Thunderbird

RESORTS

2012 ANNUAL REPORT

(Thunderbird Resorts Inc. is a British Virgin Islands company limited by shares with its registered office in Tortola, British Virgin Islands)

Cautionary Note on "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. 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.

Thunderbird Resorts Inc. is sometimes referred to herein as "The Company" or "the Group". All currencies are in US dollars unless stated otherwise.

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Chapter 1:
Letter from the CEO and our Strategy Going Forward

Dear Shareholders and Investors:

I have observed our Company's development for nearly two decades as a shareholder, and for the past 10 years as an independent director, experiencing its highs and lows. It is an honor to be supported by the Board of Directors as President and CEO of Thunderbird Resorts since January 2013. I intend to earn the support of our shareholders this year and into the future as I take the helm with intentions to steer the Company on a new course.

For the past 15 years, we have pursued a business strategy of rapid expansion into multiple countries on highly-leveraged projects. In some cases we found ourselves in countries where the business, political and regulatory climates changed. As a result, since 2010 we eliminated or sold operations in Panama, Poland and Guatemala. In addition, we reduced our ownership from 50% to approximately 5% in the "constructed but yet to be licensed" hotel in Daman, India. Investments in countries like Mexico, Chile, India and Poland, which appeared promising at the time, turned out in retrospect to be difficult or politically unstable, and consequently these investments had to be written off.

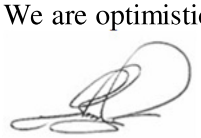
Thunderbird announced in previous disclosures beginning in August 2011 that its Philippine operations had entered into an equity transaction with local media conglomerate Solar Entertainment ("Solar"). We continue to work with Solar and the appropriate regulatory bodies to complete a transaction.

On a development basis, the Group will focus its efforts on existing core markets and does not anticipate developing new markets in the near term. With our local brand identification and experienced staff and management, we are capable and poised for deeper market penetration. Management believes that these countries have potential for further growth and higher earnings with the added benefit that overhead will not increase significantly with additional operations.

In recent years, despite one of the greatest financial crises in history, we have reduced our borrowings by over USD $100 million and refinanced or restructured on better terms over $30 million in debt related to Peru and Costa Rica. We have also reduced corporate expense from $6.3 million in 2011 to $5.8 million in 2012, and by Q4 2012 corporate expense was further decreased to an annualized run rate of approximately $4.8 million. We will continue this strategy in a disciplined manner over the coming years. As borrowing conditions improve in our existing markets, we will seek lower rates and longer amortization periods, particularly for our real estate backed operations so as to enhance our cash flow. We will also continue our commitment to reduce our in-country and corporate expense in order to meet the justified demands of our shareholders for steady profits.

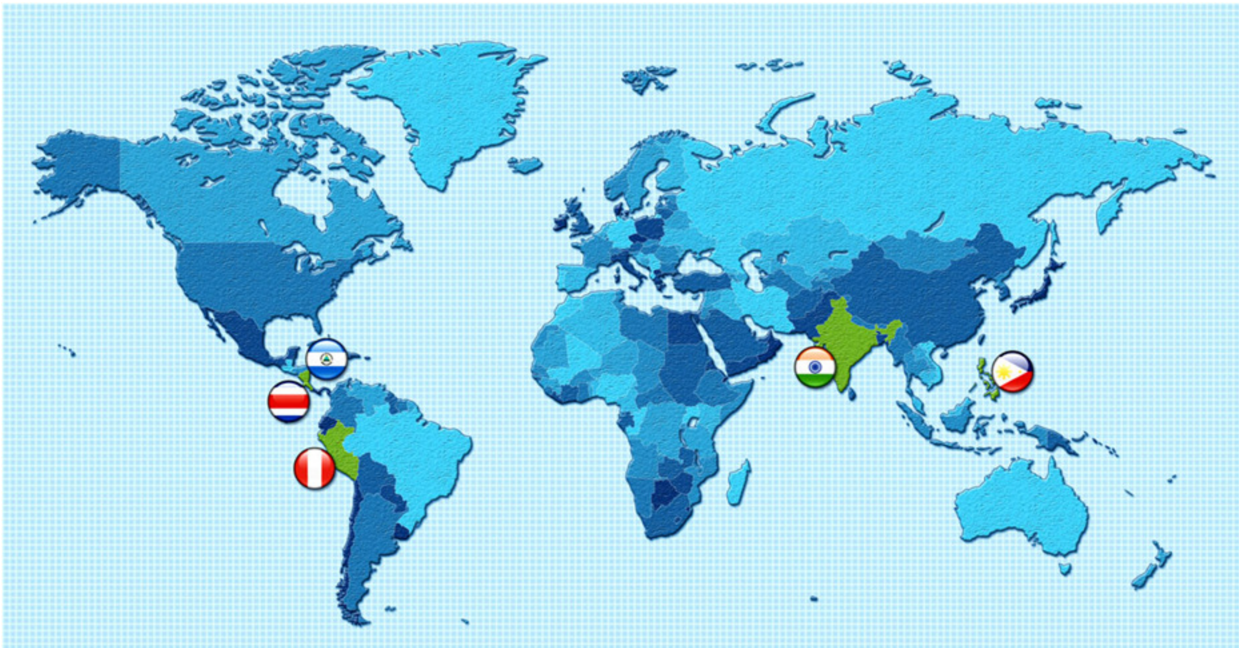
In the future, major investment decisions will be guided by a newly formed Investment Committee, which will oversee, identify, consider, evaluate, analyze, and prioritize all material investment decisions. The newly formed Investment Committee shall include both members from our executive management team and independent directors.

We are optimistic about moving forward with this new focus to the benefit of our shareholders.



Salomon Guggenheim
President & CEO

Chapter 2:
The World of Thunderbird Resorts Inc.



The World of Thunderbird Resorts Inc.

PHILIPPINES
$49.9M Revenue
2 Casinos
2 Hotels (76 Rooms)
9-Hole Golf Course
714 Slots
414 Table Positions

PERU
$32.7M Revenue
2 Casinos &
3 Slot Parlors
1 Hotel Owned
(66 Rooms) &
3 Hotels Managed
(398 Rooms)
952 Slots
302 Table Positions

COSTA RICA
$16.3M Revenue
4 Casinos & 5 Slot
Parlors
1 Hotel (21 Rooms)
1,402 Slots
132 Table Positions

NICARAGUA
$12.7M Revenue
5 Casinos
543 Slots
182 Table Positions

INDIA
173-Room
5-Star Resort

Who We Are

Thunderbird Resorts Inc. (www.thunderbirdresorts.com) is publicly traded on the NYSE Euronext Amsterdam. Our business model is to develop, own and operate mid-sized integrated resorts anchored by casinos as well as standalone gaming venues. We operate in Latin America and Asia. Our mission is to "create extraordinary experiences for our guests." Click on http://www.fiesta-casino.pe/tour-virtual/index.html to take a 3D tour of one of our properties.

