Thunderbird

RESORTS

2010 Annual Report

CONTENTS

Thunderbird Resorts Inc.

(a British Virgin Islands company limited by shares, with its registered office in Tortola, British Virgin Islands)

Cautionary Note with regard to "forward-looking statements"

This Annual Report contains certain forward-looking statements within the meaning of the securities laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential revenue, future plans, and objectives of the Thunderbird Resorts Inc. (the "Group" or the "Company") are forward-looking statements that involve risk and uncertainties. There can be no assurances that such statements will prove to be accurate and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Group's forward-looking statements include competitive pressures, unfavorable changes in regulatory structures, and general risks associated with business, all of which are disclosed under the heading "Risk Factors" and elsewhere in the Group's documents filed from time-to-time with the NYSE Euronext Amsterdam exchange ("NYSE Euronext Amsterdam") and other regulatory authorities.

CHAPTER 1 – INTRODUCTION AND FINANCIAL HIGHLIGHTS

This is the Group's Annual Report for the financial year ended 31 December 2010. This Annual Report is intended to comply with the rules and regulations for the NYSE Euronext Amsterdam.

Unless otherwise specified or the context so requires, "Thunderbird Resorts Inc.", "the Company", "the Group", "it" and "its" refer to Thunderbird Resorts Inc. and all its Group companies as defined in Article 24b Book 2 of the Dutch Civil Code.

The Group is registered in the British Virgin Islands with common shares traded under the symbol TBIRD on the NYSE Euronext Amsterdam, the regulated market of NYSE Euronext Amsterdam N.V. ("NYSE Euronext"). The Group has adopted the U.S. dollar ("USD") as its reporting currency. As required by EU regulation, the Group's consolidated financial statements have been prepared in accordance with international financial reporting standards ("IFRS").

Our existing common shares are traded on the NYSE Euronext Amsterdam under the symbol TBIRD and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. Our Group external auditor for 2010 is Grant Thornton UK, LLP.

Our corporate information

The Company is a British Virgin Islands corporation that is domiciled in the British Virgin Islands. The registered office is at Icaza, González-Ruiz & Alemán (BVI) Trust Limited, Vanterpool Plaza, Second Floor, Road Town, Tortola, BVI and our principal executive offices are located at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514, Panama City, Panama. Our telephone number is (507) 223-1234. Our website is www.thunderbirdresorts.com.

SUMMARY OF SELECTED FINANCIAL DATA

The selected financial data below has been derived from the Group's audited consolidated statement of financial position and consolidated statement of comprehensive income and the related notes included in Chapter 10 of this report. The Group has acquired, commenced and/or ceased operations of companies and businesses during the past several years which limit the comparability of some of its year-end year figures (See chapters 4 and 10 for results of both continuing and discontinued operations). All monetary amounts are in USD.

(In thousands, except per share data)		2010		2009
Statement of comprehensive income data:				
Net gaming wins	$	99,772	$	93,643
Food, beverage and hospitality sales		26,623		21,612
Total revenue		126,395		115,255
Cost of goods sold		(45,916)		(41,066)
Gross profit		80,479		74,189
Other operating costs				
Operating, general and administrative		(52,775)		(50,780)
Project development		(2,110)		(891)
Depreciation and amortization		(14,876)		(16,397)
Other gains and (losses) (1)		1,734		(8,306)
Operating profit / (loss)		12,452		(2,185)
Financing				
Foreign exchange gain		4,134		4,153
Financing costs		(18,060)		(19,223)
Financing income		2,085		1,443
Finance costs, net		(11,841)		(13,627)
Profit / (loss) before tax		611		(15,812)
Taxation		(2,368)		(1,461)
Loss for the year from continuing operations	$	(1,757)	$	(17,273)
Profit / (loss) for the year from discontinued operations (2)		18,030		(3,128)
Profit / (loss) for the year	$	16,273	$	(20,401)
Other comprehensive income				
Currency translation reserve	$	1,693	$	1,967
Other comprehensive income for the year		1,693		1,967
Total comprehensive income / (loss) for the year	**$**	**17,966**	**$**	**(18,434)**

(In thousands, except per share data)		2010		2009
Profit (loss) for the year attributable to:				
Owners of the parent		15,804		(20,757)
Non-controlling interest		469		356
	$	16,273	$	(20,401)
Total comprehensive income attributable to:				
Owners of the parent		17,497		(18,790)
Non-controlling interest		469		356
	$	17,966	$	(18,434)
Basic profit/(loss) per share (in $)				
Loss from continuing operations		(0.11)		(0.89)
Earnings/(loss) from discontinued operations		0.87		(0.16)
Total		0.76		(1.05)
Diluted profit/(loss) per share (in $)				
Loss from continuing operations		(0.11)		(0.89)
Earnings/(loss) from discontinued operations		0.87		(0.16)
Total		0.76		(1.05)
Basic shares outstanding (000's)		20,683		19,730
Diluted shares outstanding (000's)		21,377		19,780

(1) The amounts included in "Other gains / (losses)" for 2010 and 2009 include, stock compensation costs, gains from asset sales, prospectus costs, impairment write offs, and Group reserves on assets.
(2) The amounts included in "Profit / (loss) for the period from discontinued operations" include the book profit on the sale of the Group's Panama and Guatemala operations, as well as the Group's discontinued Poland operation.

(in thousands)		2010		2009
Other financial data:				
Net cash generated by operating activities	$	31,346	$	19,370
Net cash used in investing activities		(13,109)		(13,500)
Net cash used by financing activities		(17,134)		(16,980)
Property EBITDA (1)		33,465		28,523
Adjusted EBITDA (2)		26,921		19,966
Balance sheet data:				
Restricted cash and cash equivalent	$	10,015	$	10,898
Total assets		204,587		241,217
Total liabilities		(153,704)		(210,516)
Total equity		(50,883)		(30,701)

(1) Property EBITDA consists of income from operations before depreciation and amortization, write-downs, reserves and recoveries, project development and pre-opening costs, corporate expenses, corporate management fees, merger and integration costs, and profit/(losses) on interests in non-consolidated affiliates. Property EBITDA is a supplemental financial measure we use to evaluate our country-level operations. However, property EBITDA should not be construed as an alternative to income from operations as an indicator of our operating performance, or to cash flows from operating activities as a measure of liquidity. All companies do not calculate property EBITDA (or similar measures) in the same manner. As a result, property EBITDA as presented in this Annual Report may not be comparable to similarly-titled measures presented by other companies.

(2) Adjusted EBITDA represents net earnings before net interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, minority interests, development costs, gain on refinancing and discontinued operations. We use adjusted EBITDA to assess the asset-level performance of our ongoing operations. However, adjusted EBITDA should not be construed as an alternative to income from operations as an indicator of our operating performance, or to cash flows from operating activities as a measure of liquidity. All companies do not calculate adjusted EBITDA or similar measures in the same manner; as a result, adjusted EBITDA as presented in this Annual Report may not be comparable to similarly-titled measures presented by other companies.

CHAPTER 2 – FROM THE CEO

Dear Readers,

Thunderbird Resorts Inc. ("Thunderbird" or "the Group") is pleased to report our audited 2010 results and our plans for the year ahead.

Thunderbird Resorts in 2010

Results from Continuing Operations: In 2010, the Group's revenues grew by 9.7 percent to $126.4 million, adjusted EBITDA by 34.8 percent to $26.9 million, and loss from continuing operations of $1.8 million versus a loss of $17.3 million in 2009. Total profit for the year attributable to the owners of the parent (including discontinued operations) was $15.8 million compared to a loss of $20.8 million in 2009. By year-end 2010, we reduced our net debt to $104.4 million or approximately 4x adjusted EBITDA. By deploying proceeds from the April 2011 sale of two hotels in Peru to debt paydowns, we expect net debt to adjusted EBITDA to be reduced to 3.6x in the first half of 2011.

To achieve this performance, the Group: a) Focused on growth in core markets, with the result that the Philippines, Peru and Costa Rica revenues each grew by more than 11 percent from existing operations; b) Improved margins and therefore experienced healthy EBITDA growth; c) Reduced corporate overhead to $6.5 million from $8.6 million in 2009, further driving EBITDA growth; and d) Deleveraged by liquidating mature assets (Panama) and non-strategic assets (Peru hotels without casinos) to drive down our debt ratios.

Experienced Management Team: The Group's top seven corporate executives have been with Thunderbird for an average of over ten years. Our five country managers have been with the Group for an average of seven years. The team is more prepared than ever to mitigate risks and to optimize bottom-line results.

Portfolio Positioned for Smart Growth: Thunderbird's historical base consisted of four Central American markets with a combined population of less than 25 million. The Group spent heavily on development in recent years to transition into larger, more scalable markets. The Philippines and Peru have combined populations in excess of 120 million. India, in which our first operation is now projected to open in Q3 2011, has a population in excess of one billion. Development and management expense growth should be controlled because we will leverage our existing teams and operations to pursue new business in our scalable markets. At the same time, our repositioned portfolio offers more income and balance sheet growth opportunities and better access to capital than the Group has ever had in its history.

Financial Indicators for 2011

Closure of Non-performing Assets: Between December 2010 and March 2011, Thunderbird sold and closed its operations in Guatemala and Poland, respectively, which combined were a negative of $0.2 million drag on EBITDA in 2010. The result will be a positive net contribution to earnings in 2011.

Revenue Growth to Drive Earnings Growth: In line with our strategy to focus on our deeper markets, in February the Group expanded its Rizal, Philippines property by adding a 950 square meter event center expansion to increase property traffic and will deploy 100 slot machines in 2011 once government approvals are received. In Peru, in March, we completed the conversion of a small slot parlor into a full casino with a total of 157 positions. In India, in February, we announced that a letter of internt has been executed for completion funding for our first business in the country, which is now projected to open in late 2011. We are also working on expansions in Poro Point, Philippines and in Costa Rica. Our existing markets are projected to experience average GDP growth of 6 percent and we believe organic growth will be in line with this expectation. Management believes as much as 50 percent of new revenues (net of gaming tax) will drop to the Group's bottom line.

Expenses have Stabilized: Corporate-level expenses have been cut by $2.0 million since 2009 and by $5.7 million since 2008. Property EBITDA grew by 17.3 percent in 2010 because revenue growth outpaced increases in property, marketing and administration expense. The Group believes that revenues will continue to grow faster than expenses in 2011, supporting EBITDA and earnings growth. Average inflation in our markets is expected to be 4 percent in 2011.

Debt Reduction to Continue: Gross debt at the end of 2010 (from continuing and discontinued operations) was $121 million as compared to $169 million at the end of 2009. In April, we announced the sale of two more hotels in Peru for $18 million, most of which will be used to further deleverage. By year-end 2011, assuming no new expansions other than those currently ongoing, management believes that Group net debt will reduce to approximately 3x adjusted EBITDA. In 2010, financing costs equaled $18.1 million, $1.1 million less than in 2009

Opportunities & Challenges Ahead

Here are some of the key opportunities and challenges that we see ahead.

Development of our Core Markets: The Philippines is a profitable business with significant growth opportunities. India was burdened by delays and cost overruns in 2010, which are now being resolved through completion funding via the injection of additional equity capital from a strong local partner as announced in February 2011. After a challenging year, India is stabilizing and offers substantial growth opportunities. With the sale of non-core hotels in Peru, that business appears to be stabilized and cash flows and earnings will continue to grow. Costa Rica is a profitable business and also offers expansion opportunities. A key challenge for the Group in 2011 and beyond is how to take advantage of these opportunities for growth in our core markets in a way that does not rely on an unbalanced amount of leverage or on a high cost of capital.

Capital Reserves: Like other multinationals operating in emerging markets, Thunderbird benefits from faster growing economies and can be challenged by greater regulatory and market risks. Our opportunity is to go deeper in these markets to mitigate risk with greater market presence and to leverage existing management teams to maximize profits. Our primary challenge is that companies operating in higher growth, riskier markets need significant cash reserves and and strong local partners in order to better manage destabilizing events. This challenge presented itself with a cost overrun on our first India project, resulting in the need for us to raise more equity and to dilute to a minority position.

Management Contracts: Thunderbird has become known for its management skills in both casinos and hotels. We have received multiple requests in 2010 to manage casino and hotel properties on behalf of third parties. The Group is evaluating if undertaking management contracts will provide similar or increased value to our shareholders versus only building and operating our own properties. Scalability combined with minimal capital outlays are the opportunity, particularly in deep markets like India. The challenge is dilution of our focus.

Optimization of Shareholder Value: We are focused on increasing shareholder value as our number one goal. We believe that the Group is undervalued compared to its peers. Certain Asian exchanges generate materially higher multiples that could create greater value for our shareholders at the Group level if our Asian affiliates were listed on those exchanges. We are evaluating the requirements and costs for such listings and other strategies that may assist the markets to better recognize the Group's value.

Fine-tuning our Capital Structure: We believe that debt reduction and growth within our core markets will yield the most consistent positive trends in profitability. Achieving both debt reduction and expansion through investment in new projects may only be possible, however, through equity raise ups at either the parent and/or country subsidiary levels. Determining the most appropriate capital structure to properly manage risk and optimize shareholder value is a key consideration of the Group in 2011.

We took decisive strong action during the last 18 months to weather the worldwide economic crisis and emerge stronger. The Group is undergoing a turnaround and will continue to try and enhance shareholder value. The opportunities and challenges we face will be met by an experienced and mature management team.

Sincerely,

Jack R Mitchell

President and Chief Executive Officer
Thunderbird Resorts Inc.
29 April 2011

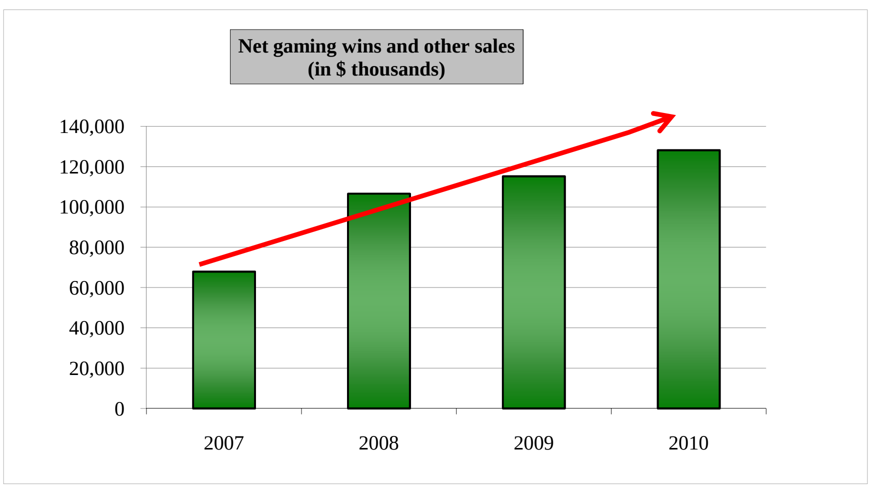
CHAPTER 3 – REPORT OF BOARD AND MANAGEMENT ON THE COURSE OF AFFAIRS OF THE GROUP IN 2010 OVERVIEW

Summary of 2010 Results

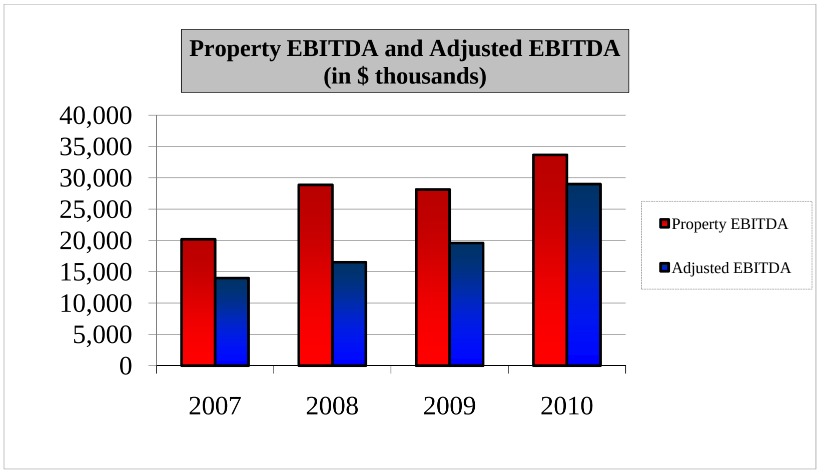
Our 2010 results were an improvement as compared to 2009. The table below reflects our adjusted net earnings adjusted for non-cash and non-recurring items.

(In thousands)		**2010**		2009	% change
Profit/(loss) for the period attributable to the owners of the parent	**$**	**15,804**	$	(20,757)	-176.1%
Depreciation and amortization		**14,876**		16,397	-9.3%
Foreign exchange gain		**(4,134)**		(4,153)	0.5%
Project development		**2,110**		891	136.8%
Other (gain) and losses		**(1,734)**		8,306	-120.9%
Less: (Profit) / loss for the year from discontinued operations		**(18,030)**		3,128	-676.4%
Adjusted net earnings	**$**	**8,892**	$	3,812	133.3%

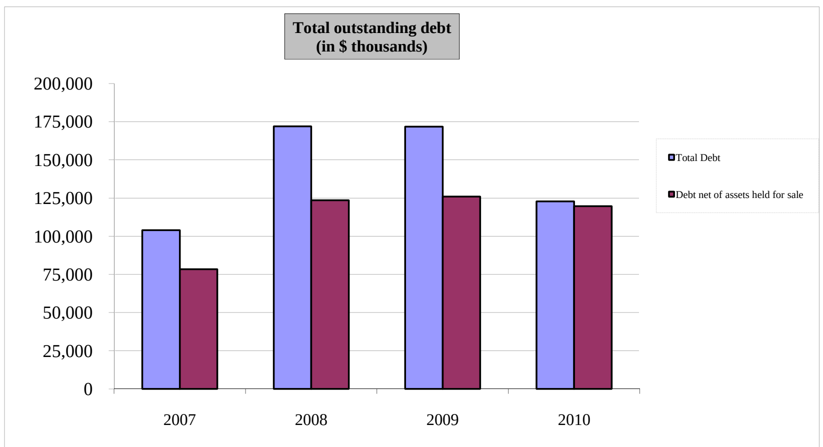
As the following charts display, the Group's continuing operations have accomplished significant net gaming wins and sales growth in recent years:



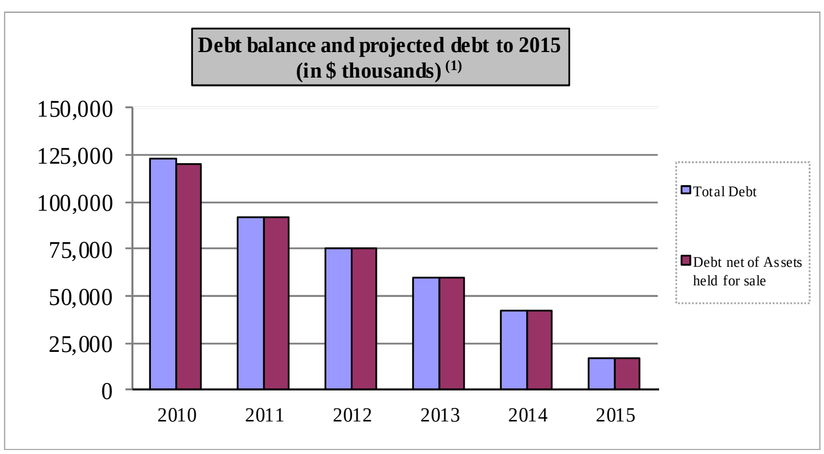
The result of our revenue growth and of controlled expense growth is a positive trend in continuing operations' property EBITDA and adjusted EBITDA:



While our business has grown, the Group has reduced substantially its gross debt in 2010.



Between 31 December 2010 and 2015, scheduled debt paydown should reduce net debt to less than 1x adjusted EBITDA.



(1) The chart is static and depicts principal balances on existing debt and excludes any new debt which may be incurred in the future. See note 17 and note 23 of the consolidated financial statements as to additional debt disclosures.

Looking forward to 2011

We will continue our focus on debt reduction; improving efficiencies in our core operations; opening the 5 star resort in India; and following up our recent Rizal expansion with a Poro Point expansion in early 2012 as funding allows. While the last 24 months have been challenging, we believe that 2011 will continue the positive trends in our core countries from 2010 and will provide better results for the Group, our shareholders, and employees.

Our Business Strategy

Thunderbird is an international provider of branded casino and hospitality services, focused on Asia and Latin America. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our shareholders, and our employees. In the current year, we may expand our operations in our existing markets, through expansions of existing facilities and new investments as merited by demand and prospective returns on capital. We intend to pursue the following business strategy:

- **Focus on profitability and cash generation.** We have now built what we believe to be a solid fundamental business, and can focus on attaining profitability for the Group through improving efficiencies and enhancing revenues in existing facilities wherever possible. Our expansion efforts will be focused on capital investments that result in new gaming positions while minimizing the investment in real estate except when required to secure a gaming license.

- **Manage each country as an operating segment.** We manage each country's operations as a fully-integrated business unit, centralizing administrative and management functions under the supervision of a "country manager," and country finance director which allows us to lower overhead and working capital needs while keeping management knowledgeable about each local market.

- **Implement technology-based infrastructure and controls.** We operate our gaming facilities using consistent controls and procedures standards, and use interlinked communication and monitoring systems to allow real-time monitoring of operations. This allows us to market our facilities, and manage our people and assets, more effectively. We utilize in all of our country operations worldwide: (i) daily and per shift reporting and reconciliation of casino gaming activities; (ii) daily drop and win reports; (iii) weekly closing cycles for basic reconciliations; (iv) monthly variance reports; (v) interlinked communication and monitoring systems; (vi) country level transactional accounting; (vii) daily sales reports; and (viii) digital surveillance. We are also in the process of implementing global casino management, customer relationship and human resource management systems in order to increase trip frequency, length of stay and support of our global staff.

We believe that our competitive strengths include the following:

- **Experienced management.** We believe that our senior management has significant experience in the development, acquisition and operation of gaming and hospitality establishments, including critical expertise with respect to regulatory matters as they relate to all of these businesses.

- **Brand identity.** We feel that our Thunderbird hospitality and Fiesta casino brands have unique and valuable identities in our markets, and will continue to develop these brands under the umbrella of creating extraordinary experiences for our guests.

- **Strategic local partners.** We believe that strong local partners provide us with a competitive advantage as such partners help us to better understand the local business climate and regulatory regime, and provide insight regarding local marketing approaches and community relationships.

- **Fully-integrated project development, completion and operation teams.** Our teams include not only property management, but also project sourcing and analysis, design, and construction management. We feel that our expertise and experience in these areas allow us build and operate products that consistently out perform our local competitors.

CHAPTER 4 - BUSINESS PERFORMANCE IN 2010

The following tables set forth selected financial data, which is derived from our audited consolidated statement of financial position and comprehensive income for the years ended 31 December 2010 and 2009 and was prepared in accordance with IFRS. It is important to note that: a) Losses from continuing operations were $1.8 million versus a loss of $17.3 million in 2009; and b) Profit attributable to the owners of the parent including discontinued operations was $15.8 million versus a loss of $20.7 million in 2009. Discontinued operations include our mature Panama operations and under performing Guatemala operations that were sold in 2010 together with our Poland operations. More information on both continuing and discontinued operations can be found in the following chapters of this 2010 Annual Report.

(In thousands, except per share data)	**As reported 2010 (1)**	As reported 2009 (1)	% change	**As adjusted 2010 (2)**	As adjusted 2009 (2)	% change
Net gaming wins	**$ 99,772**	$ 93,643	6.5%	**$ 137,178**	$ 153,088	-10.4%
Food and beverage sales	**10,676**	8,844	20.7%	**13,511**	13,281	1.7%
Hospitality and other sales	**15,947**	12,768	24.9%	**15,945**	12,777	24.8%
Total revenues	**126,395**	115,255	9.7%	**166,634**	179,146	-7.0%
Promotional allowances	**6,133**	5,471	12.1%	**6,955**	7,082	-1.8%
Property, marketing and administration	**86,798**	81,261	6.8%	**116,063**	128,637	-9.8%
Property EBITDA	**33,465**	28,523	17.3%	**43,616**	43,427	0.4%
Corporate expenses	**6,544**	8,557	-23.5%	**6,544**	8,557	-23.5%
Adjusted EBITDA	**26,921**	19,966	34.8%	**37,072**	34,870	6.3%
Adjusted EBITDA as a percentage of revenues	**21%**	17%		**22%**	19%	
Depreciation and amortization	**14,876**	16,397	-9.3%	**19,748**	24,892	-20.7%
Interest and financing costs, net	**15,975**	17,780	-10.2%	**17,130**	20,115	-14.8%
Management fee attributable to non-controlling interest	**(783)**	(3,443)	-77.3%	**1,714**	1,255	36.6%
Project development	**2,110**	891	136.8%	**2,110**	891	136.8%
Shared based compensation	**1,389**	1,220	13.9%	**1,389**	1,220	13.9%
Foreign exchange gain	**(4,134)**	(4,153)	-0.5%	**(4,192)**	(4,182)	0.2%
Other (gain) and losses	**(3,251)**	7,211	-145.1%	**(3,219)**	8,562	-137.6%
Derivative financial instrument	**128**	(125)	202.4%	**128**	(125)	202.4%
Income taxes	**2,368**	1,461	62.1%	**6,344**	2,531	150.7%
Profit / (loss) for the year from continuing operations	**$ (1,757)**	$ (17,273)	-89.8%	**$ (4,080)**	$ (20,289)	-79.9%
Profit / (loss) for the year from discontinued operations	**18,030**	(3,128)	-676.4%	**20,353**	(112)	0.0%
Profit / (loss) for the year	**$ 16,273**	$ (20,401)	-179.8%	**$ 16,273**	$ (20,401)	-179.8%
Non-controlling interest	**$ 469**	$ 356	31.7%	**$ 469**	$ 356	31.7%
Profit / (loss) for the year attributable to the owners of the parent	**$ 15,804**	$ (20,757)	-176.1%	**$ 15,804**	$ (20,757)	-176.1%
Currency translation reserve	**1,693**	1,967	-13.9%	**1,693**	1,967	0.0%
Total comprehensive income / (loss) for the year attributable to the owners of the parent	**$ 17,497**	$ (18,790)	-193.1%	**$ 17,497**	$ (18,790)	-193.1%
Loss per common share from continuing operations (3)						
Basic	**$ 0.76**	$ (1.05)		**$ 0.76**	$ (1.05)	
Number of common shares:						
Basic	**20,683**	**19,730**		**20,683**	**19,730**	
Diluted	**21,377**	**19,708**		**21,377**	**19,708**	

(1) As reported reflects the results of Panama, Guatemala and Poland operations as discontinued operations.
(2) As adjusted includes the results of Panama, Guatemala and Poland operations for comparative purposes.
(3) Dilutive effects on EPS are not shown for a period when there is a loss.

Basic shares outstanding are the weighted average number of shares outstanding for the year ended 31 December 2010. Total basic shares outstanding as of 31 December 2010 were 20,682,815. Total actual shares outstanding as of 31 December 2010 were 20,509,344. As of 29 April 2011, our issued and outstanding shares were 20,719,767.

CONSOLIDATED OPERATING AND FINANCIAL REVIEW

You should read the following discussion together with the consolidated statement of financial position and comprehensive incomes and notes thereto included elsewhere in this Annual Report. The following discussion includes forward-looking statements that are not historical facts but reflect our current expectation regarding future results. Actual results may differ materially from the results discussed in the forward-looking statements because of a number of risks and uncertainties, including the matters discussed below and elsewhere in this Annual Report, particularly under the heading "Risk Factors."

(In thousands)	**As reported 2010 (1)**	As reported 2009 (1)	% change	**As adjusted 2010 (2)**	As adjusted 2009 (2)	% change
REVENUES BY COUNTRY						
Panama	**$ -**	$ -	0.0%	**$ 35,177**	$ 57,095	-38.4%
Guatemala	**-**	-	0.0%	**2,916**	3,538	-17.6%
Nicaragua	**11,894**	12,535	-5.1%	**11,894**	12,535	-5.1%
Costa Rica	**21,533**	19,374	11.1%	**21,533**	19,374	11.1%
Philippines	**49,620**	44,624	11.2%	**49,620**	44,624	11.2%
Peru	**43,103**	38,410	12.2%	**43,103**	38,410	12.2%
Poland	**-**	-	0.0%	**2,145**	3,258	-34.2%
Other	**245**	312	-21.5%	**245**	312	-21.5%
Total revenues	**$ 126,395**	$ 115,255	9.7%	**$ 166,633**	$ 179,146	-7.0%
PROPERTY EBITDA BY COUNTRY						
Panama	**$ -**	$ -	0.0%	**$ 10,388**	$ 16,300	-36.3%
Guatemala	**-**	-	0.0%	**111**	(1,020)	110.9%
Nicaragua	**2,285**	3,092	-26.1%	**2,285**	3,092	-26.1%
Costa Rica	**6,727**	6,874	-2.1%	**6,727**	6,874	-2.1%
Philippines	**15,122**	13,854	9.2%	**15,122**	13,854	9.2%
Peru	**9,331**	4,703	98.4%	**9,331**	4,703	98.4%
Poland	**-**	-	0.0%	**(348)**	(376)	-7.4%
Property EBITDA	**$ 33,465**	$ 28,523	17.3%	**$ 43,616**	$ 43,427	0.4%
Property EBITDA as a percentage of revenues	**26%**	**25%**		**26%**	**24%**	
Other (corporate expenses)	**(6,544)**	(8,557)	-23.5%	**(6,544)**	(8,557)	-23.5%
Adjusted EBITDA	**$ 26,921**	$ 19,966	34.8%	**$ 37,072**	$ 34,870	6.3%
Adjusted EBITDA as a percentage of revenues	**21%**	**17%**		**22%**	**19%**	

(1) As reported reflects the results of the Panama (8 months of operations), Guatemala and Poland operations as discontinued operations.
(2) As adjusted includes the results of the Panama (8 months of operations), Guatemala and Poland operations for comparative purposes.

Below is a table that reflects key statement of financial position data:

	2010	2009
Working capital	$ (21,158)	$ (27,738)
Total assets	204,587	241,217
Borrowing and obligation under leases	117,789	123,359
Total liabilities	153,704	210,516
Equity	50,883	30,701
Translation reserves	645	(1,048)
Deficit	(67,835)	(83,639)

Below is a reconciliation of EBITDA, property EBITDA and adjusted EBITDA.

(In thousands)

	As reported 2010 (1)	As reported 2009 (1)	% change	**As adjusted 2010** (2)	As adjusted 2009 (2)	% change
Loss for continuing operations	**$ (1,757)**	$ (17,273)	-89.8%	**$ (4,080)**	$ (20,289)	-79.9%
Income tax expense	**2,368**	1,461	62.1%	**6,344**	2,531	150.7%
Net interest expense	**15,975**	17,780	-10.2%	**17,130**	20,115	-14.8%
Depreciation and amortization	**14,876**	16,397	-9.3%	**19,748**	24,892	-20.7%
EBITDA	**31,462**	18,365	71.3%	**39,142**	27,249	43.6%
Other losses and derivative financial instruments	**(3,123)**	7,086	-144.1%	**(3,091)**	8,437	-136.6%
Project development	**2,110**	891	136.8%	**2,110**	891	136.8%
Management fee attributable to non-controlling interest	**(783)**	(3,443)	-77.3%	**1,714**	1,255	36.6%
Shared based compensation	**1,389**	1,220	13.9%	**1,389**	1,220	13.9%
Foreign exchange gain	**(4,134)**	(4,153)	-0.5%	**(4,192)**	(4,182)	0.2%
Adjusted EBITDA	**26,921**	19,966	34.8%	**37,072**	34,870	6.3%
Corporate and other	**6,544**	8,557	-23.5%	**6,544**	8,557	-23.5%
Property EBITDA	**$ 33,465**	$ 28,523	17.3%	**$ 43,616**	$ 43,427	0.4%

(1) As reported reflects the results of the Panama, Guatemala and Poland operations as discontinued operations.
(2) As adjusted includes the results of the Panama, Guatemala and Poland operations for comparative purposes.

Our revenues generated from continuing operations during the year ended 31 December 2010 were $126.4 million compared to $115.3 million as of 31 December 2009, a 9.7 percent increase. The net increase in sales of $11.1 million for 2010 was caused by a $5.0 million increase in sales in our Philippines operations due to the increase in slot drop and slot positions for both Poro Point and Rizal properties; an increase in our Peruvian operations of $2.9 million for our hotel operations and $1.8 million for our casino operation; an increase of $2.2 million in sales in our Costa Rica operations; an increase of $0.3 million from Bello Horizonte property for their second year in Nicaragua. These increases were partially offset by a decrease of $1.0 million in pre-existing properties in Nicaragua.

During 2010, property EBITDA from continuing operations increased by $4.9 million over 2009 and, as a percentage of sales, to 26 percent compared to 25 percent for last year. This increase was primarily due to the effect of ramp-up of our Peruvian operations as well as the increase in drop and slot positions in our Philippines operations.

Adjusted EBITDA from continuing operations for 2010 increased to $26.9 million as compared to $20.0 million in 2009, a 34.8 percent increase. As a percentage of sales adjusted EBITDA increased to 21.8 percent compared to 17 percent from the same period last year. This is due mostly to the cost saving programs implemented at the corporate headquarters.

Discussions of items excluded from property and adjusted EBITDA

Items excluded from property and adjusted EBITDA are discussed below on a consolidated basis.

Depreciation and amortization

For 2010, depreciation and amortization on continuing operations was $14.9 million as compared to $16.4 million for the same period in 2009, a decrease of $1.5 million. This decrease is primarily related to assets that have been already depreciated and the Hotel Carrera in Peru which was not as held for sale in 2009 and for 2010 was sold.

Stock based compensation

On 16 January 2008, the Group granted 500,000 stock grants that vest over a three year period beginning 20 November 2008. The price of the Group's stock on the day of the grant was $7.00 per share, and the amortized expense recognized for the stock grants, as well as the vesting of outstanding options was recognized at $1.4 million for 2010 compared to $1.2 million for 2009. These grants and options vest on various dates and the valuation of the options is calculated using the Black Scholes method.

At the Company's Board meeting on 10 October, 2010, the Board approved, effective 19 November 2010, issuing 452,500 shares to Company senior management and certain employees, pursuant to the Company's Equity Plan, as set forth below:

Name	**Shares issued, 1 December 2010**
Jack Mitchell	220,000
Albert Atallah	15,000
Tino Monaldo	50,000
Michael Fox	10,000
Raul Sueiro [(1)]	25,000
Angel Sueiro [(1)]	20,000
Peter LeSar	35,000
12 Employee aggregate	77,500
Total	452,500

These shares issued pursuant to the Equity Plan are separate and distinct from the 183,765 shares the Board of Directors authorized to be issued to certain senior executives and described in "Senior Management Compensation".

Project development costs

Project development costs were $2.1 million for 2010 as compared to $0.9 million 2009 which were comprised in 2010 of $0.1 million for Nicaragua; $0.3 million for Costa Rica and $1.7 million for India.

Interest and financing costs

Interest and financing costs from continuing operations had a net decrease to $16.0 million in 2010 as compared to $17.8 million for 2009. The $1.8 million decrease was primarily due to the payment of loans from the Panama sales proceeds and the sale of Hotel Carrera and Hotel Pardo in Peru.

Non-controlling interests

For 2010, the non-controlling interest share of the Group's profit were $0.5 million (2009: $0.4 million). The non-controlling interest consisted of ($0.5) million in respect of the Group's minority interests in the Philippine operations; $0.1 million for the 45.4 percent share of the loss recognized by the Nicaragua business; $0.3 million for the loss in Poland and ($0.3) million Costa Rica non-controlling interests.

Foreign exchange

During the year ended 31 December 2010, foreign exchange contributed a $4.1 million gain compared to the $4.2 million of gain reported during 2009, a variance of $0.1 million. The results in 2010 compared to 2009 are due to the continuing weakness of the USD against the local currencies in Peru and the Philippines as of 31 December 2010 as the Group carries significant USD debt levels in Peru and the Philippines.

The Group has investigated currency hedging strategies and has decided that the short term benefits do not justify the cost of implementing any such strategies.

Other (gains) and losses

For 2010, other (gains) and losses totaled ($3.3) million, which included a gain of ($4.2) million for the sale of the Pardo and Carrera Hotels in Peru, $0.1 million in cost related to the public offering for 75 million shares of common stock that was terminated in October 2009, $0.5 million related to the write-off of some assets among the properties amongst others.

Income taxes

For 2010, income tax expense from continuing operations increased to $2.4 million from the $1.5 million recorded in 2009. The increase was due to higher withholding taxes on larger movements of intercompany management fees. In addition, the Costa Rican operation recorded income tax expense of $0.7 million for 2010. The Philippines has been primarily exempt from income taxes.

Below is a discussion of revenues, property, marketing and administration expenses, promotional allowances, and property EBITDA on a country level basis.

Results by country for the year ended 31 December 2010 compared to the year ended 31 December 2009 follows:

Panama

In August 2010, the Group announced the completion of the sale in its six Panama casinos to the Panama based subsidiary of CODERE, S.A. The Group reported a gain on the sale of approximately $16.2 million in 2010. Accordingly, the operating results are classified under discontinued operations. This transaction resulted in a significant improvement in the Group's statement of financial position through a reduction in consolidated Group debt of approximately $46.8 million along with a significant improvement in the overall cash flows of the Group.

Costa Rica

We entered the Costa Rica market in 2003 and operate nine casinos, one slot route location and one hotel. As of 31 December 2010, we offer 1,343 slot machines and 222 table positions. In addition to our ongoing projects in this market, we believe that Costa Rica will provide additional opportunities for expansion of existing and new prospects in the future.

Costa Rica - Year ended 31 December 2010 compared to year ended 31 December 2009

		2010		2009	% Increase / (Decrease)
Average table positions		222		243	-8.7%
Average slot positions		1,343		1,376	-2.4%
Average rooms		21		21	0.0%
(In thousands)					
Table hold	$	4,667	$	4,617	1.1%
Slot win		14,986		13,065	14.7%
Net gaming wins		19,653		17,682	11.1%
Room revenue		72		63	14.3%
Food and beverage and other sales		1,808		1,629	11.0%
Sales	**$**	**21,533**	**$**	**19,374**	**11.1%**
Promotional allowances		349		405	-13.8%
Property, marketing and administration		14,457		12,095	19.5%
Property EBITDA		6,727		6,874	-2.1%
as a percent of sales		31%		35%	

Revenues

Revenues increased to $21.5 million during 2010 from $19.4 million reported last year, an 11.1 percent or $2.1 million increase. This increase is due to a high drop in slot and tables during the period in spite of the decrease in positions compared to prior year and also to a government decree that took effect in May 2009 and changed the allowable daily hours of operations for casinos to 14 hours. In addition, the Costa Rican economy is in the process of recovery after two years of soft performance particularly in the tourism sector. The components of the net increase include; $0.6 million in the Fiesta Holiday Inn (formerly the Garden Court); $0.4 million increase in each of three properties, Fiesta Casino – Hotel Presidente, Fiesta Casino – Heredia and Fiesta Casino – Herradura and the other $0.3 million increase is spread among the other properties.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $14.5 million during 2010 from $12.1 million reported for the same period last year, a 19.5 percent or $2.4 million increase. Promotional allowances were $0.3 million for 2010 as compared to $0.4 million for 2009.

Property EBITDA

Property EBITDA decreased to $6.7 million from the $6.9 million as reported for 2009, a $0.2 million or 2.1 percent decrease. The primary cause was the increase in operating expenses over and above the increase in revenues. Property EBITDA as a percentage of sales decreased to 31 percent from 35 percent as compared to the previous year.

Costa Rica properties include: Fiesta Casino Holiday Inn Express – San Jose; Fiesta Casino Hotel el Presidente – San Jose; Fiesta Casino Heredia – Heredia; Fiesta Casino Herradura – San Jose; Lucky's at Perez Zeledon – San Jose; Lucky's San Carlos – San Carlos; Lucky's Guapiles – Guapiles; Lucky's Tournon – Tournon; Lucky's Colon – Colon; Hotel Diamante - Perez Zeledon; one Slot Route.

Philippines

The Group entered the Philippines market in 2005 and as of 31 December 2010 it owns interests in, and operates, two casinos with 725 slots and 374 table positions, as well as two hotels and a nine-hole golf course in the Philippines. We are expanding our facilities with multi-stage expansion projects planned for each property subject to financing.

Philippines - Year ended 31 December 2010 compared to year ended 31 December 2009

	2010	**2009**	**% Increase / (Decrease)**
Average table positions	374	375	-0.2%
Average slot positions	725	662	9.6%
Average rooms	77	79	-1.9%
(In thousands)			
Table hold	$ 17,242	$ 16,441	4.9%
Slot win	28,376	25,818	9.9%
Net gaming wins	45,618	42,259	7.9%
Room revenue	1,509	1,081	39.6%
Food and beverage and other sales	2,493	1,284	94.2%
Sales	**$ 49,620**	**$ 44,624**	**11.2%**
Promotional allowances	993	595	66.9%
Property, marketing and administration	33,505	30,175	11.0%
Property EBITDA	15,122	13,854	9.2%
as a percent of sales	30%	31%	

Full year 2010 revenues increased 11.2 percent when compared to 2009 as a result of new gaming positions added in both Philippines properties and from increased visitation. Property EBITDA margins remain the same percentage for 2010 compared to 2009 as increases in sales have been partially offset by increases in expenses.

Revenues

Revenues increased to $49.6 million during 2010 from the $44.6 million reported last year, an 11.2 percent or $5.0 million increase. This net increase is primarily due to the increase in slot drop and the increase in slot positions for both properties 30 for Poro Point and 33 for Rizal as well as to the increased in traffic from nearby communities. In spite of the relatively constant number of tables, table wins increased by $0.8 million. Slot win increased by $2.6 million as the number of slot positions was increased. The remaining increase of $1.6 million in rooms and food and beverage is due to the increase in visitation.

Expenses and promotional allowances

Property, marketing and administration expenses increased to $33.5 million from $30.2 million, a $3.3 million increase. The increases are the result of the increase in operational expenses in line with the increase in revenues. As a percentage of sales the property, marketing and administrative expenses decreased to 67.5 percent for the year ended 31 December 2010 compared to the 67.6 percent reported in 2009.

Property EBITDA

Property EBITDA increased to $15.1 million, a 8.6 percent or $1.2 million increase over the $13.9 million reported for 2009. As a percentage of sales, property EBITDA was 30 percent compared to 31 percent for the same period last year. This is due to the increase in sales partially offset by the increase in operating expenses.

The Philippines properties include: Thunderbird Resort Rizal Hotel & Casino – Manila, Binangonan; Thunderbird Resorts Poro Point Hotel, Casino, and Golf Course – San Fernando City, La Union.

Peru

We entered Peru in July 2007 when we acquired the Hoteles Las Americas properties located in Lima for $43.5 million. The six hotels under this brand, which include a resort/convention center, have 660 rooms and 14 restaurants, bars and entertainment venues. During 2008, the Group completed its renovation of the six hotels and opened the flagship Fiesta Casino in Lima. As of 31 December 2010, this property offers 427 slot machines and 203 table positions.

As previously reported, the Peru hotel market was hit hard in 2009 by the worldwide economic crisis which resulted in a significantly lower number of business and tourism travelers to Peru. However, the number of business and tourist travelers increased materially during the year and this has been reflected in our financial performance in 2010.

Two of our remaining Peruvian hotels are classified as assets held for sale at 31 December 2010. For comparative purposes, a table is included for all six hotels and another table is provided for the two hotels that are not held for sale.

All Six Peru Hotels- Year ended 31 December 2010 compared to year ended 31 December 2009

		2010		**2009**	**% Increase / (Decrease)**
Average rooms		612		660	-7.3%
(In thousands)					
Room revenue	$	11,022	$	9,604	14.8%
Food and beverage and banquet sales		5,493		4,471	22.9%
Other Revenues		2,033		1,572	29.3%
Sales	**$**	**18,548**	**$**	**15,647**	**18.5%**
Promotional allowances		-		-	-
Property, marketing and administration		14,633		14,136	3.5%
Property EBITDA		3,915		1,511	159.1%
as a percent of sales		21%		10%	

The Group sold the Thunderbird Hotel Pardo on 24 February 2010 for approximately $8.4 million and The Thunderbird Hotel Carrera on 30 November 2010 for approximately $5.25 million. On 7 April 2011, the Group concluded the sale of the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for $18 million. The Group will manage the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for a short transition period. The Group continues to earn management fees to manage the Thunderbird Hotels-Pardo and Thunderbird Hotels-Carrera for the current owners.

Peru hotels not held for sale

(In thousands)		2010		2009	% Increase / (Decrease)
Food and beverage	$	3,315	$	2,432	36.3%
Hospitality and other sales		5,571		2,899	92.2%
Sales	**$**	**8,886**	**$**	**5,331**	**66.7%**
Promotional allowances		-		-	-
Property, marketing and administration		7,511		5,039	49.1%
Property EBITDA		1,375		292	370.9%
Property EBITDA as a percantage of sales		15%		5%	

The Group retains ownership of the Thunderbird Hotels-El Pueblo Resort & Convention Center (235 rooms) and the Thunderbird Hotels-Fiesta Hotel & Casino (66 rooms).

Revenues

The revenues for the year 2010 were $18.5 million as compared to $15.6 million reported in 2009. This increase is primarily due to the increase in room occupation which in turn, caused the sales average per available rooms ("revpar") to increase to $51.77 as compared to $42.31 for the same period in 2009. The increase of $2.9 million was comprised of sales as follows: Fiesta Hotel and Casino accounting for $1.2 million of the increase; Hotel Carrera with $0.1 million of the increase; Hotel Principal $0.6 million of the increase; El Pueblo Resorts & Convention Center with $0.9 million of the increase; Hotel Bellavista with $0.1 million increase and Thunderbird Real Estate with $1.5 million which was offset by a decrease in revenues by the Hotel Pardo with $1.5 million due to the sale of Hotel El Pardo as of 24 February 2010.

The revenues of the Fiesta Hotel and Casino and El Pueblo Resorts & Convention Center that are not held for sale for the year 2010 were $8.9 million as compared to $5.3 million in 2009. This increase is due to the increase in room occupation and banquets events as noted above.

Expenses and promotional allowances

Property, marketing and administration expenses were $14.6 million for the year 2010 and $14.1 million for 2009. These expenses as a percentage of sales were 78.9 percent in 2010 and 90.3 percent in 2009. Promotional allowances are not separately reported for the hotel operation. The increase in expenses is due to the increase in personnel in operating departments to support the local business.

Property, marketing and administration expenses related to the Fiesta Hotel and Casino and El Pueblo Resorts & Convention Center were $7.5 million for the year 2010 and $5.0 million for 2009. These expenses as a percentage of sales were 84.5 percent in 2010 and 94.5 percent in 2009 as a result of higher sales in 2010.

Property EBITDA

Property EBITDA was $3.9 million for 2010 compared to $1.5 million for the same period in 2009. As a percentage of revenues property EBITDA was 21 percent for 2010 compared to 10 percent for 2009, as noted above.

Property EBITDA related to the Fiesta Hotel & Casino and El Pueblo Resorts & Convention Center that are not held for sale were $1.4 million compared to $0.3 million for the same period in 2009. As a percentage of revenues property EBITDA was 15 percent compared to 5 percent for the prior year.

