pacific View Resort No. 2 Ltd for and on behalf of timeshare owners.

The rental pool does not form part of the company's financial statements for the year ended 31 December 2011.

NOTE 20 - FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management

The company's financial instruments consist of deposits with banks, short term investments, trade and other receivables and trade and other payables. The company does not have any derivative instruments at 31 December 2011.

i. Treasury Risk Management

The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risk the company is exposed to through financial instruments are interest rate risk, liquidity risk and credit risk.

iii. Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates.

iv. Liquidity risk

The company manages liquidity by monitoring cash flows and ensuring that there are sufficient reserves to meet expected outlays.

v. Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount net of any provisions for those assets, as disclosed in the statement of financial position and noted to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

vi. Price risk

The company is not exposed to any material commodity price risk.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 20 - FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that an financial instrument's value will fluctuate as a result of changes in market interest rates and the effective average interest rates on those financial assets and financial liabilities, is as follows:

	Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate Maturing		Total
	%	\$	\$	<1 Year	1-5 Years	\$
31 December 2011				\$	\$	
Cash and cash	4.78%	394,672	300	273,891	-	668,863
Trade and other	-	-	169,575	-	-	169,575
Other financial assets	-	2,573	-	-	-	2,573
Total financial assets		397,245	169,875	273,891	-	841,011
Trade and other payables	-	-	22,722	-	-	22,722
Total financial liabilities		-	22,722	-	-	22,722

	Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate Maturing		Total
	%	\$	\$	<1 Year	1-5 Years	\$
31 December 2010				\$	\$	
Cash and cash	5.33	355,694	300	260,413	-	616,407
Trade and other	-	-	322,211	-	-	322,211
Other financial assets	-	21,655	-	-	-	21,655
Total financial assets		377,349	322,511	260,413	-	960,273
Trade and other payables	-	-	177,918	-	-	177,918
Total financial liabilities		-	177,918	-	-	177,918

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 20 - FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and actual cash flows and matching the maturity profiles of financial assets and financial liabilities and ensuring that adequate cash reserves are maintained.

Trade payables are short term in nature. The company is not exposed to any significant liquidity risk. The following are contractual maturities of financial liabilities:

31 December 2011

	Carrying amount	Contractual cash flows	Less than one year	1-5 years	over 5 years
	\$	\$	\$	\$	\$
Trade and other payables	22,722	22,722	22,722	-	-

31 December 2010

	Carrying amount	Contractual cash flows	Less than one year	1-5 years	over 5 years
	\$	\$	\$	\$	\$
Trade and other payables	177,918	177,918	177,918	-	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The ageing of the company's trade and other receivables at the reporting date was:

	2011		2010	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due (current)	-	-	-	-
Past due 0-30 days (30 day ageing)	-	-	-	-
Past due 31-60 days (60 day ageing)	64,998	-	52,057	-
Past due more than 60 days (+90 day ageing)	32,705	(19,224)	18,444	-
	97,703	(19,224)	70,501	-

The balance of the past due receivables at 31 December 2011 was not impaired because it is expected that these amounts will be received in full through various recovery actions in the normal course of business.

The other classes of other receivables do not contain impaired assets and are not past due. Based on the credit history of the receivables, it is expected that these amounts will be received when due.

PACIFIC VIEW RESORT NO 2 LIMITED
NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 20 - FINANCIAL RISK MANAGEMENT (continued)

Movements in carrying amounts

Movements in the carrying amounts of impairment expenses between the beginning and the end of the current financial year:

	2011	2010
	\$	\$
Trade and other receivables assessed as impaired at the beginning of the year	-	36,428
Annual impairment expense per the statement of comprehensive income	19,224	9,995
Trade and other receivables assessed as impaired and written off during the year	-	(46,423)
Trade and other receivables assessed as impaired at the end of the year	19,224	-

Capital risk management

The directors manage the capital to ensure that the company is able to continue as a going concern to be able to satisfy future capital needs of the resort, through the optimisation of debt and equity balances.

The capital structure of the company consists of cash and cash equivalents and equity comprising of share capital, reserves and retained earnings.

The board reviews this structure and the associated risks with each class of capital on a regular basis.

Capital risk management policies remain unchanged from the prior year.

NOTE 21 - COMPANY DETAILS

The registered office of the company is:
Pacific View Resort No.2 Ltd
34 Victoria Terrace
CALOUNDRA QLD 4551

The principal place of business is:
Pacific View Resort No.2 Ltd
34 Victoria Terrace
CALOUNDRA QLD 4551

PACIFIC VIEW RESORT NO 2 LIMITED
ABN 81 010 318 297
DIRECTORS' DECLARATION

The directors declare that :

- (1) the financial statements and notes set out on pages 4 to 18 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards (as set out in Note 1 to the financial statements) and *Corporations Regulations 2001* ; and
 - (ii) give a true and fair view of the company's financial position as at 31 December 2011 and its performance for the year ended on that date; and
- (2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors at Caloundra, 26 March 2012.



Gregory H Suhr
Director

Independent Auditors Report

A WHK Group Firm

To the members of Pacific View Resort No 2 Limited

Report on the Financial Report

We have audited the accompanying financial report of Pacific View Resort No 2 Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit 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*, which has been given to the directors of Pacific View Resort No 2 Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- a) the financial report of Pacific View Resort No 2 Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Crowe Horwath Brisbane

Crowe Horwath Brisbane



Vanessa de Waal
Partner

Signed at Brisbane, 29 March 2012