Our Skill Sets

Developing gaming and hotel operations can be complex. Over the years, Thunderbird has learned through real life experience to develop and operate gaming and hospitality businesses in challenging and diverse environments. We now have in-house expertise in many areas, including the following:

Development Expertise	Management Expertise
Financial & risk analysis	Casino operations
Regulatory & legal planning	Hotel operations
Tax planning	F&B operations
Grass roots stakeholder relations	Golf management
Master real estate plan	Event management & production
Design & thematic plan	Real estate commercialization
Business planning	Internal & External Reporting
Construction bidding and owner's rep	Marketing & sales
Standards, processes & systems road map	Human resources
Country management recruiting & training	Efficiency & optimization management

Poro Point Master Plan

Our Real Estate Expertise

Smart real estate development is always the starting place for building great entertainment and hospitality venues. Property theme, exterior and interior design, product transitions, landscape design, amenities mix, signage, accesses, parking and overall look and feel must blend together in a harmonious, convenient, and high-energy atmosphere that attracts visitors time and again. Visit: http://www.youtube.com/watch?v=fWHtTvgzL0Q to see a sample of how we develop our properties.

Thunderbird Casinos

Gaming Operations

Thunderbird develops, owns and operates both standalone casinos and integrated resorts anchored by casinos. At our core, we are an entertainment company and the economic engine that drives all real estate, hotel and other amenity development is the entertainment and excitement of gaming. Thunderbird works with the latest and greatest technologies, from the world’s best machine manufacturers to proprietary online accounting and player tracking systems. We believe that casinos should have energy, which means great décor, wonderful music and high quality audio-visual and lighting systems.

Thunderbird Hotels & Resorts

Hotel & Resort Operations

Thunderbird believes hotels should transport guests into another world. We believe in comfort and convenience, but also in thematic design that seamlessly connects the soothing experience of hospitality to the high-energy world of gaming and entertainment. We believe that each property is unique and must be designed to meet the needs of its audience. The first photo above, for example, is of our cliff-side Thunderbird Resorts - Poro Point property in the Philippines that adopts the traditional architecture of Santorini, Greece.

Thunderbird F&B Operations

Branded
Bars & Restaurants

Thunderbird has 25+ individually designed and conceptualized restaurants and bars in its properties around the globe. Fine dining and great bars surrounded by thematic hotels and casinos are part of our standard amenity package and absolute keys to attracting great clientele, repeat business and to increasing length of stay per visit.

Thunderbird Spas and Gyms

Branded Spa & Wellness

Thunderbird has learned from Asia the art of spas, and offers truly exceptional treatments and service to its guests. In wellness, we also operate first-class gym operations. We integrate these services with wellness menus in our restaurants, great trainers and wonderful resort retreats that enable our guests to feel that they have arrived.

Thunderbird Events

Events & Concerts

Thunderbird believes that the final key to a great entertainment venue are its events. We host hundreds of events a year at our casinos and resorts. They attract tens of thousands of visitors and are a major contributor to brand awareness and customer delight. Our ability to professionally market events is one reason we are able to consistently attract new customers to our venues.

Thunderbird CSR

Corporate Social Responsibility

Thunderbird is a true believer in corporate social responsibility ("CSR"), and time and again has invested in human development, environmental protection and disaster relief programs in our communities. In our industry, good corporate citizenship is a key to earning and sustaining the trust of community stakeholders. Just one example, in one community we organize medical missions that have served an average of one thousand indigent area residents almost every month for the last five years. Visit: http://www.youtube.com/watch?v=9utTK-5xAU8 to learn more about our CSR programs.

Chapter 3:
2012 Overview and Subsequent Events

Key Performance Indicators

The Group looks at the following Key Performance Indicators ("KPIs") to help understand its underlying performance trends: a) Revenue; b) Adjusted EBITDA; c) Cash Generation; d) Productivity and Efficiency Metrics; and e) Group Debt.

REVENUE

Management looks at revenue in two forms: a) As reported revenue per IFRS requirements; and b) Revenue performance of ongoing businesses only.

As Reported Basis: Below are the full-year revenues on an as reported basis. Revenues were impacted by: a) The sale of the Thunderbird Resorts-El Pueblo, which at the time of sale in Q2 2012 was producing $8.8 million in annualized revenue; b) A smoking ban, highway construction, property renovation and economic malaise in Costa Rica that resulted in material decline in revenue starting in Q2 2012; c) The opening of the Chinandega casino in Nicaragua in Q3 2012 with 116 new gaming positions; and d) The opening of 109 new gaming positions in the Philippines in Q4 2012.

(In thousands)	Twelve months ended			%
	31 December 2012	**31 December 2011**	Variance	change
REVENUES BY COUNTRY				
Nicaragua	12,702	12,291	411	3.3%
Costa Rica	16,262	19,826	(3,564)	-18.0%
Philippines	49,942	49,113	829	1.7%
Peru	32,700	37,466	(4,766)	-12.7%
Other	211	207	4	1.9%
Total revenues	**$ 111,817**	**$ 118,903**	**$ (7,086)**	**-6.0%**

The result of the timing of the various events was quarter-by-quarter revenue as follows:

(In thousands)	**Three months ended 31 March 2012**	**Three months ended 30 June 2012**	**Three months ended 30 September 2012**	**Three months ended 31 December 2012**
REVENUES BY COUNTRY				
Nicaragua	3,004	3,108	3,086	3,504
Costa Rica	4,821	3,876	3,756	3,809
Philippines	12,516	13,322	11,555	12,549
Peru	8,915	8,190	7,470	8,125
Other	53	52	53	53
Total revenues	**$ 29,309**	**$ 28,548**	**$ 25,920**	**$ 28,040**

Below are the as reported revenues for the last six months of 2012. Revenue initiatives described above began to have an impact in Q4 2012 such that the highest revenues of the year (post the Thunderbird Resorts – El Pueblo sale) were in October and December 2012 respectively.