Peru casinos

The Group's gaming operations in Peru consist of four slot parlor locations and the flagship Fiesta Casino property that have been operational since 2008.

Peru casino- Year ended 31 December 2010 compared to year ended 31 December 2009

	2010	2009	% Increase / (Decrease)
Average table positions	203	219	-7.3%
Average slot positions	992	934	6.2%
(In thousands)			
Table hold	$ 5,320	$ 5,018	6.0%
Slot hold	18,222	16,794	8.5%
Net gaming wins	23,542	21,812	7.9%
Food and beverage and other sales	1,014	951	6.6%
Sales	**$ 24,556**	**$ 22,763**	**7.9%**
Promotional allowances	3,161	2,843	11.2%
Property, marketing and administration	15,979	16,728	-4.5%
Property EBITDA	5,416	3,192	69.7%
as a percent of sales	22%	14%	

Revenues

The five slot parlor locations owned by the Group were consolidated into four locations and as of 31 December 2010 offer 565 slot positions. Our flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites opened on 19 September 2008 and as of 31 December 2010 has a total of 427 slot machines and 203 table positions.

For the year ended 31 December 2010, the sales were $24.6 million while we reported $22.8 million for 2009. The results were primarily driven by the flagship Fiesta Casino Benavides, accounting for $0.9 million or 49 percent of the Peru casino total sales increase for the period, and the remaining $0.9 million increase derived from the slot parlor operations.

Expenses and promotional allowances

Property, marketing and administration expenses were $16.0 million for 2010 compared to $16.7 million for 2009. These expenses include $10.6 million of operating costs associated with the flagship casino Benavides. The remaining $5.4 million of the expenses were related to the slot parlors. Promotional allowances were $3.2 million for 2010 of which $1.4 million related to the slot parlor operations and $1.8 million related to the flagship casino.

Property EBITDA

Property EBITDA was $5.4 million for 2010, which consisted of $3.4 million for the flagship Fiesta Casino Benavides and $2.0 million related to the slot parlors. As a percentage of revenues, property EBITDA was 22 percent for 2010 compared to 14 percent for 2009. The increase in property EBITDA is due to the continued growth of both, the flagship Casino Benavides and the slot parlors, as well as the increase in slot positions.

Peru properties include: As of 31 December 2010, Hotel Las Americas Miraflores Principal – Lima; Hotel Las Americas Suites & Casino Miraflores – Lima; Hotel Las Americas Bellavista – Lima; El Pueblo Resort & Convention Center – Lima; Fiesta Casino Benavides in the Hotel Las Americas Suites Miraflores – Lima; the Luxor Casino – Lima; Mystic Slot – Cuzco; El Dorado Slot – Iquitos; Luxor Casino – Tacna.

Hotels held for sale at 31 December 2010: Hotel Las Americas Miraflores Principal– Lima; Hotel Las Americas Bellavista; the Pardo and Carrera Hotels were sold during 2010.

Guatemala

We entered the Guatemalan market in 1997 and as of 31 December 2010 we operated three video lottery parlors in Guatemala City with approximately 383 video lottery terminals. The full year 2010 results for the Group's Guatemala operations reflect lower revenues while the operating loss was lower due to improved cost controls implemented by management. The 2009 result reflects losses driven by the slow ramp-up of revenues and profitability related to the Gran Plaza property that opened in June 2008. At the end of 2008 an impairment provision was made against this property and in July 2009 the property was closed.

Management evaluated the market conditions in Guatemala in 2010 to determine the long-term viability of this market for the Group. As a result, the Group sold its interests in the three Guatemalan locations for a promissory note in the amount of $2.1 million on 31 December 2010. As additional consideration, the buyer also agreed to assume about $0.5 million of indebtedness of these three locations. Management assessed the fair value of the promissory note at the transaction date as nil on the basis significant risks remain to effect payment.

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos, all under the Pharaoh's brand, and as of 31 December 2010, offer 451 slot machines and 161 table positions.

Nicaragua [(1)] – Year ended 31 December 2010 compared to year ended 31 December 2009

	2010	2009	% Increase / (Decrease)
Average table positions	161	177	-9.2%
Average slot positions	451	556	-19.0%
(In thousands)			
Table hold	$ 2,734	$ 3,175	-13.9%
Slot win	8,227	8,714	-5.6%
Net gaming wins	10,961	11,889	-7.8%
Food and beverage and other sales	933	646	44.4%
Sales	**$ 11,894**	**$ 12,535**	**-5.1%**
Promotional allowances	1,630	1,628	0.1%
Property, marketing and administration	7,979	7,814	2.1%
Property EBITDA	2,285	3,093	-26.1%
as a percent of sales	19%	25%	

(1) The Group indirectly owns 55.9 percent of the Nicaraguan operation. 100 percent of the operation is consolidated within the consolidated financial statements and non-controlling interest is calculated to reflect the portion of net assets attributable to the minority shareholders.

Revenues

Revenues decreased to $11.9 million during 2010 from the $12.5 million reported for last year, a decrease of $0.6 million or 5.1 percent. The decrease is comprised of $0.2 million from Pharaoh's Casino in carretera Masaya; $0.3 million from Pharaoh's Casino Holiday Inn and a combined of $0.4 million for both Pharaho's Casino Masaya and sportbook which offset with an increase of $0.3 million for Zona Pharaoh's Bello Horizonte. Table hold and slot win decrease 7.8 percent primarily due to the increased competition in the Managua area.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $8.0 million for 2010, a 2.1 percent increase from the $7.8 million reported for 2009. The slight increase is primarily due to additional expenses related to the operations. The promotional allowance for 2010 was $1.6 million which remained the same as prior period driven by all properties in order to attempt to retain our customer base, due to increased competition for customers in the current year.

Property EBITDA

Property EBITDA for 2010 was $2.3 million compared to $3.1 million for the same period in 2009. The decrease of $0.8 million results are attributed to decrease in revenues. As a percentage of sales, property EBITDA was 20 percent for 2010 compared to 25 percent for 2009.

Nicaragua properties include: Pharaoh's Managua – Managua; Pharaoh's at Hotel Camino Real – Managua; Pharaoh's at Hotel Holiday Inn Select – Managua; Pharaoh's - Masaya; Pharaoh's at Bello Horizonte – Bello Horizonte Shopping Center, Managua.

Poland

The Group's operations in Poland consisted of a small casino and a slot parlor in Lodz, Poland which were acquired in 2008 and contained 79 slot machines and 37 table positions. Poland did not perform to management expectations and the goodwill and remaining assets associated with the acquisition were fully impaired during 2009 to the expected net salvage value of operating assets, principally slot machines. Management evaluated the market conditions in Poland in 2010 to determine the long term viability of this market for the Group and started marketing the entity for sale. In March 2011 the Group decided to shut down its Polish operations. Poland represented less than 2 percent of the Group's worldwide revenues.

Corporate and Other – Year ended 31 December 2010 compared to year ended 31 December 2009

(In thousands)	**2010**	2009	**% Increase / (Decrease)**
Hospitality and other sales	**$ 245**	$ 312	-21.5%
Sales	**245**	312	-21.5%
Property, marketing and administration	**6,789**	8,869	-23.5%
Adjusted EBITDA	**$ (6,544)**	$ (8,557)	-23.5%

Expenses

Net corporate expenses for the year ended 2010 decreased to $6.5 million as compared to $8.6 million for the year ended 2009. This decrease is the result of the Group's cost savings plan that was implemented in the fourth quarter of 2009 and has resulted in a decreased run rate of corporate and development staff and headquarters costs. Other cost cutting measures were implemented regarding outside consulting services, internal fees, travel costs and certain general administration costs in addition to new staff that will be hired in our office in San Diego office which the Group believes will result in an annual run rate increase of corporate costs for 2011 of approximately 6 percent over 2010 levels.

Capital resources and liquidity

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments and other general business needs. Our primary source of liquidity has historically been cash provided by our operating activities (including cash provided by distributions from joint ventures, subsidiaries, and management fees), as well as debt and equity capital raised at the corporate or subsidiary level, from private investors, banks and other similar credit providers. Currently, our primary liquidity and capital requirements are for the expansions of existing properties, the completion of existing projects under construction, and for the repayment of existing debt.

In 2010, with the sale of our Panama interests in August, our Guatemala interests in December, and the sale of the Pardo and Carrera hotels in February and November, respectively, the Group was able to reduce its gross debt (from continuing and discontinued operations) level dramatically from $168.8 million as of 31 December 2009 to $120.9 million as of 31 December 2010. Also in 2010, from continuing operations we saw revenue growth of 9.7 percent and adjusted EBITDA growth of 34.8 percent, which has led to improving liquidity.

In 2011, we have: a) Opened our Rizal event center expansion in Q1 2011, which is expected to improve cash flow and earnings; b) Closed our non-performing Poland operations in March; c) Sold the Thunderbird Resorts-Bellavista and Thunderbird Resorts-Principal hotels in April for $18 million, much of which will be used to pay down additional debt and liabilities in Peru; and d) India, in February, we announced that a letter of intent has been executed for completion funding for our first business in the country, which is now projected to open in late 2011. These events are expected to further improve net debt to EBITDA from continuing operations as well as to improve liquidity.

We were successful in securing approximately $25.3 million of new debt in 2010. :

- $4.6 million was raised by the parent company and used to fund corporate operations and expansions by subsidiary companies.$1.6 million was raised in Peru for hotel improvements and the purchase of slot machines, $3.8 million in Philippines for property expansion projects, and $14.8 million in India to fund the hotel and casino construction, $0.3 million in Nicaragua to purchase real estate where the corporate offices are located, $0.2 million in Costa Rica for the purchase of gaming equipment.

Listed below is some of our cost reduction efforts:

- In the first quarter, the Group raised $1 million in parent level debt, interest only at 10 percent maturing in the first quarter of 2015. This agreement included detachable warrants exercisable into up to 200,000 shares of common stock. In April 2010, 100,000 of the warrants were exercised for a selling price of approximately $.08 million, with the remaining warrants exercisable through the first quarter of 2015.
- In April 2010, the Group obtained financing totalling $5.5 million from Philippines based, Veteran's bank to complete a 950 square meter event center/casino expansion in its Rizal property located on the east side of Manila, Philippines. The construction loan is for approximately $5.9 million (based on exchange rates as of 31 December 2010) to be drawn in tranches and is secured by our real estate and other assets at our existing Rizal location. Currently three tranches have been drawn totaling approximately $3 million (based on exchange rates on 31 December 2010). The expansion of the 950 square meter event center opened during February and March 2011. The enlarged casino space will allow for an additional 100 slot machines and 28 table positions over the course of 2011. The expansion will enhance our cash flows in 2011.
- As a result of the Panama sale, the Group's balance sheet improved significantly through the reduction in consolidated Group debt of approximately $46.8 million ($30.8 million used to pay down debt and elimination from our consolidated financials of $16.0 million of Panama operational level debt) along with a significant improvement in the overall cash flows of the Group.
- The sale of the Pardo and Carrera hotels resulted in the reduction of our senior secured hotel debt by approximately $12.2 million (principal $10.6 million, interest $0.2 million, and other charges $1.4 million).
- In May 2010, the Group entered into revised loan agreement with Capital International Asset Corporation to extend amortization period to seven years on approximately $12.8 million in debt, enhancing the cash flows available from our slot parlor operations in Peru.

For a list of material financing, please refer to notes 17 and 23 to the consolidated financial statements. To the best of our knowledge, there were no late payments or defaults at 31 December 2010.

Achieving cost efficient financing under current market conditions is still difficult, particularly given the markets in which the Group operates. Accessing the public markets to raise equity is a costly and uncertain process, and could be highly dilutive. While the Group is in a materially better position in 2011 such that it does not anticipate needing to gain access to new capital sources during 2011 other than those already mentioned in management's statement on going concern below, should it need to management believes that they have a range of options available as set out below.

Comparative cash flows and going concern

Year ended 31 December 2010 compared to year ended 31 December 2009

Net cash generated by operating activities for the year ended 31 December 2010 was $31.3 million, an increase of $11.9 million when compared to the $19.4 million generated for the year ended 31 December 2009. The year-over-year variance was primarily due to an increase of $1.9 million in trade, prepaid and other receivables compared to a decrease of $5.8 million in 2009. In our Peru hotels operations new payment terms were negotiated with customers; while trade payables and accrued liabilities decreased $5.3 million due to the renegotiation of terms with vendors from our operations in Peru, Costa Rica, Nicaragua and Philippines. For 2010, our operating cash flows in our Peru hotels were $0.9 million while the casino operations were $5.4 million. The operating cash flows of our Philippines both Hotel and casino and Golf course operations were $7.6 million.

Our working capital improved by $6.6 million to a negative $21.1 million in 2010 over the negative $27.7 million reported for the same period in 2009 due primarily to the decrease in debt current balances.

Net cash used in investing activities for 2010 was $13.1 million compared to $13.5 million for the same period in 2009. The increase of expenditures in property, plant and equipment is driven by our joint venture in India for the Hotel project of $18.5 million, Philippines with $6.2 million for the expansion of Eastbay and the opening of the event Center; Peru with $2.7 million in purchasing of gaming machines, improvements in process of our slot routes, food and beverage restaurant and equipment; $0.9 million from Costa Rica and $0.7 million from Nicaragua, both for purchasing of gaming machines and other equipments which offset with the proceeds of $13.7 million from the sales of Hotel Pardos and Carrera in Peru and $2.1 million from interest received from banks

Net cash used by financing activities was $17.0 million compared to $17.0 million used for the same period in 2009. The prior year includes new debt of $15.3 million regarding purchasing of new gaming machines as well as for our development projects in India, Philippines and Costa Rica partially offset with principal payment and interest of $32.3 million. Current year includes issuance of new debt of $25.3 million and proceeds from issuance of common shares of $0.7 million, partially offset by $43.1 million of debt principal and interest payments. The increase in principal payment is due to the sale transaction of the Group's operations in Panama as well as the sale of our two hotels in Peru.

Other information

As of 31 December 2010, we had outstanding share options exercisable for up to 594,320 common shares at prices ranging from $1.01 to $5.00 per share. If all remaining share options are exercised, to which no assurance can be given, 594,320 common shares would be issued generating proceeds of approximately $2.3 million.

Management statement on "going concern"

Management routinely plan future activities including forecasting future cash flows. Management have reviewed their plan with the Directors and have collectively formed a judgment that the Group has adequate resources to continue as a going concern for at least the next 12 months, subject to certain conditions being met. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt funding anticipated to reduce over time. The model incorporates future cash flows from existing projects under construction following their projected opening dates, but assumes no new construction projects during the forecast period. The model assumes a stable regulatory environment in all countries with existing operations. Sensitivities have been applied to this model in relation to delayed project opening dates and revenues not achieving anticipated levels. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc.

The Directors have also considered (i) the current global economic environment together with the recovering markets for global debt and equity financing at this time; (ii) all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time; and (iii) the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk. Our parent company relies on: a) Management Fees charged to its various operations; b) Repayment of principal and interest payments for loans made to its various operations; and c) Income distributed from its various operations. Given that Group wide debt has been reduced from $168.6 million as of 31 December 2009 to $120.9 million as of 31 December 2010, and that adjusted EBITDA from continuing operations has increased 34.8 percent to $26.9 million in 2010, the Group now has a net debt to EBITDA ratio of 4.1x. The combination of stabilized operations as described above, our financial performance described in the 2010 Annual Report, our forecast for 2011, and the very supportive base of investors and debt lenders historically available to the Group, Thunderbird Resorts, Inc management and Directors are satisfied that the consolidated Group has adequate resources to continue as a going concern for at least the next 18 months.

Specific considerations which are expected to have one off improvement effects on future cash flows are described below by country:

Peru: During 2010, the Group sold Thunderbird Hotels-Pardos for $8.4 million and Thunderbird Hotels-Carrera for $5.25 million, and we applied most of the proceeds to pay down senior secured liabilities. In April 2011, the Group announced the completion of the sale of the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for $18 million. The Group is satisfied that the net proceeds from the sale, plus existing cash flow from our core businesses in Peru are sufficient to cover all matured and maturing obligations in Peru for at least the next 18 months.

India: In March 2011, the Group announced that preliminary agreements were signed with a publicly-traded company in India to complete the funding of the Group's India business. In February 2011, the Group announced that a letter of intent for the transaction had been executed for all remaining funding requirements, and that India is being successfully stabilized. The Group believes that no more capital will be required from the Group in order to open this business in late 2011, nor in its operations for at least the next 18 months.

Guatemala and Poland: In December 2010 and in March 2011, the Group announced the sale of its Guatemala operations and the closure of its Poland operations. These businesses were negative drags on Group EBITDA, earnings and cash flows and their closing will contribute back approximately $0.2 million in EBITDA to the Group in 2011 based on the 2010 results from these businesses.

In consideration of potential outcomes with regard to sensitivities over capital structure options, please note the following on our capital structure:

Indebtedness: The Group has reduced its amount of indebtedness significantly in the last 12 months. In order to further reduce the risks associated with indebtedness, the Group may renegotiate certain principal debt repayment terms with certain of our lenders in order to extend amortization periods and further improve cash flow.

Access to Capital: The Group's long-term capital resources may include equity and debt offerings (public and/or private) and/or other financing transactions, in addition to cash generated from our operations. Accordingly, we may access the capital markets (equity and debt) from time-to-time to partially refinance our capital structure and to fund other needs including ongoing working capital needs. Our ability to satisfy future capital needs may depend on our ability to raise additional capital (debt and/or equity at the parent or subsidiary level). No assurance can be made that we will be able to raise the necessary funds on satisfactory terms.

After evaluating the Group performance, its markets, and general market conditions, the Directors have a reasonable expectation that the Group has or will secure adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Indebtedness and contractual obligations

Our total long-term indebtedness and other known contractual obligations are summarized below as of 31 December 2010. The contractual obligations reflect our historical debt level and do not reflect the debt repayments that will actually be due under our capital structure as of the date of this Annual Report.

	2011	2012	2013	2014	2015	Thereafter	Total
Long-term bank loans	$ 33,873	$ 22,383	$ 21,628	$ 23,700	$ 36,978	$ 15,476	$ 154,038
Finance lease obligations	5,518	3,662	2,690	2,677	2,669	4,199	21,415
Trade payables	14,067	-	-	-	-	-	14,067
Due to related parties	1,390	-	-	-	-	-	1,390
Investment commitments	10,952	7,517	7,081	8,708	989	-	35,247
Total	**$ 65,800**	**$ 33,562**	**$ 31,399**	**$ 35,085**	**$ 40,636**	**$ 19,675**	**$ 226,157**

Peru cash flow interest description

In connection with our acquisition of the Hoteles Las Americas properties in July 2007, we borrowed approximately $53.9 million from three groups of lenders, some of whom are local partners of ours in other countries. We repaid $5.0 million of those borrowings in November 2007 with proceeds of our Private Placement. In connection with those borrowings, we granted to one lending group (who loaned $18.6 million of the total amount) the right to 80 percent of "Available Cash Flow" generated by the Hoteles Las Americas properties for each year until the principal and interest for such year was paid. After the outstanding principal and interest are repaid in full, the lender retains a residual interest relating to the Hoteles Las America properties pursuant to which that lending group retains, after all principal and interest is repaid in full with respect to the $18.6 million loan, (1) the right to 14 percent of the "Available Cash Flow" with respect to the operations of the Hoteles Las Americas properties, including any of our casinos installed on those properties and (2) the right to 14 percent of the proceeds of a sale of the Hoteles Las Americas properties after the payment of all costs and expenses associated with such sale. "Available Cash Flow" for this purpose means cash available from the revenues generated by the Hoteles Las Americas casinos and hotels, after deducting all costs associated with the ownership, leasing and operations of those facilities, including senior debt service costs as well as operation, repair and maintenance costs, management fees, taxes, capital expenditures, reasonable cash reserves and all other reasonable costs normal and customary to the ownership and operation of those facilities. The profits participation is revalued at each year end using the present value of projected cash flows attributable to the liability and discounting those cash flows at the effective interest rate calculated at the inception of the loan. If the present value of the cash flows is higher than the present value of the cash flows at the inception of the loan, the amount of the loan would be increased to reflect the higher value and the difference would be adjusted through the income statement. During 2010 the Group sold two of the six hotels owned by Hoteles Las Americas which resulted in no "Available Cash Flow" from the net proceeds of the sale for distribution to the lending group.

Subsidiary debt arrangements and debt

Our joint ventures and operating subsidiaries typically finance their projects with indebtedness, either borrowed from us or from third party lenders. As of 31 December 2010, our joint ventures owed us an aggregate of $0.9 million (2009 - $1.1 million.)

Quantitative and qualitative disclosures about market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is exchange rate risk associated with the currencies of the jurisdictions in which we operate. Foreign currency translation gains and losses were material to our results of operations for the twelve months ended 31 December 2010 and may continue to be material in future periods. We do not currently hedge our exposure to foreign currency, however, since we operate in countries that are subject to local currency fluctuations against the dollar, we are exposed to market risks from changes in foreign currency exchange rates, and we may engage in hedging transactions in the future.

We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions. We do not have any material floating-rate indebtedness.

We may be subject to government policies that suppress foreign investment and economic development. In addition, governments may be provoked by organized religious groups or other organized groups to oppose casinos.

See also "Capital resources and liquidity" and our consolidated financial statements included elsewhere in this Annual Report.

Off balance sheet arrangements and commitments

We have no off-balance sheet arrangements except for operating lease commitments described under "Indebtedness and contractual obligations."

Inflation

We believe that the principal risk to us from inflation is the effect that increased prices may have on the costs associated with the development and construction of new projects. We believe that we are not exposed to significant inflation risk.

CHAPTER 5 – MATERIAL DEVELOPMENTS IN 2010

Developments in 2010 by Country

India

Daman Hospitality Private Limited. Construction continues on the Group's luxury hotel/hospitality complex in Daman, India, announced originally in March 2008. We expect that this 177-room, luxury resort will include: (i) 2,700 square meter indoor event and meeting areas; (ii) 6,500 square meters of outdoor pools and event areas for up to 2,000 people; (iii) three bars, including a branded Salsa's Bar, a cutting edge bar/disco, and a high-end lounge bar, all with facilities for live music; (iv) four restaurants, including one Vegas-style buffet, one high-end Szechuan restaurant, a pool bar and one cafe near the event center; (v) a 450 square meter Zaphira Spa; (vi) 200 square meter gym for guests and club members; (vii) 750 square meter shopping area; and (viii) and a 5,700 square meter world class casino and entertainment venue.

Construction of this project has been and is being funded by three sources. DHPL and its India partner have contributed approximately $18 million in cash and property as equity into the project. As of 31 December 2010, DHPL also raised approximately $13.5 million in fully convertible debentures, secured behind the other funding source, and a $27 million senior secured loan facility from four India banks. The debentures were funded during 2009 and 2010, the senior secured loan was obtained in the first quarter of 2010 and its funds are being drawn on for ongoing construction. The construction is substantially complete with the remaining construction being in the finishing works. However, due to cost increases during 2010, we began raising additional funds to complete the project. With the delays in opening, the overall costs of the project increased, including the carrying/financing charges and other typical pre-opening costs. We also face increased construction costs and a weaker dollar against the rupee.

The Group announced 23 February 2011 the execution of a letter of intent for the planned addition of another equity partner into its India affiliate, Daman Hospitality Pvt. Ltd. ("DHPL"). Delta Corp Ltd (Bombay Stock Exchange: DELT.BO) ("Delta") will provide "completion funding" to DHPL that should culminate in opening the first Thunderbird branded property in India. The investment is being arranged by the INTERAA group, based out of Mumbai and Singapore, which has been an advisor to Thunderbird in India.

When fully documented, Delta will become a 51% owner in the hotel and Thunderbird will continue to operate the hotel with a management contract. Based on the letter of intent, with this infusion of new equity by Delta into the project, Thunderbird and the initial India partner in the hotel will be reduced to 49% ownership collectively. Delta will own the 51% balance.

Simultaneous with and contingent upon the execution and funding of Delta's infusion of new equity into the India project, the Group will issue Delta 840,000 shares of its common stock at a price of $2.00 per share upon the completion of the definitive documentation. The Group anticipates using the $1,680,000 in proceeds for general working capital purposes. The completion of this transaction is subject to various conditions including the preparation, negotiation and execution of "Definitive Agreements". Those Definitive Agreements are in the advanced stages but there can be no assurances of a closing.

Costa Rica

Tres Rios project. We started construction on a resort project in the eastern suburbs of San Jose in 2006. This 22-acre "Tres Rios" facility was initially intended to be a 225-room five star resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2010, we have invested approximately $15.5 million (of which our portion is $7.7 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. The difficulty in securing long term financing during the worldwide economic crisis in 2008 and 2009, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, caused us to change plans with respect to this project. During 2009 and 2010, we minimized the amount we invested in the hotel and attempted to maximize third party investment.

Accordingly, during 2010 we have redesigned the project to a three-star, 108 room hotel with convention center and casino. We are actively pursuing long term financing to complete this project and while these options are being pursued; however, the "on-site" construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in securing the financing needed to complete the project. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

Escazu. We have also acquired land in the southwestern suburb of San Jose where we plan to build the Escazu project. As of 31 December 2010, we have invested approximately $4.0 million (of which our portion is $2.0 million). The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are pursuing different options to complete the project. One such option we are considering is a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

Guatemala

Effective 31 December 2010, the Group entered into an agreement to transfer its operations to the purchaser for consideration of approximately $2.1 million in a promissory note and approximately $0.5 million of debt assumption. The installment payments will be made over a six year term. The Group has previously written down the entire Guatemala investment of $4.9 million. Management assessed the fair value of the promissory note at the transaction date as nil on the basis significant risks remain to effect payment.

Panama

Sale of Panama interests. The Group announced effective 19 August 2010, it had closed on the sale of its 63.63 percent stake in its six Panama casinos with Alta Cordillera, S.A. ("Alta"). Alta is an affiliate of Codere, S.A; a Spanish based gaming company which currently has gaming holdings in Panama.

The sale price for the shares was approximately $38.0 million for our 63.63 percent stake. For financial statement reporting purposes, the Group has been reporting the results from these operations as "discontinued operations" on its consolidated statement of comprehensive income and as "assets held for sale" on its consolidated statement of financial position. The Group recorded a gain on the sale of stock of approximately $16.2 million in 2010. Certain withholding taxes due from the sale and the costs of the transaction will be paid out of the sale proceeds. This transaction resulted in a significant improvement in the Group's balance sheet through the reduction in consolidated Group debt of approximately $30.7 million along with an improvement in the overall cash flows of the Group.

Peru

As of 31 December 2010, the Group's Peru subsidiary, Thunderbird Hoteles Las Americas S.A. ("THLA") owned and operated four hotels in Lima, Peru (the "THLA Hotels"). These hotels were the Thunderbird Fiesta Hotel and Casino, Thunderbird Hotel Principal, Thunderbird Hotel Bellavista, and Thunderbird Resorts El Pueblo. In order to reduce the Group's investment and related debt in "non-gaming" assets, in the fourth quarter of 2009 the Group commenced efforts to sell some of its original six hotels. During 2010, the Thunderbird Hotel Pardo and Thunderbird Hotel Carrera were sold. On 24 February 2010, the Group closed on the sale of the 64 room Thunderbird Hotel Pardo for approximately $8.4 million. The Group entered into a one year hotel management agreement with the new owner of the Thunderbird Hotel Pardo in conjunction with the sale transaction. The management contract was renewed for one additional year automatically in 2011. The total $8.4 million net sale proceeds (after certain taxes and closing costs) were used to pay down secured Peruvian sourced debt related to the Thunderbird Hotel Pardo. On 16 November 2010, THLA closed on its sale of the 99 room, Hotel Carrera. The hotel will continue to operate under the name "Thunderbird Hotels Carrera". There is a casino located in this hotel that is not owned by the Group but is owned and operated by the purchaser of the hotel. The Group also entered into a seven year hotel management agreement. The total sale proceeds of approximately $5.25 million (after certain taxes and closing costs) were used to pay down Peruvian sourced debt. As a result of these two sales and normal schedule amortization, THLA's remaining senior secured debt is approximately $14.1 million as of 31 December 2010.

On 27 March 2011, the Group announced that THLA entered into a contract to sell the Thunderbird Hotel-Principal and the Thunderbird Hotel-Bellavista for $18 million. This transaction was successfully concluded on 7 April 2011. The net proceeds from the sale of the Thunderbird Hotel-Principal and the Thunderbird Hotel-Bellavista will be used to pay down certain Peruvian related debt and certain accounts payable balances related to our Peru hotel operations. The Group will manage the Thunderbird Hotel-Principal and the Thunderbird Hotel-Bellavista for a short transition period ending 30 June 2011. The Group is seeking to refinance its Peru hotel and casino related debt. The Group is in discussions with a number of entities for longer term refinancing. While there can be no assurances that these alternatives will succeed, management is encouraged by the performance of the two remaining properties during 2010.

Philippines

The Group entered the Philippines market in 2005 and it now owns interests in, and operates, two casinos with 738 slot machines and 379 table positions, as well as two hotels and a nine-hole golf course. We are expanding our facilities with multi-stage projects ongoing for each property. In addition to these projects, we believe that the Philippines will provide additional opportunities for expansion in the future, as well as serve as our "hub" for further expansion into Asia.

Expansion of Thunderbird Resorts—Rizal. This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 41 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 120 new slot positions and 49 new table positions in addition to the current 453 slot machines and 207 table positions. The total investment is projected to be $13.2 million of which approximately $8.2 million has been raised through a Philippine private debt offering of $9.5 million. In April 2010, the Group obtained financing from Philippines based Veterans Bank to complete a 950 square meter event center/casino expansion in its Rizal property located on the east side of Manila, Philippines. The expansion of the 950 square meter event center opened during February and March 2011. The enlarged casino space will allow for an additional 100 slot machines and 28 table positions over the course of 2011.

Expansion of Thunderbird Resorts—Poro Point. This Fiesta casino is located in San Fernando, on Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. In 2005, we obtained a 25-year lease on this 130 acre-tract, on which the existing resort and planned expansions are located. San Fernando, in the province of La Union, is a six-hour drive, or a one-hour flight, from Manila. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point which completed Phase I of our expansion. We commenced the expansion of the existing casino at Poro Point in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 65 new slot machines and 49 new table positions in addition to the current 285 slot machines and 172 table positions, along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million, of which $2.3 million has been raised through a Philippine private debt offering of $7.4 million. When and if additional funding becomes available to complete the Poro Point expansion, we anticipate completing the same within 120-180 days after funding is finalized.

Extended lease. In March 2010, the Company has received approval for a 25-year lease extension from the Bases Conversion Development Corporation ("BCDA") and the Poro Point Management Corporation ("PPMC") for the Group's leased property. Once the lease is formally extended, it extends into the year 2055. Management believes the grant of an additional extension will enhance the Group's effort to obtain the remaining financing of the ongoing expansion of our hotel and casino operations in Poro Point. The lease extension should also facilitate the Group's long term plans to develop the existing location into a world class residential enclave offering a mixture of single detached homes, townhouses, and medium rise condominium units. This development is consistent with the Group's strategy to minimize its investment in real estate unless such investment is a condition to enhancing and securing the gaming license, which is the case in the Philippines. The lease extension through the year 2055 was executed during Q1 2011.

Private/Public offering. In order to raise funds to complete the Poro Point expansions described above and other potential improvements to the Rizal and Poro Point Properties and to pay down debt levels at the Poro Point and Rizal affiliate levels, the Group is exploring several funding sources simultaneously, including:

(i) additional senior debt, secured by casino and other Philippine assets;

(ii) a private/public offering of debt and/or equity in Poro Point and Rizal entities; and/or

(iii) the formation of a new Philippine corporation to hold the Group's Poro Point and Rizal shares and/or the shares of other Poro Point and Rizal shareholders, for purposes of selling shares of this to be formed holding company in an initial public offering of the holding company's shares.

These possible funding sources are being studied and pursued but there can be no assurance that any of them will be successful.

Poland

Casino Centrum. Our two Polish casinos were located in the central part of Lodz, Poland and operated under one casino license and one slot license. The gaming area of the casino locations is approximately 397 square meters in the aggregate with approximately 101 slot positions and 44 table positions. Due to the increasing tax levels in Poland (50 percent effective 1 January 2010), and the relatively flat revenues in our facilities, the Group no longer considers Poland strategic to our long term growth opportunities and started in 2010 to seek a purchaser for its interests in the Poland facilities. In January 2011, our slot parlor had to close operations due to the new law in Poland which, in effect eliminated slot parlors. Due to the modified gaming law and economy in Poland, the 25 percent increase in the gaming tax to 50 percent of revenues, and the fact that our operations in Poland comprising of 102 slots and 37 table positions, had shown a negative EBITDA for both 2010 and 2009 of $0.4 million, the decision was taken to shut down the operations in late February 2011.

Other events in 2010

Deferral of Director fees and a portion of executive salaries. Effective 1 August 2009, our Board of Directors and senior executive officers temporarily elected to defer monthly Directors' fees and 20 percent of executive salaries until the Group's cash flow met internal targets. The deferred compensation ceased as of 31 July 2010, and such deferral was paid in full to said officers. As of October 2010, the Directors' fees paid to the independent directors was restored to its 2008 level of $4,000 per month per Director, but such will be paid in Company stock and not cash for the ensuing 12 months when it will be re-evaluated.

Mexico-NAFTA settlement. During 2006, the Group filed a petition with the U.S. District Court to over-turn the NAFTA arbitration decision denying the Group's claim for damages and awarding Mexico with costs and attorney fees. The U.S. District Court approved and upheld the NAFTA tribunal's decision and as a result the Group has made a provision for the $1.25 million cost and attorney fee award. The Group continued its appeal rights by filing an appeal with the U.S. District Court of Appeals for the District of Columbia and in December 2007 the decision was affirmed. Additionally, the Group provided for a judgment for past consulting fees owed for the Group's Mexican associates operations in the amount of $546 thousand. On 31 March 2010, the Group entered into a settlement agreement with Mexico whereby the Group will pay to Mexico in annual installments approximately $168 thousand per year for five years and a payment of $630 thousand in the sixth year. Mexico made certain concessions with respect to the settlement of the amount awarded by the NAFTA tribunal, including waiver of interest from the time of the award up to the date of the settlement.

Brannon vs. International Thunderbird Gaming Corporation and Entertainmens de Mexico, S.A. This lawsuit was filed in relation to the Company's investment in the skill game operations in Mexico. Brannon claims that the Company owes him $350 thousand, including interest, stemming from his transfer of all interest he had in the entity, Entertainmen de Mexico, S.A.

The Company vigorously defended the action and also filed a cross claim against Brannon claiming fraud and misrepresentation of Brannon's assertion that the Company could take over the business and operate the skill game facility. The parties negotiated a standstill agreement in which the case would be delayed until after the NAFTA trial was concluded. On 12 September 2006, the Superior Court of San Diego ruled in favor of Brannon awarding a total of $546 thousand, which includes interest and attorneys' fees.

The Company filed an appeal to the California Court of Appeals on the basis that the trial judge's ruling was egregiously in error. The Group lost the appeal. Although the outstanding balance on the judgment including interest as stated in the judgment is $546,000 and interest at the legal rate from 16 October 2006, on 19 May 2010, the parties (Michael Brannon, et al Plaintiff) have agreed to accept the sum of $200,000, plus interest at eight percent (8%) until paid, under the following payment arrangement: $3,019 on or before 31 May 2010; $3,019 on or before 15 June 2010; $3,018 on or before 1 July 2010. Beginning 10 August 2010, and continuing for the subsequent twenty-three (23) months, the sum of $9,045 is due monthly. A profit has been recorded for the reduction in provision as a result of this arrangement in 2010.

Modification to Sun Nippon and Interstate Gaming Guaranteeing Loan. Effective 1 May 2010, the Group was able to refinance with an original lender an approximate $12.8 million, 72-month term loan to new terms that include a 108-month payment term. The original loan was unsecured, so to obtain this extended maturity date, the Group granted the lender a security interest in the cash, assets and shares represented by the Group's four slot parlors in Peru owned by its subsidiaries, Sun Nippon Company, S.A. and Interstate Gaming Del Peru, S.A. These new terms improve the cash flow of the operation.

Recent material contracts and financings. During 2010 and through Q1 2011, we entered into material contracts and have entered into several financings and revised financings, including: multiple other loan and debt agreements and amendments and supplements thereto, as described in Note 17 of the consolidated financial statements, "Borrowings", and Note 31 of the consolidated financial statements, "Subsequent Events".

In 2010 and through Q1 2011, we entered into the following material contracts:

- amendments to the charter documents of DHPL to allow for certain provisions of the DHPL financings;
- settlement on 31 March 2010 for payments to the Mexican government for monies owed pursuant to an Arbitration Award;
- settlement on 19 May 2010 for a payments to Brannon for monies owed pursuant to a court judgment;
- engagement letter with MBA Lazard Panama, S.A. in July 2010, to assist with the sale of certain of our Peru hotels;
- contract to sell our 63.63 percent stake in our Panama affiliate to Alta Cordillera, S.A, on 15 March 2010; the sale was consummated 19 August 2010;
- management contract in February 2010 with the buyer of the Pardo hotel in Lima, Peru to manage the operation of the Pardo hotel for at least 12 months from the date the sale was effective; contract renewed automatically in February 2011 for an additional 12 month term;
- contract to sell Carrera Hotel closed in November 2010 and seven-year hotel management contract in February 2011 with the buyer of the Carrera hotel in Lima, Peru;
- contract to sell the Group's Guatemala operations effective 31 December 2010;
- contract executed 1 May 2010, to extend the payment terms of the Group's indebtedness of approximately $12.8 million incurred with Capital International Assets Corporation over a 72 month period; and
- contract executed 2 February 2011 for the extension of our Poro Point land lease for an additional 25 years;
- On 27 March 2011, the Group announced that THLA entered into a contract to sell the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for $18 million. This transaction was successfully concluded on 7 April 2011.

Legal proceedings. See “Mexico-NAFTA settlement”, “Brannon Settlement” under “Other Events and Note 18 to the 2010 Consolidated Financial Statements”.

In addition, the Group has disclosed a number of matters including ongoing litigation in Notes 18 and 24 of the financial statements. In addition to the litigation described in these Notes, we are subject to legal proceedings arising in the ordinary course of business or related to our discontinued business operations. Management believes the disposition of these matters will not materially adversely affect our financial condition, results of operations or cash flows. Other than as described in this Annual Report, there are not and have not been any governmental, legal or arbitration proceedings, which may have or have had in the 12 months before the date of this Annual Report, significant effects on our financial position or profitability.

Other Key Items in 2010

Marketing

Our marketing strategy is focused on two primary objectives: attracting new players and expanding our relationship with existing players. We attract new players through general brand recognition programs and the attraction of entertainment offerings like daily live music and choreographed dance shows. We introduce new customers to gaming through their visits to our bars and restaurants that are adjacent to the gaming floor. Once a person becomes a gaming player, we seek to deepen our relationship with that customer. We offer free food and beverages to identified players, frequent raffles and giveaways and frequent special events all supported by personalized attention from service personnel. We maintain information on our clients through our player tracking programs. In this program, each client receives a personalized card for slot machine play that identifies them as players while they accumulate redeemable points using the card. We build a database of all our clients that we use for ongoing marketing programs including tournaments and accumulated jackpots.

We spend significant amounts (approximately $3.6 million in 2010 and approximately $2.6 million in 2009 from continuing operations) on marketing, focusing almost exclusively on the local market for each of our facilities, intending to further strengthen our ties to the local communities, from which we draw our repeat and new customers. In each of our markets, we advertise on television and radio, as well as in newspapers and local magazines.

We also support our local communities in many ways. For example, in the Philippines, we participate in the “Lend a Hand” program, a series of medical and dental missions organized by Thunderbird Resorts - Philippines. The outreach program is conducted in partnership with the Rizal provincial government under the supervision of the Provincial Health Office. Each month, we provide free pediatric consultations, medical and dental checkups, physical therapy and medicines for the underprivileged residents in the neighboring towns of Rizal. An average of 800 residents in each town benefits from this monthly activity.

Employees

As of 31 December 2010, without the Panama, Poland, Guatemala operations or two Peru hotels held for sale, we had 3,797 employees in our continuing operations, including 1,353 in the Philippines, 411 in Nicaragua, 1,020 in Peru, 570 in Costa Rica, 396 in India and 47 elsewhere.

None of our employees are represented by a labor union, and we believe our relations with our employees to be good. We do not, and historically have not, employed a significant number of temporary employees.

Labor laws in Latin America are generally more protective of employees than employers. Most countries in Latin America have laws protecting employees from having their employment terminated without proper cause or without paying such employees severance compensation in established statutory amounts and, in some Latin American countries, the law establishes a minimum number of vacation days. Each Thunderbird subsidiary has its own country-level training and development programs according to our corporate guidelines. We offer opportunities for employees to be personally challenged with educational assistance now available at some of our locations. Most of our subsidiaries offer life and health insurance with a preferred provider network and co-payment methods to our upper/middle management as well as for our staff and operational employees.

Insurance

We typically obtain the types and amounts of insurance coverage that we consider appropriate for companies in similar businesses. We currently maintain certain insurance policies, including general commercial and liability, property (including earthquake coverage in certain markets), and employee compensation coverage, for all of our properties. In addition, for certain of our properties, we carry business interruption insurance.

Incorporation and trading market

Prior to 2005, we were a company formed under the laws of British Columbia, Canada. In 2005, we converted our corporate form to that of a company formed under the laws of the Yukon, Canada. Effective October 2006, we filed "discontinuation documents" with the Yukon Registrar and continued the charter of Thunderbird Resorts Inc. to the British Virgin Islands.

CHAPTER 6 – REGULATORY ENVIRONMENT

Government regulation

Our gaming operations are subject to extensive regulation, and each of our subsidiaries and joint ventures holds registrations, approvals, gaming licenses or permits in each jurisdiction in which it operates gaming activities. Gaming laws are based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. The limitation, conditioning, suspension, revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions would materially and adversely affect our gaming operations in that jurisdiction.

Statutes and regulations can require us to meet various standards relating to, among other things, business licenses, registration and background investigations of employees, floor plans, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants and ownership interest. Civil and criminal penalties can be assessed against us and/or our Officers to the extent of their individual participation in, or association with, a violation of certain gaming statutes or regulations.

We are also subject to safety and health, employment and environmental laws, regulations and ordinances that apply to our operations. For example, rules and regulations regarding the service of alcoholic beverages are often strict, and the loss of a license that permits such service would significantly impair our operations. Local building, parking and fire codes also affect our operations.

We believe that we are currently in compliance with all applicable gaming and non-gaming regulations in the jurisdictions where we operate. The following is an overview of the gaming regulations in each of our current jurisdictions of operation.

We are not subject to any material environmental regulation.

Costa Rica

Costa Rica has limited regulation of gaming on a national level. Casinos must be accredited and approved by the Tourist Board of Costa Rica, must be located in a hotel rated three stars or above, and must be at least 100 meters away from places of worship, hospitals, clinics, and schools. No one under 18 years old is allowed in a casino.

As casino operators, we are required to pay municipality operational fees, facility health permit fees, and any other tax applicable to other businesses based in Costa Rica. Previously, up to 1 May 2009, we had paid a gaming tax of 3,000 Costa Rican colones ($5.79 based on an exchange rate at 31 December 2010 of 518.09) per slot machine per month to the governmental agency that operated the National Theater, and previously we had paid approximately 50,000 colones ($96.51 based on an exchange rate at 31 December 2010 of 518.09) per gaming table per month, and 10 percent of net win less table game revenue, table game direct costs and indirect and administrative costs. In January 2010 this tax was modified by the government to also include in the calculation of the tax the gaming revenue associated with slot machines.

Effective 1 May 2009, in accordance with a recent executive decree, hours were limited to fourteen hours per day or from 3:00 p.m. to 5:00 a.m. The government continues to study a revision to this decree to allow hours of operation greater than 14 hours per day due to projected losses in employment. Additionally, the decree limits the number of gaming tables and slot machines for new casinos, based on the number of rooms at the hotel and changes the protocol for all future gaming licenses to be issued at the national (rather than local) level; we believe this limit will not affect our existing casinos, but may affect our Tres Rios and Escazu projects as described herein. The legality or constitutionality of this decree continues to be challenged by various business associations and/or operators.

Philippines

Philippine Amusement and Gaming Corporation ("PAGCOR"), regulates gaming facilities in the Philippines. We have licenses covering our Rizal and Poro Point properties through agreements with PAGCOR which controls any expansion of gaming operations outside the premises occupied by the casino, installation of additional gaming tables and slot machine units within the premises, or changes to house rules or any other aspects of the conduct of the casino.

The Rizal license: This license is issued through an agreement between us, PAGCOR, and Eastbay Resorts, Inc. (the "Rizal Operating Entity"), the Philippines entity that owns the Rizal hotel and casino. The license is a grant of authority to us and the Rizal Operating Entity to operate the casino. In consideration for the grant of license, the Group's casino, in Rizal, Philippines, is required by the agreements with PAGCOR to complete a PHP 2,520,000,000 ($50,000,000), investment in phases which are as follows:

				Expected timing of cash outflows					
Phase	Required completion date		Investment amount		2005 and 2006		2007		2008 and after
1	18 January 2009	PHP	1,505,000,000	PHP	448,933,333	PHP	524,066,666	PHP	532,000,001
2	See note below		1,015,000,000		-		-		1,015,000,000
		PHP	2,520,000,000	PHP	448,933,333	PHP	524,066,666	PHP	1,547,000,001

Completion of phase 2 of ERI's investment commitment was originally subject to the extension of PAGCOR's new or extended franchise and PAGCOR's extension of ERI's authority to operate. On 6 August 2009, PAGCOR approved a revised development and investment schedule as follows:

Investment Compliance Commitment		Investment Commitment Requirement		Investment Credited per PAGCOR Review		Excess Investment that are valid/ acceptable to PAGCOR		Uncomplied Investment		Investment capital Expenditure	Date
2006	PHP	448,933,333	PHP	449,449,568	PHP	516,235	PHP	-	PHP	484,106,451	
2010		524,066,666		357,567,129		-		166,499,537		531,325,238	2010
2011		480,666,667		-		-		480,666,667		12,281,548	2011
2012		329,933,333		-		-		329,933,333		167,887,990	2012
2013		310,800,000		-		-		310,800,000		-	2013
2014		382,200,001		-		-		382,200,001		-	2014
2015		43,400,000		-		-		43,400,000		-	2015
	PHP	2,520,000,000	PHP	807,016,697	PHP	516,235	PHP	1,713,499,538	PHP	1,195,601,227	

We have pledged our shares of stock in the Rizal Operating Entity to PAGCOR to secure the performance of our and the Rizal Operating Entity's obligations under the license agreement. We are still entitled to receive any cash dividends or other cash distributions, rights, property, or proceeds with respect to the pledged shares, and we may exercise any and all voting and other consensual rights with regard to the pledged shares so long as doing so does not have a material adverse effect on the value of the shares in PAGCOR's judgment. Except as permitted by PAGCOR, we may not sell, assign or grant any options with respect to the pledged shares. Upon complete performance of our commitments in the license agreement, the security interests granted in the pledged shares will terminate. CAVEAT: the column investment capital expenditures refers to information submitted to PAGCOR and does not reflect the book of accounts for TPHR.

The Poro Point License: The Poro Point license is issued through an agreement between PAGCOR and Thunderbird Philippines Hotels and Resorts, Inc. (the "Poro Point Operating Entity"), the Philippines entity that owns our Poro Point facilities. It is a grant of authority to the Poro Point Operating Entity to establish and operate a casino complex inside the Poro Point Special Economic and Freeport Zone ("PPSEFZ").

In consideration for the grant of license, the Group's casino, PAGCOR approved a revised development and investment schedule as follows:

Phase		Investment Commitment Requirement		Investment Credited per PAGCOR Review		Excess Investment that are valid/ acceptable to PAGCOR		Uncomplied Investment		Investment Capital Expenditure	Proposed Completion Date
1	PHP	162,300,000	PHP	225,937,236	PHP	63,637,236	PHP	-	PHP	385,374,346	
2		216,400,000		225,031,818		8,631,818		-		477,703,088	
3		193,300,000		-		-		193,300,000		46,231,263	July 2014
4		1,928,000,000		-		-		1,928,000,000			July 2016
5		2,700,000,000		-		-		2,700,000,000			July 2021
	PHP	5,200,000,000	PHP	450,969,054	PHP	72,269,054	PHP	4,821,300,000	PHP	909,308,697	

On 14 November 2010, the Company submitted a request to PAGCOR for an update on its investment compliance. As of September 2010, the Company has already invested P1.1 billion exceeding the required commitment as of the end of 2010. Of this amount, Php909.3 million were already submitted to PAGCOR for review (table above) and the remaining balance will be submitted for review in 2011 The Group's agreements with PAGCOR and PPMC/BCDA requires the Group to make deposits amounting to PHP 5.2 billion ($100,000,000) with local bank acceptable to PAGCOR and PPMC/BCDA. The investment will be funded entirely from sources external to the Philippines. The Group is authorized to draw from such deposit for the construction costs and other fees for the development of the investment commitment. The investment amount shall be exhausted for each phase of the project. As of 31 December 2010 the Group spent PHP909 million toward the commitment, of which PHP450 million was approved and credited by PAGCOR, with the remainder subject to further submission of documents and review by PAGCOR. CAVEAT: the column investment capital expenditures, refers to information submitted to PAGCOR and does not reflect the book of accounts for ERI.

We have guaranteed the funding and completion of the Poro Point project, which guarantee is secured by a pledge to PAGCOR of our shares of stock in the Poro Point Operating Entity. We are still entitled to receive any cash dividends or other cash distributions, rights, property, or proceeds with respect to the pledged shares, and we may exercise any and all voting and other consensual rights with regard to the pledged shares so long as doing so does not have a material adverse effect on the value of the shares in PAGCOR's judgment. Unless permission is granted by PAGCOR in writing, we may not, however, sell or assign or grant any options with respect to the pledged shares. Upon complete performance of our commitments in the license agreement, the security interests granted in the pledged shares will terminate.

Term of licenses: On 6 August 2009, PAGCOR approved the extension of ERI's and TPHRI's authority to operate for a period of 5 years effective that date, subject to compliance to the Revised Development and Investment Schedule. The Group's position concerning the renewal of the PAGCOR licenses is that the Group actually received a 25 year extension from PAGCOR by way of a "Letter Agreement" dated July 2006 in which PAGCOR agreed that the Group's licenses would be extended co-terminus with the extension of the PAGCOR charter. The PAGCOR Charter was extended for 25 years effective July 2008. Moreover, the Group believes that each of the licenses for the Group's casinos at Rizal and at Poro will be re-newed, beyond the five years, subject to the Group's compliance with the investment commitment referenced above.

Taxation The Group has opened both of its Philippine casinos under the Philippine Amusement Gaming Authority's (PAGCOR) charter. Under this charter, PAGCOR is granted an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, or levies, except a 5 percent franchise tax on the gross revenue or earnings derived by PAGCOR on its casino operations. Thunderbird's Philippine casino operation is subject to 25 percent "tax" on gross gaming revenues, which is timely and regularly remitted by the Company to PAGCOR. The 25 pecent gross gaming tax is inclusive of the 5 percent franchise tax payable by PAGCOR to the BIR. Thunderbird's Philippine casino operation is not directly subject to the 5 percent franchise tax, which is a tax passed on by PAGCOR, the latter being subject to the 5 percent franchise tax in lieu of all national and local taxes in accordance with R.A. 9487, *An Act Further Amending Presidential Decree No. 1869, Otherwise Known as the PAGCOR Charter.* On 15 March 2011, the Philippine Supreme Court promulgated its decision holding that PAGCOR is liable for corporate income tax. According to

PAGCOR, it would meet its licensees/sub-licensees (*i.e.*, private operators, including the Company) to provide further guidance on the impact of Supreme Court decision on them.

Nicaragua

There are three gaming authorities in Nicaragua. In general, all games of chance are permitted in Nicaragua as long as the gaming company has entered into a contract with the National Lottery ("Lotería Nacional") or is registered in the National Tourism Registry of the Nicaraguan Institute of Tourism ("Instituto Nicaragüense de Turismo") and has obtained a license as a tourist service company from the respective authority. In both cases, the gaming company must first obtain a permit from the Directorate of Public Safety of the National Police ("Dirección de Seguridad Pública de la Policía Nacional"). The Nicaraguan government applies specific gaming taxes as well as a corporate income tax, which apply to our operations as follows:

a. municipal tax of 1 percent of gross revenue, payable monthly;
b. advance monthly income tax payment of $200 per table or 1 percent of net win on table games whichever is higher;
c. advance monthly income tax payment of $25 per slot machine for the first 100 slots, $35 from 101 to 300 slots, and $50 from 301 or more per slot machine and per location or 1 percent of net win of slot machines, whichever is higher; and
d. income tax of 30 percent of taxable net income, payable annually, which is reduced by the amounts paid as monthly advance income tax payment.
e. In addition, we must pay the annual "matricula" tax to the municipal government for our operating licenses, which is 2.1 percent of the average monthly revenue for the months of October, November and December.

India

The 1976 Gambling Act of Goa, Daman & Diu prevents us, as a non-Indian national from owning or operating a casino in India. The casino operations in India will be owned by a group of Indian nationals which will lease space from Daman Hospitality Private Limited (our joint venture) under a comprehensive lease arrangement.

CHAPTER 7 – OUR PROPERTIES

The following table provides an overview of our existing locations and properties as of 29 April 2011 (excluding assets sold and discontinued operations).

Name	Location	Date Acquired / Constructed	Type	Our Ownership	Total Square Meters (1)	Gaming Square Meters	Slot Machines	Gaming Table Positions	Rooms and Suites
Costa Rica (2)									
Fiesta Casino-Holiday Inn Express	San José	2005	Casino	54%	3,900	1,167	357	111	—
Fiesta Casino-Hotel El Presidente	San José	2003	Casino	50%	910	495	243	—	—
Fiesta Casino-Hotel America Heredia	Heredia	2005	Casino	50%	1,113	830	271	41	—
Fiesta Casino-Ramada Plaza Herradura	San José	2007	Casino	50%	615	403	87	54	—
Lucky's–Perez Zeledon	San José	2007	Slot Parlor	50%	264	230	118	—	—
Lucky's–San Carlos	San Carlos	2006	Slot Parlor	50%	122	68	40	—	—
Lucky's–Guapiles	Guapiles	2006	Slot Parlor	50%	283	255	85	—	—
Lucky's–Tournon	Tournon	2006	Slot Parlor	50%	203	122	57	—	—
Lucky's-Colon	Colon	2008	Slot Parlor	50%	350	200	90	—	—
Hotel Diamante Real (Perez Zeledon)	San José	2008	Hotel	50%	1,374	—	—	—	21
Costa Rica Total					9,134	3,770	1,348	206	21
Philippines									
Thunderbird Resort Rizal-Fiesta Casino (3)	Manila, Binangonan Rizal	2005	Casino	60%(4)	8,320	1,920	455	207	—
Thunderbird Resort Poro Point-Fiesta Casino	San Fernando City, La Union	2006	Casino	61%(5)	13,373	1,236	285	172	—
Thunderbird Resort Rizal	Manila, Binangonan Rizal	2005	Hotel	60%(4)	10,130	—	—	—	41
Thunderbird Resort Poro Point	San Fernando City, La Union	2006	Hotel	61%(5)	11,750	—	—	—	36
Philippines Total					43,573	3,156	740	379	77
Peru									
Thunderbird Fiesta Hotel & Casino	Lima	2010	Hotel	100%	32,883	4,776	427	208	66
Thunderbird Hotel Principal (4)	Lima	2010	Hotel	100%	12,910	— —	—		151
Thunderbird Hotel Bellavista (4)	Lima	2010	Hotel	100%	5,840	— —	—		45
Thunderbird Resort El Pueblo	Lima	2010	Resort	100%	35,403	— —	—		235
Thunderbird Hotel Pardo (Management Contract)	Lima	2010	Hotel	U. San Martin	7,077				64
Thunderbird Hotel Carrera (Management Contract	Lima	2010	Hotel	Admiral	7,328				99
Luxor	Lima	2010	Slot Parlor	100%	911	704	253	—	—
Mystic Slot	Cusco	2010	Slot Parlor	100%	326	236	100	—	—
El Dorado	Iquitos, Hotel El Dorado	2010	Slot Parlor	100%	233	154	97	—	—
Luxor	Tacna, Hotel El Emperador	2010	Slot Parlor	100%	573	248	147	—	—
Peru Total					103,484	6,118	1,024	208	660
Nicaragua									
Pharaoh's Casino-Carretera a Masaya	Managua	2000	Casino	55%	3,924	566	149	91	—
Pharaoh's Casino-Camino Real	Managua	2005	Casino	55%	4,890	633	114	28	—
Pharaoh's Casino-Holiday Inn	Managua	2006	Casino	55%	475	215	83	21	—
Zona Pharaoh's-Bello Horizonte	Managua	2008	Casino	55%	826	545	100	21	—
Nicaragua Total					10,115	1,959	446	161	—
India (5)									
Thunderbird Resorts	Daman	2011	Hotel (6)	50%	36,981	3,936	—	—	176
India Total					36,981	3,936	—	—	176
Total for all properties					203,287	18,939	3,558	954	934

(1) Total square meters includes gaming, food and beverage, administrative, back house, and parking areas.
(2) We also have slot machines in a smaller location called a "slot route", in Costa Rica, where the owner of the property pays us a percentage of the net winnings for those machines.
(3) The Philippines Rizal Event Center expansion opened Q1 2011 and Casino expansion is completed and we anticipate Q2 opening.
(4) Belle Vista and Principal sold April 7 2011 and will be managed by the Group until June 30 2011 for the buyer.
(5) The Indian hotel is scheduled to open in the second half of 2011.
(6) Casino space to be leased to third party in exchange for rent.

Costa Rica

The Group entered the Costa Rica market in 2003 and operates nine casinos and a slot parlor. As of 31 December 2010, we offered 1,370 slots and 211 table positions.

Significant properties

Fiesta Casino Holiday Inn Express (formerly the Garden Court Casino). This casino is located inside the Holiday Inn Express, formerly known as the Garden Court Hotel, near the San Jose international airport. The first multi-entertainment gaming center in the Costa Rican market, this casino includes slot machines, table games, an exclusive card room and a themed bar and restaurant with a state of the art entertainment facility, with nightly live entertainment including professional dancers. This facility has a bar with a "ship" theme, with the waiters in costume, and a casino area with a "Mayan temple" theme. We believe this facility has become one of the premier night spots in San Jose.

Fiesta Casino Presidente. Located in downtown San Jose inside the El Presidente hotel, this casino includes slot machines, table games and a small food and beverage area. This casino is surrounded by a pedestrian area with many shops and restaurants that attract a middle-class clientele.

Tres Rios project. We started construction on a resort project in the eastern suburbs of San Jose in 2006. This 22-acre "Tres Rios" facility was initially intended to be a 225-room five star resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2010, we have invested approximately $15.5 million (of which our portion is $7.7 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. The difficulty in securing long term financing during the worldwide economic crisis in 2008 and 2009, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, caused us to change plans with respect to this project. During 2009 and 2010 we minimized the amount we invested in the hotel and attempted to maximize third party investment. Accordingly, during 2010 we have redesigned the project to a three star, 108 room hotels with convention center and casino. We are actively pursuing long term financing to complete this project and while these options are being pursued however, the "on-site" construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in securing the financing needed to complete the project. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

Escazu. We have also acquired land in the southwestern suburb of San Jose where we plan to build the Escazu project. As of 31 December 2010, we have invested approximately $4.0 million (of which our portion is $2.0 million). The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are pursuing different options to complete the project, one such is a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

Philippines

The Group entered the Philippines market in 2005 and we now own interests in, and operate, two casinos which as of 31 December 2010, have 613 slots and 372 table positions, as well as two hotels and a nine-hole golf course. We are expanding our facilities with multi-stage projects ongoing for each property.

Significant properties and projects

Expansion of Thunderbird Resorts—Rizal. This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 41 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 100 new slot positions and 28 new table positions in addition to the current 338 slot machines and 200 table positions. The total investment is projected to be $13.2 million of which approximately $8.2 million has been raised through a Philippine private debt offering of $9.5 million. In April 2010, the Group obtained financing from Philippines based Veterans Bank to complete a 950 square meter event center/casino expansion in its Rizal property. The expansion of the 950 square meter event center opened during February and March 2011. The enlarged casino space will allow for an additional 100 slot machines and 28 table positions over the course of 2011.

Expansion of Thunderbird Resorts—Poro Point. This Fiesta casino is located in San Fernando, on Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. In 2005, we obtained a 25-year lease on this 130 acre-tract, on which the existing resort and planned expansions are located. San Fernando, in the province of La Union, is a six-hour drive, or a one-hour flight, from Manila. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point which completed Phase I of our expansion. We commenced the expansion of the existing casino at Poro Point in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 65 new slot machines and 49 new table positions in addition to the current 275 slot machines and 172 table positions, along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million, of which $2.3 million has been raised through a Philippine private debt offering of $7.4 million. When and if additional funding becomes available to complete the Poro Point expansion, we anticipate completing the same within 120-180 days after funding is finalized.

Extended lease. In March 2010, the Company received approval for a 25-year lease extension from the Bases Conversion Development Corporation ("BCDA") and the Poro Point Management Corporation ("PPMC") for the Group's leased property. Once the lease is formally extended, it extends into the year 2055. Management believes the grant of an additional extension will enhance the Group's effort to obtain the remaining financing of the ongoing expansion of our hotel and casino operations in Poro Point. The lease extension should also facilitate the Group's long term plans to develop the existing location into a world class residential enclave offering a mixture of single detached homes, townhouses, and medium rise condominium units. This development is consistent with the Group's strategy to minimize its investment in real estate unless such investment is a condition to enhancing and securing the gaming license, which is the case in the Philippines. The lease extension through the year 2055 was executed during Q1 2011.

Peru

The Group entered Peru in July 2007, when we acquired the Hoteles Las Americas properties located in Lima for $43.5 million. The six hotels under this brand, which include a resort/convention center, have 660 rooms and 14 restaurants, bars and entertainment venues. Based on the number of rooms, this is the largest hotel chain in Lima, as well as the second largest in Peru. Four of the hotels are located in the Miraflores commercial and financial area of Lima and cater to business and foreign leisure/tourist travelers. We renovated the hotels to current market standards, and installed a major market-style casino and entertainment facility in the Benavides hotel with the possibility of installing in one or the other hotels.

In Lima, there are over 1,500 hotels, relatively few of which we consider to be high-end hotels. We believe that our hotel group has a solid strategic footprint in the Lima area, which should provide us with a firm base from which to provide gaming and other entertainment products to the local and regional population.

Significant properties and projects

Thunderbird Fiesta Hotel & Casino—Thunderbird Hotels. This property is located at the Plaza Benavides commercial center, which we consider prime real estate in the Miraflores district. All of its rooms are duplexes and include a kitchenette, sitting and dining room, office and terrace. The hotel has historically catered to high- and medium-budget business travelers. The property also has 3,750 square meters of office space, a shopping center with 5,000 square meters and 308 parking spaces. The land area occupied by these two structures is 2,798 square meters. In the third quarter of 2008, we completed the construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites and it opened on 19 September 2008 as an approximately 5,740 square meter casino. As of 15 April 2011, we have approximately 427 slot machines and 208 table positions.

Sale of Pardo and Carrera—Thunderbird Hotels. In order to reduce the Group's investment and related debt in "non-gaming" assets, in the fourth quarter of 2009 the Group commenced efforts to sell some of its original six hotels. During 2010, the Thunderbird Hotel Pardo and Thunderbird Hotel Carrera were sold. On 24 February 2010, the Group closed on the sale of the 64 room Thunderbird Hotel Pardo for approximately $8.4 million. The total $8.4 million net sale proceeds (after certain taxes and closing costs) were used to pay down secured Peruvian sourced debt related to the Thunderbird Hotel Pardo. On 16 November 2010, THLA closed on its sale of the 99 room Hotel Carrera. The total sale proceeds of approximately $5.25 million were used to pay down Peruvian sourced debt. As result of these two sales and normal scheduled amortization, the senior secured debt encumbering our remaining senior secured debt is approximately $14.1 million as of 31 December 2010.

On 27 March 2011, the Group announced that THLA entered into a contract to sell the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bella Vista for $18 million. This transaction was concluded on 7 April 2011.

The net proceeds from the sale of the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bella Vista will be used to pay down certain Peruvian related debt and certain accounts payable balances related to our Peru hotel operations.

The Group is proactively pursuing the extension of the amortization terms of its remaining secured balance with Interbank as well as seeking longer term bank financing to refinance the secured debt and other liabilities of THLA and its related operations. Management believes with the sale proceeds being used to pay secured, matured and or maturing debt and liabilities, it will be positioned to obtain such refinancing, particularly with the strong 2010 performance of the hotels and casino and the strong collateral available to secure such a loan, but there can be no assurance of such being accomplished.

Peru—Sun Nippon acquisition. On 9 July 2008, we purchased 100 percent of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.5 million. The five properties previously owned by these two companies have been consolidated to four locations and as of 31 December 2010 we have approximately 565 slot positions.

Effective 1 May 2010, the Group was able to refinance with an original lender an approximate $12.8 million, 72-month term loan to new terms that include a 108-month payment term. The original loan was unsecured, so to obtain this extended maturity date, the Group granted the lender a security interest in the cash, assets and shares represented by the Group's four slot parlors in Peru owned by its subsidiaries, Sun Nippon Company, S.A. and Interstate Gaming Del Peru, S.A. These new terms improve the cash flow of the operation.

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos in Nicaragua, all under the Pharaoh's brand, with 483 slot machines and 161 table positions as of 31 December 2010. Generally, we believe that Nicaragua will provide limited opportunities for additional expansion, due in part to the scope of our existing operations in that country, as well as due to its relatively small population. While we believe our Nicaraguan casinos are among the highest-end casinos in the country, they are not truly major market-style casinos. As Nicaragua has a smaller population base than our other locations, our facilities there are correspondingly smaller. We do focus on our customer relationships and local marketing as in our other locations—for example, we believe that we operate the only casinos in Nicaragua with a player tracking and cash club system—but do not yet have entertainment and recreation facilities fully integrated with our Nicaragua casinos.

Significant properties and projects

Pharaoh's Casino Managua. This property—the "original" Pharaoh's—is located on the principal street in the heart of Managua. Located across from an Intercontinental Hotel and blocks from a high-end shopping center, this facility includes slot machines, table games, a VIP gaming area, and a restaurant and bar.

Carrera Masaya project. The Group had previously announced in 2007 plans for the development of a flagship casino in downtown Managua on land purchased by the Group in 2003 and 2006 that is in the Masaya area of Managua, Nicaragua, on land already owned by our Nicaragua affiliate in 2009. Thereafter, due to changing market conditions and the less than favorable credit conditions, those plans were put on hold. The Group is now re-assessing market and credit conditions related to that project. With the improving economic climate, the Group has re-evaluated the merits and timing of the development of this facility at this premium location. As of 31 December 2010, no decision had been to renew the development of this property and the opportunity remains under review.

Managua – Zona Pharaoh's. In June 2008, we opened an additional slot parlor in a suburb of Managua called "Bello Horizonte" that is located in a high-traffic shopping mall named Multicentro de las Americas. The facility, named Zona Pharaohs, has 800 square meters, 100 slot machines, 21 table positions, a 96 seat sports-themed restaurant and a sportsbook. Zona Pharaoh's and the Ringside restaurant are a continuation of the effort to provide upscale entertainment to the adult public in Managua.

India

We entered the Indian market in 2008 and we believe that India will provide additional opportunities for expansion in the future. Our first project is in the city of Daman, which is adjacent to Maharashtra State whose capital is Mumbai (formerly Bombay).

Significant properties and projects

Daman Hospitality Private Limited. Construction continues on the Group's luxury hotel/hospitality complex in Daman, India, announced originally in March 2008. We expect that this 177-room, luxury resort will include: (i) 2,700 square meter indoor event and meeting areas; (ii) 6,500 square meters of outdoor pools and event areas for up to 2,000 people; (iii) three bars, including a branded Salsa's Bar, a cutting edge bar/disco, and a high-end lounge bar, all with facilities for live music; (iv) four restaurants, including one Vegas-style buffet, one high-end Szechuan restaurant, a pool bar and one cafe near the event center; (v) a 450 square meter Zaphira Spa; (vi) 200 square meter gym for guests and club members; (vii) 750 square meter shopping area; and (viii) and a 5,700 square meter world class casino and entertainment venue.

Construction of this project has been and is being funded by three sources. DHPL and its India partner have contributed approximately $18 million in cash and property as equity into the project. DHPL has also raised approximately $13.5 million in fully convertible debentures, secured behind the other funding source, and a $26 million senior secured loan facility from four India banks. The debentures were funded during 2009 and the senior secured loan was obtained in the first quarter of 2010 and its funds are being drawn on for ongoing construction. The construction is substantially complete with the remaining construction being in the finishing works. However due to cost increases, during 2010 we began raising additional funds to complete the Project. With the delays in opening, the overall costs of the project increased, including the carrying/financing charges and other typical pre-opening costs. We also face increased construction costs and a weaker dollar against the rupee.

The Group announced 23 February 2011 the execution of a letter of intent for the planned addition of another equity partner into its India affiliate, Daman Hospitality Pvt. Ltd. ("DHPL"). Delta Corp Ltd (Bombay Stock Exchange: DELT.BO) ("Delta") will provide "completion funding" to DHPL that should culminate in opening the first Thunderbird branded property in India.

When fully documented, Delta will become a 51% owner in the hotel and Thunderbird will continue to operate the hotel with a management contract. Based on the letter of intent, with this infusion of new equity by Delta into the project, Thunderbird and the initial India partner in the hotel will be reduced to 49 percent ownership collectively. Delta will own the 51 percent balance.

Simultaneous with and contingent upon the execution and funding of Delta's infusion of new equity into the India project, the Group will issue Delta 840,000 shares of its common stock at a price of $2.00 per share upon the completion of the definitive documentation. The Group anticipates using the $1,680,000 in proceeds for general working capital purposes. The completion of this transaction is subject to various conditions including the preparation, negotiation and execution of "Definitive Agreements". Those Definitive Agreements are in the advanced stages but there can be no assurances of a closing.

CHAPTER 8 – REPORT OF THE BOARD OF DIRECTORS, CORPORATE GOVERNANCE, AND REMUNERATION

Senior Management, Directors, and Director Nominees

The following table sets forth certain information about the persons who serve as on our Board of Directors and as our senior management. Members of our Board of Directors serve for a one-year term, which expires at each annual meeting. Unless otherwise indicated, the business address of each person listed below is Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama.

Other than as described below for Messrs. Sueiro, there is no familial relationship between any of our senior management or members of our Board of Directors.

Name	Age	Position
Jack Mitchell	55	President, CEO and Director
Albert Atallah	55	Vice President, General Counsel and Director
Peter LeSar	42	Interim Chief Financial Officer
Tino Monaldo	52	Vice President—Corporate Development
Raul Sueiro	46	Vice President—Asian and European Operations
Angel Sueiro	39	Vice President—Design and Construction
Michael Fox	56	Secretary and CFO Latin America
Salomon Guggenheim	51	Director
Roberto de Ocampo	65	Director
Douglas Vicari	50	Director
Franz Winkler	51	Director

Senior management

Jack Mitchell – President and CEO: Mr. Mitchell has been our Chairman, President and Chief Executive Officer and a Director since 1997. He received a Bachelor of Science degree from the University of Missouri in 1978, his Juris Doctorate from the University of Missouri-Kansas City in 1981, and his LLM in Taxation from the University of San Diego School of Law in 1989. He was admitted to the California bar in 1986, and in 1988 was a founder of LaRocque, Wilson, Mitchell & Skola, a law practice specializing in real estate and gaming, where he was employed until he joined our Group.

Albert Atallah – Vice President, Compliance and General Counsel: Mr. Atallah has been our Vice President, Compliance and General Counsel, and a Director since 2000, having served as a consultant for us from 1997 to 2000. Before joining us, he was a partner with the California law firm of LaRocque, Wilson, Mitchell & Skola. He was admitted to the California and Michigan bars and is licensed to practice before the U.S. District Courts of California and Michigan, the U.S. Tax Court, and the U.S. Supreme Court. He received a B.B.A. in 1978 from the University of Michigan, a Juris Doctorate in 1981 from the University of Detroit School of Law, and an L.L.M. in Taxation from the in 1989 from the University of San Diego School of Law. Mr. Atallah is a tax specialist certified by the California Board of Legal Specialization.

Peter LeSar - Interim CFO: From 1997-1998, Mr. LeSar was the Executive Director of the Council for Investment & Development, which represented Thunderbird Resorts in its successful bid in the privatization of Panama's state-owned casinos. He has since worked for Thunderbird as a member of its corporate team both as President of Thunderbird

Philippines and as Vice President of Business Development. In the former role, the operations in the Philippines achieved annualized organic growth of almost $10 million during his 18-month tenure. In the latter role, Mr. LeSar has been directly responsible for developing transactions, and structuring and securing funding for the Asian and European markets, specifically the Philippines, India and Poland. As of January 2011, Mr. LeSar has been named Interim Chief Financial Officer.

Tino Monaldo - Vice President of Corporate Development: Mr. Monaldo joined us in March 2007 as a consultant and in November 2007 became Vice President—Corporate Development. From 2000 until 2007, he was General Counsel of Earth, Energy & Environment, LLC, a Kansas City-based project development company predominantly focused in the natural gas pipeline, ethanol production facilities and energy sectors. From 1988 until 1999, he was General Counsel of Kansas Pipeline Company. Mr. Monaldo received a B.A. in economics from George Washington University in 1979 and a J.D. from Washington University in 1982.

Raul Sueiro - **Vice President – Design and Construction:** Mr. R. Sueiro joined us in 1998 as a casino manager in Panama, which position he held until 2000. He was our operations Director in Venezuela from 2000 to 2003, our development manager in Chile from 2003 to 2004, our chief operations Officer in the Philippines from 2004 to 2006, our vice president of operations from 2006 to 2007, and has been our country manager for the Philippines and our Vice President—Asian and European Operations since February 2007. Before Mr. R. Sueiro joined us, from 1990 to 1998, he was the Dominican Republic Country Manager for Grupo Comar, a multinational gaming company. Mr. R. Sueiro received a B.S. from Instituto Nacional de Bachillerato in Ponferrada in 1982. He is the brother of our Vice President—Design and Construction, Angel Sueiro.

Angel Sueiro Vice President – Asian European Operations: Mr. A. Sueiro joined us in September 2003 as our Director of Design and Construction. He became our Vice President—Design and Construction in 2007. Before Mr. A. Sueiro joined us, from 1999 to 2003 he independently designed numerous casino projects, including the Gran Casino PLC in Margarita Island, Venezuela, and the Jump Up Casino in Saint Maarten. He has worked on casino design projects—from illumination specialist to designer and project manager—in Argentina, Suriname, Venezuela, the Dominican Republic, Curacao and Ecuador. For five years previous to becoming an interior designer, Mr. A. Sueiro was Partner & Art Director for Nova, a graphic design and corporate image firm in the Dominican Republic. He received a degree of Tecnico Superior from Cofisad in La Coruña, Spain in 1993. He is the brother of our Vice President—Asian and European Operations, Raul Sueiro.

Michael Fox - Secretary and CFO Latin America: Mr. Fox joined us in 2003 as the financial manager of our Costa Rican operations. Mr. Fox was responsible for executing the Group’s standards and for managing the construction of the Group’s flagship Costa Rican property in late 2003 and became our Chief Financial Officer in June 2005. From 2001 to 2003, Mr. Fox was a principal in the UnoVision Consulting Group, which provided consulting services for various projects in Costa Rica, and from July 2002 to October 2003, Mr. Fox was also a financial Director at Apuestas Continentales, S.A., an operator of slot routes and casinos. From 1999 to 2001, Mr. Fox was a principal in Central America Online, S.A., an Internet services provider. Mr. Fox has over 30 years of experience in business, including spending eleven years with Devcon International Corp, a NASDAQ-listed company, nine years of which he served as the Controller and CFO. Mr. Fox received a Bachelor of Science degree in Accounting from the College of Steubenville in Steubenville, Ohio, in 1976. As of January 2011, Mr. Fox has been named the Chief Financial Officer for Latin America operations.

Independent Board of Directors

Roberto de Ocampo. Mr. de Ocampo joined us as a Director in 2007 and has been a Chairman in the Philippines since 2004. From 1998 until 2006, he served as the President of the Asian Institute of Management in Manila. He is a member of the Asian Institute of Management’s Board of trustees and is chairman of the Board of advisors of the Center for Public Finance and Regional Economic Cooperation. Mr. de Ocampo was Philippines Secretary of Finance, as well as a member of the Board of Governors of the World Bank and the Asian Development Bank and an alternate governor of the International Monetary Fund from 1994 to 1998. He received a B.A. in economics from College-Ateneo de Manila in 1967, a M.B.A. from the University of Michigan in 1970, and a Diplomate in Development Administration from the London School of Economics in 1971. He is the receipient of many international awards including, among others, Global Finance Minister of the Year (1995), and Chevalier of the Legion d'Honneur from France.

Salomon Guggenheim. Mr. Guggenheim joined us in 2002 as a Director. In 1987, he joined Gutzwiller & Partner Ltd., Zurich, a portfolio management company, where he was responsible for Investments and Trading. In 1991, he took over Gutzwiller & Partner from E. Gutzwiller & Cie., Banquiers, Basle (a privately-held Swiss bank) together with the senior management of Gutzwiller & Partner, through a management buy-out and sold the company in 1997. Gutzwiller & Partner was renamed Rabo Investment Management Ltd., where Mr. Guggenheim worked as a Managing Director until December 2001. Since 2001, he has owned and operated his own company, IC Day Trading Consulting Corp., a Swiss 55 corporation focused on the advisement of private individuals in portfolio management and daily trading activities in different markets worldwide. He is also the Chief Executive Officer for Ecopowerstations Ltd., a Swiss corporation dealing with pollutant and emission-free wind power stations.

Douglas W. Vicari. Mr. Vicari joined us as a Director in 2007. He is the Executive Vice President, Chief Financial Officer, Treasurer and a Trustee with Chesapeake Lodging Trust, positions he has held since its formation. Prior to joining Chesapeake, Mr. Vicari served as a principal with Paramount Hotel Group, a hotel owner, developer and operator, from January 2009 to June 2009. Previously, Mr. Vicari served as Executive Vice President and Chief Financial Officer of Highland Hospitality Corporation, or Highland, from September 2003 until its sale in July 2007. Prior to joining Highland, Mr. Vicari served as Senior Vice President and Chief Financial Officer of Prime Hospitality Corporation, or Prime, a formerly NYSE-listed company acquired by an affiliate of The Blackstone Group in 2004, from August 1998 to July 2003, and also served on the board of directors of Prime from May 1999 to July 2003. Prior to his appointment as Chief Financial Officer, he served as Vice President and Treasurer of Prime from January 1991 to July 1998, and was an instrumental member of the management team that led the company out of bankruptcy in July 1992. From 1986 to 1991, Mr. Vicari was Director of Budgeting and Financial Planning for Prime, and was responsible for all budgeting, planning and forecasting. Prior to his tenure at Prime, Mr. Vicari held numerous management positions at Combustion Engineering (now ABB Brown Boveri) from 1981 to 1986. Mr. Vicari earned a B.S. in Accounting from the College of New Jersey and received his M.B.A. in Finance from Fairleigh Dickinson University.

Franz Winkler. Mr. Winkler jointed us as a Director in 2010 and is based in Zurich, Switzerland. After several years as a business trainee from 1975 to 1978, Mr. Winkler became a partner of several Swiss and Liechtenstein based fund management companies such as Accuro Group, Advanced Fund Management and Winkler Invest. Since 2002, Mr. Winkler is a partner of Diem Clientpartner in Zollikon, Switzerland where he is responsible for portfolio management. Since 2010, Mr. Winkler has been a board member of Credit Suisse Hypotheken AG.

Further information on the Board of Directors and senior management

None of the members of our Board of Directors or our senior management has been convicted in relation to any fraudulent offences, served as a member of the administrative, management or supervisory body, partner with unlimited liability, founder or senior manager of any company subject to bankruptcy proceedings, receiverships or liquidations, or been disqualified by any court from acting as a member of the administrative, management or supervisory body of any issuer or from participating in the management or conduct of the affairs of any issuer, or has been subject to any public incrimination and/or sanctions by statutory or regulatory authorities or bodies.

Management on the Board of Directors

For information regarding **Jack Mitchell** and **Albert Atallah**, see above.

Board of Directors - Governance

General

Our Board of Directors consists of six Directors (elected each year at the annual shareholders meeting), of whom four (Messrs. Guggenheim, Winkler, de Ocampo, Vicari), are independent. Independence determinations were made by our Board of Directors using the current guidelines of the New York Stock Exchange Euronext for companies listed on that exchange. In making those determinations, our Board of Directors considered many factors, including certain relationships between Messrs. de Ocampo and Guggenheim and us that our Board of Directors determined were immaterial and/or not compromising of such persons' independence. Members of our Board of Directors serve for a one-year term, which expires at each annual meeting. There is currently one vacancy, which the Board does not anticipate filling at the Group's 2011 mid-year annual meeting.

Committees of the Board

Our Board of Directors has established an Audit Committee, a Nominating and Governance Committee and a Compensation Committee. Each such committee has four Directors and is composed exclusively of Directors who are independent.

Audit Committee

Our Audit Committee consists of Messrs. Guggenheim, Winkler, de Ocampo and Vicari. Mr. Vicari is the chairman of our Audit Committee. The audit committee is responsible for engaging independent public accountants, reviewing with the independent public accountants the plans and results of the audit engagement, approving professional services provided by the independent public accountants, reviewing the independence of the independent public accountants, considering the range of audit and non-audit fees our compliance with legal and regulatory requirements and reviewing the adequacy and integrity of our internal accounting controls.

Compensation Committee

Our Compensation Committee consists of Messrs. Guggenheim, Winkler, de Ocampo and Vicari. Mr. Guggenheim is the chairman of this committee, which reviews and approves, or makes recommendations to the Board of Directors with respect to senior management's and Directors' (who are not employees) compensation, and our long-term incentive compensation program and equity incentive plans.

Nominating and Governance Committee

Our Nominating and Governance Committee consists of Messrs. Guggenheim, Winkler,, de Ocampo and Vicari. Mr. de Ocampo is the chairman of this committee, which is responsible for, among other things, seeking, considering and recommending to the Board of Directors qualified candidates for election as Directors and recommending nominees for election at our annual meeting, recommending the composition of committees of our Board, developing our corporate governance guidelines and policies and adopting a code of business conduct and ethics.

Vacancies on our Board of Directors

Our charter provides that any and all vacancies on our Board of Directors may be filled only by the affirmative vote of a majority of the remaining Directors in office, even if the remaining Directors do not constitute a quorum, and any Director elected to fill a vacancy shall serve for the remainder of the full term of the Directorship in which such vacancy occurred and until a successor is elected and qualified. One such vacancy exists which will most likely not be filled at the Company's annual meeting mid-year 2011.

Any Director may resign at any time and may be removed with cause by our stockholders upon the affirmative vote of at least two-thirds of all the votes entitled to be cast for the election of Directors or without cause by our stockholders upon the affirmative vote of at least two-thirds of all the votes entitled to be cast for the election of Directors.

Senior management compensation

The following table sets forth the compensation of each of our senior management for 2010. For a discussion of the compensation of certain of our senior management going forward, please see "Employment Agreements".

	Salary	Value of stock grants	Aggregate other compensation	Total compensation
Jack Mitchell (1)	$ 600,000	$ 492,800	$ 77,159	$ 1,169,959
Albert Atallah (2)	225,000	33,600	7,464	266,064
Michael Fox (3)	325,000	22,400	39,396	386,796
Raul Sueiro (4)	180,000	56,000	3,454	239,454
Angel Sueiro	150,000	44,800	3,454	198,254
Peter Lesar (5)	180,000	78,400	2,454	260,854
Tino Monaldo (6)	325,000	112,000	52,000	489,000

(1) Aggregate other compensation includes life insurance ($21,890), car allowance ($14,269), a housing allowance ($36,000) and XIII month ($5,000) as per Panamanian law.
(2) Aggregate other compensation includes life insurance ($7,464).
(3) Aggregate other compensation includes life insurance ($15,396), car allowance ($6,000), and a housing allowance ($18,000).
(4) Aggregate other compensation includes life insurance ($2,454) and XIII month ($1,000) as per Philippines law.
(5) Mr. LeSar is not an officer of the Group. Aggregate other compensation includes life insurance ($2,454).
(6) Aggregate other compensation consists of professional fees paid to Mr. Monaldo's firm. Mr. Monaldo is responsible to pay for his health, life, disability and dental insurance and other profesional fees and costs.

During Q4 2010, the Company issued its common stock in lieu of cash to the following listed executives for their voluntary deferral of 20 percent wages for the period 1 August 2009 to 30 September 2010, at which time the deferral period ceased. The Board of Directors authorized these persons to: (i) receive shares equal to 100 percent of the actual deferred payroll amount, plus the cost living increase or alternatively (ii) receiving shares equal to 60 percent of the actual the deferred payroll plus the cost living increase and receive 40 percent in cash over the next 12 months commencing 1 December 2010.

Name	Aggregate deferred salary plus cost of living since November 2008 in $USD for the period August 1, 2009 through September 30, 2010. (3)
Jack Mitchell (2)	$140,000
Albert Atallah (2)	$53,654
Tino Monaldo (2)	$77,500
Michael Fox (2)	$75,500
Raul Sueiro (1) (2)	$36,000
Angel Sueiro (1) (2)	$30,000
Peter Lesar (2)	$42,000

(1) Deferred August 1, 2009 to July 31, 2010 and no deferral thereafter

(2) Consumer price index at 4.10 percent

(3) Actual share price ot be used shall be the 30 day average price of the shares as published between that period beginning 30 calendar days before the end of trading day on the 3rd business day after the publication of the Q3 2010 Interim Management Report.

Board of Director Compensation

Directors employed by us are not currently receiving additional cash compensation for serving on the Board of Directors. Each member of the Board of Directors who is not a member of senior management (Messrs. Guggenheim, Winkler, de Ocampo and Vicari, who we refer to as "Non-Senior Management Directors") receives a payment or fee of $500 per meeting effective October 2009. Effective 1 August 2009, our Board of Directors voluntarily elected to defer monthly Director fees until the Group's cash flow stabilizes. As, of October 2010, the Board authorized the restoration of an individual director's fees to its 2007 and 2008 levels of $48,000 annually to be paid in Company stock quarterly. The level of compensation and method will be reviewed annually.

We also reimburse all of our Directors for their travel, hotel and other expenses incurred in the performance with their duties as Directors, including expenses incurred in attending Board of Directors meetings, Committee meetings and shareholder meetings. We do not have any pension programs for our Board of Directors, senior management or other employees. However, as of 31 December 2010 a total of $1.5 million was reserved (in accordance with local law) by the certain of our operating subsidiaries for severance and retirement benefit obligations for all employees in certain locations.

2007 Equity Incentive Plan

Our Thunderbird Resorts Inc. 2007 Equity Incentive Plan (the "Equity Plan") is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and Directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefit of all of our shareholders. We have reserved up to 5 percent of our currently issued and outstanding shares of common shares (as of any given date) for the issuance of awards under the Equity Plan. Prior to 2010, 0.5 million shares had previously been issued to executive management and certain other employees. Under the current Equity Plan the Group is authorized to issue up to 5 percent of its issued and outsanding shares.

In October 2010 the Board authorized the Company to issue an additional 452,500 shares to Company senior management and certain employees, pursuant to the Equity plan, as set forth below:

Name	Shares to be issued, effective 1 December 2010
Jack Mitchell	220,000
Albert Atallah	15,000
Tino Monaldo	50,000
Michael Fox	10,000
Raul Sueiro (1)	25,000
Angel Sueiro (1)	20,000
Peter LeSar	35,000
12 Employee aggregate	77,500
Total	452,500

The Equity Plan is administered by our Board of Directors or a committee designated by the Board of Directors (in either case, referred to as the "Administrator"). The Administrator has the power and authority to select Participants (as defined below) in the Equity Plan and grant Awards (as defined below) to such Participants pursuant to the terms of the Equity Plan. All decisions made by the Administrator pursuant to the provisions of the Equity Plan shall be final and binding on us and the Participants.

Awards may be in the form of options (incentive stock options and non-statutory stock options), restricted stock, restricted stock units, performance compensation awards and stock appreciation rights (collectively, "Awards"). Awards may be granted to employees, Directors and, in some cases, consultants ("Participants"), provided that incentive stock options may be granted only to employees.

Options

Options may be granted as incentive stock options (stock options intended to meet the requirements of Section 422 of the Code or non-statutory stock options (stock options not intended to meet such requirements) and will be granted in such form and will contain such terms and conditions as the Administrator deems appropriate. The term of each option will be fixed by the Administrator but no option may be exercisable after the expiration of ten years from the grant date. The exercise price of each option may not be less than 100 percent of the fair market value of the common stock subject to the option on the date of grant. The Administrator will determine the time or times at which, or other conditions upon which, an option will vest or become exercisable.

Restricted Stock and Restricted Stock Units

The Administrator may award actual common shares ("Restricted Stock") or hypothetical common share units having a value equal to the fair market value of an identical number of common shares ("Restricted Stock Units"), which award may, but need not, provide that such Restricted Stock or Restricted Stock Units may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of an obligation or for any other purpose for such period (the "Restricted Period") as the Administrator shall determine.

Subject to the restrictions set forth in the Award, Participants who are granted Restricted Stock generally will have the rights and privileges of a stockholder as to such restricted stock, including the right to vote such restricted stock.

The following Restricted Stock awards were granted in 2007 and became effective in January 2008 when our shareholders adopted our Equity Plan. On 10 October, 2010, and based on the recommendation of the Company's compensation committee, the Board approved effective 19 November 2010 the issuing of 452,500 shares to Company senior management and certain employees, pursuant to the Company's Equity Plan, as set forth below:

Director/Employee	**Total Number of Shares**	**Vested Shares**	**Unvested Shares**
Jack Mitchell	340,000	120,000	220,000
Tino Monaldo	151,667	101,667	50,000
Michael Fox	110,000	100,000	10,000
Raul Sueiro	91,667	66,667	25,000
Angel Sueiro	70,000	50,000	20,000
Albert Atallah	33,333	18,333	15,000
Peter LeSar	35,000	-	35,000
Alberto Loaiza	8,334	3,334	5,000
Salomon Guggenheim	3,333	3,333	-
Roberto De Ocampo	3,333	3,333	-
Douglas Vicari	3,333	3,333	-
Other non-executive employees	95,834	23,334	72,500
Former Directors	6,666	6,666	
Total	952,500	500,000	452,500

Each grant of Restricted Stock described above vests one-third per year for three years, and the unvested portion is subject to the employee's continuing employment or the Director's continued Board service, as applicable.

Performance Compensation Awards

The Equity Plan provides the Administrator with the authority, at the time of grant of any Award (other than options and stock appreciation rights granted with an exercise price or grant price equal to or greater than the fair market value per share of stock on the date of the grant), to designate such Award as a performance compensation award in which case, the vesting of such award shall be based on the satisfaction of certain pre-established performance criteria.

Stock Appreciation Rights

Stock appreciation rights may be granted either alone ("Free Standing Rights") or, provided the requirements of the Equity Plan are satisfied, in tandem with all or part of any option granted under the Equity Plan ("Related Rights"). Upon exercise thereof, the holder of a stock appreciation right would be entitled to receive from us an amount equal to the product of (i) the excess of the fair market value of our common shares on the date of exercise over the exercise price per share specified in such stock appreciation right or its related option, multiplied by (ii) the number of shares for which such stock appreciation right is exercised. The exercise price of a Free Standing Right shall be determined by the Administrator, but shall not be less than 100 percent of the fair market value of our common shares on the date of grant of such Free Standing Right. A Related Right granted simultaneously with or subsequent to the grant of an option shall have the same exercise price as the related option, shall be transferable only upon the same terms and conditions as the related option, and shall be exercisable only to the same extent as the related option. A stock appreciation right may be settled, at the sole discretion of the Administrator, in cash, common shares or a combination thereof. No stock appreciation rights are currently outstanding.

Change in Control

In the event of a change in control (as defined in the Equity Plan) of us, unless otherwise provided in an Award agreement, all options and stock appreciation rights will become immediately exercisable with respect to 100 percent of the shares subject to such option or stock appreciation rights, and the restrictions will expire immediately with respect to 100 percent of such shares of Restricted Stock or Restricted Stock Units subject to such Award (including a waiver of any applicable performance goals).

Further, in the event of a change in control, the Administrator may in its discretion and upon advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or shares, or any combination thereof, the value of such Awards based upon the price per common share received or to be received by other of our shareholders in the event.

Amendment and Termination

Our Board of Directors may, at any time and from time to time, amend or terminate the Equity Plan. However, except as provided otherwise in the Equity Plan, no amendment shall be effective unless approved by our shareholders to the extent shareholder approval is necessary to satisfy any applicable law or securities exchange listing requirements. The Administrator at any time, and from time to time, may amend the terms of any one or more Awards; provided, however, that the Administrator may not affect any amendment which would otherwise constitute an impairment of the rights under any Award unless we request the consent of the Participant and the Participant consents in writing.

Previous Equity Incentive Plans

Prior to our Board of Directors adopting the Equity Plan, we had two existing stock option plans: our "1997 Stock Option Plan" and our "2005 Stock Option Plan." All securities issuable under the 1997 Stock Option Plan have been issued or reserved, including 0.1 million common shares reserved for issuance upon exercise of stock options granted under the 1997 Stock Option Plan. Other than those reserved for issuance, no further securities will be granted under the 1997 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire).

Pursuant to stock options granted under our 2005 Stock Option Plan, we have reserved 0.7 million common shares for issuance upon exercise. All of such options were granted with an exercise price equal to or greater than the market value of a common share at the time of grant. Our Board of Directors resolved that no further securities will be granted under the 2005 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire). During 2010 and through 31 March 2011, nil stock options were exercised and new issued stock delivered to the exerciser of those options.