(In thousands)	Month ended 31 July 2012	Month ended 31 August 2012	Month ended 30 September 2012	Month ended 31 October 2012	Month ended 30 November 2012	Month ended 31 December 2012
REVENUES BY COUNTRY						
Nicaragua	1,077	1,101	908	1,160	1,064	1,280
Costa Rica	1,300	1,260	1,196	1,155	1,223	1,431
Philippines	4,296	4,028	3,231	4,281	3,949	4,319
Peru	2,497	2,412	2,561	2,769	2,560	2,796
Other	18	18	17	18	17	18
Total revenues	$ 9,188	$ 8,819	$ 7,913	$ 9,383	$ 8,813	$ 9,844

Ongoing Business Basis: On an ongoing business basis, which we believe is most relevant for evaluating the Group on a go-forward basis, the trends are significantly better. As mentioned, the Group's Peru operations generated $8.8 million in annualized revenue in May 2012, but Peru also generated approximately $7.7 million in annualized revenue in 2011 (through the sales of the Thunderbird Hotel Principal and Thunderbird Hotel Bella Vista). When excluding revenues from these hotel properties in both years, Peru revenues would have been $28.9 million in 2012 vs. $28.1 million in 2011, or an increase of $0.8 million rather than a decrease of $4.7 million on an as reported basis. Based on this continuing operations analysis, the actual decrease in consolidated Group revenue in 2012 as compared to 2011 would have been approximately $1.5 million of which Costa Rica had reduced revenue of approximately $3.6 million, meaning the remaining continuing operations collectively experienced a revenue increase of approximately $2.0 million.

ADJUSTED EBITDA

While it is not an IFRS defined term, Management views Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted for Corporate Expense ("Adjusted EBITDA") to be a key metric as it helps us to understand the operational profitability of the Group's business.

Below is the Group's Adjusted EBITDA for 2012 as compared to 2011. Adjusted EBITDA is down approximately $2.7 million year-over-year due to the sale of Thunderbird Resorts – El Pueblo and due to the decline in revenue in Costa Rica.

The impact on Adjusted EBITDA of the combined $7.1 million of revenue loss, as compared to 2011, was significantly softened by Management having driven down Property, Marketing and Administration ("PMA") expense by $3.3 million and Corporate Expenses by $0.3 million. The decrease in PMA was achieved despite the Group operating in markets with inflation of approximately 4% on average and despite a gaming tax increase in the Philippines of approximately $0.9M between July and December 2012.

(In thousands)	Twelve months ended			%
	31 December 2012	31 December 2011	Variance	change
Net gaming wins	$ 93,680	$ 97,978	$ (4,298)	-4.4%
Food and beverage sales	7,700	10,097	(2,397)	-23.7%
Hospitality and other sales	10,437	10,828	(391)	-3.6%
Total revenues	**111,817**	**118,903**	**(7,086)**	**-6.0%**
Promotional allowances	6,309	7,067	(758)	-10.7%
Property, marketing and administration	83,262	86,397	(3,135)	-3.6%
Property EBITDA	**22,246**	**25,439**	**(3,193)**	**-12.6%**
Corporate expenses	5,887	6,288	(401)	-6.4%
Adjusted EBITDA	**16,359**	**19,151**	**(2,792)**	**-14.6%**
Adjusted EBITDA as a % of revenues	14.6%	16.1%		

Below is the Group's Adjusted EBITDA by quarter during 2012. Quarterly Adjusted EBITDA varied much in line with the sale of $8.8 million in revenue in Peru in May 2012, the material events that impacted on revenue in Costa Rica, as well as the success of certain growth initiatives in Q4 2012 as described in the revenue section.

(In thousands)	Three months ended 31 March 2012	Three months ended 30 June 2012	Three months ended 30 September 2012	Three months ended 31 December 2012
Net gaming wins	$ 23,740	$ 23,323	$ 22,788	$ 23,829
Food and beverage sales	2,471	2,017	1,490	1,722
Hospitality and other sales	3,098	3,208	1,642	2,489
Total revenues	**29,309**	**28,548**	**25,920**	**28,040**
Promotional allowances	1,530	1,653	1,441	1,685
Property, marketing and administration	20,735	21,260	20,074	21,193
Property EBITDA	**7,044**	**5,635**	**4,405**	**5,162**
Corporate expenses	1,606	1,502	1,415	1,364
Adjusted EBITDA	**5,438**	**4,133**	**2,990**	**3,798**
Adjusted EBITDA as a % of revenues	18.6%	14.5%	11.5%	13.5%

Below is the Group's Adjusted EBITDA by month for the last six months of 2012. Adjusted EBITDA increased to an annualized run rate of over $18.1 million in October 2012 (as compared to Adjusted EBITDA of $16.4 million for 2012 full year and $19.2 million for 2011), but reduced to an annualized run rate of $16.1 million in December 2012 that, despite higher revenues than generated in October 2012, was offset by higher year-end expenses.

Management believes that, going into 2013, Adjusted EBITDA margins should be similar or better than those of October 2012 at monthly revenue levels of $9.4 million or higher.

(In thousands)	Month ended 31 July 2012	Month ended 31 August 2012	Month ended 30 September 2012	Month ended 31 October 2012	Month ended 30 November 2012	Month ended 31 December 2012
Net gaming wins	$ 7,970	$ 7,649	$ 7,169	$ 8,037	$ 7,561	$ 8,231
Food and beverage sales	507	475	508	546	475	701
Hospitality and other sales	711	695	236	800	777	912
Total revenues	**9,188**	**8,819**	**7,913**	**9,383**	**8,813**	**9,844**
Promotional allowances	502	475	464	518	514	653
Property, marketing and administration	6,804	6,788	6,482	6,898	6,883	7,412
Property EBITDA	**1,882**	**1,556**	**967**	**1,967**	**1,416**	**1,779**
Corporate expenses	403	437	575	447	415	502
Adjusted EBITDA	**1,479**	**1,119**	**392**	**1,520**	**1,001**	**1,277**
Adjusted EBITDA as a % of revenues	16.1%	12.7%	5.0%	16.2%	11.4%	13.0%

Corporate Expenses are the only adjustment within the Adjusted EBITDA calculation. Corporate Expenses were $6.0 million for full-year 2012, but were driven down to a low of $5.0 million on a run rate in November 2012 previous to the reflection of year-end expenses in December 2012. Based on the most recent revenue trends, the reductions in PMA and the reductions in Corporate Expenses, Management is hopeful that Corporate Expenses will stabilize at the November 2012 number as we head into 2013.