Notwithstanding the foregoing, both the 1997 Stock Option Plan and the 2005 Stock Option Plan will remain in place solely for the purpose of administering outstanding awards.

Long-term Incentive Compensation Program

We also have a long term incentive compensation program, which is overseen by our Board of Directors. Under this program, which terminates on 31 December 2012, unless extended, we will pay certain members of our management team an aggregate annual incentive fee equal to 10 percent of the amount by which our After Tax Cash Flow ("ATCF") in each fiscal year exceeds a 20 percent cumulative, non-compounding hurdle amount. The hurdle amount is calculated annually based on our total "invested capital," which is defined as the sum of the weighted average gross proceeds per share of all ordinary share issuances to the date of measurement (with each issuance weighted by both the number of shares, as applicable, issued in such offering and the number of days that such issued shares or units were outstanding during the fiscal year). For this purpose, ATCF is generally defined as our net income (computed in accordance with IFRS) plus certain non-cash items, such as depreciation and amortization.

Payments under the program will be made in cash, although the Board of Directors retains the right, at its sole discretion, to make payments in the form of common shares, except in such instances Participants will receive cash in the amount needed to pay their estimated income taxes resulting from payments under the program. While the Board of Directors will be required to pay out all of the compensation due under this long-term incentive compensation program, the allocation of payments will be in the sole discretion of our Board of Directors, under the guidance of our Compensation Committee. No payments or accruals have been made under this program as the ATCF has not reached the levels required for our management team to earn this compensation.

Employment agreements

In November of 2007, we entered into employment agreements with certain of our senior management, effective 1 December 2007. The terms and conditions of these agreements are fully described below. Messrs. Mitchell, Atallah, Fox, Monaldo, R. Sueiro, and A. Sueiro have agreed to waive any contractual rights each had related to CPI-U (defined below) adjustments called for under the employment contracts commencing November 2009 through November 2010.

During Q4 2010, the Company issued its common stock in lieu of cash to the certain executives for their voluntary deferral of 20 percent wages for the period 1 August 2009 to 30 September 2010, at which time the deferral period ceased. The Board of Directors authorized these persons to: (i) receive shares equal to 100 percent of the actual deferred payroll amount, plus the cost of living increase, or alternatively, (ii) receiving shares equal to 60 percent of the actual the deferred payroll plus the cost of living increase and receive 40 percent in cash over the next 12 months commencing 1 December 2010.

Otherwise, all terms and conditions have remained unchanged other than noted below. We do not have employment agreements with our Non-Senior Management Directors.

Jack Mitchell. Mr. Mitchell's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2009 under the agreement is $600,000, which amount is adjusted each year based on any increase in the U.S. Department of Labor's consumer price index for all urban consumers (the "CPI-U").

Mr. Mitchell is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of

Directors. In addition, the agreement provides Mr. Mitchell with a car allowance of $1,000 per month, three weeks of vacation per year, term-life insurance policies, an offshore housing allowance of $3,000 per month adjusted annually for CPI-U increases, reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. Mitchell's employment is terminated for our convenience or by non-renewal at our option, or if he terminates his employment for "Good Reason," as that term is defined in the agreement, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, reimbursable business expenses, and car and housing allowances, (ii) a pro-rated share of his annual long-term incentive plan bonuses and any other executive bonuses that may be in place at that time, (iii) severance compensation of 2.99 times his base salary plus his bonuses (using the higher of (a) the average annual executive cash bonuses and long-term incentive plan bonuses over the previous three years or (b) the current target long-term incentive plan bonuses and any other executive cash bonuses payable for that year), (iv) continuation of medical and health insurance benefits for 18 months, and (v) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change in Control (as defined in Mr. Mitchell's employment agreement), Mr. Mitchell will be paid the severance compensation described above whether or not his employment is terminated. Mr. Mitchell's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code. Code Section 280G applies to "excess parachute payments" made to executives that are triggered by the consummation of certain change in control transactions. To the extent it applies, Code Section 280G denies a deduction to the employer that makes the excess parachute payments and Code Section 4999 imposes a corresponding 20 percent excise tax upon the executive who receives the payments. Code Section 280G treats as excess parachute payments certain compensation, including bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term equity incentive plans, that exceeds three times an executive's "base amount," or the amount of the executive's average annual taxable income from the employer over the five-year period preceding the change on control. If Code Section 280G is triggered, its provisions apply to all payments in excess of one times the executive's base amount.

Mr. Mitchell is subject to a non-disclosure covenant with respect to proprietary information. Additionally, Mr. Mitchell is also subject to an 18-month non-compete agreement and a one-year restriction on recruiting our employees.

Albert Atallah. Mr. Atallah's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2010 under the agreement was $225,000, which amount is adjusted each year based on any increase in the CPI-U.

Mr. Atallah is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. Atallah with three weeks of vacation per year, term-life insurance policies, and reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. Atallah's employment is terminated for our convenience or by non-renewal at our option, or if he terminates his employment for "Good Reason," as that term is defined in the agreement, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, and reimbursable business expenses, (ii) a pro-rated share of his annual long-term incentive plan bonuses and any other executive bonuses that may be in place at that time, (iii) severance compensation of 2.99 times his base salary plus his bonuses (using the higher of (a) the average annual executive cash bonuses and long-term incentive plan executive bonuses over the previous three years or (b) the current target long-term incentive plan bonuses and any other cash bonuses for that year), (iv) continuation of medical and health insurance benefits for 18 months, and (v) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change in Control (as defined in Mr. Atallah's employment agreement), Mr. Atallah will be paid the severance compensation described above whether or not his employment is terminated. Mr. Atallah's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code.

Mr. Atallah is subject to a non-disclosure covenant with respect to proprietary information. Additionally, Mr. Atallah is also subject to a one-year restriction on recruiting our employees.

Michael Fox. Mr. Fox's (or interchangeably "Employee") employment agreement and first addendum thereto provide for a three (3) year term of employment or until 31 December 2013 (the "Expiration Date"). The Term shall automatically be extended for one (1) additional year from and after the Expiration Date (the "Renewal Term") unless either Company or Employee send the other party written notice of its or his intent not to extend such Term within 90 days of the renewal date. Each Renewal Term shall automatically renew for one (1) additional year unless either Company or Employee sends the other party written notice of its or his intent not to extend such Renewal Term within 90 days of the renewal date.

Mr. Fox's base compensation for 2011 under the agreement is $175,000, which amount is adjusted each year based on any increase in the CPI-U. Each year Employee may qualify for two (2) bonuses at the discretion of the CEO. The first bonus may be up to $50,000 each contract year and based on whether the Employee meets the accounting performance goals for the Services of the Employee set each year by the CEO. The second bonus will be on a case-by-case basis, as determined by the CEO, should Employee introduce to the Company or its affiliates any new entity that in fact provides debt or equity to the Company or its subsidiaries as a result of that introduction or alternatively, if not the introducing party, if Employee has a material involvement in the successful completion of a funding. The amount of such bonus shall be at the discretion of the CEO with the approval of the Board.

The agreement provides Mr. Fox with three weeks of vacation per year and reimbursement for reasonable business expenses.

The Company may terminate the Agreement for convenience (i.e., for reasons other than death, Disability or Cause) at any time upon thirty (30) days' written notice to Employee. The Company may elect to waive such advance notice and pay Employee his Base Salary in lieu of such notice according to the terms of this Addendum.

Mr. Fox may terminate the agreement for Good Reason upon thirty (30) days' written notice following the occurrence of the event giving rise to the circumstances constituting Good Reason, if Company has not remedied such circumstances within that thirty (30) day period. For purposes of this provision, "Good Reason" shall mean (i) a material diminution of duties, responsibility, authority, Base Salary, or job title(s) contained in the Agreement; (ii) relocation of Employee's principal place of employment outside of Costa Rica; or (iii) a material breach of any of Company's obligations under the Agreement or any other agreement involving the Company's Board resolution approving the repayment of deferred compensation.

The Agreement provides that upon termination of Employee's employment for Cause pursuant to Section 4.1.3, by Employee without Good Reason, or upon expiration of the Term or Renewal Term in which Employee provided notice of non-renewal, Company shall have no further obligation to Employee under this Agreement except to pay to Employee any accrued and vested but unpaid Base Salary and bonuses, if applicable, accrued but unused vacation only for the subject year, and reimbursable business expenses owed to Employee by Company through the termination date, subject to applicable withholdings (the "Accrued Obligations"). Said amount shall be payable in a lump sum as soon as reasonably practicable, but in no event later than ninety (90) days from the date in which Employee's employment is terminated for Cause or by Employee without Good Reason.

The Agreement provides that upon the occurrence of a Change in Control, whether or not Employee's employment is then terminated, Company shall pay to Employee, in a cash lump-sum payment upon such Change in Control, a payment equal to the product of the number of years or part thereof remaining on the Term or Renewal Term times the sum of (i) Employee's annual Base Salary in effect at the time of the Change in Control (without regard to any reductions therein which have not been agreed to by Employee in writing) plus (ii) an amount equivalent to the higher of the average annual bonus received by Employee with respect to the immediately prior three years of Employee's employment by Company. Following such Change in Control, this Agreement shall continue in full force and effect; provided, that, Employee shall not be eligible to be paid any additional Severance Compensation upon his termination of employment for any reason.

Tino Monaldo. Mr. Monaldo's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2010 under the agreement was $325,000, which amount is adjusted each year based on any increase in the CPI-U.

Mr. Monaldo is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. Monaldo with three weeks of vacation per year and reimbursement for reasonable business expenses.

If Mr. Monaldo's employment is terminated for our convenience or by non-renewal at our option, or if he terminates his employment for "Good Reason," as that term is defined in the agreement, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation and reimbursable business expenses, (ii) a pro-rated share of his annual long-term incentive plan bonuses and any other executive bonuses that may be in place at that time, (iii) severance compensation of 2.99 times his base salary plus his bonuses (using the higher of (a) the average annual executive cash bonuses and long-term incentive plan bonuses over the previous three years or (b) the current target long-term incentive plan bonuses and any other cash bonuses for that year), and (iv) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change in Control (as defined in Mr. Monaldo's employment agreement), Mr. Monaldo will be paid the severance compensation described above whether or not his employment is terminated. Mr. Monaldo's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code.

Mr. Monaldo is subject to a non-disclosure covenant with respect to proprietary information. Additionally, Mr. Monaldo is also subject to a one-year non-compete agreement and a one-year restriction on recruiting our employees.

We have also entered into a consulting services agreement with Mr. Monaldo's law firm since 2007, which provides a payment of $52,000 per year for consulting and legal services, adjusted annually for increases based on the CPI-U. The term of the consulting agreement is 12 months, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. Mr. Monaldo is the sole shareholder of his law firm.

Raul Sueiro. Mr. Raul Sueiro's employment agreement has a one-year term, which renews automatically every year unless he provides, or we provide, 60 days prior written notice of non-renewal. His base compensation for 2010 under the agreement was $180,000.

Mr. Sueiro is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. Sueiro with three weeks of vacation per year, an offshore housing allowance of $1,500 per month (not to be applied to a primary residence), reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. Sueiro's employment is terminated for our convenience, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, reimbursable business expenses, and housing allowances, (ii) severance compensation equal to one year of base salary (iii) continuation of medical and health insurance benefits for 18 months and (iv) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change in Control (as defined in Mr. Sueiro's employment agreement), Mr. Sueiro will be paid the severance compensation described above whether or not his employment is terminated. Mr. Sueiro's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code.

Mr. Sueiro is subject to a non-disclosure covenant with respect to proprietary information.

Angel Sueiro. Mr. Angel Sueiro's employment agreement has a one-year term, which renews automatically every year unless either he provides, or we provide, 60 days prior notice of non-renewal. His monthly base compensation under the agreement is $10,000 per month which was increased to $12,500 per month starting on the six-month anniversary of the agreement.

Mr. Sueiro is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. Sueiro with reimbursement for reasonable business expenses and three weeks of vacation per year and participation in our benefit plans.

If Mr. Sueiro's employment is terminated for our convenience, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, and reimbursable business expenses, (ii) severance compensation equal to one year of his base salary, (iii) continuation of medical and health insurance benefits for 18 months, and (iv) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change of Control (as defined in Mr. Sueiro's employment agreement), then Mr. Sueiro will be paid the severance compensation described above whether or not his employment is terminated. Mr. Sueiro's employment agreement also provides for the 'gross up' of any excise tax payable pursuant to Section 280G of the Code.

Mr. Sueiro is subject to a non-disclosure covenant with respect to proprietary information.

Peter LeSar. Mr. Peter Lesar's employment agreement has a one-year term, which renews automatically every year unless he provides, or we provide, 60 days prior written notice of non-renewal. His base compensation for 2008 under the agreement is $180,000.

Mr. Lesar is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our board of directors. In addition, the agreement provides Mr. Lesar with three weeks of vacation per year, an offshore housing allowance of $1,500 per month (not to be applied to a primary residence), reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. Lesar's employment is terminated for our convenience, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, reimbursable business expenses, and housing allowances, (ii) severance compensation equal to one year of base salary (iii) continuation of medical and health insurance benefits for 18 months and (iv) immediate vesting of all unvested restricted stock awards and options.

In the event of a Change in Control (as defined in Mr. Lesar's employment agreement), Mr. Lesar will be paid the severance compensation described above whether or not his employment is terminated. Mr. Lesar's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code.

Mr. Lesar is subject to a non-disclosure covenant with respect to proprietary information.

2010 Performance Bonuses

No cash bonuses were paid to senior executives during 2010.

CHAPTER 9 – MANAGEMENT COMPLIANCE STATEMENT

The management of risks, internal controls, integrity and compliance forms an integral part of the business management within the Group and continues to be strengthened and embedded into the Group's business objectives setting processes and its operations. It also documents the necessary disclosures as required by Management under the most recent best practice provisions of the EU Transparency Directive as incorporated in the Dutch Financial Markets Supervision Act (*Wet op het financieel tozicht).*

The Group's approach to risk management, internal control, and compliance

Internal control over financial reporting

Implement technology-based infrastructure and controls. Our technology-based infrastructure and controls include but are not limited to the following:

- daily and per-shift reporting and reconciliation of casino gaming activities;
- daily drop and win reports by game type and slot type and denomination, as well as food and beverage sales;
- weekly closing cycles for basic reconciliations and reporting of cash positions;
- monthly income statements versus budgets by casino property, as well as reviews of capital expenditures and cash position;
- high quality, interlinked communication and monitoring systems to allow real-time monitoring of operations, which permits us to market our facilities, and manage our people and assets, more effectively;
- country-level accounting with budget compilation and variance reporting at the property and country levels;
- daily, detailed sales reports compared to budgets for all pertinent gaming and hospitality sales; and
- digital surveillance, online slot security systems, online liquor inventory control and custom cash management systems.

In each country, all of our internal control systems are connected to our principal operations office for that country. We implement similar standards in each of our properties to ensure consistency in security of assets and protection against theft. In addition, our communication and monitoring systems (such as our point of sale monitoring system) provide the ability to monitor our local operations and cash flows on a real-time basis. We believe that operating our properties using a consistent, high standard of controls provides us with a higher-quality operation, and we believe that our patrons recognize that higher quality.

Risk management

Certain risks in the industry and certain risks unique to our business are described in Chapter 10, "Risk Factors", including legal, regulatory, and operational challenges. The CEO's message also describes challenges, but the management also recognizes that the current condition of the economy worldwide presents certain challenges to our business plans and ability to execute on our goals, including the following risks:

- continued slowdown in the worldwide economy having a continued negative effect on revenues and our ability to meet our short term debt obligations;
- continued difficult credit markets delaying or preventing our efforts to complete projects under construction in the Costa Rica, India, and the Philippines;
- continued difficult credit markets delaying or preventing efforts to refinance certain of the Group's short term debt;
- reduction in the Group's operating expenses without effecting quality of service while maintaining a strong talent pool; and
- locating and developing new projects with a project development budget lower than recent prior years.

Management's Responsibility Statement

The Directors and the Officers are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

In conjunction with the EU Transparency Directive as incorporated in the Dutch Financial Markets Supervision Act, Management confirms to the best of its knowledge that:

- the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the assets, liabilities, financial position, and profit and loss of the Group's consolidated companies;
- the additional management information disclosed in the Annual Report gives a true and fair view of the Group as at 31 December 2010, and the state of affairs during the financial year to which the report relates; and
- the Annual Report describes the principal risks facing the Group. These are described in detail in Chapter 10, "Risk Factors".

Jack R Mitchell

29 April 2011

Jack Mitchell, President, CEO and Director
Albert Atallah, Vice President, General Counsel and Director
Peter LeSar, Interim Chief Financial Officer
Tino Monaldo, Vice President, Corporate Development
Angel Sueiro, Vice President, Design and Construction
Raul Sueiro, Vice President, Asian Operations
Salomon Guggenheim, Director
Roberto de Ocampo, Director
Douglas Vicari, Director
Franz Winkler, Director

Grant Thornton

Report of the independent auditor to the members of Thunderbird Resorts Inc.

We have audited the consolidated financial statements of Thunderbird Resorts Inc. (the Group) for the year ended 31 December 2010 as set out on pages 62 to 139 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the company's members, as a body, in accordance with International Standards on Auditing (UK and Ireland). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the management responsibility statement on pages 58 to 59 the Directors' are responsible for preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of Article 4 of the IAS Regulation.

Emphasis of matter - regulatory uncertainty

We draw attention to note 24 to the consolidated financial statements which describes the uncertainties relating to developments in Regulatory and Tax Legislation pertaining to gambling, and related activities, in the jurisdictions within which the Group operates. Our opinion is not qualified in respect of this matter.

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Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 2 concerning the Group's ability to continue as a going concern. As explained in note 2, the ability of the Group to continue as a going concern depends on the completion of the existing India project under construction. The Group's construction project in India is dependent on securing future funding. These conditions, along with the other matters explained in note 2, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Grant Thornton UK LLP.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
SLOUGH
29 APRIL 2011

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

	2010	2009
Assets		
Non-current assets		
Property, plant and equipment (Note 11)	$ 134,856	$ 108,973
Intangible assets (Note 9)	14,079	26,321
Investments in associates (Note 10)	-	107
Deferred tax asset (Note 8)	4,504	4,018
Trade and other receivables (Note 13)	6,672	7,326
Total non-current assets	160,111	146,745
Current assets		
Trade and other receivables (Note 13)	18,512	12,035
Inventories (Note 14)	2,318	964
Restricted cash (Note 15)	3,703	3,733
Cash and cash equivalents (Note 15)	6,312	7,165
Total current assets	30,845	23,897
Assets classified as held for sale (Note 12)	13,631	70,575
Total assets	**$ 204,587**	**$ 241,217**

The accompanying notes are an integral part of these consolidated financial statements.

- *continued* -

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

	2010	2009
Equity and liabilities		
Capital and reserves		
Share capital (Note 20)	$ 101,005	$ 99,357
Reserves - share commitments	9,100	8,670
Retained earnings	(67,835)	(83,639)
Translation reserve	645	(1,048)
Equity attributable to equity holders of the parent	42,915	23,340
Non-controlling interest	7,968	7,361
Total equity	50,883	30,701
Non-current liabilities		
Borrowings (Note 17)	80,461	94,456
Obligations under leases and hire purchase contracts (Note 23)	10,454	825
Derivative financial instruments (Note 20)	128	313
Other financial liabilities	1,454	-
Deferred tax liabilities (Note 8)	532	312
Provisions (Note 18)	3,653	3,026
Due to related parties (Note 22)	103	2,619
Other liabilities	1,470	1,765
Total non-current liabilities	98,255	103,316
Current liabilities		
Trade and other payables (Note 16)	14,067	12,171
Due to related parties (Note 22)	1,390	5,403
Borrowings (Note 17)	23,917	26,795
Obligations under leases and hire purchase contracts (Note 23)	2,957	1,283
Other financial liabilities	4,860	1,774
Current tax liabilities	2,621	2,062
Provisions (Note 19)	2,191	2,147
Total current liabilities	52,003	51,635
Liabilities associated with assets classified as held for sale (Note 12)	3,446	55,565
Total liabilities	153,704	210,516
Total equity and liabilities	**$ 204,587**	**$ 241,217**

The consolidated Financial Statements were approved by the Board of Directors on 29 April 2011.

Jack R Mitchell

The accompanying notes are an integral part of these consolidated financial statements.

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

		2010		2009
Net gaming wins	$	99,772	$	93,643
Food, beverage and hospitality sales		26,623		21,612
Total revenue		126,395		115,255
Cost of goods sold		(45,916)		(41,066)
Gross profit		80,479		74,189
Other operating costs				
Operating, general and administrative		(52,775)		(50,780)
Project development		(2,110)		(891)
Depreciation and amortization (Note 9 and 11)		(14,876)		(16,397)
Other gains and (losses) (Note 5)		1,734		(8,306)
Operating profit / (loss)		12,452		(2,185)
Financing				
Foreign exchange gain		4,134		4,153
Financing costs (Note 7)		(18,060)		(19,223)
Financing income (Note 7)		2,085		1,443
Finance costs, net		(11,841)		(13,627)
Profit (loss) before tax		611		(15,812)
Income taxes expense (Note 8)		(2,368)		(1,461)
Loss for the year from continuing operations	**$**	**(1,757)**	**$**	**(17,273)**
Profit / (loss) for the year from discontinued operations		18,030		(3,128)
Profit / (loss) for the year	**$**	**16,273**	**$**	**(20,401)**
Other comprehensive income				
Currency translation reserve	$	1,693	$	1,967
Other comprehensive income for the year		1,693		1,967
Total comprehensive income / (loss) for the year	**$**	**17,966**	**$**	**(18,434)**
Profit / (loss) for the year attributable to:				
Owners of the parent		15,804		(20,757)
Non-controlling interest		469		356
	$	16,273	$	(20,401)
Total comprehensive income / (loss) attributable to:				
Owners of the parent		17,497		(18,790)
Non-controlling interest		469		356
	$	17,966	$	(18,434)
Basic earning (loss) per share (in $) : (Note 21)				
Loss from continuing operations		(0.11)		(0.89)
Earnings/(loss) from discontinued operations		0.87		(0.16)
Total		0.76		(1.05)
Diluted earning per share: (Note 21)				
Loss from continuing operations		(0.11)		(0.89)
Earnings/(loss) from discontinued operations		0.87		(0.16)
Total		0.76		(1.05)

The accompanying notes are an integral part of these consolidated financial statements.

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

	Attributable to equity holders of parent						
	Share capital	Reserves - share commitments	Currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance at 1 January 2009	$ 99,265	$ 7,450	$ (3,015)	$ (62,882)	$ 40,818	$ 8,295	$ 49,113
Recognition of share based payments	-	1,220	-	-	1,220	-	1,220
Acquisition of subsidiary shares	-	-	-	-	-	(888)	(888)
Advance dividends to minority interest	-	-	-	-	-	(309)	(309)
Change through year	-	-	-	-	-	(92)	(92)
Issue of ordinary shares under employee share option plan	92	-	-	-	92	-	92
	$ 99,357	$ 8,670	$ (3,015)	$ (62,882)	$ 42,130	$ 7,006	$ 49,136
Loss for the year	-	-	-	(20,757)	(20,757)	356	(20,401)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	1,967	-	1,967	(1)	1,966
Total comprehensive income / (loss) for the year	-	-	1,967	(20,757)	(18,790)	355	(18,435)
Balance at 31 December 2009	$ 99,357	$ 8,670	$ (1,048)	$ (83,639)	$ 23,340	$ 7,361	$ 30,701

	Attributable to equity holders of parent						
	Share capital	Reserves - share commitments	Currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance at 1 January 2010	$ 99,357	$ 8,670	$ (1,048)	$ (83,639)	$ 23,340	$ 7,361	$ 30,701
Recognition of share based payments	1,648	430	-	-	2,078	-	2,078
Change through year	-	-	-	-	-	138	138
Issue of ordinary shares under employee share option plan	-	-	-	-	-	-	-
	$ 101,005	$ 9,100	$ (1,048)	$ (83,639)	$ 25,418	$ 7,499	$ 32,917
Profit for the year	-	-	-	15,804	15,804	469	16,273
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	1,693	-	1,693	-	1,693
Total comprehensive income for year	-	-	1,693	15,804	17,497	469	17,966
Balance at 31 December 2010	$ 101,005	$ 9,100	$ 645	$ (67,835)	$ 42,915	$ 7,968	$ 50,883

The accompanying notes are an integral part of these consolidated financial statements.

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

	2010	2009
Cash flow from operating activities		
Profit / (loss) for the year	$ 16,273	$ (20,401)
Items not involving cash:		
Depreciation and amortization	14,876	16,397
(Gain) / loss on disposal	(15,076)	503
Impairment loss	-	4,722
Unrealized foreign exchange	(4,521)	(4,918)
Decrease in provision	640	260
Loss / (gain) on derivative financial instruments	22	(125)
Share based compensation	1,389	1,220
Non-controlling interest	(469)	(356)
Finance income	(2,085)	(1,443)
Finance cost	18,060	19,223
Tax expenses	2,368	1,461
Net change in non-cash working capital items		
(Increase) / decrease in trade, prepaid and other receivables	(1,901)	5,791
(Increase) / decrease in inventory	(1,354)	148
Increase in trade payables and accrued liabilities	5,453	159
Cash generated from operations	33,675	22,641
Total tax paid	(2,329)	(3,271)
Net cash generated by operating activities	**$ 31,346**	**$ 19,370**

The accompanying notes are an integral part of these consolidated financial statements.

- continued -

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(Expressed in thousands of United States dollars)
For the year ended 31 December 2010

		2010		2009
Cash flow from investing activities				
Expenditure on property, plant and equipment	$	(29,023)	$	(14,008)
Proceeds on sale of Peru Hotels		13,721		-
Other non current assets		-		80
Investment in other companies		107		169
Interest received		2,086		259
Net cash used from investing activities	**$**	**(13,109)**	**$**	**(13,500)**
Cash flow from financing activities				
Proceeds from issuance of common shares		689		92
Proceeds from issuance of new loans		23,139		13,982
Proceeds from issuance of new finance leases		2,152		1,305
Repayment of loans and leases payable		(28,773)		(16,529)
Interest paid		(14,341)		(15,830)
Net cash used from financing activities	**$**	**(17,134)**	**$**	**(16,980)**
Change in cash and cash equivalents from continuing operations		1,103		(11,110)
Net cash used from discontinued operations		(308)		(1,126)
Net change in cash and cash equivalents durings the year		795		(12,236)
Cash and cash equivalents, beginning of year		10,898		21,783
Cash and cash equivalents, end of the year		11,693		9,547
Effect of foreign exchange adjustment		(1,678)		1,351
Adjusted cash and cash equivalents, end of the year	**$**	**10,015**	**$**	**10,898**

The accompanying notes are an integral part of these consolidated financial statements.

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. MANAGEMENT STATEMENT ON "GOING CONCERN"

Management routinely plan future activities including forecasting future cash flows. Management have reviewed their plan with the Directors and have collectively formed a judgment that the Group has adequate resources to continue as a going concern for at least the next 12 months, subject to certain conditions being met. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group up to 31 December 2012 in light of the financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt funding anticipated to reduce over time. The model incorporates future cash flows from existing projects under construction following their projected opening dates, but assumes no new construction projects during the forecast period. The model assumes a stable regulatory environment in all countries with existing operations. Sensitivities have been applied to this model in relation to delayed project opening dates and revenues not achieving anticipated levels. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc.

The Directors have also considered (i) the current global economic environment together with the recovering markets for global debt and equity financing at this time; (ii) all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time; and (iii) the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk. Our parent company relies on: a) Management Fees charged to its various operations; b) Repayment of principal and interest payments for loans made to its various operations; and c) Income distributed from its various operations. Given that Group wide debt has been reduced from $123.4 million as of 31 December 2009 to $117.8 million as of 31 December 2010, and that EBITDA from continuing operations has increased 34.8 percent to $26.9 million in 2010, the Group now has a net debt to EBITDA ratio of 4.1x. The combination of stabilized operations as described above, our financial performance described in the 2010 Annual Report, our forecast for 2011, and the very supportive base of investors and debt lenders historically available to the Group, Thunderbird Resorts, Inc management and Directors are satisfied that the consolidated Group has adequate resources to continue as a going concern for at least the next 18 months.

Specific considerations which are expected to have one off improvement effects on future cash flows are described below by country:

Peru: During 2010, the Group sold Thunderbird Hotels-Pardos for $8.4 million and Thunderbird Hotels-Carrera for $5.25 million, and we applied most of the proceeds to pay down senior secured liabilities. In April 2011, the Group announced the completion of the sale of the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for $18 million. The Group is satisfied that the net proceeds from the sale, plus existing cash flow from our core businesses in Peru are sufficient to cover all matured and maturing obligations in Peru for at least the next 18 months.

India: In March 2011, the Group announced that preliminary agreements were signed with a publicly-traded company in India to complete the funding of the Group's India business. In February 2011, the Group announced that a letter of intent for the transaction had been executed for all remaining funding requirements, and that India is being successfully stabilized. The Group believes that no more capital will be required from the Group in order to open this business in late 2011, nor in its operations for at least the next 18 months on the basis it expects the transaction with Delta to close. If it does not close, then the Group will continue to seek third party funding. In a worst case scenario in which there is a financial default because of the failure to inject new funds, the Group has provided a joint and several guarantee (along with its local 50 percent partner) to its senior lenders who have a first lien on the property in Daman of an amount of

2. MANAGEMENT STATEMENT ON "GOING CONCERN" (cont'd)

India (cont'd):

approximately $27 million based on today's exchange rate. There are also secondary securities provided to quasi equity investors. The total secured funds invested in the project to date are approximately $44 million. The total invested funds are $55 million. The Group expects that there will be sufficient coverage, under a worst case scenario, for lenders to liquidate the asset and to recover their investment. Regardless, there are no guarantees that lenders will not try to simultaneously collect on the joint and several guarantees provided by sponsors, nor under this worst case scenario is there a likelihood of any financial recovery by the Group post liquidation. Should this worst case scenario arise it may require management to seek further funding elsewhere in the Group.

Guatemala and Poland: In December 2010 and in March 2011, the Group announced the sale of its Guatemala operations and the closure of its Poland operations. These businesses were negative drags on Group EBITDA, earnings and cash flows and their closing will contribute back approximately $0.2 million in EBITDA to the Group in 2011 based on the 2010 results from these businesses.

In consideration of management's options over further funding:

Indebtedness: The Group has reduced its amount of indebtedness significantly in the last 12 months. In order to further reduce risks associated with indebtedness, the Group believes it will be able to, should it have to, renegotiate certain principal debt repayment terms with certain lenders in order to extend amortization periods and further improve cash flow.

Access to Capital: The Group's long-term capital resources may include equity and debt offerings (public and/or private) and/or other financing transactions, in addition to cash generated from our operations. Accordingly, we may access the capital markets (equity and debt) from time-to-time to partially refinance our capital structure and to fund other needs including ongoing working capital needs. Our ability to satisfy future capital needs in the long term may depend on our ability to raise additional capital (debt and/or equity at the parent or subsidiary level). No assurance can be made that we will be able to raise the necessary funds on satisfactory terms.

After evaluating the Group performance, its markets, general market conditions, and the matters noted above, the Directors have a reasonable expectation that the Group has or will secure adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

These consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual consolidated financial statements for the year to 31 December 2009 except for the adoption of the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning 1 January 2010:

- *Improvements to IFRSs 2009*
- IFRS 3 *Business Combinations* (revised 2008)
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 27 *Consolidated and Separate Financial Statements* (revised 2008)
- IFRS 2 *Share-based Payment*, Group Cash-settled Share-based Payment Transactions (revised June 2009)

In April 2009, the IASB published *Improvements to IFRSs 2009*. The most notable changes are:

- **Leases of land** – IAS 17 *Lease* is amended to remove the detailed guidance previously included on classification of leases of land and buildings as operating or finance leases. Thus, the general lease classification principles apply equally to leases of land and buildings. The standard continues to require the land and buildings elements to be assessed separately.
- **Segment disclosures** – IFRS 8 *Operating Segments* is amended to clarify that a measure of segment assets should be disclosed only if that amount is regularly provided to the chief operating decision maker. Previously, the standard required a measure of segment assets to be disclosed even if no such measure was reported regularly to the chief operating decision maker.
- **Classification of cash flows in the cash flow statement** – IAS 7 *Statement of Cash Flows* is amended to state explicitly that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities.
- **Impairment testing** – IAS 36 *Impairment of Assets* is amended to clarify that the largest unit permitted by IAS 36 for the purpose of allocating goodwill to cash-generating united is the operating segment level defined in IFRS 8 *Operating Segments* before aggregation as permitted in that standard.

The revised standard on business combinations (IFRS 3) retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3 that will have an impact on the Group's acquisition in future years are as follows:

- Acquisition-related costs of the combination are recorded as an expense in the profit and loss. Previously, these costs would have been accounted for as part of the cost of the acquisition.
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognized in profit or loss. Previously, contingent consideration was recognized only once its payment was probable and changes were recognized as an adjustment to goodwill.
- The measurement of assets acquired and liabilities assumed at their acquisition-date fair values is retained. However, IFRS 3 includes certain exceptions and provides specific measurement rules.

The adoption of IFRS 3 *Business Combinations* required that the revised IAS 27 *Consolidated and Separate Financial Statements* is adopted at the same time. IAS 27 introduced changes to the accounting requirements for transactions with non-controlling (formerly called 'minority') interests and the loss of control

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Changes in accounting policies (cont'd)

of a subsidiary. These changes are applied prospectively.

The Group has adopted IFRS 7 *Financial Instruments: Disclosures*. This amendment requires enhanced disclosures of the fair value hierarchy of financial instruments utilized by the Group.

In June 2009, the IASB issued Group *Cash-settled Share-based Payment Transactions* (Amendments to IFRS 2). The amendments to IFRS 2 clarifies that an entity that receives goods or services from its suppliers (including employees) must apply IFRS 2 even where it itself has no obligations to make the required share-based cash payments.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group's 2010 consolidated financial statements.

- IAS 24 *Related Party Disclosures* (revised 2009, effective 1 January 2011)
- *Improvements to IFRSs 2010* (effective from 1 July 2010 and later)
- IFRS 9 *Financial Instruments* (effective from 1 January 2013)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective 1 July 2010)

The Directors are of the opinion that, unless explicitly stated, the above amendments will only have a prospective impact upon the Group's consolidated financial statements as the implementation of these standards will not require restatement of prior periods.

3.3 Summary of accounting policies

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

A summary of the Group's significant accounting policies is set out below.

Critical accounting estimates and judgments

The preparation of financial statements with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below. The best estimates of the Directors may differ from the actual results.

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

Critical accounting estimates and judgments (cont'd)

	Note	Judgment
Recoverability of deferred tax assets	3.3 c	Recognition of deferred tax asset
Litigation provisions and contingent liabilities	3.3 e	Judgments on probability of payment as a result of disputes
Assets classified as held for sale	3.3 v	Recognition criteria being met
Provisions	3.3 j	Judgment on probability that a liability will arise

	Note	Estimate
Estimated economic lives and residual values	3.3 a	Depreciable lives of assets
Carrying value of assets and potential impairments	3.3 b	Future operating results and discount factor applied
Retirement benefits	3.3 d	Actuarial assumptions used
Stock options	3.3 d	Valuation model used
Provisions	3.3 j	Management's estimate of eventual payment amount

a. Property, plant and equipment

All property, plant and equipment is stated at acquired cost less depreciation and impairment. Land is not depreciated. Acquired cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation on assets is calculated using the straight line method to allocate their cost less their residual values over their estimated useful lives, as follows:

-Properties	20 – 30 years
-Furniture and equipment	3 – 10 years
-Gaming machines	5 – 10 years
-Leasehold improvements	over the lease term

Profits and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, borrowing costs and other direct costs. The asset is not depreciated until such time that the assets are completed and available for use. Transfers are made from the construction in progress category to the appropriate property, plant and equipment asset categories when the construction of the asset has been substantially completed.

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2010 management assesses that the useful lives represent the expected utility of the assets of the Group. The carrying amounts are analyzed in Note 11. Actual results, however, may vary due to obsolescence.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

b. Impairment of intangible assets and property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. An impairment loss is recognized as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates, which reflect the risks associated with the groups of assets.

In measuring future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next or future financial years. Determining the applicable discount rate involves estimating the appropriate adjustment to market risk and estimating the appropriate adjustment to asset specific risk factors. The carrying amounts and risk factors are analyzed in Note 9.

If an impairment loss is recognized, the loss is first allocated to reduce goodwill (if any) and then pro rata to other assets. The carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount, limited to zero. An impairment loss is recognized as an expense in the profit and loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognized as income in the profit and loss.

Goodwill is allocated to cash-generating units and the cash-generating units to which goodwill is allocated are tested for impairment annually. Impairment of goodwill is not reversed.

c. Taxation including deferred tax

Current tax is applied to taxable profits at the prevailing rate in the relevant country.

Deferred tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if deferred tax arises from the initial recognition of goodwill it is not recognized, nor is deferred tax arising on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Withholding taxes on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

c. Taxation including deferred tax (cont'd)

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Management's assessment over the probability of future taxable income in which deferred tax assets can be utilized is based on forecasts. The tax rules in the jurisdictions in which the Group operates are also taken into consideration. The recognition of deferred tax assets subject to legal or economic uncertainties are assessed by management on the individual facts and circumstances.

d. Employee benefits

The Group's subsidiaries are liable for a number of defined benefit pension schemes and defined contribution plans to their employees. The benefits are treated in accordance with the provisions of IAS 19, "Employee Benefits".

Philippines

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The liability recognized in the statement of financial position for defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximation to the terms of the related pension liability.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plans assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

The estimate of the Group's defined benefit liability is based on rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases.

Share-based compensation

The Group recognizes compensation expense for stock options granted in the consolidated statement of comprehensive income using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instrument was granted, for all options issued on or after 7 November 2002. Any cash paid by the employee on the exercise of stock options is added to the stated value of common

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

Share-based compensation (cont'd)

shares. The expenses for options and grants are recognized on a straight line basis over the vesting period based on the Group's estimate of participants eligible to receive shares at the point of vesting. The Group records the corresponding credit entry as other reserves within share capital.

e. Litigation provisions

The Group provides in full against various litigation proceedings once judgments are rendered against it, as in management's view this provides the best indication that payment has become probable. The award amount is used as the Directors' best estimate of the potential liability using a pre-tax discount rate, even if the Group is appealing the judgment.

f. Reporting and foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US-dollars, which is the Parent Company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of each individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss in financing costs.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in the profit or loss, any exchange component of that gain or loss is recognized in the profit and loss

(c) Group subsidiaries

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) for the period

f. Reporting and foreign currency translation (cont'd)

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) for the period presented.

(iii) all resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity.

When a foreign operation is sold, the cumulative amount of the exchange differences relating to that operation accumulated in the separate component of equity is reclassified from equity to the profit or loss when the gain or loss on disposal is recognized. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

g. Consolidation

The Group's consolidated financial statements consolidate the financial statements of Thunderbird Resorts Inc. and the entities it controls drawn up to 31 December 2010 and its comparative periods.

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. All subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are charged to the profit or loss. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets for the subsidiary acquired, the difference is recognized directly in the profit and loss

Inter-company transactions, balances and unrealized gains on transactions between Group subsidiaries are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies as applied to the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

g. Consolidation (cont'd)

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the consolidated statement of financial position, from parent shareholders' equity.

(b) Joint ventures

The Group has contractual arrangements with other parties which represent joint ventures. In this case, the arrangements take the form of agreements to share control over economic activities in the Indian and Costa Rican operations. Strategic financial and operating decisions relating to these operations require the unanimous consent of both parties.

Investments in joint ventures are accounted for by the proportionate consolidation method of accounting, whereby the Group's share of assets, liabilities and income associated with the joint venture are combined line by line with similar line items in the Group's consolidated financial statements.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest or participation. Financial statements of jointly controlled entities are prepared for the same reporting periods as the Group. If necessary, adjustments are made to the financial statements of the joint ventures to bring the accounting policies in line with the accounting policies of the Group. The share of expense the Group incurs and its share of the income earned are recognized in the share of other comprehensive income, and the assets controlled by the Group and its share of the assets and liabilities are recognized in the statement of financial position.

(c) Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized to the extent of the Group's legal or constructive obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

h. Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets at the date of the business combinations and is not amortized. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold, except where goodwill has been previously written off directly to reserves under a previous GAAP.

(b) Casino and other gaming licenses

The Group capitalizes the cost to acquire casino and other gaming licenses. These costs are amortized over the term of the license.

(c) Software and software licenses

The Group includes acquired and internally developed software used in operations or administration as intangible assets. They are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful life. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 9. The following useful lives are applied:

Software	2 – 5 years
Brand names	15 – 20 years
Customer lists	4 – 6 years

Amortization has been included within 'depreciation, amortization and impairment of non-financial assets'. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

i. Leases

Leases are tested to determine whether the lease is a finance lease or an operating lease and are treated accordingly. Property leases comprising a lease of land and a lease of a building within a single contract are split into its component parts before testing.

(a) Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

i. Leases (cont'd)

(a) Finance leases (cont'd)

period. The corresponding rental obligations, net of finance charges, are included in other long term borrowings. The interest element of the finance cost is charged to the profit and loss over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

All leases which are not classified as finance leases and where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the profit and loss on a straight line basis over the lease term. Where the lessor has offered an incentive to the Group or imposed a price escalation clause within the lease agreement, the effect of these items are deferred and amortized on a straight line basis over the period of the lease.

j. Provisions

(a) Other

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(b) Employee benefits

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the Group's profits. The Group recognizes a provision where it is contractually obliged to pay the benefits, and/or where there is a past practice that has created a constructive obligation.

k. Financial instruments

Financial assets

Financial assets are divided into the following categories: trade and other receivables; and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

k. Financial instruments (cont'd)

Financial assets (cont'd)

All financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorized at fair value through profit or loss are recognized at fair value plus transaction costs. Financial assets categorized at fair value through profit or loss are recognized initially at fair value with transaction costs expensed through the statement of comprehensive income.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and related party receivables are classified as loans and receivables. Loans and other receivables are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the profit and loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the original effective interest rate..

A financial asset is derecognized only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorized at fair value through profit or loss are recorded initially at fair value. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorized as at fair value through profit or loss are measured at each reporting date at fair value, with changes in fair value being recognized in the profit and loss. All other financial liabilities are recorded at amortized cost using the effective interest method, with interest-related charges recognized as an expense in finance cost in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the profit and loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

k. Financial instruments (cont'd)

Financial liabilities (cont'd)

A financial liability is derecognized only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

l. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory is determined on a 'first-in-first-out' basis. Inventory consists of food, beverages and supplies.

m. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Restricted cash includes all cash balances that are required to be maintained under regulatory requirements. Casino industry regulations vary by country but all require our casino operations to maintain specified minimum levels of cash to support chips in play, slot hoppers, and reserves.

n. Borrowings and borrowing costs

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period end date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, or assets that take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

o. Share capital

Common shares are classified as equity.

Where the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

o. Share capital (cont'd)

incremental transaction costs and the related income tax effects are included in equity attributable to the Group's equity holders.

p. Share based payments

The carrying value of financial derivative instruments associated with the grant of warrants are calculated using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instrument was granted and the Group's stock price and volatility at the grant date.

q. Compound financial instruments

When equity instruments are issued, any component that creates a financial liability of the Group as defined in IAS 32 "Financial Instruments: Presentation" is presented as a liability in the statement of financial position. These liabilities are initially recognized in the statement of financial position at fair value and subsequently carried at amortized cost with gains and losses recognized in the profit and loss.

r. Net gaming wins and revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured, the risks and rewards of ownership have been transferred to the buyer, the Group no longer has control over the goods, and the costs incurred in respect of the transaction can be reliably measured. Revenue is recognized on specific items as follows:

a) Net gaming wins – Casino revenues represent the net wins (losses) from gaming activities, which is, for slot machines and video lottery machines, the difference between coins and currencies deposited into the machines and the payments to customers and, for other (table and sportsbook) games, the difference between gaming wins and losses. Net gaming wins are recognized when they occur.

b) Sale of food, beverage, hospitality and other – Revenue is recognized at the point of sale or upon the actual rendering of service.

c) Interest income – Revenue is recognized as the interest is accrued (taking into account the effective yield on the asset).

Costs and expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date they are incurred.

s. Earnings per share

Basic earnings per share are calculated using the weighted-average number of shares outstanding during the period. The Group uses the treasury stock method to compute the dilutive effect of options,

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Summary of accounting policies (cont'd)

s. Earnings per share (cont'd)

warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

t. Project development costs

Project development costs incurred in an effort to identify and develop new gaming locations are expensed as incurred.

u. Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analyzed in note 12.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior period disclosures are correspondingly re-presented.

v. Assets classified as held for sale

Assets classified as held for sale are measured at the lesser of carrying amount or fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use.

The condition is regarded as met only when the sale is highly probable and is expected to be completed within a year from the classification. In addition, the assets (or disposal group) are to be available for immediate sale in their present condition and are actively being marketed at a price that is reasonable relative to its current fair value.

The classification of assets classified as held for sale is dependent on management's expectation that the sale will be completed within one year from the date of classification. In addition, the measurement of the carrying amount involves management's estimate of the fair value less costs to sell.

4. SEGMENTAL INFORMATION

In identifying its operating segments, management generally follows the Group's geographic country lines, which represent the primary reporting segments of the Group.

The activities undertaken by each operating segment include the operation of casinos and related food, beverage and hospitality activities. Some of our operating segments also operate hotels, notably Peru, Costa Rica and the Philippines.

Each of these operating segments is managed separately by country managers as each country has a different regulatory environment and customs as well as different marketing approaches which is consistent with the internal reporting provided to the chief operating decision maker. All inter-segment transfers are carried out at arm's length prices when they occur.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that expenses relating to share-based payments are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the financial periods under review, this primarily applies to the Group's headquarters in Panama.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. No asymmetrical allocations have been applied between segments.