CASH GENERATION

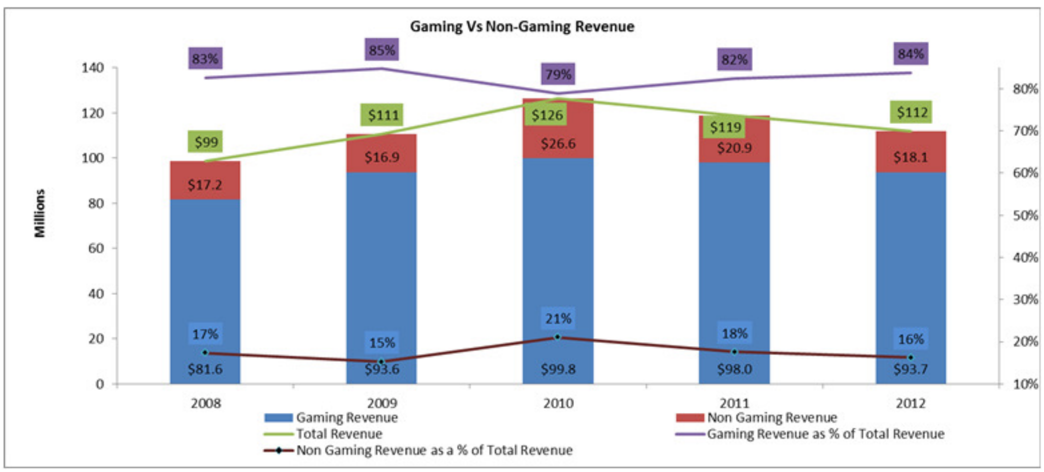
Management defines “Cash Generation” as Adjusted EBITDA – Financing Cost – Project Development Expense. Cash generation represents the resources available for stakeholders, including repayment of principal and income distributable to shareholders. Cash generation fell 16.6% to approximately $5.5 million in 2012 from $7.2 million in 2011 largely because of the decrease in Adjusted EBITDA for reasons described in the section above.

PRODUCTIVITY AND SEGMENTATION

The Group reduced staffing worldwide by approximately 10% over 2012 from 3,345 employees in January to 3,013 employees in December. The change in employment levels is the result of: a) Efficiency management; b) Sale of Thunderbird Resorts – El Pueblo; and c) Opening of Chinandega Casino in Nicaragua. Gaming personnel represented 60% of the Group’s staff in January 2012 and increased to 65% as of December 2012 as the Group refocused more on its core gaming business.

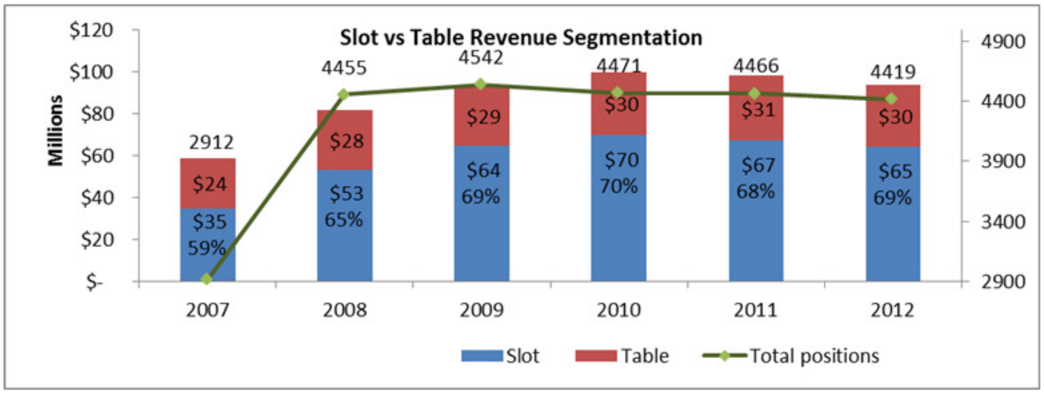
Productivity: Below is the trend of revenue per employee from 2010 to 2012. The Group uses this metric to guage productivity trends. On a consolidated basis, revenue per employee improved by approximately 5.9% in 2012 over 2011, led by a 14.6% gain in revenue per employee in Peru.

Segmentation: Management believes that the Group achieves greater efficiency, and therefore higher margins, through its core gaming business as compared to its other lines of business. Therefore, we have been refocusing on development of our core gaming business over our ancillary hospitality and food and beverage businesses. The result is that in 2012 gaming now represents 84% of revenue as compared to 82% in 2011 and 79% in 2010.



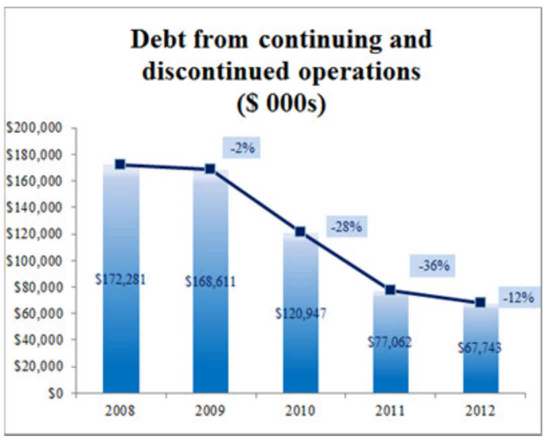
Management believes that within the Group's gaming business, we achieve greater efficiency and higher margins through the deployment of slot machines versus tables. Table games require materially more staffing to manage than do slot machines.

The chart below shows the number of total gaming positions per year of the Group and the revenue in millions of our tables vs. slot machines. The chart also shows the percentage of our gaming revenue derived from slot machines in each year. In 2012, slot machines represented 69% of our gaming revenue as compared to 68% in 2011. This is not a material change, but Management feels that it is important to communicate that we are focused on this metric in 2013 and beyond as a key parameter to improving efficiencies and, therefore, operating margins.



GROUP DEBT

Group Debt: Debt from continuing and discontinued operations[1] has been materially reduced since 2008 through 2012 as follows:



Financing Costs, Net: As summarized below, debt from continuing and discontinued operations in 2012 resulted in Financing Costs, Net of $6.1 million as compared to $9.8 million in 2011. From Management's perspective, the most important KPI within Financing Costs, Net is the line item Finance Costs, which incorporates both Interest Expense and Debt Issuance Costs. Financing Costs improved to $10.2 million in 2012 as compared to $11.5 million in 2011, and the annualized run rate of Financing Costs as of Q4 2012 was further reduced to $8.6 million.

[1] "Debt from continuing and discontinued operations" is defined as the aggregate of borrowings, obligations under leases and hire purchase contracts and derivative financial instruments, associated with the Group's continuing, discontinued and held for sale segments (see Notes 12, 17, 23 and 27).

	Twelve months ended 31 December			
	2012	2011	Variance	% Change
Financing				
Foreign exchange gain	1,686	113	1,573	1392.0%
Financing costs	(10,209)	(11,487)	1,278	-11.1%
Financing income	2,717	2,070	647	31.3%
Other interest	(284)	(473)	189	-40.0%
Finance costs, net	**(6,090)**	**(9,777)**	**3,687**	**-37.7%**

Foreign Exchange: Foreign exchange gains and losses are impacted by changes in exchange rates between the US dollar and the currencies in the key geographical markts in which the Group operates, with the 2012 gain driven by a strengthening of Peruvian soles and Philippines pesos against the US dollar.

Principal Repayment Schedule: The table below depicts the Group's scheduled debt principal paydown, inclusive of both Borrowings and Leases, through 2019 assuming no new debt and no modifications to existing debt. These tables are principal repayment schedules (non IFRS). For more detailed information under IFRS, please kindly see Note 17 - Borrowings and Note 23 - Obligations under Operating Leases, Finance Leases and Hire Purchase Contracts.

Year	2013	2014	2015	2016	2017	2018	2019	Thereafter	Total
Principal Balance	**10,218**	**8,925**	**18,185**	**8,679**	**7,230**	**3,490**	**9,427**	**3,990**	**70,144**
Corporate	3,014	2,526	8,255	6,387	5,149	1,305	1,453	3,957	32,046
Costa Rica	1,983	1,414	2,860	693	486	516	294	33	8,279
Philippines	3,026	3,028	5,448	247	152	141	48	-	12,090
Peru	1,542	1,594	1,342	1,178	1,278	1,386	6,931	-	15,251
Nicaragua	653	363	280	174	165	142	701	-	2,478

Interest Expense Schedule: The table below depicts the Group's scheduled Interest Expense through 2019 assuming no new debt and no modifications to existing debt.

Year	2013	2014	2015	2016	2017	2018	2019	Thereafter	Total
Interest Expense	**6,103**	**5,066**	**3,881**	**2,862**	**1,756**	**1,377**	**822**	**488**	**22,355**
Corporate	3,182	2,652	2,103	1,776	849	632	485	487	12,166
Costa Rica	686	519	342	111	70	40	12	1	1,781
Philippines	855	671	371	43	21	10	1	-	1,972
Peru	1,155	1,046	934	838	738	630	271	-	5,612
Nicaragua	225	178	131	94	78	65	53	-	824

Debt Issuance Cost Schedule: The table below depicts the Group's scheduled Debt Issuance Costs through 2019 assuming no new debt and no modifications to existing debt.

Year	2013	2014	2015	2016	2017	2018	2019	Thereafter	Total
Debt Issuance & Cost	**802**	**681**	**632**	**174**	**43**	**38**	**20**	**11**	**2,401**
Corporate	494	428	373	135	7	3	3	11	1,454
Costa Rica	111	77	67	5	3	2	1	-	266
Philippines	159	143	159	1	-	-	-	-	462
Peru	33	33	33	33	33	33	16	-	214
Nicaragua	5	-	-	-	-	-	-	-	5

Management's analysis of the above is that: a) Principal pay down for 2015 may have to be restructured, but is otherwise on an improving trend through 2018; and b) Decreasing Interest Expense and Debt Issuance Costs will materially contribute to the Group's bottom line in the years ahead.

2012 Material Developments and Material Contracts

In Q1 2012, the Group announced material events and entered into material contracts as follows:

- Agreements to restructure Peru Parlor Debt: The Group restructured debt to Capital International Assets Corp. ("CIA Corp") on the Group's parent company books and related to funding of the Group's Peru slot parlor operations ("Parlor Debt") such that $718 thousand of principal balance was paid in cash. 175,000 of Thunderbird common shares were issued and placed in a reserve account with CIA Corp as security for the remaining loan. All remaining Parlor Debt principal balance was amended such that: a) the interest rate was lowered from 12.1% to 11%; and b) payments were reduced from approximately $270,000 to $160,000 per month, with the security maturing in January 2022, but under which CIA Corp has the option to require early repayment as of January 2017. This transaction enhanced cash flow by approximately $1.3 million on an annualized basis effective immediately.

- Agreement to restructure $3.2 million in Peru Sweep Debt: The Group restructured approximately $3.2 million of Sweep Debt as convertible notes ("Convertible Loan Notes") under which interest only accrues from their effective dates and will be paid in equal monthly installments until the maturity dates between December 31, 2016 and March 1, 2017. Thunderbird shall have the right, for up to the twelve-month period following the Accrual Period but, ending not later than February 28, 2013, to pay in cash not less than 3.5% interest per annum on the principal balance hereunder with the remaining unpaid 5.0% interest accruing and being added to the principal balance on the first day of the calendar year following the calendar year during which interest was accrued and shall be part of the "Capitalized Interest". There are no penalties for prepayment of the Convertible Loan Notes, which means that if Management believes that it is better to refinance some or all of the Convertible Loan Notes, then assuming available credit for the same, it has that option. The conversion terms agreed to are described below:

  a) *Automatic Conversion Tranche 1*: 33 and 1/3% of all Convertible Debenture Aggregate Proceeds, plus 100% of any Capitalized Interest, shall automatically convert to Thunderbird shares at $2.50 per share starting anytime from January 1, 2013 through the Term as long as and as soon as the average weighted trading price of Thunderbird common stock as noted on the NYSE Euronext for a consecutive thirty-day period immediately after January 1, 2013 has been not less than $3.25, but with the first day of this thirty-day period starting as early as February 2, 2013.
  b) *Automatic Conversion Tranche 2*: 33 and 1/3% of all Convertible Debenture Aggregate Proceeds shall automatically convert to Thunderbird shares at $3.25 per share starting anytime but no earlier than twelve months after the conversion date of Tranche 1 and as long as and as soon as the average weighted trading price of Thunderbird common stock as noted on the NYSE Euronext for a consecutive thirty-day period during the eleven months or more after the conversion date of Tranche 1 has been not less than $4.25.

c) *Automatic Conversion Tranche 3*: 33 and 1/3 % of all Convertible Debenture Aggregate Proceeds shall automatically convert to Thunderbird shares at $4.25 per share starting anytime no earlier than eleven months after the conversion of Tranche 2 and as long as and as soon as the average-weighted trading price of Thunderbird common stock as noted on the NYSE Euronext for a consecutive thirty-day period eleven months or more after the conversion of Tranche 2, has been not less than $5.25.