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

4. SEGMENTAL INFORMATION (cont'd)

Operating segments

	Panama		Guatemala		Costa Rica		Nicaragua	
	2010	2009	2010	2009	2010	2009	2010	2009
Continuing operations								
Total revenue	-	-	-	-	21,533	19,374	11,894	12,535
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	-	43	-	-	6,726	6,873	2,285	3,092
Project development	-	-	-	-	(244)	(104)	(118)	(117)
Depreciation and amortization	-	(11)	-	(1,070)	(2,277)	(2,072)	(731)	(1,024)
Other gains and (losses)	-	(59)	-	(3,268)	123	(6)	(183)	(90)
Segments result	-	(27)	-	(4,338)	4,328	4,691	1,253	1,861
Foreign exchange gain / (loss)	-	-	-	(429)	1,856	(251)	(265)	(301)
Finance costs	-	-	-	(553)	(1,009)	(1,062)	(190)	(224)
Finance income	-	8	-	5	2	4	16	-
Management fees - intercompany charges	-	639	-	(873)	(3,156)	(3,126)	(565)	(616)
Profit / (loss) before taxation	-	620	-	(6,188)	2,021	256	249	720
Taxation	-	-	-	(155)	(688)	(311)	(375)	(350)
Profit / (loss) for the year-continuing operations	-	620	-	(6,343)	1,333	(55)	(126)	370
Profit / (loss) for the year-discontinued operations	-	(1,586)	-	(1,078)	-	-	-	-
Profit / (loss) for the year	-	(966)	-	(7,421)	1,333	(55)	(126)	370
Currency translation reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	(966)	-	(7,421)	1,333	(55)	(126)	370
Non-controlling interest	-	(352)	-	-	350	106	(56)	203
Total comprehensive income attributable to owners of the parent	-	(614)	-	(7,421)	983	(161)	(70)	167
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	-	11,685	-	-	2,508	2,508	1,387	1,387
Intangible assets with finite useful lives	-	-	-	-	306	458	47	47
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	-	-	-	-	19,730	19,034	5,797	6,215
Other segment assets (including cash)	-	(3,047)	-	(3,635)	6,629	1,035	3	372
Total segment assets - continuing operations	-	8,638	-	(3,635)	29,173	23,035	7,234	8,021
Assets classifed as held for sale	-	38,990	-	-	-	-	-	-
Total assets	-	47,628	-	(3,635)	29,173	23,035	7,234	8,021
Total segment liabilities - continuing operations	-	(1)	-	13,222	11,460	16,541	3,613	4,161
Liabilities associated with assets held for sale	-	26,840	-	-	-	-	-	-
Total liabilities	-	26,839	-	13,222	11,460	16,541	3,613	4,161
Net assets / (liabilities)	-	20,789	-	(16,857)	17,713	6,494	3,621	3,860
Non-controlling interest	-	1,658	-	-	5,041	2,318	1,146	1,386
Other segment items - continuing operations								
Capital expenditure	-	-	-	248	868	582	692	228
Depreciation and amortization	-	11	-	1,070	2,277	2,072	731	1,024
Impairment losses	-	-	-	3,296	-	-	-	-
Share based compensation	-	-	-	-	-	-	-	-

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

4. SEGMENTAL INFORMATION (cont'd)

Operating segments (cont'd)

	Philippines		Peru		Poland		India	
	2010	2009	2010	2009	2010	2009	2010	2009
Continuing operations								
Total revenue	49,620	44,624	43,103	38,410	-	-	-	-
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	15,121	13,853	9,330	4,705	-	-	(26)	4
Project development	(11)	(117)	-	-	-	-	(1,696)	(807)
Depreciation and amortization	(5,427)	(5,162)	(5,958)	(6,533)	-	-	(80)	(41)
Other gains and (losses)	22	(6)	3,733	(22)	-	(2,307)	(339)	-
Segments result	9,705	8,568	7,105	(1,850)	-	(2,307)	(2,141)	(844)
Foreign exchange gain / (loss)	1,277	515	1,172	4,908	-	-	202	230
Finance costs	(2,376)	(2,604)	(6,992)	(7,628)	-	-	(3)	-
Finance income	20	16	464	608	-	-	26	9
Management fees - intercompany charges	(3,959)	(4,687)	-	-	-	-	-	-
Profit / (loss) before taxation	4,667	1,808	1,749	(3,962)	-	(2,307)	(1,916)	(605)
Taxation	(55)	(55)	50	573	-	-	(23)	(2)
Profit / (loss) for the year-continuing operations	4,612	1,753	1,799	(3,389)	-	(2,307)	(1,939)	(607)
Profit / (loss) for the year-discontinued operations	-	-	-	-	(607)	(464)	-	-
Profit / (loss) for the year	4,612	1,753	1,799	(3,389)	(607)	(2,771)	(1,939)	(607)
Currency translation reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the year	4,612	1,753	1,799	(3,389)	(607)	(2,771)	(1,939)	(607)
Non-controlling interest	482	601	-	-	(307)	(202)	-	-
Total comprehensive income attributable to owners of the parent	4,130	1,152	1,799	(3,389)	(300)	(2,569)	(1,939)	(607)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	3,901	4,294	4,277	4,277	-	-	750	750
Intangible assets with finite useful lives	-	-	881	844	-	48	-	-
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	37,826	34,828	41,803	37,039	-	-	28,656	10,674
Other segment assets (including cash)	18,474	16,886	30,891	31,105	42	705	1,388	2,488
Total segment assets - continuing operations	60,201	56,008	77,852	73,265	42	753	30,794	13,912
Assets classifed as held for sale	-	-	13,369	31,585	262	-	-	-
Total assets	60,201	56,008	91,221	104,850	304	753	30,794	13,912
Total segment liabilities - continuing operations	39,362	40,039	44,796	49,618	912	1,052	25,398	6,797
Liabilities associated with assets held for sale	-	-	3,158	28,725	288	-	-	-
Total liabilities	39,362	40,039	47,954	78,343	1,200	1,052	25,398	6,797
Net assets / (liabilities)	20,839	15,969	43,267	26,507	(896)	(299)	5,396	7,115
Non-controlling interest	1,446	1,356	-	-	335	643	-	-
Other segment items - continuing operations								
Capital expenditure	6,409	5,312	2,692	3,479	-	(64)	18,559	3,951
Depreciation and amortization	5,427	5,162	5,958	6,533	-	-	80	41
Impairment losses	-	-	-	-	-	1,426	-	-
Share based compensation	-	-	-	-	-	-	-	-

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

4. SEGMENTAL INFORMATION (cont'd)

Operating segments (cont'd):

	Total operations		Corporate and non-allocated (1)		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Continuing operations						
Total revenue	126,150	114,943	245	312	126,395	115,255
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	33,436	28,570	(6,518)	(8,605)	26,918	19,966
Project development	(2,069)	(1,145)	(41)	254	(2,110)	(891)
Depreciation and amortization	(14,473)	(15,913)	(403)	(484)	(14,876)	(16,397)
Other gains and (losses)	3,356	(5,758)	(1,622)	(2,548)	1,734	(8,306)
Segments result	20,250	5,754	(8,584)	(11,383)	11,666	(5,629)
Foreign exchange gain / (loss)	4,242	4,672	(108)	(519)	4,134	4,153
Finance costs	(10,570)	(12,071)	(7,490)	(7,153)	(18,060)	(19,223)
Finance income	528	650	1,557	793	2,085	1,443
Management fees - intercompany charges	(7,680)	(8,663)	8,466	12,106	786	3,443
Profit / (loss) before taxation	6,770	(9,658)	(6,159)	(6,156)	611	(15,812)
Taxation	(1,091)	(300)	(1,277)	(1,162)	(2,368)	(1,461)
Profit / (loss) for the year-continuing operations	5,679	(9,958)	(7,436)	(7,318)	(1,757)	(17,273)
Profit / (loss) for the year-discontinued operations	(607)	(3,128)	18,637	-	18,030	(3,128)
Profit / (loss) for the year	5,072	(13,086)	11,201	(7,318)	16,273	(20,401)
Currency translation reserve	-	-	1,693	1,967	1,693	1,967
Total comprehensive income for the year	5,072	(13,086)	12,894	(5,351)	17,966	(18,434)
Non-controlling interest	469	356	-	-	469	356
Total comprehensive income attributable to owners of the parent	4,603	(13,442)	12,894	(5,351)	17,497	(18,790)
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	12,823	24,901	-	-	12,823	24,901
Intangible assets with finite useful lives	1,234	1,397	22	23	1,256	1,420
Financial assets - investments	-	-	-	107	-	107
Segment assets:						
Property, plant and equipment	133,812	107,790	1,044	1,183	134,856	108,973
Other segment assets (including cash)	57,427	45,909	(15,406)	3,244	42,021	49,153
Total segment assets - continuing operations	205,296	166,085	(14,340)	4,557	190,956	170,642
Assets classifed as held for sale	13,631	70,575	-	-	13,631	70,575
Total assets	218,927	236,660	(14,340)	4,557	204,587	241,217
Total segment liabilities - continuing operations	125,540	131,428	24,718	23,523	150,258	154,951
Liabilities associated with assets held for sale	3,446	55,565	-	-	3,446	55,565
Total liabilities	128,986	186,993	24,718	23,523	153,704	210,516
Net assets / (liabilities)	89,941	56,463	(39,058)	(18,966)	50,883	37,497
Non-controlling interest	7,968	7,361	-	-	7,968	7,361
Other segment items - continuing operations						
Capital expenditure	29,220	13,736	(197)	272	29,023	14,008
Depreciation and amortization	14,473	15,913	403	484	14,876	16,397
Impairment losses	-	4,722	-	-	-	4,722
Share based compensation	-	-	1,389	1,220	1,389	1,220

(1) Includes non-operating entities

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

4. SEGMENTAL INFORMATION (cont'd)

Other supplementary information: Business segments

	Gaming		Hotel		Corporate non-allocated (1)		Total operations	
	2010	2009	2010	2009	2010	2009	2010	2009
Continuing operations								
Total revenue	103,522	97,363	22,628	17,580	245	312	126,395	115,255
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	31,045	28,194	2,391	376	(6,518)	(8,605)	26,918	19,966
Project development	(2,069)	(1,082)	-	(63)	(41)	254	(2,110)	(891)
Depreciation and amortization	(10,878)	(11,432)	(3,595)	(4,481)	(403)	(484)	(14,876)	(16,397)
Other gains and (losses)	(727)	(5,633)	4,083	(125)	(1,622)	(2,548)	1,734	(8,306)
Segments result	17,371	10,047	2,879	(4,293)	(8,584)	(11,383)	11,666	(5,629)
Foreign exchange gain / (loss)	3,416	583	826	4,089	(108)	(519)	4,134	4,153
Finance costs	(2,749)	(3,314)	(7,821)	(8,757)	(7,490)	(7,153)	(18,060)	(19,223)
Finance income	421	414	107	236	1,557	793	2,085	1,443
Management fees - intercompany charges	(7,669)	(8,628)	(11)	(35)	8,466	12,106	786	3,443
Profit / (loss) before taxation	10,790	(898)	(4,020)	(8,760)	(6,159)	(6,156)	611	(15,812)
Taxation	(1,915)	(720)	824	420	(1,277)	(1,162)	(2,368)	(1,461)
Profit / (loss) for the year-continuing operations	8,875	(1,618)	(3,196)	(8,340)	(7,436)	(7,318)	(1,757)	(17,273)
Profit / (loss) for the year-discontinued operations	(607)	(200)	-	(2,928)	18,637	-	18,030	(3,128)
Profit / (loss) for the year	8,268	(1,818)	(3,196)	(11,268)	11,201	(7,318)	16,273	(20,401)
Currency translation reserve	-	-	-	-	1,693	1,967	1,693	1,967
Total comprehensive income for the year	8,268	(1,818)	(3,196)	(11,268)	12,894	(5,351)	17,966	(18,434)
Non-controlling interest	469	356	-	-	-	-	469	356
Total comprehensive income attributable to owners of the parent	7,799	(2,174)	(3,196)	(11,268)	12,894	(5,351)	17,497	(18,790)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	12,809	24,887	14	14	-	-	12,823	24,901
Intangible assets with finite useful lives	488	678	746	719	22	23	1,256	1,420
Financial assets - investments	-	-	-	-	-	107	-	107
Segment assets:								
Property, plant and equipment	84,695	63,941	49,117	43,849	1,044	1,183	134,856	108,973
Other segment assets (including cash)	29,531	32,136	27,896	13,773	(15,406)	3,244	42,021	49,153
Total segment assets - continuing operations	127,523	107,730	77,773	58,355	(14,340)	4,557	190,956	170,642
Assets classifed as held for sale	261	38,990	13,370	31,585	-	-	13,631	70,575
Total assets	127,784	146,720	91,143	89,940	(14,340)	4,557	204,587	241,217
Total segment liabilities - continuing operations	67,518	97,067	58,022	34,361	24,718	23,523	150,258	154,951
Liabilities associated with assets held for sale	288	26,840	3,158	28,725	-	-	3,446	55,565
Total liabilities	67,806	123,907	61,180	63,086	24,718	23,523	153,704	210,516
Net assets / (liabilities)	59,978	29,609	29,963	26,854	(39,058)	(18,966)	50,883	37,497
Non-controlling interest	7,968	7,361	-	-	-	-	7,968	7,361
Other segment items - continuing operations								
Capital expenditure	27,681	9,714	1,539	4,022	(197)	272	29,023	14,008
Depreciation and amortization	10,878	11,432	3,595	4,481	403	484	14,876	16,397
Impairment losses	-	4,722	-	-	-	-	-	4,722
Share based compensation	-	-	-	-	1,389	1,220	1,389	1,220

(1) Includes non-operating entities

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

5. OTHER GAINS AND (LOSSES)

	2010	2009
Other gains and (losses)		
Share based compensation	$ (1,389)	$ (1,220)
Prospectus cost	(114)	(1,408)
Other write off of assets	(514)	(1,081)
Gain from asset held for sale	4,213	-
Impairment of assets:		
Poland	-	(1,426)
Guatemala	-	(3,296)
Fair value adjustment for financial derivative contracts	(128)	125
Other	(334)	-
Total	**$ 1,734**	**$ (8,306)**

a. Share based compensation
The 2009 charge relates to options granted as part of the 2007 Equity Incentive Plan.

The 2010 IFRS 2 charge above arises from the following transactions:
In October 2010 the Board authorized the Company to issue an additional 452,500 shares to Company senior management and certain employees pursuant to the Company's long term stock incentive plan. In addition, during Q4 2010 the Company issued 183,765 shares in lieu of cash to certain executives for their voluntary deferral of 20% of wages for the period 1 August 2009 to 30 September 2010.

b. Euronext listing and prospectus costs
The Group first became listed on the Euronext Amsterdam exchange on 27 October 2008. During 2009 additional expenses were incurred to meet the Euronext compliance requirements. In 30 June 2009 the Group started the process of an additional stock offering in which additional expenses were incurred and due to the termination of the process, the costs were charged to expense in November 2009 and in 2010 additional cost has been received and charged to expenses.

c. Other write off of assets
Certain trade receivables in Guatemala, Peru and Poland were determined to be uncollectable and a provision of $147,000 (2009 - $977,000) has been recorded. In addition, losses were recognized on dispositions, abandonments or obsolescence of property, plant and equipment totaling $695,000 (2009 - $104,000) which offset with a gain of $328,000 coming from a provision's reversal from the Brandon Case.

d. Gain from asset held for sale
In the fourth quarter of 2009, management decided to sell four of our six hotels in Peru to pay off some debts and to improve the Group's statement of financial position. As of 31 March 2010, one of the four hotels held for sale was sold and the Group recognized a gain from asset held for sale of $2,508,000. As of 16 November 2010 the Group sold its second hotel held for sale and recognized a gain of $1,705,000.

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

5. OTHER GAINS AND (LOSSES) (cont'd)

e. Poland write-off
In 2009 management assessed an impairment loss against the carrying value of the assets associated with the Casino Centrum location resulting in an impairment charge of $1,426,000.

f. Guatemala write-off
In 2009 management assessed a $3,296,000 impairment loss covering the two existing properties in Guatemala, Intercontinental and Mazatenango, due to underperformance together with the closure of the Gran Plaza and Coatepeque properties earlier in that year.

g. Fair value adjustments for financial derivative contracts
The adjustment for the fair value of financial derivative contracts is derived from the revaluation of 781,667 outstanding warrants granted at 31 December 2002, of which 666,666 were exercised on 4 June 2007, with a further 58,470 being issued under the same agreement leaving 173,471 outstanding and during 2010 the final warrants outstanding were exercised and cancelled. In January 2010, 200,000 warrants were issued of which 100,000 were exercised in April 2010, leaving 100,000 warrants outstanding as of 31 December 2010 (2009 – 173,471).

6. COMPENSATION OF KEY PERSONNEL

The remuneration of key management personnel during the year was as follows:

	2010	2009
Salaries and bonuses	$ 2,093	$ 2,093
Short-term benefits	194	322
Other long-term benefits	851	13
Share-based payments	1,389	1,220
	$ 4,527	$ 3,648

The remuneration of key personnel is determined by the compensation committee taking into account the performance of individuals and market trends.

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7. FINANCING COSTS AND REVENUES

Finance cost includes all interest-related income and expenses, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the statement of comprehensive income for the reporting periods presented:

	2010			2009		
Finance cost	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
Bank loans	$ 1,086	-	$ 1,086	$ 467	$ 1,343	$ 1,810
Other loans	12,502	25	12,527	14,258	905	15,163
Related party loans	6	-	6	63	200	263
Finance charges payable under finance leases and hire purchase contracts	2,897	-	2,897	2,960	34	2,994
Amortization of borrowing costs	1,569	-	1,569	1,475	137	1,612
Total finance costs (on a historical cost basis)	**$ 18,060**	**$ 25**	**$ 18,085**	**$ 19,223**	**$ 2,619**	**$ 21,842**
Finance revenue						
Bank interest receivable	2,085	298	2,383	1,443	284	1,727
Total finance revenue (on a historical cost basis)	**$ 2,085**	**$ 298**	**$ 2,383**	**$ 1,443**	**$ 284**	**$ 1,727**

8. INCOME TAXES AND DEFERRED TAX LIABILITY

a) Tax charged in the statement of comprehensive income

	2010			**2009**		
	Continuing operations	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
Current Income Tax						
Foreign tax	$ 2,848	$ 3,976	$ 6,824	$ 2,377	$ 808	$ 3,185
Total current income tax	2,848	3,976	6,824	2,377	808	3,185
Deferred Tax						
Origination and reversal of temporary differences	(480)	-	(480)	(916)	262	(654)
Total deferred tax	(480)	-	(480)	(916)	262	(654)
Tax charged in the statement of comprehensive income	**$ 2,368**	**$ 3,976**	**$ 6,344**	**$ 1,461**	**$ 1,070**	**$ 2,531**
Taxes allocated to:						
Loss / profit for the year	2,368	3,976	6,344	1,461	1,070	2,531
Totals	**$ 2,368**	**$ 3,976**	**$ 6,344**	**$ 1,461**	**$ 1,070**	**$ 2,531**

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8. INCOME TAXES AND DEFERRED TAX LIABILITY (cont'd)

b) Reconciliation of the total tax charge

The tax expense in the statement of comprehensive income for the year is higher than the standard rate of corporate tax in the British Virgin Islands of 0%. The differences are reconciled below:

	2010 Continuing operations	2010 Discontinued operations	2010 Total	2009 Continuing operations	2009 Discontinued operations	2009 Total
Accounting Profit (loss) before income tax	$ 611	$ 18,376	$ 18,987	$ (15,812)	$ (1,503)	$ (17,315)
Higher taxes on overseas earnings	2,368	3,976	6,344	1,461	36	1,497
Total tax expense reported in the statement of income	$ 2,368	$ 3,976	$ 6,344	$ 1,461	$ 36	$ 1,497
Deferred income tax assets:						
Non-capital loss carryforwards	$ 13,288	$ 18	13,306	$ 12,101	$ 53	12,154
Total deferred tax assets	13,288	18	13,306	12,101	53	12,154
Valuation allowance	(8,784)	-	(8,784)	(8,083)	-	(8,083)
Deferred income tax assets, net of allowance	$ 4,504	$ 18	$ 4,522	$ 4,018	$ 53	$ 4,071
Deferred income tax liabilities:						
Property and equipment - net book value in excess of unamortized capital cost	-	-	-	-	1,606	1,606
Other assets - net book value in excess of unamortized tax	-	5	5	1	452	453
Withholding tax on repatriation of retained earnings from foreign subsidiaries	477	-	477	210	-	210
Dividend tax accrual	51	-	51	-	-	-
Other	4	-	4	101	-	101
Total deferred tax liabilities	**$ 532**	**$ 5**	**$ 537**	**$ 312**	**$ 2,058**	**$ 2,370**

At 31 December 2010, the Group has United States income tax net operating losses of $25,836,000 (2009 - $24,543,000). These operating losses expire at various dates beginning in 2011 and ending in 2030. The potential income tax benefits related to United States loss carry forwards have not been reflected in the accounts as the Group does not anticipate future United States net income. The valuation allowance of $8,784,000 (2009 – $8,083,000) has been recorded to fully offset this deferred tax asset.

The Group has recorded a deferred tax asset primarily for its Peruvian operation in the amount of $4,504,000 (2009 - $4,018,000), attributable to losses and book reserves. The Peruvian losses will be offset against future net income.

	Statement of Financial Position 2010 Deferred Tax Assets	Statement of Financial Position 2010 Deferred Tax Liabilities	Statement of Financial Position 2010 Deferred Tax Total	Assets Held for Sale 2010 Deferred Tax Assets	Assets Held for Sale 2010 Deferred Tax Liabilities	Assets Held for Sale 2010 Deferred Tax Total
Balance at beginning of year	$ 4,018	$ (312)	$ 3,706	$ 52	$ (2,057)	$ (2,005)
Transfer to assets held for sale - discontinued operations	34	5	39	(34)	(5)	(39)
Transfer to assets held for sale - other operations	-	-	-	-	-	-
Movement in statement of:						
Comprehensive income	743	(263)	480	-	-	-
Discontinued operations	-	-	-	-	2,057	2,057
Assets held for sale	-	-	-	-	-	-
Foreign exchange and other	(291)	38	(253)	-	-	-
Balance at end of year	**$ 4,504**	**$ (532)**	**$ 3,972**	**$ 18**	**$ (5)**	**$ 13**

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9. INTANGIBLE ASSETS

	2010				2009			
	Gaming licenses	**Goodwill**	**Others (Software and license)**	**Total**	**Gaming licenses**	**Goodwill**	**Others (Software and license)**	**Total**
Cost								
Balance at beginning of year	$ 1,476	$ 27,371	$ 2,083	$ 30,930	$ 4,715	$ 25,209	$ -	$ 29,924
Additions - Peru acquisition	-	-	-	-	-	50	-	50
Additions - Las Palmas Holding	-	-	-	-	-	1,269	-	1,269
Additions - Costa Rica KLN	-	-	-	-	-	843	-	843
Additions	-	-	1,025	1,025	-	-	2,174	2,174
Panama sale transaction	-	(11,685)	-	(11,685)	-	-	-	-
Reclasification to assets held for sale	-	(2,470)	-	(2,470)	(3,239)	-	(91)	(3,330)
Balance at end of year	1,476	13,216	3,108	17,800	1,476	27,371	2,083	30,930
Accumulated amortization and impairment								
Balance at beginning of year	1,376	2,470	762	4,608	2,973	336	-	3,309
Additions - Peru acquisition	-	-	-	-	-	2,134	-	2,134
Additions	-	-	1,190	1,190	178	-	778	956
Las Palmas Holding	-	393	-	393	-	-	-	-
Reclasification to assets held for sale	-	(2,470)	-	(2,470)	(1,775)	-	(16)	(1,791)
Balance at end of year	1,376	393	1,952	3,721	1,376	2,470	762	4,608
Carrying amount								
At beginning of year	100	24,901	1,320	26,321	1,742	24,873	-	26,615
At end of year	**$ 100**	**$ 12,823**	**$ 1,156**	**$ 14,079**	**$ 100**	**$ 24,901**	**$ 1,320**	**$ 26,321**

The Peru license has an unamortized balance of $100,000 as of 31 December 2010 (2009- $100,000). The decrease in goodwill for 2010 to $12,823,000 (2009 - $24,901,000) is primarily due to the Panama sale transaction.

Impairment review:

Each of the Group's individual operations are treated as a single cash-generating unit and are tested for impairment on that basis. The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Board for the next financial year, along with projections for the following four years from the Group's strategic plan, which was also approved by the Board. The pre-tax discount rate applied to the cash flow projections has been calculated individually for each operation. The discount rate reflects management's estimate of the Group's pre-tax average cost of debt.

<u>Key assumptions used in the value in use calculations</u>

The calculation of value in use is most sensitive to the following assumptions:

- customer drop,
- net win margins,
- hotel occupancy rates and
- discount rates.

Customer drop is based on monies placed by customers for the casino gaming and sportsbook businesses. Management takes into account the product mix, major sporting events and industry developments when determining customer drop.

9. INTANGIBLE ASSETS (cont'd)

Net win margins are based on values achieved in the past and amended for any anticipated changes in the budget period.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of each acquisition, there are possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. These are discussed below:

- customer drop may be affected by a decrease in customers, a decrease in marketing spending, a change in technology, competition or regulatory change,
- net win margins may be affected by the results of sporting events, odds setting or by changed legislation to the gaming industry,
- terminal values may be affected by a decrease in demand for the properties due to changes in legislation to the gaming industry, and
- hotel revenues may be affected by seasonality.

Impairment review by acquisition:

Nicaragua

At 31 December 2010 the goodwill recorded in respect of the Nicaragua operations is $1,387,000 (2009: $1,387,000) related to its 54.6% holding in the entity.

In Nicaragua, as of 31 December 2010, management does not believe that the carrying value of the Nicaragua goodwill was impaired as the value in use exceeded the carrying value of goodwill by $1.7 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $524,000 each year, the value in use would equal the carrying value of the cash-generating unit.

India

The Group owns 50% of Daman Hospitality Private Limited ("DHPL"), a company incorporated in India. The joint venture is proportionally consolidated on the Group's consolidated financial statements and as of 31 December 2010 the Group recognizes $750,000 (2009: $750,000) in goodwill for the joint venture.

In India, as of 31 December 2010, management does not believe that the carrying value of goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $1.4 million.

Sensitivity to changes in assumptions

Hotel revenues is calculated by applying the hotel occupancy rate to anticipated opening date of 1 July 2011. If hotel revenues were to decrease by $539,000 each year, the value in use would equal the carrying value of the cash generating unit.

9. INTANGIBLE ASSETS (cont'd)

Peru – Sun Nippon and Interstate Gaming

As of 31 December 2010, the Group holds total goodwill in respect of its two 100% owned subsidiaries, Sun Nippon and Interstate Gaming, of $4,276,000 (2009: $4,276,000).

In Peru for the Sun Nippon and Interstate Gaming operations, as of 31 December 2010, management does not believe that the carrying value of the goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $9 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $1.7 million each year, the value in use would equal the carrying value of the cash-generating unit.

Costa Rica – Thunderbird Gran Entretenimiento

At 31 December 2010 the Group holds goodwill of $2,508,000 (2009: $2,508,000) related to its 51% holding in Thunderbird Gran Entretenimiento and 50% holding in King Lion Network, S.A.

In Costa Rica as of 31 December 2010, management does not believe that the carrying value of goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $14.3 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $4.2 million each year, the value in use would equal the carrying value of the cash-generating unit.

Philippines

At 31 December 2010, the Group holds goodwill in respect of Eastbay Resorts Limited of $3,857,000 (2009: $4,250,000) and in respect of Thunderbird Pilipinas Hotels and Resorts, Inc. of $44,000 (2009: $44,000).

In the Philippines, as of 31 December 2010, management does not believe that the carrying value of goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $19.4 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $5,609,000 each year, the value in use would equal the carrying value of the cash-generating unit.

(Expressed in United States dollars)
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10. INVESTMENTS IN ASSOCIATES

Through its equity investments, the Group has a 40% equity interest in a property and development company in the Philippines. The equity investment of the Group and the Group's share of loss from these investment is as follows:

The Group is entitled to recover the advances that funded certain pre-opening costs from the first available cash flows of the operations. The advances are non-interest bearing.

The equity losses of the Group's investees include pre-opening costs which are expensed by the investees in the year the costs are incurred.

The Group has a 40% equity interest in a Philippine entity that will be used to further develop the operations of the Rizal casino and hotel in Manila. The amounts advanced in 2006 were used by the entity for development, per the terms of the agreement with the Group's Philippine partners. Advances made by the Group will be repaid as cash flow allows. The shareholder agreement called for development fees to be paid to the Philippine entity by the Rizal casino and hotel, these fees were accrued during the 2005 and 2006 year, but were not paid due to the lower than expected cash flow. During 2007, the Board of Directors of the Philippine entity forgave these fees and renegotiated the lease agreement for the property. During 2008, the Board of Directors reallocated the investment amount due from the shareholders when the Group purchased 21% of the shares of the Rizal Casino from the Group's Philippine partners. The Group does not have any contingent liabilities. The Group does not believe impairment of the investment is necessary as the land value in the area along with the proceeds from a newly negotiated lease agreement exceed the fair value of its investment.

Name of associate	Principal Activities	Incorporation and operation	Owner interest	2010	2009
Eastbay Property and Development, Inc.	Owns and Leases Real Estate to East Bay Resorts, Inc.	Philippines	40%	$ (95)	$ 107
Total				$ (95)	$ 107

Summarized financial information in respect of the Group's associates is set out below:

	2010	2009
Total assets	$ 2,218	$ 1,907
Total liabilities	(523)	(318)
Net assets	1,695	1,589
Group's share of associates' net assets	$ 678	$ 636
Total revenue	$ 584	$ 550
Total profit /(loss) for the year	17	(61)
Share of associates' profit/(loss) for the year	$ 7	$ (24)

	2010	2009
Beginning of year	$ 107	$ 275
Fees due from shareholders	444	251
Share of losses/(profit)	7	(24)
Fees due to associates	(598)	(395)
Foreign exchange adjustments	(55)	-
Total	$ (95)	$ 107
Equity accounting share	-	$ 107

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11. PROPERTY, PLANT AND EQUIPMENT

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of 1 January 2010	$ 56,306	$ 8,869	$ 36,483	$ 23,022	$ 21,446	$ 146,126
Foreign Exchange adjustments	2,335	663	1,807	784	1,648	7,237
Additions - continued operations	1,345	139	818	362	26,359	29,023
Additions - discontinued operations	-	4	-	-	422	426
Disposals - continued operations	(221)	-	(559)	(482)	-	(1,262)
Disposals - discontinued operations	-	-	-	(139)	-	(139)
Transfers	313	(727)	5,087	802	(6,815)	(1,340)
Assets held for sale	7,494	(69)	(96)	889	(80)	8,138
As of 31 December 2010	67,572	8,879	43,540	25,238	42,980	188,209
Depreciation						
As of 1 January 2010	5,010	1,360	19,179	11,108	496	37,153
Foreign Exchange adjustments	255	163	953	323	1	1,695
Additions - continued operations	2,108	1,004	7,424	3,229	-	13,765
Additions - discontinued operations	30	830	2,778	1,096	-	4,734
Disposals - continued operations	(79)	-	(405)	(159)	-	(643)
Disposals - discontinued operations	-	-	-	(128)	-	(128)
Impairment Guatemala	-	-	-	(4)	-	(4)
Impairment Poland	-	(689)	(48)	(50)	(119)	(906)
Transfers	(6)	-	-	(5)	-	(11)
Assets held for sale	1,235	(809)	(2,637)	(91)	-	(2,302)
As of 31 December 2010	8,553	1,859	27,244	15,319	378	53,353
Net book value as of 1 January 2010	**51,296**	**7,509**	**17,304**	**11,914**	**20,950**	**108,973**
Net book value as of 31 December 2010	**$ 59,019**	**$ 7,020**	**$ 16,296**	**$ 9,919**	**$ 42,602**	**$ 134,856**

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of 1 January 2009	$ 73,846	$ 27,965	$ 59,608	$ 38,457	$ 28,941	$ 228,817
Foreign Exchange adjustments	4,550	(232)	1,199	735	570	6,822
Additions - continued operations	261	36	2,671	1,475	9,565	14,008
Additions - discontinued operations	538	26	-	107	3,724	4,395
Disposals - continued operations	(6)	(1,624)	(280)	(1,701)	(112)	(3,723)
Disposals - discontinued operations	(290)	-	(199)	(346)	-	(835)
Transfers	7,676	3,537	5,522	3,700	(21,221)	(786)
Assets held for sale	(30,269)	(20,839)	(32,038)	(19,405)	(21)	(102,572)
As of 31 December 2009	56,306	8,869	36,483	23,022	21,446	146,126
Depreciation						
As of 1 January 2009	3,927	8,212	24,491	17,690	-	54,320
Foreign Exchange adjustments	360	(32)	503	385	-	1,216
Additions - continued operations	2,321	1,016	7,605	3,894	-	14,836
Additions - discontinued operations	1,189	1,296	4,764	2,310	-	9,559
Disposals - continued operations	-	(107)	(638)	(198)	376	(567)
Disposals - discontinued operations	-	-	(82)	(290)	-	(372)
Impairment	-	(1,486)	-	(113)	-	(1,599)
Impairment Guatemala	-	442	2,017	732	-	3,191
Impairment Poland	-	202	886	219	119	1,426
Transfers	(65)	-	-	(61)	-	(126)
Assets held for sale	(2,722)	(8,183)	(20,367)	(13,460)	1	(44,731)
As of 31 December 2009	5,010	1,360	19,179	11,108	496	37,153
Net book value as of 1 January 2009	**69,919**	**19,753**	**35,117**	**20,767**	**28,941**	**174,497**
Net book value as of 31 December 2009	**$ 51,296**	**$ 7,509**	**$ 17,304**	**$ 11,914**	**$ 20,950**	**$ 108,973**

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Assets pledged as security

Assets with the following amounts have been pledged to secure borrowings of the Group:

		2010		2009
Property	$	46,553	$	15,747
Gaming equipment		4,617		10,446
Total	**$**	**51,170**	**$**	**26,193**

The carrying value of assets held under finance leases and hire purchase contracts at 2010 was $22,998,000 (2009 - $4,089,000).

We started construction on a resort project in the eastern suburbs of San Jose in 2006. This 22-acre "Tres Rios" facility was initially intended to be a 225-room five star resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2010, we have invested approximately $15.5 million (of which our 50 percent joint venture share is $7.7 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. The difficulty in securing long term financing during the worldwide economic crisis in 2008 and 2009, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, caused us to change plans with respect to this project. During 2009 and 2010 we minimized the amount we invested in the hotel and attempted to maximize third party investment. In addition, we will need to comply with the new gaming decree which causes the Tres Rios casino to have less than the number of slot machines and tables originally planned. Accordingly, during 2010 we have redesigned the project to a three star, 108 room hotels with convention center and casino. We are actively pursuing long term financing to complete this project and while these options are being pursued however, the "on-site" construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in securing the financing needed to complete the project . Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

We have also acquired land in the southwestern suburb of San Jose where we plan to build the Escazu project. As of 31 December 2010, we have invested approximately $4.0 million (of which our portion is $2.0 million). The land is subject to a lien securing a loan with Banco Nacional of Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are pursuing different options to complete the project, one such is a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

We commenced our expansion project in Rizal, Philippines, on the eastern side of Manila, in the third quarter of 2008. The expansion includes an event center, additional food and beverage areas, and gaming areas. Total project expenditure as of 31 December 2010 amounted to $6.8 million. The expansion was subsequently finished in February 2011 and the event center was launched in the same month. The gaming area was also finished in the same month and ERI is just waiting for the PAGCOR approval on the additional gaming positions added. The gaming area will add 50 slots positions on opening (with additional 50 slot positions later)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

and 28 table positions to the current 453 slot positions and 218 table positions. We commenced the expansion of the existing casino at Poro Point, Philippines in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 65 new slot machines and 49 new table positions in addition to the current 285 slot machines and 172 table positions, along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million, of which $1.4 million has been spent as of 31 December 2010. Until an additional portion of private debt offering and the construction loan are fully funded, there is no certainty that the expansion will be completed within this revised timeline.

In 20 March 2008, the Group entered into a series of agreements with a local Indian group to jointly own a luxury resort in Daman, India that would include at minimum a 5-star hotel, an event center and restaurants and bars, all to be operated by Thunderbird under a long-term management contract. Daman is adjacent to Maharashtra State whose capital is Mumbai (formerly Bombay). Daman is a 2-hour drive from Mumbai which, along with its neighboring suburbs of Navi and Thane, has a population exceeding 19 million, making it the world's fifth most populous metropolitan area. Daman also borders Gujarat State, whose population has the highest average GDP per capita in India. Daman is within a 5-hour drive of 50 million people and within a 3 hour flight of 1 billion people. Initially it was contemplated that Thunderbird would own 50 percent of Daman Hospitality Private Limited ("DHPL"), a company incorporated under the laws of India that would own the land and the operations mentioned above. DHPL would also build and lease facilities to an Indian company that is eligible to operate the area's first gaming license under the 1976 Gambling Act of Goa, Daman & Diu. The local Indian partner would contribute contiguous, undeveloped lots in Daman comprising over 40,000 square meters that are appraised at approximately $8 million. The project was then in design and cost estimates phase. There would be a combination of equity and debt from the partners and third parties. Thunderbird's subsidiary, Impacto, is managing the design and engineering of the facility. As of 2010 Q3 IMS, the Group announced an update to the schedule for opening which at that time, was projected to be late Q4 2010 and through Q1 2011. The group further announced that the plan called for opening the hotel in stages, which would constitute a 176 room, five-star facility with an event center, four restaurants and many other amenities, all located on 10 acres of land and anchored by a lease for a 5,700 square meter casino. Due to cost increases, the group raised additional funds to complete the Project. With the delays in opening, the overall costs increased, including the carrying/financing charges and other typical pre-opening costs. The Group also faces increased construction costs and a weaker dollar against the rupee. The construction as of that time was substantially complete with the remaining construction being in the finishing works. The Group successfully raised additional debt of $18.3 million, of which the Group's 50 percent portion was used for the development of the India hotel project of $13.5 million. Construction of this project has been and is being funded by three sources. The group announced that DHPL and its India partner have contributed approximately $18 million in cash and property as equity into the project. DHPL has also raised approximately $27 million senior secured loan facility from four India Banks, plus approximately $16 million in fully convertible debentures, secured behind senior lenders. The debentures were funded during 2009 and 2010 and the senior secured loan was obtained in the first quarter of 2010 and its funds are being drawn on for ongoing construction. As of the time of the release of the Q3 IMS, the construction project was progressing towards a soft, partial late fourth quarter of 2010 opening. The opening of all rooms and amenities in an official inauguration was projected for late Q1 2010. The project has now obtained substantially all licenses needed to commence operations. While there are no guaranties, the Group hoped to receive the remaining licenses in the upcoming weeks. At the time of the release, all civil construction was complete, and the remaining ongoing work relates to finishing the hotel rooms and public areas. All key management had been hired and was working to complete pre-opening deliverables. Due to a number of factors, including pre-opening interest and carrying costs, inflation, dollar devaluation and increased finishing costs to deliver a truly exceptional project, the project requires a minimum of $5 million to $6 million of additional funding which was being sought through equity infusions. These costs could increase further, particularly if there are any additional delays in licensing or in the raising the additional required financing.

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group advised that negotiations were underway with several interested groups and it was anticipated that the Group's interests in the hotel would be diluted to below 50 percent (as well as that of its 50 percent partner) as additional equity was invested by third parties. In 23 February 2011, The Group announced the execution of a letter of intent for the planned addition of another equity partner into its India affiliate, Daman Hospitality Pte. Ltd. ("DHPL"). Delta Corp Ltd (Bombay Stock Exchange: DELT.BO) ("Delta") would provide "completion funding" to DHPL that should culminate in opening the first Thunderbird branded property in India. When fully documented, Delta would become a 51percent owner in the hotel and Thunderbird would continue to operate the hotel with a management contract. Based on the letter of intent, with this infusion of new equity by Delta into the project, Thunderbird and the initial India partner in the hotel would be reduced to 49 percent ownership collectively. Delta would own the 51 percent balance.

12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2009 management decided to sell the Group's operations in Panama as well as four of our six hotel locations in Peru (the non-casino hotels). The decision was taken in line with the Group's strategy to reduce debt and to improve the Group's financial position. The Panama operations constituted one of our reporting segments and are reported as a discontinued operation. The Group was successful in selling two of the four Peru hotels in 2010.

In August 2010, the Group announced the completion of the sale of its 63.63 percent stake in its six Panama casinos to the Panama based subsidiary of CODERE, S.A. The Group reported a gain on the sale of stock of approximately $16.2 million in 2010. This transaction resulted in a significant improvement in the Group's statement of financial position through the reduction in consolidated Group debt of approximately $46.8 million ($30.8 million used to pay down debt and elimination from our consolidated financials of $16.0 million of Panama operational level debt) along with a significant improvement in the overall cash flows of the Group.

At 31 December 2010, two of the remaining four hotels in Peru are shown as assets held for sale on the statement of financial position. The operating results of the Peru hotels are still reported as continuing operations in our profit and loss (as they do not represent our entire reporting segment in Peru).

In December 2010 management decided that it is in the best interest of the Group to divest itself from Guatemala. On 31 December 2010, the Group entered into an agreement to transfer its operations to the purchaser for consideration of $2.1 million in a promissory note and approximately $0.5 million of accounts payable assumption. The Group recorded a gain of the sale of its Guatemalan operation of $0.6 million. Guatemala has been reported as discontinued operations.

In the latter half of 2010 management marketed its Poland operations for sale, the process was unsuccessful and on 10 March 2011 the Group shut down its Poland operations. Poland has been reported as discontinued operations.

Revenues and expenses, gains and losses relating to Panama, Guatemala and Poland operations have been eliminated from the Group's statement of comprehensive income and are shown in a single line item on the face of the statement of comprehensive income (see "loss for the period from discontinued operations").

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

	2010	2009
Net gaming wins	$ 2,083	$ 59,445
Food, beverage and hospitality sales	62	4,434
Total revenue	2,145	63,879
Cost of goods sold	(1,083)	(22,493)
Gross profit	1,062	41,386
Other operating costs		
Operating, general and administrative	(1,692)	(31,222)
Depreciation and amortization	-	(8,495)
Other gains and (losses)	18,377	(1,421)
Operating profit	17,747	248
Financing		
Financing costs	(15)	(2,590)
Financing income	298	284
Finance income (costs), net	283	(2,306)
Profit/(loss) before tax	18,030	(2,058)
Income taxes expense		
Current	-	(808)
Deferred	-	(262)
Taxation	-	(1,070)
Profit / (loss) for the year from discontinued operations	$ 18,030	$ (3,128)

Gain on disposal

The Group announced effective 19 August 2010, it had closed on the sale of its 63.63 percent stake in its six Panama casinos with Alta Cordillera, S.A. ("Alta"). Alta is an affiliate of Codere, S.A, a Spanish based gaming company which currently has gaming holdings in Panama.

The sale price for the shares was approximately $38.0 million for our 63.63 percent stake. For financial statement reporting purposes, the Group has been reporting the results from these operations as "discontinued operations" on its consolidated statement of comprehensive income and as "assets held for sale" on its consolidated statement of financial position. The Group recorded a gain on the sale of stock of approximately $16.2 million in 2010. Certain withholding taxes due from the sale and the costs of the transaction will be paid out of sales proceeds. This transaction resulted in a significant improvement in the Group's balance sheet through the reduction in consolidated Group debt of approximately $30.7 million along with an improvement in the overall cash flows of the Group.

Effective 31 December 2010, the Group entered into an agreement to transfer its operations to the purchaser for consideration of approximately $2.1 million in a promissory note and approximately $0.5 million of accounts payable assumption. The instalment payments will be made over a six year term. The Group has previously written down the entire Guatemala investment of $4.9 million. Management assessed the fair value of the

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12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

promissory note at the transaction date as nil on the basis significant risks remain to effect payment.

The fair values of the identifiable assets and liabilities of the Panama and Guatemala operations are estimated as follows:

	Panama	Guatemala	Total
Property, plant and equipment	$ 25,329	$ 5	$ 25,334
Intangible assets	1,361	-	1,361
Trade and other receivables	12,859	729	13,588
Other assets	2,996	-	2,996
Inventories	855	9	864
Restricted cash	2,501	1	2,502
Cash and cash equivalents	104	(18)	86
Borrowing	(15,711)	-	(15,711)
Trade and other payables	(2,538)	(1,017)	(3,555)
Other financial liabilities	(12)	-	(12)
Tax liabilities	(5,962)	(25)	(5,987)
Provisions	(1,916)	(231)	(2,147)
Net assets/(liabilities)	**19,866**	**(547)**	**19,319**
Consideration	38,002	3,018	41,020
Fair value adjustment	-	(3,018)	(3,018)
Less: tax payable	(1,919)	-	(1,919)
Net assets/(liabilities) disposed	19,866	(547)	19,319
Gain on disposal	**$ 16,217**	**$ 547**	**$ 16,764**

The gain on disposal has been included within "other gains and (losses)".

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

The carrying amounts of assets and liabilities of the Poland operations and the two Peruvian hotels that are held for sale may be summarized as follows, with assets and liabilities held for sale in 2009 comprising of the Group's Panama operations and four Peruvian hotels:

	2010	2009
Non-current assets		
Property, plant and equipment	$ 13,372	$ 57,841
Intangible assets	22	1,539
Deferred tax asset	17	52
Trade and other receivables	-	2,102
Current assets		
Trade and other receivables	109	2,611
Inventories	18	2,578
Restricted cash	82	2,548
Cash and bank balances	11	1,304
Asset classified as held for sale	$ 13,631	$ 70,575
Non-current liabilities		
Borrowings	$ -	$ 7,794
Obligations under leases and hire purchase contracts	2,733	63
Other financial liabilities	-	7
Deferred tax liabilities	5	2,058
Provisions	-	1,481
Other non current liabilities	-	39
Current liabilities		
Trade and other payables	187	5,461
Borrowings	-	10,951
Obligations under leases and hire purchase contracts	425	26,444
Other financial liabilities	-	813
Current tax liabilities	16	10
Provisions	80	444
Liabilities classified as held for sale	$ 3,446	$ 55,565

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value as all amounts are short term.

Cash flows generated by Panama, Poland and Guatemala operations for the reporting period can be summarized as follows:

	2010	2009
Operating activities	22,133	8,916
Investing activities	12,108	(3,965)
Financing activities	(34,549)	(6,077)
Cash flows from discontinued operations	$ (308)	$ (1,126)

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13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Trade and other receivables (Non-current)		**2010**		**2009**
Severance funds for employees	$	77	$	462
Receivable from joint venture		311		705
Prepaid expenses		-		936
Cash bond to secure PAGCOR gaming license in Philipines		623		568
Deposits for rental, land and equipment		1,108		706
Recoverable value added tax		4,056		3,121
Related party receivables (Note 22)		497		828
Trade and other receivables (non-current)	$	6,672	$	7,326
Trade and other receivables (Current)		**2010**		**2009**
Trade and other receivables	$	3,656	$	1,802
Receivables from joint ventures		669		942
Prepaid expense		4,490		3,044
Value added tax and employee receivables		944		476
Deposits for rentals, land and equipment		2,128		517
Related party receivables (Note 22)		6,625		5,254
Trade and other receivables (current)	$	18,512	$	12,035

The carrying value of the trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of $243,000 (2009 - $1,362,000) has been recorded accordingly.

The age of the trade receivables not impaired is as follows:

		2010		**2009**
Not more than 3 months	$	2,852	$	1,406
More than 3 months but not more than 6 months		804		396
Total	$	3,656	$	1,802

Receivables from joint ventures and related party receivables

The Group charges management, marketing, administration and royalty fees to its subsidiaries, including joint ventures. The amounts due from joint ventures represent the fees that have been accrued for but not yet paid by the joint venture entities. The income and expenses associated with these fees have been eliminated in their entirety in these consolidated financial statements. The related party receivable represents amounts due from the Group's partners in its non-wholly owned subsidiaries. All receivables are non-interest bearing and are due on demand by the Group. The Group has not provided for an allowance against these amounts as these amounts are deemed collectible by the Group.