In Q2 2012, the Group announced material events and entered into material contracts as follows:

- Sale of Thunderbird Resorts – El Pueblo and Pay Down of Senior Debt: The Group successfully completed the sale of its non-strategic El Pueblo Resort & Convention Center in Lima, Peru ("El Pueblo") for approximately $13.6 million. This hotel generated approximately $602 thousand in EBITDA in 2011 or just 3% of the Group's consolidated adjusted EBITDA. Approximately $9.5 million of the proceeds from the sale were immediately used to pay down Peru senior debt principal balances. The remaining proceeds from the sale of El Pueblo were used to pay other debt, taxes and transactional costs.

- Change of Officers and Directors: Jack Mitchell, President and CEO, left the Company as an officer and a director. Peter LeSar, CFO of the Company, was named as interim CEO and retained his position as CFO during the interim period. Mr. Guggenheim, a member of the Board since June 2002, was named Chairman of the Board of Directors (under Subsequent Events, please note that Mr. Guggenheim became President and CEO in Q1 2013 and Mr. LeSar retained his position as CFO). Also in Q2 2012, Reto Stadelmann was elected Director to the Board of Directors in lieu of Frank Winkler, who resigned at the end of this term.

In Q3 2012, the Group announced material events and entered into material contracts as follows:

- Systems purchase: The Group entered into an agreement with Table Trac to provide the Group's five Peruvian gaming locations with its Casino Trac Casino Management System (v3.8.2a). This system was recently approved by the Peruvian government and meets the standards and requirements of the Government's Supreme Decree for a Unified Control System in Real Time (SUCTR). Apart from achieving regulatory compliance, the Table Trac system has customer loyalty and other features that should increase revenue and create operational efficiencies.

- Machine Purchases: The Group's Peruvian operations executed contracts to acquire approximately 75 new slot machines for approximately $1.6 million. The financings were secured by the slot machines, pay interest of 5.25% and amortize over 34 monthly installments. Additionally, the Group's Peru operations purchased in cash, approximately 97 conversion kits for $281 thousand to upgrade existing slot machines.

- New Board Member: The Board of Directors appointed a new Director, Marie Madeleine Linter. Ms. Linter is a licensed attorney since 1982. In addition, she received a Master of Comparative Law from the University of San Diego along with a Master of Business Administration from the University of St. Gall in Switzerland. Over the years, Ms. Linter has been heavily engaged in corporate development and strategic planning with several companies and has taken on the role of an "engagement manager" for a health care company. Ms. Linter set up a consulting firm to coach privatization projects, and has headed due diligence teams on various projects. Since 2012, she has been on the board of LC Partners AG in Switzerland.

- Chinandega Casino Opening: In Q3 2012, we opened the Chinandega Casino in Nicaragua with a total of approximately 95 new slots and 21 new table positions, an increase of approximately 19% for the Group's Nicaragua operations.

In Q4 2012, the Group announced material events and entered into material contracts as follows:

- Nicaragua Loan: In December 2013, the Group's Nicaragua operations borrowed $1.4 million to purchase real estate upon which we operate the Group's Chinandega casino. The loan has a term of 7 years, pays an interest rate of 8.5% and has a fully amortizing payment schedule.

For more detail on these developments, please visit www.thunderbirdresorts.com to find the Group's interim management reports, half-yearly report and press releases throughout 2012.

2013 Subsequent Events

In 2013 year-to-date, the Group has announced material events and entered into material contracts as follows:

- New President and CEO: Salomon Guggenheim was named President and CEO of the Company and retained his position as Chairman of the Board of Directors. Mr. Guggenheim has worked closely with Management since 2002 when he first joined the Company as Director. Peter LeSar, who was appointed interim CEO and President in June 2012, will retain his position as CFO.

- Working Capital Loan: Mr. Stadelmann has been a Director of the Group commencing in June 2012. Mr. Stadelmann loaned the Company $400,000 in January 2013, which pays an interest rate of 12% and has a maturity date of May 31, 2013.

- Refinancing of Real Estate: The Group owns two properties in the Republic of Panama, one which functions as the Group's corporate headquarters ("TESA building) and the other is an office space rented to third parties ("Globus office"). The TESA building and the Globus office were then financed by short-term financing with approximately $0.9 million in remaining principal balance and a long-term, real estate loan with approximately $0.9 million in remaining principal balance. In 2013, the TESA building and the Globus office were jointly refinanced with a Panamanian bank under the following terms: a) Term length of 5 years (that may be extended for 2 additional periods of 5 years); b) Interest rate of 7.75%; and c) Amount funded of approximately $2.4 million.

- Unsecured Loan and Salary Deferrals: In April 2013, with the objective to improve the cash flow for corporate entities and as one of the Group's liquidity tools, the Group reached agreements with certain unsecured lenders to defer loan payments for ninety days and, to align management to lenders, all officers agreed to partial salary deferrals for the same period.

For more detail on these developments, please visit www.thunderbirdresorts.com to find our press releases dated January to April 2013.

Other Key Items

MARKETING

The Group's marketing strategy is focused on two primary objectives: attracting new players and expanding the Group's 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 the Group's bars and restaurants that are adjacent to the gaming floor. Once a person becomes a gaming player, we seek to deepen the Group's 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 the Group's clients' preferences through the Group's player tracking programs.

We spend significant amounts (approximately \$3.7 million in 2012 and \$3.9 million in 2011) on marketing, focusing almost exclusively on the local market for each of the Group's facilities, intending to further strengthen the Group's ties to the local communities, from which we draw the Group's repeat and new customers.

EMPLOYEES

As of December 31, 2012, we had 3,013 employees in the Group's continuing operations, including 1,274 in the Philippines, 834 in Peru, 419 in Costa Rica, 448 in Nicaragua, and 38 elsewhere. As of February 28, 2013, the number of employees was reduced to 2,945 of which 1,224 were in the Philippines, 800 were in Peru, 399 were in Costa Rica, 485 were in Nicaragua and 37 were elsewhere.

While we have no collective bargaining agreement with any labor union on behalf of any employees, certain of the Group's employees at Thunderbird Resorts - Rizal held elections as to whether to be represented by a union on April 17, 2012. Those results were subsequently certified on January 30, 2013 by the appointed Labor Mediator-Arbiter in favor of not forming a union. This matter may still be appealed by the parties seeking to certify a union. See Note 25 of the Financial Statements "Philippine Labor Union Case" for a more detailed description of the results of these elections and pending legal proceedings in which the Group's Philippines entity is contesting the underlying legality of such an election under Philippine law as to casino workers.