(Expressed in United States dollars)
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14. INVENTORIES

	2010	2009
Food and beverage supplies	$ 335	$ 363
Casino goods and promotional items	396	258
Hotel food service and room supplies	201	6
Uniform and operational supplies	983	183
Gaming machine parts	47	154
Real Estate goods	356	-
Total	$ 2,318	$ 964

Cost of goods sold within cost of sales was $5,705,000 for the year ended 31 December 2010 and $3,618,000 for the year ended 31 December 2009. There were no inventory write downs during either year.

15. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2010 and 31 December 2009:

	2010	2009
Cash at banks and on hand	$ 6,312	$ 7,165
Restricted cash	3,703	3,733
	$ 10,015	$ 10,898

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of time between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $6,312,000 as of 31 December 2010 (2009 - $7,165,000).

Restricted cash includes the casino's bankroll and hopper loads in Nicaragua, Costa Rica, Peru, and the Philippines. The Group classifies the casino bankroll as restricted as these balances are required to operate the business, thus these funds cannot be used to pay the obligations of the Group. The fair value of restricted cash is $3,703,000 at 31 December 2010 (2009 - $3,733,000).

16. TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	$ 10,403	$ 7,003
Other accrued liabilities	3,664	5,168
Total trade and other payables (current)	$ 14,067	$ 12,171

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

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17. BORROWINGS

Borrowings consist of loans payable detailed as follows:

	Schedule of principal repayments							
	2011	2012	2013	2014	2015	Thereafter	Issuance costs	**Total**
Interest Rate[1]:								
>15%	$ 377	$ 1,952	$ 3,225	$ 3,752	$ -	$ -	$ 267	$ 9,039
13% to 14%	17,270	8,384	6,523	4,995	4,444	10,707	514	51,809
11% to 12%	3,376	1,324	596	3,731	-	-	311	8,716
<10%	3,342	2,796	4,233	2,579	19,643	2,780	559	34,814
Total principal repayments	**$ 24,365**	**$ 14,456**	**$ 14,577**	**$ 15,057**	**$ 24,087**	**$ 13,487**	**$ 1,651**	**$ 104,378**

1. Floating rate loans are calculated as of the effective rate on 31 December 2010

	2011	2012	2013	2014	2015	Thereafter	Issuance costs	**Total**
Country:								
Corporate [2]	$ 12,146	$ 4,799	$ 5,627	$ 6,924	$ 11,782	$ 4,705	$ 753	$ 45,230
Costa Rica	2,682	1,687	889	420	446	1,864	86	7,902
Nicaragua	301	309	838	44	49	89	17	1,613
Philippines	4,578	4,190	2,277	1,942	514	503	378	13,626
Peru	4,329	576	1,200	-	9,000	-	184	14,921
India	329	2,895	3,746	5,727	2,296	6,326	233	21,086
Total principal repayments	**$ 24,365**	**$ 14,456**	**$ 14,577**	**$ 15,057**	**$ 24,087**	**$ 13,487**	**$ 1,651**	**$ 104,378**

2. The Group's parent entity (Corporate) assumed outstanding debt balances of our Guatemala and Poland entities. The balances assumed at 31 December 2010 for Guatemala and Poland were $2,294,051 and $1,705,445, respectively.

	Borrowing summary	
	2010	**2009**
Total borrowing	$ 104,378	$ 121,251
Less current portion of borrowings	(23,917)	(26,795)
Borrowing non-current	**$ 80,461**	**$ 94,456**

(Expressed in United States dollars)
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17. BORROWINGS (cont'd)

The following table provides additional detail of corporate repayment of principal including the balances that are reimbursable by subsidiaries to the Group's parent entity (Corporate):

	2011	2012	2013	2014	2015	Thereafter	Issuance costs	**Total**
Country:								
Corporate	$ 3,451	$ 2,361	$ 2,723	$ 4,756	$ 133	$ 445	$ 233	$ 13,636
Costa Rica	130	-	-	-	-	-	-	130
Philippines	126	390	467	343	-	-	-	1,326
Peru	8,439	2,048	2,437	1,825	11,649	4,260	520	30,138
Total principal repayments	**$ 12,146**	**$ 4,799**	**$ 5,627**	**$ 6,924**	**$ 11,782**	**$ 4,705**	**$ 753**	**$ 45,230**

During 2010, the Group has obtained borrowings detailed as follows:

	Additions	**Balance 2010**	**Collateral**	**Interest rate**	**Maturity date**
The Company:					
Loans with non-financial entities	$ 4,618	$ 4,618	Parent Guarantee ($1.0 m)	10%, 13%	Dec-2014, various
Costa Rica:					
Loans with non-financial entities	143	84	Gaming Machines	12%, 10%	Apr-2011, Aug-2011
Nicaragua:					
Loans with financial entities	300	288	Mortgage on building	11%	Jul-2017
Peru:					
Loans with non-financial entities	300	600	Gaming Machines	12%	Oct-2012
Philippines:					
Loans with financial entities	2,962	2,962	Land	5%, 8%	Oct-2014, Jul-2015
India:					
Loans with financial entities	13,390	13,390	First charge mortgage on PPE	13%	Dec-2017, Jun-2018, Jul-2018
Loans with non-financial entities	1,425	1,425	Second charge mortgage on PPE	15%, IRR 22%	Sep-2013

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

17. BORROWINGS (cont'd)

Additions summary

	Additions
Loans with Financial Entities	$ 16,652
Loans with non-financial entities	6,486
Total	$ 23,138

Notes:

a) During the twelve months ended 31 December 2010, Daman Hospitality, Private Limited (DHPL) closed on senior secured debt agreements in the amount of $26.8 million (based on current exchange rates) with a consortium of Indian banks for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The debt is secured by first charge mortgages on property plant and equipment, and has current variable annual interest rates of 14%. Interest is to be paid monthly and principal is to be paid quarterly, over seven years, with a one year moratorium on principal.

b) During the 12 months ended 31 December 2010, Daman Hospitality, Private Limited (DHPL) closed on convertible debt agreements ("FCD series A-1") in the amount of $2.9 million with two private lenders for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The convertible debt is secured by a second mortgage on land, plant and equipment, and has an annual interest rate of 15%. The interest accrues for the first 12 months, the partial interest of 9% is paid at the beginning of each quarter over 12 months, and interest payments of 15% will begin in the 24th month after the Funding Date, paid at the beginning of each quarter. The unpaid and underpaid interest during the first 24 months shall accrue and be paid prior to or at the time of exit. The Lender can exercise a put option to DHPL at an aggregate 22% rate of return or convert to non-voting common stock, as of the 36th month anniversary of funding or upon an event of default.

c) During the twelve months ended 31 December 2010, the Group's Nicaraguan operation obtained bank financing of $0.3 million to purchase the property which contains the corporate offices adjacent to the Group's Casino on Carretera Massaya. The debt instrument bears an annual interest rate of Prime, plus 7.5% (currently 10.75%), with principal and interest payments due monthly over 84 periods. The debt instrument is secured by a first charge mortgage on the property.

d) During the twelve months ended 31 December 2010 Thunderbird Resorts, Inc. secured financing of $1 million, bearing 10% interest per annum, with quarterly interest payments for 20 consecutive quarters commencing on 31 March 2010. All principal and unpaid interest shall be due and payable 6 January 2015.

e) During the twelve months ended 31 December 2010, the Group paid down $30.8 million of debt, with proceeds from the sale of our Panama operation, the loans paid down had original maturity dates ranging from March 2012 to November 2017 and interest rates from 10% to 14%.

17. BORROWINGS (cont'd)

f) During the twelve months ended 31 December 2010, the Group refinanced approximately $12.8 million of unsecured debt with an original loan term of 72 months to new terms that include a 108 month payment term. The original loan was unsecured and to obtain this extended maturity date, the Group granted the lender a security interest in the cash, assets and shares represented by the Group's four slot parlors in Peru owned by its subsidiaries, Sun Nippon Company, S.A. and Interstate Gaming Del Peru, S.A.

g) During the twelve months ended 31 December 2010, the Group refinanced approximately 13 loans with a private lender. The new loan terms include 0% interest on approximately $1.3 million of outstanding principal and accrued interest, repayable in 42 equal monthly installments, payments commenced September 2010; 6 month principal payment deferral on approximately $3.3 million of outstanding principal at the time of deferral, principal payments on these loans resumed in November 2010; 12 month principal payment deferral on approximately $700,000 of outstanding principal at the time of deferral, principal payments on these loans are to resume in April 2011; accelerated repayment on approximately $8.2 million of outstanding principal, monthly principal and interest payments increased from approximately $239,000 to $285,000.

h) During the twelve months ended 31 December 2010, Interstate Gaming, S.A.C. secured financing of $300,000 from a private lender as well as an assignment and refinancing of another $300,000 originally borrowed by brother company Thunderbird Fiesta Casino Benavides, S.A.. The revised loan amount of $600,000, bears interest at rate 12% per annum, with interest only payments for six months, then principal and interest payments for 18 months. The loan is guaranteed by 26 gaming machines held by the borrower.

i) During the twelve months ended 31 December 2010, Eastbay Resorts, Inc. obtained financing from Philippines based bank to complete a 950 square meter event center/casino expansion in its Rizal property located on the east side of Manila, Philippines. The construction loan is for approximately $5.9 million (based on exchange rates as of 31 December 2010) to be drawn in tranches and is secured by our real estate and other assets at our existing Rizal location. Currently three tranches have been drawn totaling approximately $3 million (based on exchange rates on 31 December 2010). The loan bears interest at PDST-F + 3%, re-priced and payable quarterly in arrears. Principal payments are to be made in 18 equal quarterly payments commencing nine months after the first drawdown date.

j) During the twelve months ended 31 December 2010, the Group secured financing of $3.6 million through private lenders. The financing shall be used primarily to finance the expansion of our existing Poro Point Casino located in La Union, Philippines. The funds may also be used to finance corporate working capital, and or other subsidiary projects. The loans are unsecured and have an annual interest rate of 12.5%, interest accrues for three months and is added to principal. Interest only payments shall be made for 45 months based on the adjusted principal amount. Principal and any outstanding interest are due at the end of month 49.

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

18. PROVISIONS

	Current 2010	Non-Current 2010	Current 2009	Non-Current 2009
Retirement benefits	$ 1,550	$ 1,351	$ 1,252	$ 1,230
Other	641	1,067	895	-
Litigation provisions	-	1,235	-	1,796
	$ 2,191	**$ 3,653**	**$ 2,147**	**$ 3,026**

	Employee benefits	Litigation	Other	Total
Balance at 1 January 2009	4,022	1,796	864	6,682
Additional provisions recognized	1,765	-	2,266	4,031
Reductions arising from payments/other sacrifices of future economic benefits	(3,272)	-	(1,646)	(4,918)
Reductions resulting from re-measurements or settlement without cost	(34)	-	(571)	(605)
Other	1	-	(18)	(17)
Balance at 31 December 2009	**$ 2,482**	**$ 1,796**	**$ 895**	**$ 5,173**
Additional provisions recognized	3,520	-	2,048	5,568
Reductions arising from payments/other sacrifices of future economic benefits	(3,338)	(233)	(1,430)	(5,001)
Reductions resulting from re-measurements or settlement without cost	232	(328)	176	80
Other	5	-	19	24
Balance at 31 December 2010	**$ 2,901**	**$ 1,235**	**$ 1,708**	**$ 5,844**

Employee benefits

Current employee benefits are paid time off for vacations and sick time earned but not yet used by the employee. Non-current employee benefits include severance pay, which is the cost associated with the severance packages as described below:

The subsidiary employee provisions by country are as follows:

Costa Rica

The Costa Rican Labor Code establishes a severance payment plan to employees in the event of death, retirement or dismissal without just cause. This compensation is determined according to the employee's length of service and varies between 19.5 days and 22 days per working year up to 8 years.

According to the Employees' Protection Law, the Group transfers 3% of wages to the severance plan operating entity. Any amount in excess of the amount transferred and the total amount due to the employee pursuant to the law is covered by the Group and is recorded as an expense in the year it is incurred**.** This is an accrual under Costa Rican law and is not a pension scheme. Amounts provided above in this respect are $116,000 for 2010 (2009: $95,000).

Panama

Panama legislation has established that the Group must pay to the Social Security Office 12% of monthly salaries of its employees in Panama. Also, in accordance to the Labor Code, the Group shall establish a provision calculated on the basis of one week of salary for each year worked, which is equivalent to 1.92% of the salaries paid in that year. Law 44 of August 12, 1995 establishes a provision that will be used to pay

18. PROVISIONS (cont'd)

Employee benefits (cont'd)

Panama (cont'd)

employees' seniority premium and severance if the employment ceases due to unfair dismissal or justified resignation. This provision will be managed by a service provider that will collect the provision every three months. This provision amounts to 1.92% of the employees' wage and 5% of the monthly quota for severance pay. This is an accrual under Panamanian law and is not a pension scheme.

Nicaragua

The Nicaraguan Labor Code established a severance payment plan for employees in the event of death, retirement or dismissal without just cause. This compensation is determined according to employee length of service. The plan compiles a month of salary for each labor year (for the first three labor years) and twenty days of salary after the fourth labor year, until the compensation reaches a maximum of five months' salary. Compensation cannot be less than one month's salary or more than five months salary. The Group records a monthly provision as an expense to the respective period to cover any severance payment reimbursement incurred by the Group to terminated employees under this plan. As of 31 December 2010, the Group has recorded a provision amounting to $100,109 (2009 - $369,719), which represents management's best estimate of the liability. This is an accrual under Nicaraguan law and is not a pension scheme.

Retirement benefits

A provision is recognized for the expected liability arising under the defined benefits schemes that are required in the Philippines in the amount of $993,000. It is expected that these costs will be incurred during the next ten years. Assumptions were based on third party actuarial valuations. Additionally, the other countries that the

Group operates in have various severance requirements as described in Note 3. The severance and defined benefit schemes are classified as long term. The short term employee benefits are primarily accrued vacation payable to employees. Further details of the defined benefit scheme are given in Note 19.

Litigation

Thunderbird Resorts Inc. and its subsidiaries (the "Group") have ongoing legal proceedings that are disclosed in its annual financial statements for the year ending 31 December 2010. Pursuant to the Group's litigation provision policies, it has provided various provisions including (a) Mexico NAFTA dispute and (b) the Brannon vs. International Thunderbird Gaming Corporation and Entertainmens de Mexico, S.A. lawsuit as described in Note 24 to the Group's Financial Statements for the year ended 31 December 2010. The following is a summary of any litigation, including actions settled since 1 January 2010 and any actions currently open. Any other material litigation that is currently pending and not listed herein is listed in Note 24 to the Group's financial statements.

18. PROVISIONS (cont'd)

1. Mexico - NAFTA Settlement

During 2006, the Group filed a petition with the U.S. District Court to overturn the NAFTA arbitration decision denying the Group's claim for damages and awarding Mexico with costs and attorneys' fees. The U.S. District Court approved and upheld the NAFTA tribunal's decision and as a result, the Group has made a provision for the $1,250,000 cost and attorney fee award. The Group continued its appeal rights by filing an appeal with the U.S. District Court of Appeals for the District of Columbia and in December 2007, the decision was affirmed. Additionally, the Group provided for a judgment for past consulting fees owed for the Group's Mexican associates operations in the amount of $546,000. The Group entered into a settlement agreement with Mexico whereby the Group will pay to Mexico in annual installments approximately $168,000 per year for five years and a payment of $630,000 in the sixth year. Mexico made certain concessions with respect to the settlement of the amount awarded by the NAFTA tribunal, including waiver of interest from the time of the award up to the date of the settlement.

On March 31, 2010 the Group reached a settlement for payment of the full $1,250,000 and agreed to a 7 year payment plan plus 5% interest on unpaid balances going forward.

2. Brannon vs. International Thunderbird Gaming Corporation and Entertainmens de Mexico, S.A.

This lawsuit was filed in relation to the Company's investment in the skill game operations in Mexico. Brannon claims that the Company owes him $350,000, including interest, stemming from his transfer of all interest he had in the entity, Entertainmens de Mexico, S.A. The Company vigorously defended the action and also filed a cross claim against Brannon claiming fraud and misrepresentation of Brannon's assertion that the Company could take over the business and operate the skill game facility. The parties negotiated a standstill agreement in which the case would be delayed until after the NAFTA trial was concluded. On 12 September 2006, the Superior Court of San Diego ruled in favor of Brannon awarding a total of $546,000, which includes interest and attorneys' fees. The Company filed an appeal to the California Court of Appeals on the basis that the trial judge's ruling was egregiously in error. The Group lost the appeal. Although the outstanding balance on the judgment including interest as stated in the judgment is $546,000 and interest at the legal rate from October 16, 2006, the parties (Michael Brannon, et al Plaintiff) have agreed to accept the sum of $200,000, plus interest at eight percent (8%) until paid, under the following payment arrangement: $3,019 on or before May 31, 2010; $3,019 on or before June 15, 2010; $3,019 on or before July 1, 2010. Beginning August 10, 2010, and continuing for the subsequent twenty-three (23) months, the sum of $9,045 is due monthly.

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19. RETIREMENT BENEFITS OBLIGATIONS

Philippines:

The Group is still in the process of setting up a formal retirement plan. It did not have a plan established for the years ended 2009 or 2008. However, it accrues the estimated retirement costs in accordance with Republic Act No. 7641 or the New Retirement Law (RA 7641), a form of defined benefit plan. Retirement cost accruals include normal cost and past service cost, which is amortized over a period of ten years.

The Group is obligated to a defined benefit scheme for employees in the Philippines.

	2010	2009
Present value of the obligation	$ 934	$ 315
Unrecognized actuarial losses	59	330
	$ 993	$ 645

The movements in the present value of the retirement benefit obligation are as follows:

	2010	2009
Balance at beginning of year	$ 313	$ 192
Actuarial (losses) /gains	279	-
Current service cost	285	95
Interest cost	38	22
Transfer	-	4
	$ 915	$ 313

The amounts of retirement benefit expense recognized in the statement of comprehensive income are as follows:

	2010	2009
Current service cost	$ 285	$ 95
Interest costs	38	22
Net actuarial losses recognized during the year	(11)	(12)
	$ 312	$ 105

For determination of the pension liability in 2010, the following actuarial assumptions were used:

	2010	2009
Discount rates	7.93%	11.38%
Expected rate of salary increases	8.00%	8.00%

Assumptions regarding the future mortality are based on published statistics and mortality tables. The average remaining working life of employees before retirement at the age of 60 is 23 - 30.5 years for both males and females.

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20. SHARE CAPITAL AND RESERVES

A majority of the Group's shareholders voted in favor of continuing the Group's charter from the Yukon, Canada to the British Virgin Islands (BVI). The Group formally continued its corporate charter into the BVI effective 6 October 2006 and filed "discontinuation documents" with the Yukon Registrar. Holders of common shares are entitled to one vote for each share held. There are no restrictions that limit the Group's ability to pay dividends on its common stock. The Group has not issued preferred shares. The Group's common stock has no par value.

	Number of shares	Amount
Authorized		
500,000,000 common shares without par value		
500,000,000 preferred shares without par value		
Issued		
Balance as at 31 December 2008	19,653,081	99,265
Exercise of options	83,331	92
Shares cancelled	(6,666)	-
Balance as at 31 December 2009	19,729,746	99,357
Exercise of options/warrants	953,069	1,648
Balance as at 31 December 2010	20,682,815	$ 101,005

Warrants

	2010		2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	173,471	$ 0.10	173,471	$ 0.10
Exercised	(273,471)	(0.48)	-	-
Issued	200,000	0.80	-	-
Outstanding, end of year	**100,000**	**$ 0.80**	**173,471**	**$ 0.10**

The warrants set out above are classified under non-current liabilities as a derivative financial instrument in accordance with IAS 32 and 39. The fair value of the derivative financial instrument as of 31 December 2010 was $128,000 (2009 - $313,000).

(Expressed in United States dollars)
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20. SHARE CAPITAL AND RESERVES (cont'd)

Options

The Group, through its Board of Directors and shareholders, adopted two Stock Option Plans the first on 1 July 1997, and the second on 25 June 2005. Both plans will continue separate and apart from one another. The Group has granted a number of stock options and entered into various agreements for which up to 4,520,000 shares are available for purchase pursuant to options granted under these plans. All of the stock options issued under these plans are nontransferable and terminate on the earlier of the expiry date or 30 days after the grantee ceases to be employed by the Group.

Stock option plan I dated 1 July 1997 and Stock option plan II dated 25 June 2005

Options granted under this plan are awarded by the Board of Directors from time to time at its sole discretion to select Directors and employees. The options granted to the option holder, may be exercised in whole or part at any time, or from time-to-time during the exercise period. The options may lapse due to time limitations, death or change in employment status. The price, at which at option holder may purchase a share upon the exercise of an option, shall be set forth in the option certificate, but not less than the market value of the Group shares as of the award date. Option grants have ceased under both plans as of 19 November 2007.

2007 Equity incentive plan dated 20 November 2007 (amended in August 2009)

The 2007 Equity Plan was amended in 2009 to authorize the Directors, at their discretion, to award grants in an aggregate amount of up to 5% of the Company issued and outstanding shares. These shares have been reserved for issuance, and as of 31 December 2010, 0.5 million have been issued and the balance of the shares comprising the 5% are available for issue. Our 2007 Equity Incentive Plan (the "2007 Equity Plan") is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefits of all of our shareholders.

	Number of shares		**Weighted average exercise price**
Balance as at 31 December 2008	834,143	$	3.24
Exercised	(83,331)		1.10
Cancelled	(86,162)		1.49
Balance as at 31 December 2009	664,650		3.74
Exercised	(43,333)		2.10
Cancelled	(26,997)		4.13
Balance as at 31 December 2010	594,320	$	3.84
Number of options currently exercisable	533,619	$	3.71

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20. SHARE CAPITAL AND RESERVES (cont'd)

The following table summarizes information about the stock options outstanding at 31 December 2010:

Range of exercise prices	Number outstanding Options	Weighted average remaining life	Weighted average exercise price
$1.01 - $2.00	8,333	1.08 years	$ 1.92
$2.01 - $3.00	207,330	3.52 years	2.10
$3.01 - $5.00	378,657	3.21 years	4.83
	594,320	**3.29 years**	**$ 3.84**

Stock-based compensation

Effective 7 November 2002, the Group recognizes compensation expense for stock granted in the consolidated statement of comprehensive income using the fair value based method of accounting for all shares issued on or after 7 November 2002. On 16 January 2008 500,000 stock grants were awarded to employees at $7.00 per share, the grants vest over a 3 year period, the total value of grants vesting during 2010 was $365,000 (2009 - $973,000).

The value of stock options vesting as of 31 December 2010 was $1,389,000 (2009 - $1,220,000). No stock options were granted during 2010.

In October 2010, pursuant to the Equity Plan, the Board authorized the issuance of 452,500 shares to the Group's senior management and certain employees.

Name	Shares issued, effective 1 December 2010
Jack Mitchell	220,000
Albert Atallah	15,000
Tino Monaldo	50,000
Michael Fox	10,000
Raul Sueiro (1)	25,000
Angel Sueiro (1)	20,000
Peter LeSar	35,000
12 Employee aggregate	77,500
Total	452,500

20. SHARE CAPITAL AND RESERVES (cont'd)

The following weighted average assumptions were used for the Black-Scholes method of valuation of stock options granted during the prior year:

	2007 January grant	2007 July grant
Risk-free interest rate	4.00%	4.56%
Expected life of options	5 years	5 years
Annualized volatility	137%	138%
Dividend rate	0%	0%

The expected life is the life of the option. The volatility is based on historical volatility over a five year period. The risk free rate is the yield on zero-coupon government bonds consistent with the option life.

Reserves

Translation reserve

The translation reserve represents the foreign currency translation differences arising from the translation of our subsidiary financial statements into United States dollars.

Retained earnings / (loss)

Retained earnings / (loss) are the accumulated retained profits and/or losses.

Other reserves

The Group issues equity-settled stock-based payments to certain employees and Directors. For all stock-based payment arrangements granted an expense is recognized on the statement of comprehensive income with a corresponding credit to equity. The fair value of stock options is expensed over the vesting period of the options, based on an estimate of the number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The corresponding credit is taken to the other reserve. The fair value is calculated using the Black-Scholes pricing model.

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21. EARNINGS / (LOSS) PER SHARE

The following weighted average numbers of shares were used for computation of earnings / (loss) per share:

	2010	2009
Shares used in computation of basic earnings per share (000's)	21,377	19,708
Total comprehensive income attributable to the owners of the parent	$ 15,804	$ (20,757)
Basic earnings/(loss) per share (in $)	**0.76**	**(1.05)**
Diluted earnings/(loss) per share (in $)	**0.76**	**(1.05)**

Basic and diluted earnings per share are calculated by dividing the net loss for the year by the weighted average shares used in the computation of basic earnings per share.

As a result of the loss for the year ended 31 December 2010 and the comparative period, the diluted loss per share is the same as the basic loss per share as the employee share options are anti-dilutive.

22. RELATED PARTY TRANSACTIONS

Included in trade and other receivables is $3,766,000 (2009 – $3,493,000) due from Thunderbird de Costa Rica S.A., and $737,000 (2009 - $222,000) due from Daman Hospitality Private Limited. These amounts represent the balances due in excess of the Group's proportionate share of the net assets included on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

Transactions with partners in operating entities

The Group and its partners receive dividends as well as management fees from the subsidiary operations. The management fees and dividends paid are eliminated upon consolidation. Amounts due to the Group's partners relate primarily to accrued but not yet paid management fees. Included in loans payable are loans from partners in the Group's operating entities. The loans outstanding, as also described in Note 17, are as follows:

	2010		2009	
	Amount due	Interest paid	Amount due	Interest paid
Country				
Panama	$ -	$ -	$ 1,536	$ 244
Philippines	677	72	943	100
Total	**$ 677**	**$ 72**	**$ 2,479**	**$ 345**

(Expressed in United States dollars)
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22. RELATED PARTY TRANSACTIONS (cont'd)

Included in trade and other receivables is $41,000 (2009 – $41,000) due from a shareholder in the Nicaraguan operation for their portion of the loan attributed to the purchase of the majority interest in Nicaragua in October 2004. Also, included in trade and other receivables is $432,000 (2009 – $763,000) due from the Group partner in Costa Rica for the capitalization of the Group's King Lion entity that hold the Tres Rios property and amounts due for the purchase of non controlling interest in the Thunderbird Gran Entretenimiento entity, $2,122,000 (2009 - $1,539,000) due from the Group Philippines Poro Point partner for advances to be offset against future dividends.

Included in liabilities are amounts due to the Group's partner in Costa Rica for $462,000 (2009 - $3,354,000) for its portion of management fees, which have been fully eliminated in the consolidated statement of comprehensive income. $nil (2009 - $3,698,000) is due to the Group's Panamanian partners for their portion of royalty fees and management fees paid by the Panama entity and $996,000 (2009 - $936,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity and $34,000 (2009 - $34,000) in regard to AGA Korean debt in Eastbay Resorts Inc.

Transactions with Officers and Directors

The receivable amounts are unsecured, non-interest bearing and due on demand.

A Director serves as an advisor to the Group. In such capacity, he received aggregate advisor fees of $78,000 in 2010 and $78,000 in 2009. In addition, he is a director and not a beneficial owner in a company called India Ltd. The group paid India Ltd. broker commissions for the successful securitization of financing of $265,000 in 2010 and $130,000 in 2009, of which a director received a 10% administrative fee of total broker commissions paid by the Group to India Ltd. in 2010 and 2009.

In addition, Directors have loaned various amounts to the Group. The outstanding loans are as follows:

		2010		2009	
	Country	**Amount due**	**Interest paid**	**Amount due**	**Interest paid**
Director	Corporate	$ 74	$ 7	$ 84	$ 5
Daughters of CEO	Philippines	69	11	92	13
Mother of Director	Philippines	-	1	29	3
Director	Philippines	-	1	26	3
Director	Philippines	-	-	9	2
Director	India	100	17	100	2
	Total	**$ 243**	**$ 37**	**$ 340**	**$ 28**

The Group has a receivable from The Fantasy Group; S.A. which is an unsecured promissory note dated 4 June 2003. The obligor under the note is The Fantasy Group, S.A., the president and principal of which were coordinating the Group's pre-2006 efforts to establish operations in Chile. The balance due as of 31 December 2010 is $24,000 (2009 - $24,000). This balance is fully provided in the financial statements.

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(Tabular amounts expressed in thousands of dollars except per share amounts)

22. RELATED PARTY TRANSACTIONS (cont'd)

The CFO Latin America owns indirectly 10% of Angular Investments S.A., which owns 50% of the Costa Rican holding company which owns 100% of the Costa Rican operating entity, 41.5% of Thunderbird Gran Entretenimiento, S.A., the owner of the flagship property in Costa Rica, 50% of the Tres Rios Casino Entity, 35.5% of the Tres Rios Property owner and 35.5% of the Tres Rios Hotel Company.

The Group paid the Vice President of Corporate Development's company, Tino Monaldo Chtd., total consulting fees and out of pocket expenses, including travel expenses, of $52,000 in 2010, $55,596 in 2009, and $52,000 in 2008.

During 2010, the Group paid to Mitzim Properties, a President's related company $19,610 according to a lease agreement for San Diego offices.

Transactions with Officers and Directors (cont'd)

The Group employs immediate family members of the President of the Group. They are as follows:

Relation	Position	2010 Salary [1]	2009 Salary [1]
Brother-in-law	Regional Counsel	$ 145	$ 97
Brother-in-law	General Manager	158	143
Brother-in-law	General Manager	44	94
Daughter	Assistant Analyst	94	85
Brother	Project Manager	103	114
Nephew	Director of global hotel initiatives	-	32
Son-in-law	Consultant	4	-
Total		$ 548	$ 565

[1] Salary includes bonuses and other compensation

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23. OBLIGATIONS UNDER OPERATING LEASES, FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance leases and hire purchase contracts

The Group uses leases and hire purchase contracts to finance their vehicles and certain video lottery equipment. As at 31 December 2010, future minimum lease payments under finance leases and hire purchase contracts of the Group and the Group's share minimum payment of joint venture, net of asset held for sales, are as follows:

	Future commitments due			
	2010		2009	
Finance lease commitments	Commitment	Present value	Commitment	Present value
Not longer than one year	$ 5,518	$ 3,019	$ 1,560	$ 1,283
After one year but not more than five years	11,698	7,362	981	825
After five years	4,199	3,269	-	-
Sub total	21,415	13,650	2,541	2,108
Less deferred transaction costs	-	(239)	-	-
Present value of minimum lease payments	**$ 21,415**	**$ 13,411**	**$ 2,541**	**$ 2,108**
Obligations under leases and hire purchase contracts current		(2,957)		(1,283)
Obligations under leases and hire purchase contracts non-current		**$ 10,454**		**$ 825**

Assets held under finance leases and hire purchase contracts as of 31 December 2010 and 31 December 2009:

	2010		2009	
	Cost	Amortized cost	Cost	Amortized cost
Autos	$ 942	$ 468	$ 1,016	$ 596
Gaming machines	3,975	3,364	3,863	2,693
Building	22,557	18,973	-	-
Other	280	193	906	800
Total	**$ 27,754**	**$ 22,998**	**$ 5,785**	**$ 4,089**

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

23. OBLIGATIONS UNDER OPERATING LEASES, FINANCE LEASES AND HIRE PURCHASE CONTRACTS (cont'd)

Obligations under operating leases

As at 31 December 2010, minimum operating lease payments of the Group were as follows:

		Future commitments due
Not longer than one year	$	3,457
After one year but not more than five years		12,823
After five years		19,952
Total	**$**	**36,232**

Operating lease expense for the year ended 31 December 2010 was $3,676,000 (2009 - $5,280,000).

24. COMMITMENTS AND CONTINGENCIES

Government regulation

Our gaming operations are subject to extensive regulation, and each of our subsidiaries and joint ventures holds registrations, approvals, gaming licenses or permits in each jurisdiction in which it operates gaming activities. Gaming laws are based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. The limitation, conditioning, suspension, revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions would materially and adversely affect our gaming operations in that jurisdiction.

Statutes and regulations can require us to meet various standards relating to, among other things, business licenses, registration and background investigations of employees, floor plans, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants and ownership interest. Civil and criminal penalties can be assessed against us and/or our Officers to the extent of their individual participation in, or association with, a violation of certain gaming statutes or regulations.

We are also subject to safety and health, employment and environmental laws, regulations and ordinances that apply to our operations. For example, rules and regulations regarding the service of alcoholic beverages are often strict, and the loss of a license that permits such service would significantly impair our operations. Local building, parking and fire codes also affect our operations.

We believe that we are currently in compliance with all applicable gaming and non-gaming regulations in the jurisdictions where we operate.

Other commitments and contingencies

Set out below is an overview of our existing commitments together with disclosures of ongoing contingencies, many of which are as a result of regulatory uncertainty.

a) The Group has opened both of its Philippine casinos under the Philippine Amusement Gaming Authority's (PAGCOR) charter. Under this charter, PAGCOR is granted an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, or levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its casino operations.

   Thunderbird's Philippine casino operation is subject to 25% "tax" on gross gaming revenues, which is timely and regularly remitted by the Company to PAGCOR. The 25% gross gaming tax is inclusive of the 5% franchise tax payable by PAGCOR to the BIR. Thunderbird's Philippine casino operation is not directly subject to the 5% franchise tax, which is a tax passed on by PAGCOR, the latter being subject to the 5% franchise tax in lieu of all national and local taxes in accordance with R.A. 9487, *An Act Further Amending Presidential Decree No. 1869, Otherwise Known as the PAGCOR Charter.*

24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

Section 13(2)(a) and (b)of Presidential Decree (PD) No. 1869 (the PAGCOR Charter) grants PAGCOR an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, or levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its casino operations. The PAGCOR Charter likewise provides that the exemptions granted to PAGCOR inure to the benefit of, and extend to corporations, associations, agencies, or individuals with whom PAGCOR has any contractual arrangement in connection with the operations of the casinos. By virtue of the Authority or License to Operate issued by PAGCOR to our Philippine casinos, thereby establishing a contractual relationship between them, management believes that the Philippine casinos are likewise exempt from all taxes on their income from casino operations. Thunderbird has taken the position that the only "tax" that applies to its casino operations in the Philippines is the 25% "license/tax fee" that is remitted to PAGCOR. Out of the 25% license fees, PAGCOR remits 5% to the BIR as its franchise tax on revenues earned from the casino operations.

On 25 May 2005, R.A. 9337, amending certain sections of the National Internal Revenue Code (NIRC) of 1997, was signed into law and became effective on 1 November 2005. Under Section 27(c) of the NIRC of 1997, PAGCOR is no longer included in the list of government-owned-and-controlled entities exempt from corporate income tax. The Philippine BIR has taken the position that PAGCOR is now liable for the regular corporate income tax and, effective 1 January 2006, PAGCOR ceased to qualify for payment of franchise tax in lieu of all other taxes pursuant under Section 102 of R.A. 7716 (now section 108 of NIRC of 1997).

On 17 April 2006, PAGCOR filed a Petition for Certiorari and Prohibition (the Petition) before the Supreme Court, entitled "*Philippine Amusement and Gaming Corporation v. The BIR*" and docketed as G.R. No. 172087. In the Petition, PAGCOR assailed the validity and constitutionality of Section 1 of R.A. 9337 insofar as it amends Section 27(c) of the Tax Code, by excluding PAGCOR from the list of government-owned and controlled corporations exempt from corporate income tax. PAGCOR further sought to prohibit the implementation of Revenue Regulations No. (Rev. Regs.) 16-2005 insofar as it imposes valued-added tax (VAT) on PAGCOR. The Office of the Solicitor General, in a "Manifestation in Lieu of Comment" dated 25 April 2006, also agreed with, and supported the arguments of, PAGCOR. As clearly set forth in the Petition, it is PAGCOR's position that it is exempt from all taxes (except the 5% franchise tax), including income tax, pursuant to Section 13(2)(a) of the PAGCOR Charter.

Meanwhile, on June 20, 2007, R.A. 9487 was approved and signed into law, which further amended the PAGCOR Charter. Based on the advice of PAGCOR, the Company's management believes that R.A. 9337 did not repeal Section 13(2)(b) of the PAGCOR Charter. Thus, the Company's casino operation is still covered by the PAGCOR Charter and continues to enjoy all tax exemptions that PAGCOR is entitled to, as clearly set forth in the PAGCOR Charter. On this basis, the Company did not recognize any income tax on its net profits derived from casino operations for the years ended 31 December 2010 and 2009.

On 15 March 2011, the Philippine Supreme Court promulgated its decision partially granting PAGCOR's Petition. In the decision, the Supreme Court upheld the validity and constitutionality of R.A. 9337, particularly the exclusion of PAGCOR from the enumeration of government-owned and controlled corporations exempted from corporate income tax. The Supreme Court further held that Rev. Regs. 16-2005 is null and void for being contrary to law insofar as it subjects PAGCOR to VAT. The Supreme

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24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

Court essentially held that PAGCOR is liable for corporate income tax but is exempt from VAT. The Company was informed by PAGCOR's Chief Legal Counsel that they will file for a Motion for Reconsideration of the decision. According to PAGCOR, it would meet its licensees/sub-licensees (*i.e.*, private operators, including the Company) to provide further guidance on the impact of Supreme Court decision on them. It is not possible to reliably measure the potential impact of this decision.

A renegotiation of the Company's contracts with PAGCOR is also being considered since the Supreme Court decision will adversely affect the economic arrangement that was agreed upon between PAGCOR and Thunderbird in each casinos' Memorandum of Agreement (see Note 19). At this stage it is not possible to quantify the impact this judgment may have on future operating results.

b) Lease and PAGCOR investment commitment agreements

i.) The Group's casino in Poro Point, Philippines is required by the lease agreement with the Base Conversion Development Authority (BCDA), Poro Point Management Corporation (PPMC), and the Memorandum of Agreement with PAGCOR, to complete a Philippines peso ("PHP") 5.2 billion, ($100 million), investment in phases which are as follows:

Phase	Required completion date		Investment amount	Expected timing of cash outflows					
					2010 and Prior Year		2011		2012 and after
1	2006	PHP	162,300,000	PHP	162,300,000	PHP	-	PHP	-
2	2008		216,400,000		216,400,000		-		-
3	2011 (est)		193,300,000		-		-		193,300,000
4	2013 (est)		1,928,000,000		-		-		1,928,000,000
5	2018 (est)		2,700,000,000		-		-		2,700,000,000
		PHP	5,200,000,000	PHP	378,700,000	PHP	-	PHP	4,821,300,000

Start of work on Phases 3, 4 and 5 depended on the completion of phases preceding them. Phases 3, 4 and 5 were required to be completed within 36 months, 60 months and 120 months, respectively, from the date of signing of the renewal/extended Grant of Authority from PAGCOR to the Group, or until the expiration of the new/extended franchise, whichever comes first (see Note c below).

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24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

On 6 August 2009, PAGCOR approved a revised development and investment schedule as follows:

Phase		Investment Commitment Requirement		Investment Credited per PAGCOR Review		Excess Investment that are valid/ acceptable to PAGCOR		Uncomplied Investment		Investment Capital Expenditure	Proposed Completion Date
1	PHP	162,300,000	PHP	225,937,236	PHP	63,637,236	PHP	-	PHP	385,374,346	
2		216,400,000		225,031,818		8,631,818		-		477,703,088	
3		193,300,000		-		-		193,300,000		46,231,263	July 2014
4		1,928,000,000		-		-		1,928,000,000			July 2016
5		2,700,000,000		-		-		2,700,000,000			July 2021
	PHP	5,200,000,000	PHP	450,969,054	PHP	72,269,054	PHP	4,821,300,000	PHP	909,308,697	

The Group's agreements with PAGCOR and PPMC/BCDA requires the Group to make deposits amounting to PHP 5.2 billion ($100 million) with local bank acceptable to PAGCOR and PPMC/BCDA. The investment will be funded entirely from sources external to the Philippines. The Group is authorized to draw from such deposit for the construction costs and other fees for the development of the investment commitment. The investment amount shall be exhausted for each phase of the project.

As of 31 December 2010 the Group spent PHP 909 million toward the commitment, of which PHP 450 million was approved and credited by PAGCOR, with the remainder subject to further submission of documents and review by PAGCOR.

ii.) The Group's casino, in Rizal, Philippines, is required by the addendum to the MOA with PAGCOR dated 18 January 2006 to complete a PHP 2.52 billion ($50 million), investment in phases which are as follows:

				Expected timing of cash outflows					
Phase	Required completion date		Investment amount		2005 and 2006		2007		2008 and after
1	18 January 2009	PHP	1,505,000,000	PHP	448,933,333	PHP	524,066,666	PHP	532,000,001
2	See note below		1,015,000,000		-		-		1,015,000,000
		PHP	2,520,000,000	PHP	448,933,333	PHP	524,066,666	PHP	1,547,000,001

Completion of phase 2 of ERI's investment commitment was originally subject to the extension of PAGCOR's new or extended franchise (signed and approved in June 2007) and PAGCOR's extension of ERI's authority to operate (see Note c below).

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24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

On 6 August 2009, PAGCOR approved a revised development and investment schedule as follows:

Investment Compliance Commitment	Investment Commitment Requirement	Investment Credited per PAGCOR Review	Excess Investment that are valid/ acceptable to PAGCOR	Uncomplied Investment	Investment capital Expenditure	Date
2006	PHP 448,933,333	PHP 449,449,568	PHP 516,235	PHP -	PHP 484,106,451	
2010	524,066,666	357,567,129	-	166,499,537	531,325,238	2010
2011	480,666,667	-	-	480,666,667	12,281,548	2011
2012	329,933,333	-	-	329,933,333	167,887,990	2012
2013	310,800,000	-	-	310,800,000	-	2013
2014	382,200,001	-	-	382,200,001	-	2014
2015	43,400,000	-	-	43,400,000	-	2015
	PHP 2,520,000,000	PHP 807,016,697	PHP 516,235	PHP 1,713,499,538	PHP 1,195,601,227	

On 14 November 2010, the Company submitted a request to PAGCOR for an update on its investment compliance. The additional investment made in 2010 is yet to be approved by PAGCOR as of 31 December 2010.

c) On August 6, 2009, PAGCOR approved the extension of ERI's and TPHRI's authority to operate for a period of 5 years effective that date, subject to compliance to the Revised Development and Investment Schedule. The Group's position concerning the renewal of the PAGCOR licenses is that the Group actually received a 25 year extension from PAGCOR by way of a "Letter Agreement" dated July 2006 in which PAGCOR agreed that the Group's licenses would be extended co-terminus with the extension of the PAGCOR charter. The PAGCOR Charter was extended for 25 years effective July 2008. Moreover, the Group believes that each of the licenses for the Group's casinos at Rizal and at Poro will be re-newed, beyond the 5 years, subject to the Group's compliance with the investment commitment referenced above.

d) Thunderbird Gaming Inc. ("TGI"), a wholly-owned subsidiary of the Group that has been inactive since 1996, received notification of a reassessment from the Canada Revenue Agency ("CRA") with respect to a transfer of assets in 1996 in relation to the California Indian gaming business previously operated by TGI. Specifically, this reassessment stems from a transfer of assets which CRA contends was under valued. The reassessment is in the amount of Canadian dollar ("CDN") $380,000 (US $380,760 at 31 December 2010).

TGI submitted applications to CRA utilizing its net operating loss ("NOL") in a manner that reduced the actual tax liability to zero and is taking the position that the valuation of assets was accurate in order to preserve its NOL. By taking this position, TGI believes it avoids the imposition of interest on tax, which is the subject of the reassessment. Further, TGI filed a fairness application with the appropriate Canadian taxing authority requesting a complete abatement of the alleged interest imposed on the alleged tax liability. In this filing, management alleges that TGI received unconscionable and egregious treatment from CRA in addition to experiencing excessive delays in the reassessment process. TGI also recently filed an appeal of CRA's assessment with the tax courts in Canada in which TGI will attempt to establish that the underlying tax liability should never have been assessed. The fairness application was rejected and in March 2007, TGI abandoned further appeal to the tax courts in Canada.

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24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

Although the Group believes CRA's case is without merit, the liability is contained within an insolvent subsidiary and consequently, even though TGI is responsible for the liability, the Group's parent and subsidiaries have no exposure to the TGI liability. The Group does not expect that CRA will collect the judgment as TGI is insolvent and therefore there is no accrual in this consolidated financial statements related to this reassessment.

e) Pardini & Asociados v. International Thunderbird Gaming Corporation: This lawsuit was filed in the latter part of 2004. Pardini is a law firm in Panama City, Panama, claiming that the Group owes it fees for assisting in the Panama casino bid back in 1998. The Group deems this matter completely frivolous and intends a vigorous defense. The Group entered into an agreement with attorney Juan Raul De La Guardia, who has agreed to indemnify and hold the Group free and harmless from any all liability which may be imposed by the court.

The Group was engaged in a "legal challenge" in its quest to be included as a bidder in the Chile Bid Process. On 5 April 2006, the Santiago Court of Appeals unanimously ruled (3-0) in favour of Thunderbird's petitions against the Chilean Gaming Commission's resolutions that had excluded Thunderbird from the current casino bid process. The Court found that the Gaming Commission's resolutions were arbitrary and illegal. The Commission appealed the decision to the Supreme Court. The Supreme Court ruled against the Group and no further legal challenges are now pending. A lawsuit was filed against the Group's Chilean subsidiary Thunderbird Chile SA regarding the termination of the "Rancagua lease." The matter was concluded in August of 2008 as the court in Chile rendered a judgment against Thunderbird Chile S.A. as of August 4, 2008, in the amount of CHP $ 1,741 million which as of the date of the judgment converted to $2.8 million. The Group is not expecting any material impact to its financials as a result of the judgment. The Group believes that the parties in Chile will not collect on the judgment as the Chilean subsidiary is insolvent and therefore there is no accrual in the consolidated financial statements related to this liability.

f) As at 31 December 2010, principal payments required under the terms of the loan agreements and their liabilities in each for the next five years are as follows:

Year ending 31 December:		
2010	$	24,365
2011		14,456
2012		14,577
2013		15,057
2014		24,087
Thereafter		13,487
Subtotal		106,029
Less: Debt Issuance Costs		(1,651)
	$	104,378

g) We are currently in a legal dispute with our local partner in Poland, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the shareholder agreements that give us voting control. The forum for any dispute resolution could be arbitration (in Warsaw, Poland) pursuant to the rules of the International Chamber of Commerce. We cannot determine the outcome of this legal dispute.

24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

h) The Group may be subject to certain tax liabilities in Panama in connection with a tax audit of operations in Panama for the tax years 2003 through 2009. An assessment for $3.8 million was received in February 2010 that included $2.7 million of tax, a 10% penalty of $272,000, and interest of $761,000. The Group believes substantially all of the assessment is without merit, and quickly filed an appeal that challenges the entire assessment. The primary issues are that the tax authorities assert a 30% tax is due on payments made to our U.S. affiliate, payments made for license of slot machine games, and payments made to certain directors for fees and expenses.

The Group instead reported all of the subject payments and paid a 15% withholding tax, as is mandated on payment for services performed outside of Panama. The Group feels our original tax filings and payments were accurate and that they are supported by the facts. Accordingly, no liability has been accrued in the financial statements, but the possibility of a partial settlement payment still exists.

i) On 10 March 2011 the Group shut down its Polish operations. The operations will be liquidated in accordance with the Polish Commercial Companies Law, which may include certain legal proceedings within the Polish courts.

j) In August of 2009, our two remaining properties in Guatemala, Fiesta Intercontinental Guatemala and Video Suerte Mazatenango (which are operated by our local subsidiaries), were temporarily closed for 17 days and 22 days, respectively, due to a declaration statement made by the Deputy in charge of the Commission for Transparency in Guatemala which called into question the legitimacy of "video lottery" operations. The Deputy's declaration resulted in inquiries into existing video lottery operations throughout the country to determine if the operations are prohibited. We successfully challenged the Deputy's declaration and the inquiry by the Ministry of Public Defense and these properties were reopened by order of the local courts, with Intercontinental Guatemala opening on 20 August 2009 and Video Suerte Mazatenango opening on 25 August 2009; however, there is no assurance that the court's ruling will not be appealed, challenged or reviewed by a higher court. Simultaneously, Thunderbird de Guatemala filed and action in The Supreme Court – Guatemala for protection of its right to conduct business under the license which case is still pending. Based on the uncertain legal and commercial issues, the Group opted for the change of our licensee to continue operations in Guatemala. Thereafter, Management pursued a sale of the Guatemala operation to a group controlled by former Thunderbird employees that have experience in the country. Effective 31 December 2010, the Group entered into an agreement to transfer its operations for consideration of approximately $2.1 million in a promissory note and approximately $0.5 million of debt assumption. The installment payments will be made over a 6 year term. The penal proceeding at the Juzgado Octavo de Primera Instancia arising from the complaint of a Congressman, continues in spite of the sale of the Group's assets in Guatemala. In the process to date, the Public Prosecutor (Ministerio Público), as the sole prosecutor of the State of Guatemala, has requested the dismissal of the process, resulting from the lack of an action to involve Thunderbird in the commission of impropriety. This outcome of the process will be decided in the near future in a public audience, but the process has been suspended through the filing of a challenge in the Constitutional court to seek a declaration that Thunderbird has not committed any impropriety of approved gaming, because all of its commercial activities have been made under a license or authorization issued by the Autonomous Sports Confederation of Guatemala (Confederación Deportiva Autónoma de Guatemala), whose organic and fundamental law entitles them to grant such

24. COMMITMENTS AND CONTINGENCIES (cont'd)

Other commitments and contingencies (cont'd)

authorizations. This defense will be resolved by the Constitutional Court in the near future. In any circumstance, given the Public Prosecutor's request, the case could end in dismissal, since it is considered that the court would be inclined to end the process. In the Administrative Process at Sala Quinta del Tribunal de lo Contencioso Administrativos promoted by the Attorney General's Office, the case involves the invalidity of the contract between Classenvil Management Inc. and the Autonomous Sports Confederation (Confederación Deportiva Autónoma de Guatemala), which derives in the authorization grant to Thunderbird de Guatemala, SA, to develop video lottery rooms and more. This trial is currently in its initial phase, discussing the possibility of competence of the Court, because the process must be handled before a civil court and not before an administrative court.

k) A creditor of Daman Hospitality Private Limited ("DHPL"), has issued invoices amounting to $3.9 million which are supported by neither work orders or purchase orders. Project management in India has evaluated these invoices and taken the determination that no work under these invoices was approved, no value recognized by DHPL and therefore Project management cannot certify any amount of the invoices whatsoever. The Group has not recognized any of its share of this potential liability as in management's view the claim is without merit and therefore the probability of payment is remote.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Foreign currency sensitivity:

Most of the Group's transactions are carried out in the functional currency where the operations reside. Exposures to currency exchange rates arise from the Group's loans payable, intercompany payables and cash balances, which are primarily denominated in US-dollars.

To mitigate the Group's exposure to foreign currency risk, non functional currency cash flows are monitored. Generally, where the amounts to be paid for purchases completed in US-dollars verses the functional currency the financing of the purchase is short term; therefore, a decision is made to either finance the equipment or to pay in cash depending on the current value of the US-dollar compared to the functional currency.

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25. RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

US-dollar currency denominated financial assets and liabilities in entities whose functional currency is not US-dollar are as follows:

		US-dollar amounts	
		2010	2009
Nominal amounts	**Country**		
Financial assets			
	Guatemala	$ 3	$ 84
	Costa Rica	858	678
	Nicaragua	619	538
	Philippines	2,469	2,079
	Peru	589	2,454
Financial liabilities			
	Guatemala	(13,479)	(8,041)
	Costa Rica	(15,090)	(11,645)
	Nicaragua	(2,749)	(915)
	Philippines	(5,949)	(44,835)
	Peru	(13,868)	(16,729)
	Poland	(1,794)	(952)
	Colombia	(329)	(171)
	India	(124)	(296)
Short term exposure		$ (48,844)	$ (77,751)
Financial liabilities			
	Guatemala	(830)	(6,466)
	Costa Rica	(3,645)	(16,731)
	Nicaragua	(629)	(2,355)
	Philippines	(3,822)	(2,533)
	Peru	(23,878)	(37,511)
	Poland	(1,631)	(1,709)
	India	(20,990)	(6,484)
Long term exposure		$ (55,425)	$ (73,789)

The following table illustrates the sensitivity of the net income (loss) for the year and equity in regards to the Group's financial assets and financial liabilities and the US-dollar exchange rates.

It assumes a percentage change of the US-dollar against the other currencies for the year ended at 31 December 2010 and 2009. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

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25. RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

If the US-dollar had weakened against the functional currencies according to the percentages below then this would have had the following impact on net income and equity:

	2010		2009	
Country	Percentage change	Net income for the year	Percentage change	Net income for the year
Guatemala	3.10%	$ (859)	2.26%	$ (5,662)
Nicaragua	2.99%	126	0.00%	370
Costa Rica	9.62%	(1,313)	5.94%	(46)
Philippines	6.02%	(4,607)	6.10%	1,718
Peru	1.69%	(1,800)	8.07%	(3,719)
Poland	17.73%	1,608	0.00%	(726)
India	8.99%	1,594	12.05%	(607)
Colombia	10.73%	47	16.09%	(107)
Total		$ (5,204)		$ (8,779)

If the US-dollar has strengthened against the functional currencies according to the percentages below then this would have had the following impact on net income and equity:

	2010		2009	
Country	Percentage change	Net income for the year	Percentage change	Net income for the year
Guatemala	3.10%	$ 859	2.26%	$ 5,662
Nicaragua	2.99%	(126)	0.00%	(370)
Costa Rica	9.62%	1,313	5.94%	46
Philippines	6.02%	4,607	6.10%	(1,718)
Peru	1.69%	1,800	8.07%	3,719
Poland	17.73%	(1,608)	0.00%	726
India	8.99%	(1,594)	12.05%	607
Colombia	10.73%	(47)	16.09%	107
Total		$ 5,204		$ 8,779

Interest rate sensitivity:
The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2010, the Group is exposed to changes in market interest rates through some of its bank borrowings of approximately $17,747,000 as of 31 December 2010 (2009 - $13,454,000), which are subject to variable interest rates. As in the previous year, all other financial assets and liabilities have fixed rates. The impact on profit or loss of a reasonably possible change in interest rates of +/-3.49% as of 31 December 2010 (2009 - +/-3.16%), with effect from the beginning of the year, would be an increase of $1,769,000 (2009 -$253,000) or a decrease of $1,769,000 (2009 - $253,000). These changes in interest rates are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each statement of financial position date. All other variables are held constant.

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26. FINANCIAL INSTRUMENT BY CATEGORY

	Loans and receivables	Assets at fair value through the profit and loss	**(Note 12)** Asset Held for Sale	Total
Group				
31 December 2010				
Assets as per statement of financial position				
Trade and other receivable	$ 25,184	$ -	$ 109	$ 25,293
Cash and cash equivalent	10,015	-	93	10,108
Total	$ 35,199	$ -	$ 202	$ 35,401

	Liabilities at fair value through the profit and loss	Other financial liabitities	**(Note 12)** Liability Held for Sale	Total
Liabilities as per statement of financial position				
Borrowing	$ 117,789	$ -	$ 3,158	$ 120,947
Derivate financial instruments	-	128	-	128
Total	$ 117,789	$ 128	$ 3,158	$ 121,075

	Loans and receivables	Assets at fair value through the profit and loss	**(Note 12)** Asset Held for Sale	Total
Group				
31 December 2009				
Assets as per statement of financial position				
Trade and other receivable	$ 19,361	$ -	$ 4,713	$ 24,074
Cash and cash equivalent	10,898	-	3,852	14,750
Total	$ 30,259	$ -	$ 8,565	$ 38,824

	Liabilities at fair value through the profit and loss	Other financial liabitities	**(Note 12)** Liability Held for Sale	Total
Liabilities as per statement of financial position				
Borrowing	$ 123,359	$ -	$ 45,252	$ 168,611
Derivate financial instruments	-	313	-	313
Total	$ 123,359	$ 313	$ 45,252	$ 168,924

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27. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

Credit risk analysis:

The Group continuously monitors defaults of customers and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit rating and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis:

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Management anticipate meeting their liquidity needs over the next 12 months primarily from operational cash flows as set out in Note 2.

As at 31 December 2010, the table set below shows the Group's liabilities maturities per year:

	2011	2012	2013	2014	2015	Thereafter	Total
Long-term bank loans	$ 33,873	$ 22,383	$ 21,628	$ 23,700	$ 36,978	$ 15,476	$ 154,038
Finance lease obligations	5,518	3,662	2,690	2,677	2,669	4,199	21,415
Trade payables	14,067	-	-	-	-	-	14,067
Due to related parties	1,390	-	-	-	-	-	1,390
Investment commitments (Note 24b)	10,952	7,517	7,081	8,708	989	-	35,247
Total	**$ 65,800**	**$ 33,562**	**$ 31,399**	**$ 35,085**	**$ 40,636**	**$ 19,675**	**$ 226,157**

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	2010	2011	2012	2013	2014	Thereafter	Total
Long-term bank loans	$ 37,728	$ 33,376	$ 22,877	$ 20,136	$ 17,849	$ 43,067	$ 175,033
Finance lease obligations	1,560	666	302	13	-	-	2,541
Trade payables	12,171	-	-	-	-	-	12,171
Due to related parties	5,403	2,619	-	-	-	-	8,022
Investment commitments (Note 24b)	10,998	10,087	6,924	6,523	8,021	911	43,464
Total	**$ 67,860**	**$ 46,748**	**$ 30,103**	**$ 26,672**	**$ 25,870**	**$ 43,978**	**$ 241,231**

(Expressed in United States dollars)
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27. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

Fair value measurement methods:

The methods and valuation techniques used for the purposes of measuring fair value are unchanged from the previous reporting period. Measurement methods for financial assets and liabilities accounted for at amortized cost are described below.

The carrying amount of trade and other receivables, cash and cash equivalents, and trade and other payables is considered a reasonable approximation of fair value. The fair value of borrowings has been estimated at amortized cost.

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities				
Derivatives	-	128	-	128
Net fair value	$ -	$ 128	$ -	$ 128
31 December 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities				
Derivatives	-	313	-	313
Net fair value	$ -	$ 313	$ -	$ 313

There have been no significant transfers between level 1 and 2 in the reporting period.

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

28. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its leverage ratio. This ratio is calculated as net debt divided by EBITDA.

The leverage ratios at 31 December 2010 and 2009 were as follows:

	2010	2009
Total borrowings and finance lease obligations (note 17 and 23)	$ 119,679	$ 126,000
Less: Cash and cash equivalents	(10,015)	(10,898)
Less: Accrued interest	(6,314)	(1,774)
Less: unamortized debt issuance cost	(1,890)	(2,641)
Net Debt	101,460	110,687
Operating profit from continuing operations before other gain and loss items	10,718	4,454
Add: Depreciation and amortization	14,876	16,603
EBITDA	25,594	21,057
Leverage ratio	3.96	5.26

The decreased in the leverage ratio during 2010 resulted primarily from decreased in liabilities as a result of some debt payoff due to the sale of Panama and two hotels in Peru.

29. INVESTMENT IN JOINT VENTURES

The Group has 50% interest in the following joint ventures:

a. Thunderbird de Costa Rica
b. Thunderbird Chile S.A.
c. V. T. Hopland Joint Venture
d. Daman Hospitality Private Limited

Amounts included in this consolidated financial statements related to the Group's interest in joint ventures are as follows:

	2010	2009
Current assets	3,702	983
Non current assets	45,355	26,568
Current liabilities	10,778	3,325
Non current liabilities	27,524	15,141
Revenue	9,015	7,430
Expenses	9,976	8,409
Net loss before taxes	(961)	(979)
Cash flows from operating activities	2,314	(732)
Cash flows from financing activities	14,964	6,587
Cash flows from investing activities	(18,841)	(4,705)

(Expressed in United States dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)

30. PRINCIPAL SUBSIDIARIES

The Group owns directly or indirectly the following companies. The principal operations are carried out in the country of registration; all subsidiaries have a 31 December year end. The Group comprises a large number of companies and it is not practical to list all of them below. This list therefore includes those companies which the Directors consider principally affect the results or financial position of the Group. The following is a chart of our organizational structure, including our effective record ownership structure as of 31 December 2010:

Name of subsidiary	Jurisdiction of formation	Effective ownership interest
Thunderbird Entertainment, S.A,	Panama	100%
Thunderbird Gran Entretenimiento, S.A.	Costa Rica	51%
Sun Nippon Company, S.A.C.	Peru	100%
Interstate Gaming Del Peru S.A.	Peru	100%
Thunderbird Hoteles Las Americas S.A.	Peru	100%(1)
Thunderbird Fiesta Casino – Benavides, S.A	Peru	100%(1)
Thunderbird Frontier Realty	Philippines	100%
South American Entertainment Corp. II Ltd.	Philippines	100%
Thunderbird Poro Development Ventures Inc.	Philippines	100%
Eastbay Resorts Inc.	Philippines	65%(2)
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	61%(3)
Buena Esperanza Limitada S.A.	Nicaragua	54.60%
Eastbay Resorts Limited	British Virgin Islands	65%(2)
Thunderbird Poro Point Ltd.	British Virgin Islands	61%(3)
Camino Real (BVI) Investments Ltd.	British Virgin Islands	100%
International Thunderbird (BVI) Ltd.	British Virgin Islands	100%
International Thunderbird Brazil (BVI) Ltd.	British Virgin Islands	100%

(1) The Group owns 100% of the equity interests in our Peru operating subsidiaries, but certain lenders to those subsidiaries have the right to receive 80% of the available cash flow and sales proceeds until principal and interest is repaid and 14% of the available cash flow and sales proceeds, thereafter, if any, generated by those subsidiaries. See “Operating and Financial Review - Peru Cash Flow Interest.”

(2) Third parties own a non-voting equity interest in this entity, which lowers our economic interest in this entity to 56%.

(3) Third parties own a non-voting equity-interest in this entity, which lowers our economic interest in this entity to 52%.

31. SUBSEQUENT EVENTS

India

On 23 February 2011, the Group announced the execution of a letter of intent for the planned addition of another equity partner into its India affiliate, Daman Hospitality Pte. Ltd. ("DHPL"). Delta Corp Ltd (Bombay Stock Exchange: DELT.BO) ("Delta") would provide "completion funding" to DHPL that should culminate in opening the first Thunderbird branded property in India. When fully documented, Delta would become a 51% owner in the hotel and Thunderbird would continue to operate the hotel with a management contract. Based on the letter of intent, with this infusion of new equity by Delta into the project, Thunderbird and the initial India partner in the hotel would be reduced to 49% ownership collectively. Delta would own the 51% balance.

Simultaneous with and contingent upon the execution and funding of Delta's infusion of new equity into the India project, the Group will issue Delta 840,000 shares of its common stock at a price of $2.00 per share upon the completion of the definitive documentation. The Group anticipates using the $1,680,000 in proceeds for general working capital purposes. The completion of this transaction is subject to various conditions including the preparation, negotiation and execution of "Definitive Agreements". Those definitive agreements are in the advanced stages but there can be no assurances of a closing.

Peru

On 27 March 2011, the Group announced that THLA entered into a contract to sell the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for $18 million. The Group is pleased to announce that this transaction was successfully concluded on 7 April 2011. The net proceeds from the sale of the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista will be used to pay down certain Peruvian related debt and certain accounts payable balances related to our Peru hotel operations. The Group will manage the Thunderbird Hotels-Principal and the Thunderbird Hotels-Bellavista for a short transition period. The Group continues to earn management fees to manage the Thunderbird Hotels-Pardo and Thunderbird Hotels-Carrera for the current owners.

The Group believes that the sale of these hotels and the accompanying debt pay down and interest expense reduction is the continuation of our stated goal of debt reduction, which will enhance our risk management and improve cash flow.

The Group intends to continue in 2011 to focus on deleveraging in ways that also support smart growth.

Philippines

In March 2011, the Group announced the opening of a 950 square meter event center at our Thunderbird Resorts – Rizal property in the Philippines. The purpose of the event center is to:

- attract more customers for our casino and hotel facilities by renting the event center and by hosting our own events;
- increase demand for our food and beverage business through event catering and increased property traffic;
- continue to position the property as a recreational venue for the east side of Metro Manila; and
- drive earnings growth because we forecast revenue growth to outpace growth in expenses.

We have also expanded the casino by adding an additional 100 slot machines and 28 table positions. We are awaiting final regulatory approval to open these new gaming positions to the public and expect an announcement on the same in the near future.

31. SUBSEQUENT EVENTS (cont'd)

Poland

On 10 March 2011, the Group announced that it is shutting down its Polish operations. The operations will be liquidated in accordance with the Polish Commercial Companies Law.

Other financing developments

Significant new financing developments have occurred in 2011 that are not discussed elsewhere.

a) Project financing – Approximately $3.3 million of new bank and other financing have been entered into in 2011. In Costa Rica we entered into a financing agreement for $1.0 million related to the expansion of our Fiesta Casino – Hotel Presidente in downtown San Jose. In the Philippines, we drew down approximately $2 million (based on exchange rates as of 26 April 2011) of our existing construction loan from Philippines based bank to complete a 950 square meter event center/casino expansion in its Rizal property located on the east side of Manila, Philippines. $0.3 million was raised by the parent company and used to fund corporate operations and expansions by subsidiary companies

b) Refinancing of existing loans. Agreements have been reached with various lenders to refinance approximately $0.8 million of outstanding principal and accrued interest. The new loan terms include 0% interest on outstanding principal and accrued interest, repayable in 48 equal monthly instalments.

CHAPTER 11 – INVESTOR RELATIONS, SHARES AND DIVIDENDS

The following table sets forth information regarding the beneficial ownership of our common shares as of 31 December 2010 by:

- each person or entity that we know is more than a 5 percent beneficial owner;
- each Director or executive officer who beneficially owns more than 1 percent equity interest; and
- all of our Directors and executive officers as a group.

All holders of our common stock have the same voting rights. Beneficial ownership generally includes any interest over which a person exercises sole or shared voting or investment power.

	Beneficial Ownership	
Name of Beneficial Owner	**Number** [1]	**Percent**
Jack Mitchell [2]	1,345,213	6.5%
Albert Atallah[3]	276,678	1.3%
Angel Sueiro[4]	131,697	*
Michael Fox[5]	209,477	1.0%
Tino Monaldo[6]	218,100	1.1%
Raul Sueiro[7]	152,537	*
Salomon Guggenheim[8]	219,864	1.1%
Peter Lesar [9]	128,716	*
Roberto de Ocampo	3,333	*
Douglas Vicari	3,333	*
Franz Winkler	40,000	*
All directors and officers as a group	2,728,948	13.2%
Wellington Management Company, LLP [10]	1,757,934	8.91%

(1) Includes restricted common shares granted under our 2007 equity incentive plan. See Chapter 12 "Management—2007 Equity Incentive Plan."
(2) 1,163,547 common, 160,332 common shares issuable upon exercise of vested options and 21,334 common shares issuable upon exercise of unvested options.
(3) 191,595 common shares, 80,067 common shares issuable upon exercise of vested options and 5,016 common shares issuable upon exercise of unvested options.
(4) 86,698 common shares, 37,665 common shares issuable upon exercise of vested options and 7,334 common shares issuable upon exercise of unvested options.
(5) 151,145 common shares 49,998 common shares issuable upon exercise of vested options and 8,334 common shares issuable upon exercise of unvested options.
(6) Includes 153,017 common shares, 58,733 common shares issuable upon exercise of vested options and 6,350 common shares issuable upon exercise of unvested options.
(7) Includes 139,204 common shares, 11,333 common shares issuable upon exercise of vested options and 2,000 common shares issuable upon exercise of unvested options.
(8) Includes Mr. Guggenheim's former wife, 181,532 common shares, 33,998 common shares issuable upon exercise of vested options and 4,334 common shares issuable upon exercise of unvested options.
(9) 118,716 common shares, 8,000 common shares issuable upon exercise of vested options and 2,000 common shares issuable upon exercise of unvested options.
(10) The Group is not certain of Wellington's share ownership as Wellington has neither confirmed nor denied the current ownership.
* Less than 1 percent.

CONFLICTS OF INTEREST

See "Related Party Transactions" below.

RELATED PARTY TRANSACTIONS

Related party transactions involving officers and Directors

Jack Mitchell (Director, CEO and President)

We employ Mr. Mitchell's brother, Bob Mitchell, as a project manager. We paid him total compensation of $103,228 in 2010, $114,075 in 2009, and $100,476 in 2008. He is an at-will employee who is employed under the same terms and conditions as our other employees.

We employed Mr. Mitchell's brother-in-law, Lorenzo Hincapie, as our Latin American Regional Counsel. We paid him total compensation of $144,798 in 2010, $97,165 in 2009, and $53,000 in 2008. His employment ceased on 31 December 2010 with a severance amount of $43,854 to be paid in 12 monthly installments commencing January 2011. He remains a consultant to the Group providing legal services related to Latin America at a monthly rate of $2,000.

We employ Mr. Mitchell's brother-in-law, Ricardo Hincapie, as General Manager and Legal Representative for our Peruvian operations. We paid him total compensation of $157,950 in 2010, $152,606 in 2009, and $154,188 in 2008. He is an at-will employee who is employed under the same terms and conditions as our other employees.

We employed Mr. Mitchell's brother-in-law, Juan Ramon Hincapie, as Director of Corporate Purchasing. We paid him total compensation of $43,905 in 2010, $94,245 in 2009, and $82,035 in 2008. His employment ceased on 31 March 2010, with a severance amount paid of $21,795.

We employ Mr. Mitchell's daughter, Amy Mitchell, as a Measurement and Coordination Analyst. We paid her total compensation of $93,709 in 2010, $84,886 in 2009, and $82,981 in 2008. Ms. Mitchell is an at-will employee who is employed under the same terms and conditions as our other employees.

Mr. Mitchell serves as a member of the Board of Directors of our Costa Rican, Indian, Nicaraguan, Peruvian, and Philippines entities. In such capacity, he received aggregate Director fees of $nil in 2010, $nil in 2009, and $nil in 2008.

Mr. Mitchell's daughters have loaned funds to our projects. The outstanding balance of this loan was $68,835 as of 31 December 2010 and $93,058 as of 31 December 2009. The interest paid as a result of this loan was $11,301 in 2010, $12,648 in 2009, and $6,716 in 2008.

The Group paid to Mitzim Properties a President's related company for 2010 $19,610 according to a lease agreement for San Diego offices.

Michael Fox (CFO until 31 December 2010)

Mr. Fox indirectly owns 10 percent of Angular Investments S.A., which owns 50 percent of the Costa Rican holding company which owns 100 percent of the Costa Rican operating entity, 41.5 percent of Thunderbird Gran Entretenimiento, S.A., the owner of the flagship property in Costa Rica, 50 percent of the Tres Rios Casino Entity, 50 percent of the Tres Rios Property Owner, and 35.5 percent of the Tres Rios Hotel Company.

Mr. Fox serves as a member of the Board of Directors of our Costa Rican, Peruvian, and Philippines entities. In such capacity, he received aggregate Director fees of $nil in 2010, $nil in 2009, and $nil in 2008.

Tino Monaldo (Vice President, Corporate Development)

We paid Mr. Monaldo's company, Tino Monaldo Chtd., total consulting fees and out of pocket expenses, including travel expenses, of $52,000 in 2010, $55,596 in 2009, and $52,000 in 2008. He pays his own health, life, disability and dental insurance, and other professional fees and expenses.

Albert Atallah (Director, General Counsel, and Vice President)

Mr. Atallah served as an advisor to our Panamanian joint venture. In such capacity, he received aggregate advisor fees of $nil in 2010, $nil in 2009, and $5,000 in 2008.

Salomon Guggenheim (Director)

A Director serves as an advisor to the Group. In such capacity, he received aggregate advisor fees of $78,000 in 2010 and $78,000 in 2009. In addition, he is a director and not a beneficial owner in a company called India Ltd. The group paid India Ltd. broker commissions for the successful securitization of financing of $265,000 in 2010 and $130,000 in 2009, of which a director received a 10% administrative fee of total broker commissions paid by the Group to India Ltd. in 2010 and 2009.

He and his mother have loaned funds to our projects. The outstanding balances of those loans were $173,768 $314,343, and $195,820 as of December 31, 2010, 2009, and 2008, respectively. The interest and dividends paid as a result of those loans were $25,277 in 2010, $26,520 in 2009, and $30,117 in 2008.

Except for the related party transactions described above, we are not aware of any other related party transactions that exist with respect to the Group's other officers and Directors, including Messrs. R. Sueiro, A. Sueiro, LeSar, de Ocampo, Vicari, and Winkler.

Other Officers and Directors

Other than as described in this section, no conflicts of interest or potential conflicts of interest exist between their duties to the Group and their private interest or other duties for the Group's other officers and Directors.

Other Related Party Transactions

For information regarding related party transactions with joint ventures and with partners in our operating entities, see Note 23 to our consolidated financial statements for the year ended 31 December 2010, incorporated herein by reference.

DESCRIPTION OF SECURITIES

General

The Group was registered in the British Virgin Islands on 6 October 2006 as a British Virgin Islands Business Company, number 1055634. Prior to such registration, the Group was incorporated under the laws of the Province of British Columbia, Canada, on 4 September 1987 under the name "Winters Gold Hedley Ltd." On 26 August 1993, the Group changed its name to "Regal Gold Corporation." On 23 June 23 1994, the Group changed its name to "International Thunderbird Gaming Corporation." On 5 February 1999, the Group converted, by continuing its charter documents, from a British Columbia, Canadian corporation to a Yukon, Canadian corporation. On 12 July 2005, the Group changed its name to "Thunderbird Resorts Inc." On 6 October 2006 the Company moved its domicile and reincorporated (by continuing its charter documents) in the British Virgin Islands.

We comply with the British Virgin Islands' corporate governance requirements. Pursuant to our Memorandum of Association, the Group has the authority to issue an aggregate of 1.0 billion shares of capital stock, consisting of 500 million no par value common shares, and 500 million no par value preferred shares. The shares are governed by the laws of the British Virgin Islands. Our common shares are listed on NYSE Euronext Amsterdam under the symbol "TBIRD."

Common Shares, Options and Warrants

As of 31 December 2010, we have 20.7 million common shares outstanding, ISIN VGG885761061; each common share is fully paid. The number of outstanding common shares above excludes (i) 1.0 million common shares issuable upon exercise of outstanding options and warrants, (ii) 0.9 million common shares available for future issuances under our previous equity incentive plans (with respect to which our Board of Directors has resolved not to issue any more securities), and (iii) 1.0 million common shares available for future issuances under our 2007 equity incentive plan. As of 31 December 2010, we have existing options outstanding to purchase 594,320 shares; the Group's common shares do not have conversion features. However, a holder of an option or warrant who wants to exercise such option or warrant will notify the Group during the exercise period, pay the strike price, whereupon they will receive the applicable number of shares.

In the first quarter of 2010, 200,000 warrants exercisable into 200,000 additional shares of common stock were issued to two entities arising out of a $1 million interest only five year loan made to the Group. In April 2010, 100,000 of these warrants were exercised and as a result, the Group issued 100,000 additional shares of common stock in exchange for $80,000.

In the fourth quarter of 2010, warrants issued in 2003 for 173,471 shares were exercised at $0.10 USD per share and the shares issued.

As of 29 April 2011, we have 20.7 million common shares outstanding.

Set forth below is information (illustrating grant date, exercise price and expiration dates) for the outstanding Group stock options as of 31 December 2010. Of the 60,702 total unvested options, all vest in 2011.

Thunderbird Resorts Inc. Stock Options Outstanding as of 31 December 2010

Grant Date	Unexercised	Unvested	Exercisable
8/17/2005	207,330	-	207,330
1/17/2007	41,666	-	41,666
7/25/2007	345,324	60,702	284,622
Total	**594,320**	**60,702**	**533,618**

Exercise Price	Unexercised	Unvested	Exercisable
$ 1.92	8,333	-	8,333
$ 2.10	207,330	-	207,330
$ 3.30	33,333	-	33,333
$ 4.98	345,324	60,702	284,622
Total	**594,320**	**60,702**	**533,618**

Expiration Date	Unexercised	Unvested	Exercisable
1/17/2012	11,111	-	11,111
1/31/2012	17,332	-	17,332
7/25/2012	102,526	-	102,527
8/17/2012	39,665	-	39,665
1/17/2013	11,111	-	11,111
7/25/2013	60,699	-	60,699
8/17/2013	39,665	-	39,665
1/17/2014	11,111	-	11,111
7/25/2014	60,699	-	60,699
8/17/2014	39,666	-	39,666
7/25/2015	60,698	-	60,698
8/17/2015	39,666		39,666
7/25/2016	60,702	60,702	-
8/17/2016	39,669	-	39,669
Total	**594,320**	**60,702**	**533,618**

Organizational documents

Our organizational documents consist of our Memorandum of Association and our Articles of Association. Selected provisions of our organizational documents are summarized below.

Our Memorandum of Association provides that we may engage in any act or activity which is not prohibited by any laws of the British Virgin Islands.

SHARE CAPITAL

Common Shares

Holders of common shares are each entitled to cast one vote for each share held at a meeting of the shareholders or on any resolution of the shareholders. We have not provided for cumulative voting for the election of Directors in our Memorandum and Articles of Association. This means that the holders of a majority of the shares voted can elect all of the Directors then standing for election.

The holders of outstanding common shares are entitled to receive an equal share in any dividend paid out of assets legally available for the payment of dividends at the times and in the amounts as our Board of Directors from time to time may determine.

Upon our liquidation, holders of common shares are entitled to an equal share in the distribution of surplus assets.

Our common shares are not entitled to preemptive rights and are not subject to conversion into any other class of shares. We may purchase, redeem, or otherwise acquire any of our own shares for fair value. However, no purchase, redemption, or other acquisition of shares can be made unless the Directors determine that, immediately after the acquisition, the value of our assets will exceed our liabilities, and we will be able to pay our debts as they fall due.

Preferred Shares

Preferred shares may be issued in one or more series, and our Board of Directors is authorized to provide for the issuance of preferred shares in series, to establish the number of shares to be included in each series, to fix the rights, designation, preferences and powers of the shares of each series and its qualifications, limitations and restrictions.

If our common or preferred shares are divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the shares of that class) may be changed only with the consent in writing of the holders of a majority of the issued shares of that class or series and of the holders of a majority of the issued shares of any other class or series of shares which may be affected by such variation.

Dividend policy

We have never paid any cash dividends on the Group's common shares, and we do not expect to declare or pay any cash or other dividends in the foreseeable future. We may enter into credit agreements or other borrowing arrangements in the future that restrict our ability to declare cash dividends on our common shares.

If our Board of Directors ever elects to declare a dividend, such dividend will be paid to shareholders of record out of legally available funds, and may be paid annually, semi-annually or quarterly, as determined by our Board of Directors. Any such declaration of dividends and any other payments by us, as determined by our Board of Directors, will be announced by us in a national daily newspaper distributed throughout the Netherlands, and in the Official Daily List of NYSE Euronext.

History of Share Capital

For a history of share capital, please see [Note 20] to our financial statements for the year ended 31 December 2010, Note 21 to our financial statements for the year ended 31 December 2009, and [Note 21] to our financial statements for the year ended 31 December 2008.

CERTAIN PROVISIONS OF BRITISH VIRGIN ISLANDS LAW, CANADIAN LAW AND OF OUR GOVERNING DOCUMENTS

Memorandum of Association and Articles of Association

Our governing documents consist of our Memorandum of Association and our Articles of Association. The Memorandum of Association loosely resembles the articles of incorporation of a U.S. corporation and the Articles of Association loosely resembles the bylaws of a Delaware corporation. Selected provisions of our organizational documents are summarized below. This summary does not purport to be complete. Copies of our governing documents will be provided upon request. In addition, you should be aware that the summary below does not give full effect to the terms of the provisions of statutory or common law which may affect your rights as a shareholder.

Under Clause Six of our Memorandum of Association, we may carry on or undertake any business or activity or do any act or enter into any transaction which is not prohibited by any laws of the British Virgin Islands. In addition to the provisions set forth under "Description of Securities," our Memorandum of Association and Articles of Association contain provisions to the following effect:

Meetings of Shareholders

We will hold annual general meetings of shareholders at least once in each calendar year. Our Board of Directors may call a special meeting of shareholders only upon request by our Directors or the written request of shareholders entitled to exercise 50 percent or more of the voting rights. Special meetings shall be held in the British Virgin Islands or otherwise as determined by the Board of Directors.

Any meeting of our shareholders shall be called on no less than 10 calendar days' notice. The quorum for a meeting of shareholders is at least 2 shareholders present in person or by proxy and holding at least 5 percent of the outstanding shares entitled to vote.

Board of Directors

Election. Each member of our Board of Directors is elected at an annual meeting for a 1 year term expiring on the date of the next annual meeting. Our Board of Directors will have no less than three and no more than twelve Directors. Our Board of Directors will be composed of a majority of Directors that we consider independent Directors. A Director need not hold any of our securities. We currently have six Directors with one vacancy, which the Board does anticipate filling at the Group's mid-year annual meeting.

Removal of Directors. Our Board of Directors or a simple majority of our shareholders may remove any Director for cause, which, under British Virgin Islands law, generally means breach of that Director's fiduciary duty to us or otherwise being ineligible to serve under applicable laws, or our shareholders may remove any Director without cause on the vote of 2/3 of our outstanding shares entitled to vote.

Directors' Interests. No agreement or transaction between us and one or more of our Directors or any person in which any of our Directors has a financial interest is void or voidable by reason of the presence, vote or consent by the interested Director at the meeting at which the agreement or transaction is approved if the material facts of the interest of each Director are disclosed in good faith or known to the other Directors.

Distributions

We can by ordinary resolution declare distributions, subject to there being profits available for the purpose, but no dividend shall exceed the amount recommended by the Board of Directors.

Distribution of Assets on Liquidation

The holders of shares in our capital will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

Liability and Indemnification of Officers and Directors

In most U.S. jurisdictions, majority and controlling shareholders of a company generally have certain "fiduciary" responsibilities to its non-controlling shareholders. Corporate actions taken by majority and controlling shareholders who are patently unreasonable and materially detrimental to non-controlling shareholders may be declared null and void. Non-controlling shareholder protection under British Virgin Island law may not be as protective in all circumstances as the law protecting non-controlling shareholders in U.S. jurisdictions.

While British Virgin Islands law does permit a shareholder of a British Virgin Islands company to sue its Directors derivatively—that is, in the name of, and for the benefit of, our Group—and to sue a company and its Directors for his benefit and for the benefit of others similarly situated, the circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of a shareholders of a company organized in the U.S.

As in most U.S. jurisdictions, the Board of Directors of a British Virgin Islands company is charged with the management of the affairs of the company. In most U.S. jurisdictions, Directors owe a fiduciary duty to the corporation and its shareholders, including a duty of care, under which Directors must properly apprise themselves of all reasonably available information, and a duty of loyalty, under which they must protect the interests of the corporation and refrain from conduct that injures the corporation or its shareholders or that deprives the corporation or its shareholders of any profit or advantage. Many U.S. jurisdictions have enacted various statutory provisions which permit the monetary liability of Directors to be eliminated or limited.

Under British Virgin Islands law, liability of a corporate Director to the corporation is primarily limited to cases of willful malfeasance in the performance of his duties or to cases where the Director has not acted honestly and in good faith and with a view to the best interests of the company. However, under our Articles of Association, we are authorized to indemnify any Director or officer who is made or threatened to be made a party to a legal or administrative proceeding by virtue of being one of our Directors or officers, provided such person acted honestly and in good faith and with a view to our best interests and, in the case of a criminal proceeding, such person had no reasonable cause to believe that his conduct was unlawful. Our Articles of Association also enable us to indemnify any Director or officer who was successful in such a proceeding against expense and judgments, fines and amounts paid in settlement and reasonably incurred in connection with the proceeding.

Anti-Takeover Effects of Provisions of British Virgin Islands Law and Our Governing Documents

Our governing documents include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our Board of Directors rather than pursue non-negotiated takeover attempts. These provisions include the inability of shareholders to call a shareholder meeting except by delivering to our Board of Directors a written request of holders of more than 50 percent of outstanding common shares and the authorization to our Board of Directors to issue additional preference shares.

Our Board of Directors have the power to take certain actions without shareholder approval, including an amendment of our Memorandum of Association or Articles of Association (with some exceptions, including amendments which restrict the rights or power of the shareholders to amend the Memorandum of Association or Articles of Association or any amendments to certain clauses in the Memorandum of Association) or an increase or reduction in our authorized capital, which would require shareholder approval under the laws of many U.S. jurisdictions. In addition, the Directors of a British Virgin Islands company, subject in certain cases to court approval but without shareholder approval, may, among other things, implement a reorganization, certain mergers or other consolidations with a subsidiary, the sale, transfer, exchange or disposition of any assets, property, part of the business, or securities of the company, or any combination (provided the assets do not represent more than 50 percent of the total assets of the company and the sale is not outside of the usual or ordinary course of the company's business), if they determine it is in the best interests of the company.

The Board of Directors may, by a resolution of the Board of Directors, exercise all powers we may have to borrow money. The Board of Directors' ability to amend our Memorandum of Association and Articles of Association without shareholder approval could have the effect of delaying, deterring or preventing a change in our control without any further action by the shareholders, including a tender offer to purchase our common shares at a premium over then current market prices.

Our Articles of Association provide that special meetings of shareholders may only be called by our Board of Directors upon request by our Board of Directors or the written request of shareholders entitled to exercise 50 percent or more of the voting rights. This provision could have the effect of delaying consideration of a shareholder proposal until the requirements for calling a shareholder meeting can be met.

Our Articles of Association permit shareholders to remove Directors for cause by the affirmative vote of the holders of a majority of the voting power of the shares or without cause by the affirmative vote of the holders of 2/3 of the voting power of the shares. These provisions may restrict the ability of a third party to remove incumbent Directors and simultaneously gain control of our Board of Directors by filling vacancies created by removal with its own nominees.

Our Board of Directors may also create from time to time further classes of preferred shares, with such rights and preferences as they may determine. The creation of preferred shares may enable our Board of Directors to render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations our Board of Directors were to determine that a takeover proposal is not in our best interest, our Board of Directors could cause preferred shares to be authorized and issued without shareholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent shareholder or shareholder group. In this regard, our governing documents grant our Board of Directors broad power to establish rights and preferences of further classes of preferred shares. The issuance of such further classes of preferred shares, pursuant to our Board of Directors' authority described above could decrease the amount of earnings and assets available for distribution to you. In addition, the issuance of further classes of shares could adversely affect the enjoyment of rights of such holders, including voting rights in the event a particular class of preference shares is given a disproportionately large number of votes per common share, and may have the effect of delaying, deferring or preventing a change in control that may be favored by shareholders.

British Virgin Islands Law

The laws of the British Virgin Islands do not contain any limitations on the right of nonresident or foreign owners to hold or vote our common shares. There are no laws, decrees, statutes or other provisions of the laws of the British Virgin Islands which would operate to prohibit or regulate the remittance of dividends, interest and other payments to nonresident holders of common shares.

British Virgin Islands law permits our Board of Directors to modify any of our governing documents without shareholder approval, so long as such modification does not have an adverse effect on the rights of our shareholders. Any modification that would have an adverse effect on the rights of our shareholders requires the approval of holders of at least a majority of our outstanding shares.

Canadian Law

Prior to 1 July 2009, our common shares were listed on the CNSX (formerly the CNQ). Effective 1 July 2009 and thereafter, and at the request of the company, our shares have been delisted from the CNSX. Though delisted, we continue to be a "reporting issuer" subject to securities laws of British Columbia, Ontario, and the Yukon Territory due to the number of our existing Canadian shareholders. Among other things, those laws require any 10 percent holder of a reporting issuer to file reports disclosing that holder's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. If they acquire 10 percent or more of our outstanding common shares, they will be required to file an "insider report form" within 10 business days from the date their ownership exceeded 10 percent, and then within 10 business days after any trades or other changes in their holdings of common shares. They would also be required to issue a press release and file a report every time they acquire an additional 2 percent or more of our common shares.

If a person or entity acquires 20 percent or more of our outstanding common shares, it would be a "control person" of ours.

As such, it would be deemed to be not only are knowledgeable about our affairs, but to have the ability, by virtue of its significant equity position, to direct our affairs. Thereafter, any sale by that holder of common shares would be deemed under provincial law to be a distribution, requiring the filing of a prospectus and compliance with other securities disclosure laws.

In addition, if a person or entity acquires 20 percent or more of our common shares, it will be deemed under provincial securities laws to have made a "take-over bid" and, accordingly, unless it can obtain an exemption, that holder would be required to comply with detailed rules governing bids. 20 percent holders are also required to file insider reports within 3 calendar days versus the normal 10 day requirement that applies to all other parties required to file insider reports. The provincial securities commissions has the right to veto the individual or entity from remaining an insider or control person if the individual or entity is deemed unsuitable to be involved in the Canadian public markets.

Additionally, as a "designated foreign issuer" under Canadian securities laws, our financial reporting requirements can be met by filing on SEDAR the same financial information we provide to and file with the NYSE Euronext Amsterdam. Since 1 January 2009, our financial information prepared under IFRS is sufficient to meet the requirements of Canadian securities laws.

Compulsory Transfer of Shares

Our Board of Directors has the ability under certain circumstances to force a transfer of common shares in the manner described below, provided, however, that such forced transfer (including any change to the Company's register of members) would occur at the direction of the Group without interference with the purchase, sale, or settlement of the Company's common shares on NYSE Euronext Amsterdam or without interference with the settlement of such shares through any settlement system, including Euroclear Nederland and Euroclear Bank (for the sake of clarity, as a result of the foregoing there will be no null and void trades on NYSE Euronext Amsterdam or settlement of such trades through Euroclear Nederland and/or Euroclear Bank):

If it comes to the notice of our Board of Directors that any common shares:

a) are or may be owned or held directly or beneficially by any person in breach of any law, rule, regulation or requirement applicable to us of any jurisdiction in which we operate or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board of Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the board to be relevant) would in the reasonable opinion of the Board of Directors, cause a significant pecuniary disadvantage to us which we might not otherwise have suffered or incurred; or

b) are or may be owned or held directly or beneficially by any person that is an "employee benefit plan" subject to the fiduciary provisions of Title I of ERISA, a plan subject to the prohibited transaction provisions of Section 4975 of the Code, a person or entity whose assets include the assets of any such "employee benefit plan" or "plan" by reason of the DOL Plan Asset Regulations or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code and their ownership of the shares means that the investor is a Benefit Plan Investor as that term is defined by the U.S. DOL Plan Asset Regulations and the investor's interest is "significant" under those Regulations, or will result in a non-exempt "prohibited transaction" as defined in ERISA or section 4975 of the Code, the Board of Directors may serve written notice (a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 30 days (or such extended time as in all the circumstances the Board of Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of our Board of Directors, would not fall within paragraphs (a) or (b) above (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

If, within 30 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board of Directors considers reasonable), the Transfer Notice has not been complied with to the satisfaction of the Board of Directors, we may sell the Relevant Shares on behalf of the holder at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board of Directors may authorize in writing our officers or employees to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee. An instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of our costs of the sale, shall be received by us, and receipt shall be a good discharge for the purchase moneys, and shall belong to us and, upon their receipt, we shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to us. We are deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and we are not required to account for money earned on it. The amount may be employed in our business or as we think fit. We may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

A person who becomes aware that he falls within any of paragraphs (a) or (b) above shall forthwith, unless he has already received a Transfer Notice either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

Subject to the provisions of our Articles of Association, our Board of Directors will, unless any Director has reason to believe otherwise, be entitled to assume without inquiry that none of the shares are held in such a way as to entitle the Board of Directors to serve a Transfer Notice in respect thereof. The Board of Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 30 calendar days after service of the notice requiring the same) as may be specified by the Board of Directors in the said notice, the Board of Directors may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

The Board of Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the Board of Director's powers with respect to the compulsory transfer of shares may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board of Directors at the relevant date provided that the said powers have been exercised in good faith.

Yearly and Half-Yearly Information

As a result of the implementation of the EU Directive 2004/109 of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Transparency Directive"), the Group is required to make its annual financial report available to the public 4 months after the end of each financial year. The annual financial information consists of the audited annual accounts, the annual report, a description of the main risks and uncertainties facing the Group and a statement by persons within the Group designated by the latter as the "responsible persons," indicating (i) that the annual accounts give a fair view of the assets and financial position of the Group and, in the case of consolidated accounts, of the enterprises included in the consolidation, and (ii) that the annual report gives a fair view of the Group's condition on the balance sheet date, the development of the Group and its affiliated companies during the previous financial year and all material risks to which the Group is exposed.

The Group must publish its half-yearly information within 2 months after the end of the first 6 months of its financial year. Both the annual and half-yearly financial information must be filed with the AFM and NYSE Euronext Amsterdam and must remain publicly available for at least 5 years.

Interim management statements

The Group has to publish an interim management statement in both the 1st and 2nd half of its financial year at least 10 weeks after the start, and no more than 6 weeks before the end, of the relevant half-year period or alternatively has to publish quarterly financial statements. It should include (i) an explanation of material events, transactions and controlled undertakings; (ii) the consequences thereof for the Group's financial position; and (iii) a general description of the Group's financial position and performance.

Annual document

We are required under Article 5:25f of the Financial Supervision Act to disclose annually a document including or referring to the information we disclosed in the 12 months preceding the publication of our annual report pursuant to (i) the relevant European directives as implemented in Dutch financial and company law and (ii) the public securities laws of other countries in the preceding 12 months.

Dutch Takeover Act

On 28 October 2007, the Dutch Act implementing the European Directive 2004/25/EC of April 2004 relating to public takeover bids (the "Dutch Takeover Act") and the rules promulgated thereunder came into force. The provisions of the Dutch Takeover Act are included in the Financial Supervision Act and the rules promulgated thereunder are applicable to us. In general, under these takeover provisions, we cannot launch a public offer for securities that are admitted to trading on a regulated market, such as our shares unless an offer document has been approved by the AFM and has subsequently been published. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the holders of our securities, that the holders of our securities will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. The provisions in the Dutch Takeover Act regarding mandatory takeover bids will not be applicable to us.