Labor laws in Latin America are generally more protective of employees than employers. The Philippines and 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 and the Philippines, the law establishes a minimum number of vacation days. Each Thunderbird subsidiary has its own country-level training and development programs according to the Group's corporate guidelines. We offer opportunities for employees to be personally challenged with educational assistance now available at some of the Group's locations. Most of the

Group's subsidiaries offer life and health insurance with a preferred provider network and co-payment methods to the Group's upper/middle management as well as for the Group's 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, without limitation, general commercial and liability, property (including earthquake coverage in certain markets), and employee compensation coverage, for all of the Group's properties. In addition, for certain of the Group's properties, we carry business interruption insurance.

LITIGATION AND CONTROVERSIES

The Group has disclosed a number of matters including ongoing litigation in Notes 18 and 25 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 the Group's discontinued business operations. Management believes the disposition of these matters will not materially adversely affect the Group's financial condition, results of operations or cash flows. Other than as described in this 2012 Annual Report, there are not and have not been any governmental, legal or arbitration proceedings, which may have or have had significant effects on the Group's financial position or profitability.

For more information, please see Notes 18 and 25 to the 2012 Consolidated Financial Statements in Chapter 9.

Chapter 4:
Our Businesses by Country

Philippines

Description of Properties at Year-end 2012: In the Philippines, the Group operates two integrated resorts anchored by casinos. Below is a table that outlines key data points of each property.

Name	Province	Date Acquired	Type	Slots	Table Positions	Hotel Rooms
Thunderbird Resorts - Rizal	Rizal	2005	Hotel & Casino	447	228	41
Thunderbird Resorts - Poro Point	La Union	2006	Hotel & Casino	267	186	48
Total				**714**	**414**	**89**

Note: The Group's core hotel facility in Poro Point has 35 rooms. There are an additional 13 rooms available for rent (for a total of 48 rooms) which rooms are part of 4 villas owned by third parties as resort homes along the property's golf course, and whose owners allow these rooms to be rented within the Group's hotel room pool.

Thunderbird Resorts - Rizal

The Group's Thunderbird Resorts - Rizal property is an integrated resort anchored by a casino located in a hill area overlooking metro Manila and the country's largest lake. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. The hotel is a luxury boutique with 41 suites, three restaurants, an event center and sits on a private 18-hole golf course to which hotel guests have access. The event center was opened in February 2011. In Q4 2012 and Q1 2013, the Group opened 109 new slot positions and 28 new table positions for a total of 447 slot machines and 228 table positions operating in this property.

Thunderbird Resorts – Poro Point

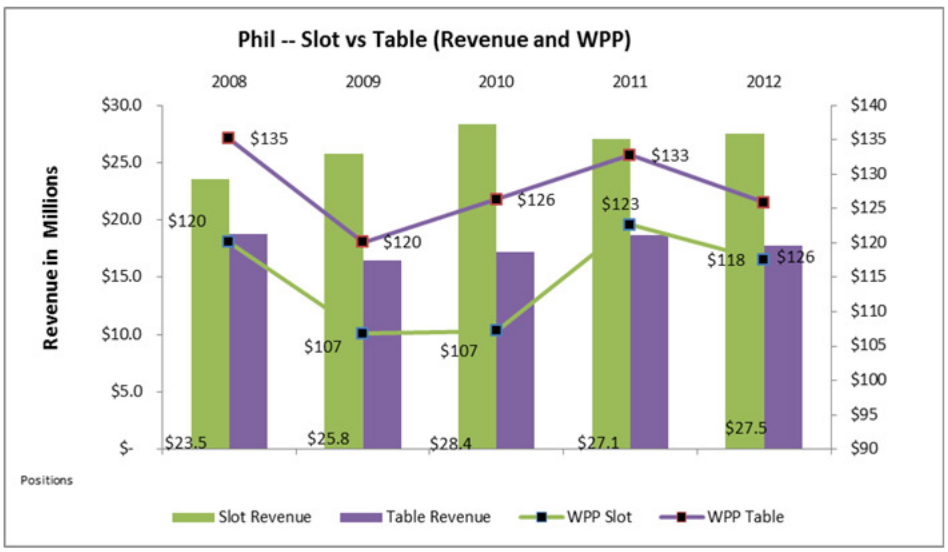
The Group's Thunderbird Resorts - Poro Point property is an integrated resort anchored by a casino located in Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. Poro Point is located in the City of San Fernando in the province of La Union. In 2005, the Group obtained a 25-year lease on this 130-acre tract of land on which we have opened a luxury 36-room hotel, a nine-hole golf course and a casino with 267 slot machines and 186 table positions. We commenced an expansion of the existing casino in Q3 2008 to create an additional 1,000 square meters with 65 new slot machines and 49 new 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 funded and the remainder is anticipated to be funded after the closing of the proposed transaction with Solar

Entertainment Corporation. However, this transaction is still pending a number of conditions to closing, including approval by the Philippines Amusement Gaming Corporation ("PAGCOR") and other regulatory approvals, and there are no assurances that the approvals will be granted. In Q1 2012, the land lease for Poro Point was extended for an additional 25 years until 2055.

Because the lease has been extended, the Group has been successful in selling long-term lease hold rights for single family home lots (22 lots sold during 2012) and condo hotel units (8 units sold during 2012). There are also single family homes being built on the property on behalf of lot purchasers, of which 6 homes were delivered during 2012.

Financial Performance in 2012: The Philippines was the Group's largest contributor in 2012 to both Group revenue and consolidated property EBITDA. Below, please see the Group's analysis of material variances from the Group's 2011 Thunderbird Philippines segment results.

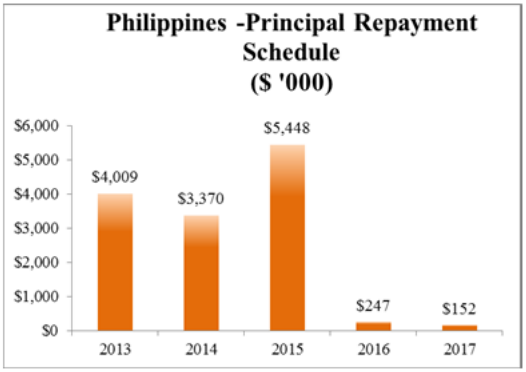
- Revenue increased by 1.7% year-over-year aided by the approximately 109 new slots and 28 new table positions that we were able to turn on in Q4 2012. Below is a chart describing the performance of the Group's gaming business, which represents 90% of the Group's total revenues in the country:

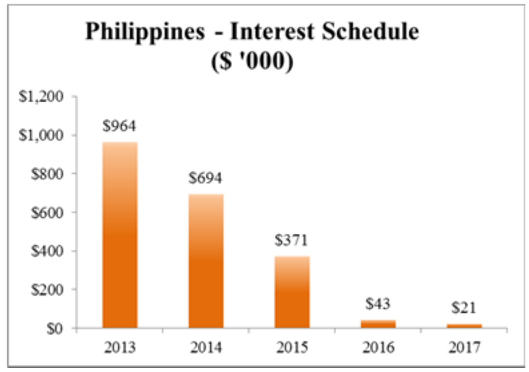


Note: The number of positions for 2012 is the average for the year, since the table was skewed by positions added at year end in some markets. The Group will apply calendar year averages in the future to this analysis.