Market Abuse Regime

The market abuse regime set out in the Financial Supervision Act, which implements the European Union Market Abuse Directive (2003/6/EC), is applicable to us, our Directors, officers, other key employees, our insiders and persons performing or conducting transactions in our securities. Certain important market abuse rules set out in the Financial Supervision Act that are relevant for investors are described hereunder.

We make public price-sensitive information, which is information that is concrete and that directly concerns us which information has not been publicly disclosed and whose public disclosure might significantly affect the price of the shares or derivative securities, such as the options and warrants. We must also provide the AFM with this information at the time of publishing the Prospectus. Further, we must immediately publish the information on our website and keep it available on our website for at least 1 year.

It is prohibited for any person to make use of inside information within or from the Netherlands by conducting or effecting a transaction in our securities. Inside information is information that is concrete and that directly or indirectly concerns us or the trade in our shares or other derivative securities which may pertain to us, which information has not been publicly disclosed and whose public disclosure might have a significant influence on the price of the shares, the options and warrants or other derivative securities.

Our insiders within the meaning of Articles 5:60 of the Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the shares, the options and warrants or in other securities of which the value is at least in part determined by the value of the shares. Our insiders within the meaning of Article 5:60 of the Financial Supervision Act are: (i) Directors, (ii) persons who have a managerial position with us and in that capacity are authorized to make decisions which have consequences for our future development and prospects and can have access to inside information on a regular basis, (iii) spouses, registered partners or life partners of the persons mentioned under (i) and (ii), or other persons who live together with these persons as if they were married or as if they had registered their partnership, (iv) children of the persons mentioned under (i) and (ii) who fall under their authority or children who are placed under the guardianship (*curatele*) of these persons, (v) other relations by blood or marriage of the persons mentioned under (i) and (ii) who, on the date of the transaction, have shared a household with these persons for at least one year, and (vi) legal entities, trusts within the meaning of Article 1(c) of the Dutch Act on the Supervision of Trust Offices (*Wet toezicht trustkantoren*) (the “Act on the Supervision of Trust Offices”), or partnerships: (a) the managerial responsibility for which lies with a person as referred to under (i) to (v), (b) which are controlled by such a person, (c) which have been incorporated or set up for the benefit of such a person, or (d) whose economic interests are in essence the same as those of such a person.

This notification must be made no later than the 5^{th} week day after the transaction date on a standard form drawn up by the AFM. The notification obligation within the meaning of Article 5:60 of the Financial Supervision Act does not apply to transactions based on a discretionary management agreement as described in Article 8 of the Dutch Market Abuse Decree (*Besluit marktmisbruik*). The notification pursuant to Article 5:60 of the Financial Supervision Act may be delayed until the moment that the value of the transactions performed for that person’s own account, together with the transactions carried out of the persons associated with that person, reach or exceed the amount of €5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions.

Pursuant to the rules against insider trading, we will adopt rules governing the holding of and carrying out of transactions in our securities by members of our Board of Directors and our employees. Further, we have drawn up a list of those persons working for us who could have access to inside information on a regular or incidental basis and have informed the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

Disclosure of holdings

The following provisions apply to us and to our shareholders:

- Any person who, directly or indirectly, acquires or disposes of an interest, whether shares or options and warrants, in our capital or voting rights must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75%, and 95%.

- In addition, annually within 4 weeks from 31 December at midnight, every holder of an interest in our capital or voting rights of 5% or more must notify the AFM of any changes in the composition of this interest.

- We are required to notify the AFM of any changes in our outstanding share capital, including in the case of redemption of shares, and any amendment to our Articles of Association regarding voting rights. The AFM will publish any notification in a public registry. If, as a result of such change, a person's interest in our capital or voting rights passively reaches or crosses the thresholds mentioned in the above paragraph, the person in question must immediately give written notice to the AFM no later than the 4th trading day after the AFM has published our notification.

- Each person holding an interest in our capital or voting rights of 5% percent or more from the time of admission of our shares to listing and trading on NYSE Euronext Amsterdam must immediately notify the AFM.

Transfer agent and registrar

Our transfer agent and registrar for our common shares is Computershare, Inc., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

Paying agent

Our paying agent is ING Bank, N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are incorporated under the laws of the British Virgin Islands. Certain members of our Board of Directors are not residents of the United States, and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for our shareholders to effect service of process in the United States on persons who are not U.S. residents or to enforce in the United States judgments obtained in the United States against us or persons who are not U.S. residents based on the civil liability provisions of the U.S. securities laws. We have been advised by our British Virgin Islands counsel, O'Neal Webster, that there is doubt as to the direct enforceability in the British Virgin Islands of civil liabilities predicated upon the securities laws of other foreign jurisdictions.

AVAILABILITY OF DOCUMENTS

This Annual Report may also be inspected through the website of NYSE Euronext (www.euronext.com) by Dutch residents only or through the website of the Netherlands Authority for the Financial Markets (www.afm.nl). This Annual Report may be obtained on the Group's website (www.thunderbirdresorts.com).

In addition, for so long as common shares are listed for trading on NYSE Euronext Amsterdam, the following documents (or copies thereof), where applicable, may be obtained free of charge (1) by sending a request in writing to us at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514, Panama City, Panama, (2) by emailing us at the following address info@thunderbirdresorts.com, or (3) at the offices of our local paying agent ING Bank N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands (tel: +31 20 7979 398, fax: + 31 20 7979 607, email: iss.pas@mail.ing.nl),

(a) this Annual Report and our Memorandum and Articles of Association; and

(b) all reports, letters, other documents, historical financial information (such as our 2009, 2008, and 2007 consolidated financial statements), valuations and statements prepared by any expert at our request, any part of which is included or referred to in this Annual Report.

CHAPTER 12 – RISK FACTORS

SUMMARY OF RISK FACTORS

Prospective investors in our Group should consider the following risks associated with our business:

- The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify.
- The gaming and hospitality business are subject to significant risks.
- The development and construction of hotels, casinos and other gaming and entertainment venues, and the expansion of existing properties, are susceptible to delays, cost overruns and other uncertainties, any of which could have an adverse effect on our business, financial condition and results of operations.
- Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.
- Our cash flow from operations and available credit may not be sufficient to meet our planned capital requirements and, as a result, we could be dependent upon future financing, which may not be available on acceptable terms or at all.
- Our business is international; accordingly, it is subject to political and economic risks.
- We are subject to extensive governmental regulation.
- The gaming industry is sensitive to declines in the public acceptance of gaming. Public opinion can negatively affect the gaming industry and our future performance.
- Certain holders of our common shares are subject to certain requirements of the gaming laws of some jurisdictions in which we are licensed.
- If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.
- Many of our properties are owned together with local investors.
- We may not be able to find acceptable local partners, or enter into acceptable arrangements with local partners, which could limit our ability to expand into new markets.
- Conflicts could arise between us and our local partners.
- We depend on the continued services of key managers and employees; accordingly, if we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.
- We may be subject to certain tax liabilities in connection with our Philippine casinos.
- We may be from time to time subject to litigation which, if adversely determined, could cause us to incur substantial losses.
- Our properties are subject to risks relating to acts of God (such as natural disasters), terrorist activity and war. Some damages arising from these risks may be uninsured or underinsured. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.
- We may have difficulties managing our worldwide operations.
- We rely on technology that may not be secure and may become outdated.
- Customer demand could be adversely affected by changes in customer preferences.
- We may experience losses due to fraudulent activities.
- We may not effectively promote our brands.
- We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.
- Our ownership of real estate subjects us to various risks, including those arising under environmental laws.
- Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.
- We are subject to foreign exchange risk and fluctuations in foreign currency exchange rates may adversely affect our operating results.
- Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Although we believe that the risks set forth above are our material risks, they are not the only risks we face. Additional risks not presently known to us or that we currently deem immaterial may also have an effect on us and the value of our common shares. An investment in our Group may not be suitable for all recipients of our Annual Report.

RISKS ASSOCIATED WITH OUR BUSINESS

The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify.

The gaming and hospitality industries are highly competitive. If our competitors operate more successfully than us, if their properties are enhanced or expanded, if their properties offer gaming, lodging, entertainment or other experiences that are perceived to be of better quality and/or value than ours, or if additional gaming or hospitality facilities are established in and around locations in which we conduct business, we may lose market share. In particular, the expansion of casino gaming (especially major market-style gaming) by our competitors in or near any geographic area from which we attract or expect to attract a significant number of our patrons could have a material adverse effect on our business, financial condition and results of operations. Our competitors vary considerably by their size, quality of facilities, number of operations, number of gaming tables and slot machines, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity, and many of our competitors have significantly greater resources than we do. Many international hotel companies are present in the markets where we have hospitality properties. Likewise, many casino operators are present in the markets where we have casinos and other gaming and entertainment venues. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses.

We expect that competition in our existing markets will intensify. The expansion of existing casino and video entertainment properties and the increase in the number of such properties in many of our markets, as well as the aggressive marketing strategies of many of our competitors, have increased the competitive pressures on our operations. If we cannot effectively compete in a market, it will have a material adverse effect on our business, financial position, or results of operations.

The gaming and hospitality businesses are subject to significant risks.

Unfavorable changes in general economic conditions, including recession or economic slowdown, or higher fuel or other transportation costs, may reduce disposable income of casino and hotel patrons or result in fewer patrons visiting casinos or hotels, as well as reduced play levels. As our properties are located in Central America, South America, the Philippines, and India, we would be especially affected by economic downturns affecting those regions; however, economic difficulties in other regions may affect our expansion plans, as well as our ability to raise capital.

In addition to general economic and business risks, our gaming and hospitality operations are affected by a number of factors beyond our control, including:

- downturn or loss in popularity of the gaming industry in general, and table and slot games in particular;
- the relative popularity of entertainment alternatives to casino gaming;
- the growth and number of legalized gaming jurisdictions;
- local conditions in key gaming markets, including seasonal and weather-related factors;
- increases in taxes or fees;
- the level of new casino construction and renovation schedules of existing casinos;
- competitive conditions in the gaming industry and in particular gaming markets;
- decreases in the level of demand for rooms and related services;
- over-building (cyclical and otherwise) in the hotel industry;
- restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules and regulations;
- the inability to obtain property and liability insurance fully to protect against all losses or to obtain such insurance at reasonable rates;
- changes in travel patterns;
- changes in operating costs, including energy, labor costs (including minimum wage increases and unionization), workers' compensation and health-care related costs and insurance;
- changes in desirability of our existing markets geographic regions; and
- inflation-driven cost increases that cannot be fully offset with revenue increases.

Any of these risks could have a material adverse effect on our business, financial position, or results of operations.

The development and construction of hotels, casinos and other gaming and entertainment venues, and the expansion of existing properties, are susceptible to delays, cost overruns and other uncertainties, any of which could have an adverse effect on our business, financial condition and results of operations.

Our business strategy contemplates future development and construction of hotels, casinos and other gaming and entertainment venues, as well as the expansion of our existing properties. All such projects are susceptible to various risks and uncertainties, such as:

- the existence of acceptable market conditions and demand for the completed project;
- the availability of qualified contractors and subcontractors;
- general construction risks, including cost overruns, change orders and plans or specification modifications, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;
- defects in design or construction, or unforeseen engineering, environmental and/or geological problems, that may result in additional costs to remedy or require all or a portion of a property to be closed during the period required to rectify the situation;
- changes and concessions required by governmental or regulatory authorities;
- delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete the project; and
- disruption of our existing operations and facilities.

We have not entered into, and do not expect to enter into, a fixed-price or guaranteed maximum price contract with a construction manager or general contractor for any of our projects. As a result, we will rely heavily on our in-house design group to manage construction costs and coordinate the work of the various trade contractors. The lack of any fixed-price contract with a construction manager or general contractor increases our risk associated with potential cost overruns. If we are unable to manage costs appropriately or if project costs exceed our projections, our business, financial condition, or results of operations could be adversely affected.

We cannot assure you that we will complete any development or expansion project, including those currently under development or expansion in Costa Rica, India, Nicaragua, Peru, and the Philippines, in a timely manner or within budget, or that any such project will be profitable. Our failure to complete any new development or expansion project as planned, on schedule and within budget, could have a material adverse effect on our business, financial condition and results of operations. In addition, once a project is completed, we cannot assure you that we will be able to manage that project on a profitable basis or to attract a sufficient number of guests, gaming customers and other visitors to make it profitable.

Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.

As part of our business strategy, we intend to continue to seek to acquire businesses and properties that we believe could complement or expand our business or otherwise offer growth opportunities. Any future acquisitions will involve numerous risks, including:

- difficulties in integrating operations, technologies, services, accounting and personnel;
- difficulties in supporting and transitioning customers of our acquired companies to our technology platforms and business processes;
- diversion of financial and management resources from existing operations;
- difficulties in obtaining regulatory approvals and permits for the acquisition; and
- inability to generate sufficient revenues to offset acquisition or investment costs.

Acquisitions also frequently result in recording of goodwill and other intangible assets, which are subject to potential impairments in the future that could have a material adverse effect on our operating results.

Furthermore, the costs of integrating acquired businesses (including restructuring charges associated with the acquisitions, as well as other acquisition costs, such as accounting, legal and investment banking fees) could significantly impact our operating results.

Although we perform diligence on the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. We may not be able to ascertain the value or understand the potential liabilities of the acquired businesses and their operations until we assume operating control of the assets and operations of these businesses. Once we acquire a business, we are faced with risks, including the following:

- the possibility that we have acquired substantial undisclosed liabilities;
- the need for further regulatory approvals;
- the risks of entering markets in which we have limited or no prior experience; and
- the possibility that we may be unable to recruit additional managers with the necessary skills to supplement the management of the acquired businesses.

If we are unsuccessful in overcoming these risks, our business, financial condition or results of operations could be materially and adversely affected. We also compete for acquisition opportunities with other operators, some of which may have substantially greater financial resources than us. These competitors may generally be able to accept more risk than we can prudently manage. Competition may generally reduce the number of suitable acquisition opportunities offered to us and increase the bargaining power of property owners seeking to sell.

Our cash flow from operations and available credit may not be sufficient to meet our planned capital requirements and, as a result, we could be dependent upon future financing, which may not be available on acceptable terms or at all.

Our businesses are, and our planned growth and expansions will be, capital-intensive. Historically, we have not generated sufficient cash flow from operations to satisfy our capital requirements and have relied on debt and equity financing arrangements to satisfy such requirements. Should such financing arrangements be required but unavailable in the future, this will pose a significant risk to our ability to execute on our growth and expansion strategy, as well as to our cash requirements. There can be no assurance that future financing arrangements will be available on acceptable terms, or at all. We may not be able to obtain additional capital to fund currently planned projects or to take advantage of future opportunities or respond to changing demands of customers and competitors.

Our planned projects and acquisitions that we may develop in the future will require significant capital. Although we intend to finance any such projects or acquisitions partially with debt financing, we do not have any financing commitments for all planned project debt financing and the financing commitments available to us are subject to a number of conditions, which may not be met. We may not be able to obtain any such financing on reasonable terms or at all. The failure to obtain such financing could adversely affect our ability to construct any particular project, or reduce the profitability of such project. In addition, the failure to obtain such financing could result in potentially dilutive issuances of equity securities, guarantees of third party-debt, the incurrence of contingent liabilities and an increase in amortization expenses related to goodwill and other intangible assets, any of which could have a material adverse effect on our business, financial condition, or results of operations.

Furthermore, an increase in the general levels of interest rates or those rates available to us would make it more expensive to finance our operations and proposed investments. Increases in interest rates could also make it more difficult to locate and consummate investments that meet our profitability requirements. In addition, we will be required to repay borrowings from time to time, which may require such borrowings to be refinanced. Many factors, including circumstances beyond our control, such as changes in interest rates, conditions in the banking market and general economic conditions, may make it difficult for us to obtain such new financing on attractive terms or even at all.

Our business is international; accordingly, it is subject to political and economic risks.

We own and operate, and plan to develop, own and operate, hotels, casinos and other gaming and entertainment venues in Central America, South America, the Philippines, and India. Our existing and planned business, as well as our results of operations and financial condition, may be materially and adversely affected by significant political, social and economic developments in these areas of the world and by changes in policies of the applicable governments or changes in laws and regulations or the interpretations thereof. Our current operations are also exposed to the risk of changes in laws and policies that govern operations of gaming companies. Tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely affecting our profitability after tax. These changes may have a material adverse effect on our business, financial position, or results of operations.

The general economic conditions and policies in these countries could also have a significant impact on our financial prospects. Any slowdown in economic growth could reduce the number of visitors to our hotel and casino operations or the amount of money these visitors are willing to spend.

International operations generally are subject to various political and other risks, including, among other things:

- war or civil unrest, expropriation and nationalization;
- costs to comply with laws of multiple jurisdictions;
- changes in a specific country's or region's political or economic conditions;
- tariffs and other trade protection measures;
- currency fluctuations;
- import or export licensing requirements;
- changes in tax laws;
- political or economic instability in local or international markets;
- difficulty in staffing and managing widespread operations;
- changing labor regulations;
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions; and
- restrictions on our ability to repatriate dividends from our subsidiaries.

In addition, sales in international jurisdictions typically are made in local currencies, which subjects us to risks associated with currency fluctuations. Currency devaluations and unfavorable changes in international monetary and tax policies and other changes in the international regulatory climate and international economic conditions could have a material adverse effect on our business, financial position, or results of operations.

We are subject to extensive governmental regulation.

The gaming industry is highly regulated and we must maintain our licenses, registrations, approvals and permits in order to continue our gaming operations. Our gaming operations are subject to extensive regulation under the laws, rules and regulations of the jurisdiction where they are located. These laws, rules and regulations often concern the responsibility, financial stability and character of the owners, managers, and persons with financial interests in the gaming operations. Certain jurisdictions empower their regulators to investigate participation by licensees in gaming outside of their jurisdiction and require access to and periodic reports concerning the gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. Regulatory authorities often have broad powers with respect to the licensing of gaming operations and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines and take other actions, any one of which could have a material adverse effect on our business, financial condition and results of operations. We also are responsible for the acts and conduct of our employees on the premises. Substantial fines or forfeiture of assets for violations of gaming laws or regulations may be levied against us, our subsidiaries and the persons involved.

We must periodically apply to renew our gaming licenses. We cannot assure you that we will be able to obtain such renewals. In addition, if we expand our gaming operations in the jurisdictions in which we currently operate or into new jurisdictions, we will have to meet suitability requirements and obtain additional licenses, registrations, permits and approvals from gaming authorities in these jurisdictions. The approval process can be time-consuming and costly and there is no assurance that we will be successful.

In addition, regulatory authorities in certain jurisdictions must approve, in advance, any restrictions on transfers of, agreements not to encumber, or pledges of equity securities issued by an entity that is registered as an intermediary company with such jurisdiction, or holds a gaming license. If these restrictions are not approved in advance, they will be invalid. Current laws and regulations concerning gaming and gaming concessions are, for the most part, fairly recent in the jurisdictions where we operate and there is little precedent on the interpretation of these laws and regulations. Although we believe that our organizational structure and operations are in compliance with all applicable laws and regulations where we operate, these laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new regulations that differ from our interpretation, which could have a material adverse effect on business, financial condition, or results of operations.

From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations in the jurisdictions in which we operate. In addition, from time to time, certain anti-gaming groups propose referenda that, if adopted, would limit our ability to continue to operate in those jurisdictions in which such referenda are adopted. Any expansion of permitted gaming or any restriction on or prohibition of our gaming operations could have a material adverse effect on our operating results. From time to time, country, state and local governments have considered increasing the taxes on gaming revenues or profits. We cannot assure you that such increases will not be imposed in the future. Any such increases could have a material adverse effect on our business, financial condition, or results of operations.

In addition to gaming regulations, we are subject to various other federal, state, and local laws and regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, currency transactions, taxation, zoning & building codes, and marketing & advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could have a material adverse effect on our business, financial condition, and results of operations. We cannot assure you that we will be able to comply with or conduct business in accordance with applicable regulations.

The gaming industry is sensitive to declines in the public acceptance of gaming. Public opinion can negatively affect the gaming industry and our future performance.

If there is a decline in public acceptance of gaming, this may affect our ability to do business in some markets, either through unfavorable legislation affecting the introduction of gaming into emerging markets, or through legislative and regulatory changes in existing gaming markets which may adversely affect our ability to continue to own and operate our gaming operations in those jurisdictions, or through resulting reduced casino patronage. We cannot assure you that the level of support for legalized gaming or the public use of leisure money in gaming activities will not decline.

Certain holders of our common shares are subject to certain requirements of the gaming laws of some jurisdictions in which we are licensed.

For example, under Peruvian law, any licensed company must submit to regulators the names of all persons that control 2 percent or more of the shares of that licensed company. While this legal requirement has historically been interpreted in a manner that would require disclosure of the identities of officers of the Group, which controls 100 percent of the licensed company that owns and operates our Peruvian facilities, including the casinos that we are currently developing, it is possible that in the future regulators could require disclosure from a common shareholder of ours. In such a situation it is possible that the regulators would require significant information about that shareholder and its assets and operations and, if the regulators were to determine that that shareholder is unsuitable, it could revoke our gaming license unless that shareholder divested some or all of its common shares.

Additionally, the 1976 Gambling Act of Goa, Daman & Diu prevents us, as a non-Indian national from owning or operating a casino in India. Our casino operations in India will be owned by a group of Indian nationals which will lease space from Daman Hospitality Private Limited (our joint venture) under a comprehensive lease arrangement.

If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.

The Philippine Amusement Gaming Corporation ("PAGCOR") regulates its country's gaming facilities. We have licenses covering our Rizal and Poro Point properties through agreements with PAGCOR. The Rizal license is issued through an agreement between the Group, PAGCOR, and Eastbay Resorts Inc. (the "Rizal Operating Entity"), the Philippines entity that owns the Rizal hotel and casino. The license is a grant of authority to us and the Rizal Operating Entity to operate the casino. In consideration for the Rizal license, we are required to make certain investments over a 7 year period to establish the Rizal property as a "world class" tourist and convention destination and we must also pay PAGCOR 25% of the casino's monthly gross casino revenue, or a monthly minimum guarantee of $250,000, whichever is higher. The monthly minimum guarantee of $250,000 is increased by 5% per year.

We have pledged our shares of stock in the Rizal Operating Entity to PAGCOR to secure the performance of our and the Rizal Operating Entity's obligations under the license agreement. If we default on our obligation, PAGCOR could exercise its rights with respect to such shares.

Many of our properties are owned together with local investors.

We own many of our properties through entities that are partly owned by local companies or individuals. For example, we own the majority of our existing Costa Rican through a Costa Rican corporation and our Indian operations through an Indian entity in which we own, respectively, 50% of the equity. Accordingly, maintaining good personal and professional relationships with our local partners is critical to our proposed and future operations. Changes in management of our local partners, changes in policies to which our local partners are subject, or other factors that may lead to the deterioration of our relationship with a local partner may have a material adverse effect on our business, financial position, or results of operations.

Our joint venture investments involve risks, such as the possibility that the local partner might become bankrupt or not have the financial resources to meet its obligations, or may have economic or business interests or goals that are inconsistent with our business interests or goals, or be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Our local partners often have shared control over, or certain veto rights with respect to, the operation of the local facilities. Therefore, we may be unable to take certain actions without the approval of our local partners. Disputes between us and local partners may result in litigation or arbitration that would increase our expenses and prevent our officers, directors, and employees from focusing their time and efforts on our business. Consequently, actions or disputes with local partners might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our local partners.

We may not be able to find acceptable local partners, or enter into acceptable arrangements with local partners, which could limit our ability to expand into new markets.

Our business strategy contemplates forming and maintaining relationships with local partners. We cannot assure you that we will be able to identify the best local partners or maintain our relationships with existing local partners or enter into new arrangements with other local partners on acceptable terms or at all. The failure to maintain or establish such relationships could have a material adverse effect on our business, financial position, or results of operations. In addition, the terms of our local partner agreements are influenced by contract terms offered by our competitors, among other things. We cannot assure you that any of our current arrangements with our local partners will continue, or that we will be able to renew our local partnerships, or enter into new local partnerships, on terms that are as favorable to us as those that exist today.

Conflicts could arise between us and our local partners.

Conflicts may arise between us and our local partners, such as conflicts concerning joint venture governance or economics, or the distribution or reinvestment of profits. Any such disagreement between us and a local partner could result in one or more of the following, each of which could harm our reputation or have a material adverse effect on our business, financial position, or results of operations:

- unwillingness on the part of a local partner to pay us amounts or render us services we believe are due to us under our arrangement;
- unwillingness on the part of a local partner to keep us informed regarding the progress of its development and community relationship activities; or
- termination or non-renewal of the relationship.

In addition, certain of our current or future local partners may have the right to terminate the relationship on short notice. Accordingly, in the event of any conflict between the parties, our local partners may elect to terminate the relationship prior to completion of its original term. If a local partnership is terminated, we might not realize the anticipated benefits of the relationship and our reputation in the industry and in the local community may be harmed.

We depend on the continued services of key managers and employees; accordingly, if we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. However, we cannot assure you that any of these individuals will remain with us, or that we would be able to attract and hire suitable replacements in the event of any such loss of services. The death or loss of the services of any of our senior managers or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business, including our ability to raise additional capital.

We may be subject to certain tax liabilities in connection with our Philippine casinos.

Our two Philippine casinos were opened under a “Grant of Authority” issued by the Philippine Amusement Gaming Corporation (PAGCOR), a government owned and controlled corporation created to regulate gaming, to raise funds for the government and to boost tourism. Under this “Grant of Authority”, we believed that as a franchisee of PAGCOR, we are entitled to certain tax benefits, as authorized by the PAGCOR charter. However, the taxation status of our Philippine operations has come under scrutiny from the local and national Philippine tax authorities, including the Philippine Bureau of Internal Revenue (BIR), due to the recent passing of two BIR rulings and court decisions that challenge the tax incentives offered to PAGCOR and its franchisees. As a result, as a franchisee of PAGCOR, we may be subject to payment of various local and national taxes. This tax dispute is currently being contested by PAGCOR and until the issue is settled or becomes law by way of ruling of the Philippine Supreme Court, we will not make any accrual for the VAT or any other tax. In the event that this dispute is decided adversely to PAGCOR, the Group will seek a renegotiation of its contract with PAGCOR.

We may be from time to time subject to litigation which, if adversely determined, could cause us to incur substantial losses.

We may be involved in legal and tax claims from time to time. Some of the litigation claims may not be covered under our insurance policies or our insurance carriers may seek to deny coverage. As a result, we might be required to incur significant legal fees, which may have a material adverse impact on our financial position. In addition, because we cannot predict the outcome of any action, it is possible that, as a result of current and/or future litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses. Please see “Legal Proceedings” for a description of our current material litigation.

Our properties are subject to risks relating to acts of God (such as natural disasters), terrorist activity and war. Some damages arising from these risks may be uninsured or underinsured. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

Our properties may be affected by acts of God, such as natural disasters, particularly in locations where we own and/or operate significant properties. Some types of losses, such as those from earthquake, hurricane, terrorism, and environmental hazards, may be either uninsurable or too expensive to justify insuring against. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Similarly, war (including the potential for war), political unrest, other forms of civil strife, and terrorist activity (including threats of terrorist activity), epidemics (such as SARS and bird flu), travel-related accidents, as well as geopolitical uncertainty and international conflict, which impact domestic and international travel, may cause our results to differ materially from anticipated results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact our business, financial position, or results of operations.

Although we have all-risk property insurance for our properties covering damage caused by a casualty loss (such as fire and natural disasters), each such policy has certain exclusions. Our level of insurance coverage for our properties may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, deterioration or corrosion, insect or animal damage and pollution, might not be covered at all under our policies. Therefore, certain acts could expose us to heavy, uninsured losses.

In addition, although we currently have certain insurance coverage for occurrences of terrorist acts and certain losses that could result from these acts, our terrorism coverage is subject to the same risks and deficiencies as those described above for our all-risk property coverage. The lack of sufficient insurance for these types of acts could expose us to heavy losses in the event that any damages occur, directly or indirectly, as a result of terrorist attacks, which could have a significant negative impact on our operations.

In addition to the damage caused to our property by a casualty loss (such as fire, natural disasters, acts of war or terrorism), we may suffer disruption of our business as a result of these events or be subject to claims by third parties injured or harmed. While we carry business interruption insurance and general liability insurance, such insurance may not be adequate to cover all losses in such event.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

We may have difficulties managing our worldwide operations.

We derive our revenue from operations located on 3 continents and expect to further expand our business. As a result of long distances, different time zones, culture, management and language differences, our worldwide operations pose risks to our business. These factors make it more challenging to manage and administer a globally-dispersed business and increase the resources necessary to operate under several different regulatory and legislative regimes.

We rely on technology that may not be secure and may become outdated.

We use sophisticated information technologies and systems that are interconnected through the Internet. Any disaster, disruption or other impairment in our technology capabilities could harm our business. Our information technology system is vulnerable to damage or interruption from:

- earthquakes, fires, typhoons, floods and other natural disasters;
- power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; and
- computer viruses, penetration by individuals seeking to disrupt operations or misappropriate information and other breaches of security.

We rely on this system to perform functions critical to our ability to operate, including our central reservation systems. Accordingly, an extended interruption in the systems' function could significantly curtail, directly and indirectly, our ability to conduct our business and generate revenue. In addition, if a breach of security were to occur, it could cause interruptions in our communications and loss or theft of data. To the extent our activities involve the storage and transmission of information such as credit card numbers, security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies might not be sufficient to reimburse us for losses caused by such security breaches.

Our technologies can be expected to require refinements and there is the risk that our competitors will introduce advanced new technologies. Further, the development and maintenance of these technologies may require significant capital. There can be no assurance that as various systems and technologies become outdated or new technology is required we will be able to replace or introduce them as quickly as our competition or within budgeted costs and timeframes for such technology. Further, there can be no assurance that we will achieve the benefits that may have been anticipated from any new technology or system.

Customer demand could be adversely affected by changes in customer preferences.

Our properties must offer themes, products and services that appeal to potential customers. We may not anticipate or react quickly enough to any significant changes in customer preferences, such as jackpot fatigue (declining play levels on smaller jackpots) or the emergence of a popular gaming option provided by our competitors, or hotel amenities supplied by our competitors. In addition, general changes in consumer behavior, such as redirection of entertainment dollars to other venues or reduced travel activity, could materially affect our business, financial position and results of operations.

We may experience losses due to fraudulent activities.

We incorporate security features into the design of our gaming operations designed to prevent us and our patrons from being defrauded. However, we cannot assure you that such security features will continue to be effective in the future. If our security systems fail to prevent fraud, our business, financial position, or results of operations could be adversely affected and our brand could suffer.

We may not effectively promote our brands.

We intend to promote the brands that we own and operate to differentiate ourselves from our competitors and to build goodwill with our customers. These promotional efforts may require substantial expenditures on our part. However, our efforts may be unsuccessful and these brands may not provide the competitive advantage that we anticipate, in which case we would not realize the expected benefits from our expenditures related to our brands.

We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.

We are a holding company with no material business operations of our own. Our only significant asset is the capital stock of our subsidiaries and joint ventures. We conduct virtually all of our business operations through our direct and indirect subsidiaries and joint ventures.

Accordingly, our only material sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries and joint ventures and management fees paid to us by certain of our joint ventures, all of which are dependent on the earnings and cash flow generated by the operating properties owned by our subsidiaries and joint ventures. Our subsidiaries and joint ventures might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. In addition, our subsidiaries' and joint ventures' debt instruments and other agreements may from time to time limit or prohibit certain payment of dividends or other distributions to us.

Our ownership of real estate subjects us to various risks, including those arising under environmental laws.

Our business strategy contemplates our ownership of significant amounts of real estate, which investments are subject to varying degrees of risk. Real estate values are affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning, tax and eminent domain laws), interest rate levels and the availability of financing. For example, existing or new real estate, zoning or tax laws can make it more expensive and/or time consuming to develop real estate or expand, modify or renovate hotels.

Governments can, under eminent domain laws, take real estate, sometimes for less compensation than the owner believes the estate is worth. When prevailing interest rates increase, the expense of acquiring, developing, expanding or renovating real estate increases, and values decrease as it becomes more difficult to sell estate because the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire real estate and, because of the diminished number of potential buyers, to sell real estate. Any of these factors could have a material adverse impact on our business, financial position, or results of operations.

Ownership of real estate also exposes us to potential environmental liabilities. Environmental laws, ordinances and regulations of various governments regulate our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under, or in estate we currently own or operate or that we previously owned or operated. These laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real estate or to borrow using the real estate as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Other laws, ordinances and regulations could require us to manage, abate or remove lead or asbestos containing materials. Similarly, the operation and closure of storage tanks are often regulated by foreign laws. Certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real estate.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in response to changing economic, financial, and investment conditions may be limited. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in international, national, regional, and local economic and market conditions;
- changes in interest rates and in the availability, cost, and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances, and the related costs of compliance with laws and regulations, fiscal policies, and ordinances;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods and other natural disasters and acts of war or terrorism, which may result in uninsured losses.

We may decide to sell one or more of our properties in the future. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements.

We are subject to foreign exchange risks and fluctuations in foreign currency exchange rates may adversely affect our operating results.

We currently operate in Costa Rica, India, Nicaragua, Peru, and the Philippines, and we are developing our operations in India. Therefore, certain of our expenses and revenues are and will be denominated in local currencies. A significant amount of our debt is denominated in dollars, and the costs associated with servicing and repaying such debt will be denominated in dollars. Additionally, our financial information is, and in the future will be, prepared in dollars. Any target business with which we pursue a business combination may denominate its financial information in a currency other than the dollar or conduct operations in a currency other than the dollar. Our sales in a currency other than dollars may subject us to currency translation risk. Exchange rate volatility could negatively impact our revenues or increase our expenses incurred in connection with operating a target business.

Currency rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by local governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments. We are exposed to market risks from changes in foreign currency exchange rates, and any significant fluctuations in the exchange rates between local currencies against the dollar may have a material adverse effect on our operating results. Furthermore, the portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations. We have not used any forward contracts, futures, swaps or currency borrowings to hedge our exposure to foreign currency risk.

Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

We hold certain of our properties through leasehold interests in the land underlying the buildings and we may acquire additional properties in the future that are subject to similar ground leases. As the lessee under a ground lease, we are exposed to the possibility of losing the property upon termination, or an earlier breach by us, of the ground lease, which may have a material adverse effect on our business, financial condition, or results of operations, our ability to make distributions to our shareholders, and price of our common shares.

RISKS ASSOCIATED WITH OUR COMMON SHARES

We may not be able to sustain a market for our shares, options and warrants on NYSE Euronext Amsterdam, which would adversely affect the liquidity and price of our shares, options and warrants.

The price of the shares, options, and warrants after the admission to listing also can vary due to general economic conditions and forecasts, our general business condition, and the release of our financial reports. Although our current intention is to maintain a listing on NYSE Euronext Amsterdam, we cannot assure you that we will always do so. In addition, an active trading market for our shares on NYSE Euronext Amsterdam may not develop or, if developed, may not be maintained. You may be unable to sell your shares unless a market can be established and maintained, and if we subsequently obtain another listing on an exchange in addition to, or in lieu of, NYSE Euronext Amsterdam, the level of liquidity of your shares may decline. In addition, because a large percentage of NYSE Euronext Amsterdam's market capitalization and trading volume is represented by a limited number of companies, fluctuations in the prices of those companies' securities may have an effect on the market prices for the securities of other listed companies, including the price of our shares.

NYSE Euronext Amsterdam may delist our securities, which could limit the ability of our shareholders to make transactions in our securities and subject us to additional trading restrictions.

Although we have met the listing standards of NYSE Euronext Amsterdam on admission and are currently listed and trading, we cannot assure you that our securities will continue to be listed on NYSE Euronext Amsterdam as we might not meet certain continued listing standards. If we are delisted, we may not be able to list on any other exchange that provides sufficient liquidity.

The market price and trading volume of our common shares may be volatile and may be affected by market conditions beyond our control.

Even if an active trading market for our common shares develops, the market price of those securities may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, you may be unable to resell such common shares at or above your purchase price, if at all. We cannot assure you that the market price of our common shares will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common shares or result in fluctuations in the price or trading volume of our common shares include:

- variations in our quarterly operating results;
- failure to meet earnings estimates;
- publication of research reports about us, other companies in our industry or the failure of securities analysts to cover our shares in the future;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preferred or common shares we may issue in the future;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions and dispositions;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations affecting the hotel, casino or gaming industries or enforcement of these laws and regulations, or announcements relating to these matters;
- general market, political and economic conditions and local conditions in the markets in which our properties are located; and
- other risks identified in this Annual Report.

Any market on which our common shares trade will from time to time experience extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common shares, which could cause a decline in the value of your investment. You should also be aware that price volatility may be greater if the public float and trading volume of our common shares are low.

Our outstanding options and warrants may adversely affect the market price of our common shares.

As of 31 December 2010, we have existing options and warrants outstanding to purchase 694,320 shares which includes 594,320 options, plus 100,000 warrants. The potential issuance of additional common shares on exercise of these options and warrants could make us a less attractive investment. This is because exercise of the options and warrants will increase the number of our issued and outstanding common shares and reduce the value of our existing shares. If and to the extent these options and warrants are exercised, shareholders will experience dilution to their holdings.

As of 29 April 2011, we have approximately 20,719,767 million common shares outstanding.

We do not anticipate paying any dividends on our common shares in the foreseeable future.

We do not expect to declare or pay any cash or other dividends in the foreseeable future on our common shares, as we intend to use cash flow generated by operations to pay off our debt and expand our business. Our debt arrangements may also restrict our ability to pay cash dividends on our common shares, and we may also enter into credit agreements or other borrowing arrangements in the future that restrict our ability to declare or pay cash dividends on our common shares.

Ownership in us may be diluted in the future.

Your percentage ownership in us may be diluted in the future because of equity awards that we expect will be granted over time to our directors, officers, and employees. Additionally, our Board of Directors may issue common shares and preferred shares without shareholder approval, which may substantially dilute shareholder ownership interest and serve as an anti-takeover measure.

Because the Group is a British Virgin Islands company, our shareholders rights may not be able to enforce judgments against us.

We are incorporated under the laws of the British Virgin Islands. As a result, it may be difficult for investors to effect service of process upon us in other jurisdictions to enforce against us judgments obtained in other jurisdictions, including judgments predicated upon the civil liability provisions of the securities laws of other foreign jurisdictions.

We have been advised by our British Virgin Islands counsel that judgments predicated upon the civil liability provisions of the securities laws of other jurisdictions may be difficult to enforce in British Virgin Islands courts and that there is doubt as to whether British Virgin Islands courts will enter judgments in original actions brought in British Virgin Islands courts predicated solely upon the civil liability provisions of the securities laws of other foreign jurisdictions.

Because the Group is a British Virgin Islands company, our shareholders rights may be less clearly established as compared to the rights of shareholders of companies incorporated in other jurisdictions.

Our corporate affairs are governed by our Memorandum of Association and Articles of Association and by the International Business Companies Act of the British Virgin Islands. Principles of law relating to such matters as the validity of corporate procedures, the fiduciary duties of management and the rights of our shareholders may differ from those that would apply if we were incorporated in another jurisdiction. The rights of shareholders under British Virgin Islands law are not as clearly established as are the rights of shareholders in many other jurisdictions. Thus, our shareholders may have more difficulty protecting their interests in the face of actions by our Board of Directors than they would have as shareholders of a corporation incorporated in another jurisdiction.

Our governing documents and British Virgin Islands law contain provisions that may have the effect of delaying or preventing a change in control of us.

Our Memorandum of Association authorizes our Board of Directors to issue up to 500 million preferred shares and to determine the powers, preferences, privileges, rights, including voting rights, qualifications, limitations and restrictions on those shares, without any further vote or action by the shareholders. The rights of the holders of our common shares will be subject to, and may be adversely affected by, the rights of the holders of any preferred shares that may be issued in the future. The issuance of preferred shares could delay, deter or prevent a change in control and could adversely affect the voting power or economic value of your shares.

In addition, provisions of our governing documents and British Virgin Islands law, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors might be willing to pay in the future for our common shares. Among other things, these provisions provide that:

- our Directors may only be removed without cause by the vote of shareholders holding at least a two-thirds of our outstanding common shares; and
- our shareholders may only call a special meeting by delivering to our Board of Directors a request for a special meeting by shareholders holding 50 percent or more of our outstanding common shares.

For a further description of these provisions of our governing documents and British Virgin Islands law, see “Description of securities” and “Certain provisions of British Virgin Islands law, Canadian law and of our governing documents.”

Although we believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics and thereby provide an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some shareholders. Further, these provisions may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our Group, including through unsolicited transactions that some or all of our shareholders might consider to be desirable. As a result, efforts by our shareholders to change our direction or our management may be unsuccessful.

Future sales of securities could depress the price of our securities.

Sales of a substantial number of shares of our securities, or the perception that a large number of our securities will be sold could depress the market price of our common shares.

Our governing documents authorize us to issue up to 500,000,000 preferred shares, 500,000,000 common shares, of which 20,719,767 common shares are outstanding, 694,320 common shares are issuable upon the exercise of outstanding stock options and warrants 900,000 million shares available for issuance under our previous equity incentive plans (which shares our Board of Directors has resolved not to issue), and 500,000 shares available for issuance under our 2007 Equity Incentive Plan.

We are subject to certain Canadian securities legislation, which may affect our shareholders.

Our common shares ceased to be listed on the CNSX, however, we are a “reporting issuer” subject to certain securities laws of British Columbia, Ontario, and the Yukon territory even if we elect to delist from the CNSX. Among other things, those laws require any 10% holder of a reporting issuer to file reports disclosing that holder’s direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. If they acquire 10% or more of our outstanding common shares, they will be required to file an “insider report form” within 10 business days from the date their ownership exceeded 10%, and then within 10 business days after any trades or other changes in their holdings of common shares. They would also be required to issue a press release and file a report every time they acquire an additional 2% or more of our common shares.

If they acquire 20% or more of our outstanding common shares, they would be a “control person” of ours under those provincial securities laws. As such, they would be deemed to be not only knowledgeable about our affairs, but they would be deemed to have the ability, by virtue of their significant equity position, to direct our affairs. Thereafter, any sale by them of common shares would be deemed under provincial law to be a distribution, requiring the filing of an Annual Report and compliance with other securities disclosure laws.

In addition, if a shareholder acquires 20% or more of our common shares, they will be deemed under provincial securities laws to have made a “take-over bid” and, accordingly, unless they can obtain an exemption, they would be required to comply with detailed rules governing bids. 20% holders are also required to file insider reports within 3 calendar days versus the normal 10 day requirement that applies to all other parties required to file insider reports. They must also file personal information forms with the applicable securities commissions and Canadian exchange where the shares are posted for trading. The provincial securities commissions and the CNSX have the right to veto the individual or entity from remaining an insider or control person if the individual or entity is deemed unsuitable to be involved in the Canadian public markets.

RISKS ASSOCIATED WITH TAX MATTERS

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common shares.

At any time, the federal, state, local or foreign tax laws or regulations or the administrative or judicial interpretations of those laws or regulations may be changed or amended. We cannot predict when or if any new federal, state, local or foreign tax law, regulation or administrative or judicial interpretation, or any amendment to any existing tax law, regulation or administrative or judicial interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new tax law, regulation or administrative or judicial interpretation.

We may be subject to certain tax liabilities in Canada in connection with our emigration from Canada and continuing our charter under the laws of the British Virgin Islands.

In 2006, we filed "discontinuation documents" with the Yukon, Canada Registrar and continued our charter under the laws of the British Virgin Islands. In connection with this change we could be subject to certain Canadian tax liabilities associated with our deemed disposition of the assets and a deemed dividend calculated by us under Canadian tax laws. We determined we had no tax charges associated with our emigration from Canada. Although we believe the position we have taken in the submitted tax return was appropriate for determining any potential tax liabilities, there is no assurance that the Canadian tax authorities will not challenge the position to calculate the potential tax liability, which could result in us being subject to additional Canadian taxes.

ERISA plan risks may limit our potential investor base.

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the U.S. Internal Revenue Code prohibit certain transactions that involve (1) certain pension, profit-sharing, employee benefit, or retirement plans or individual retirement accounts (as well as certain entities that hold assets of such arrangements as described below) and (2) any person who is a "party-in-interest" or "disqualified person" with respect to such a plan. Consequently, the fiduciary of a plan contemplating an investment in our common shares should consider whether we, any other person associated with the issuance of our common shares or any of their affiliates is or might become a "party-in-interest" or "disqualified person" with respect to the plan and, if so, whether an exemption from such prohibited transaction rules is applicable. In addition, the Department of Labor Plan Asset Regulations provide that, subject to certain exceptions, the assets of an entity in which a plan holds an equity interest may be treated as assets of an investing plan, in which event the underlying assets of such entity (and transactions involving such assets) would be subject to the prohibited transaction provisions and we could be subject to the prudence and other fiduciary standards of ERISA, which could materially adversely affect our operations. We intend to take such steps so that we should qualify for one or more of the exceptions available and, thereby, prevent our assets from being treated as assets of any investing plan. However, there can be no assurance that we will be able to meet any of these exceptions.

CAUTIONARY NOTE CONCERNING FORWARD LOOKING STATEMENTS

Various statements contained in this Annual Report, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward looking statements. We use words such as "believe," "intend," "expect," "anticipate," "forecast," "plan," "may," "will," "could," "should" and similar expressions to identify forward looking statements. The forward looking statements in this Annual Report speak only as of the date of this Annual Report and are expressly qualified in their entirety by these cautionary statements. Factors or events that could cause our actual results to differ may emerge from time to time and it is not possible to predict all of them. We disclaim any obligation to update these statements, and we caution our shareholders not to rely on them unduly. Our shareholders are cautioned that any such forward looking statements are not guarantees of future performance.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global, political, economic, business, competitive, market, and regulatory conditions as well as, but not limited to, the risk factors described in this Section.

These risks and others described under the heading "Risk Factors" are not exhaustive.

IMPORTANT INFORMATION

No person has been authorized to give any information or to make any representation other than those contained in this Annual Report and, if given or made, such information or representations must not be relied upon as having been authorized by us. This Annual Report does not constitute an offer to sell or a solicitation of an offer to buy any securities. The delivery of this Annual Report shall not under any circumstances, create any implication that there has been no change in our affairs or that information contained herein is correct as of any time subsequent to the date hereof.

The Group accepts responsibility for the information contained in this Annual Report. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Annual Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in this Annual Report reflects our position at the date of this Annual Report and under no circumstances should the issue and distribution of this Annual Report after the date of its publication be interpreted as implying that the information included herein will continue to be correct and complete at any later date.

CORPORATE OFFICE

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Tino Monaldo, Vice President, Corporate Development
Angel Sueiro, Vice President, Design and Construction Raul
Raul Sueiro, Vice President, Asian Operations
Michael G. Fox, Corporate Secretary

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CAPITALIZATION
Common shares issued: 20,719,767
(as of 29 April 2011)

SHARES LISTED
NYSE Euronext Amsterdam
Common Stock Symbol: TBIRD
Frankfurt Stock Exchange
Common Stock Symbol: 4TR

WEBSITE
www.thunderbirdresorts.com