- Cost of goods sold increased by 3.8% and operating, general and administrative expenses decreased by 1.5%. Gaming taxes are accounted for under cost of goods sold and, because of the increase of the rate under the new ATO, grew by $0.9 million or more than 100% of the $0.8 million increase in cost of goods sold. The reduction in operating, general and administrative expenses in the Philippines was achieved despite a 5% inflation rate.

- Financing costs were driven down 31.7% as the Group continued to pay down debt. Below is the Group's forecast of principal and interest payments based on loan contracts effective as of December 31, 2012.





Note: Debt service schedules above include Philippine's related debt balances held in the parent company.

Below is a summary income statement for 2012 as compared to 2011.

	Twelve months ended 31 December 2012	Twelve months ended 31 December 2011	Variance	% Change
Net gaming wins	$ 45,223	$ 45,780	$ (557)	-1.2%
Food, beverage and hospitality sales	4,719	3,333	1,386	41.6%
Total revenue	49,942	49,113	829	1.7%
Cost of goods sold	(23,267)	(22,424)	(843)	3.8%
Gross profit	26,675	26,689	(14)	-0.1%
Other operating costs				
Operating, general and administrative	(18,836)	(19,049)	213	-1.1%
Project development	(182)	(59)	(123)	208.5%
Depreciation and amortization	(5,348)	(5,521)	173	-3.1%
Other gains and (losses)	(149)	(2)	(147)	7350.0%
Operating profit	2,160	2,058	102	5.0%
Financing				
Foreign exchange gain	923	75	848	1130.7%
Financing costs	(1,523)	(2,229)	706	-31.7%
Financing income	544	16	528	3300.0%
Finance costs, net	(56)	(2,138)	2,082	-97.4%
Profit / (loss) before tax	2,104	(80)	2,184	-2730.0%

See Notes 18 and 25 of the financial statements for more details on the resolution, settlement and joint dismissal of litigation with PAGCOR in June of 2012.

Peru

Description of Properties at Year-end 2012: During 2012, in Peru the Group operated one integrated resort anchored by a casino, one standalone resort that was sold in Q2 2012, manages three independently-owned hotels, and owns and operates four standalone gaming venues. Below is a table that outlines key data points of each property.

Name	Province	Date Acquired	Date Sold	Type	Slots	Table Positions	Hotel Rooms
Fiesta Hotel & Casino	Lima	2007	NA	Hotel & Casino	427	232	66
Thunderbird Resort - El Pueblo (Management Contract)	Lima	2007	2012	Resort under management	-	-	235
Thunderbird Hotel Pardo (Management Contract)	Lima	2007	2010	Hotel under management	-	-	64
Thunderbird Hotel Carrera (Management Contract)	Lima	2007	2011	Hotel under management	-	-	99
Luxor	Lima	2010	NA	Slot Parlor	179	-	-
Mystic Slot	Cusco	2010	NA	Slot Parlor	102	-	-
El Dorado	Iquitos	2010	NA	Slot Parlor	97	-	-
Luxor	Tacna	2010	NA	Casino	147	70	-
Peru Total					**952**	**302**	**464**

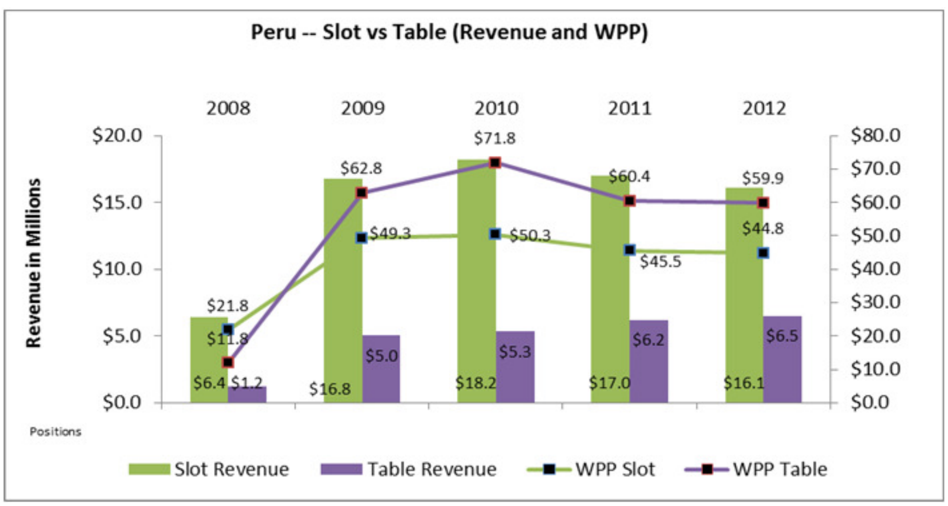
The Group's Fiesta Hotel & Casino property is an integrated resort anchored by a casino located in the heart of Lima's prime Miraflores district. The hotel has 66 suites, 3,750 square meters of office space and 308 parking spaces. The casino is approximately 5,740 square meters with 427 slot machines and 232 table positions at year-end 2012.

Fiesta Hotel & Casino

The remaining hotels are not owned by the Group, but rather are operated under management contracts. The additional casino plus three slot parlors are all standalone gaming facilities that combined have over 500 gaming positions, and are generally well located in their markets.

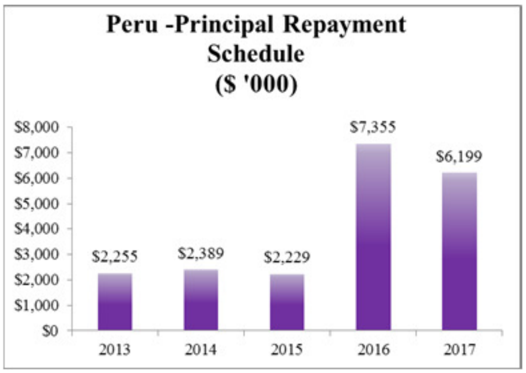
Financial Performance in 2012: Peru was the Group's second largest contributor in 2012 to both Group revenue and consolidated property EBITDA. Below, please see the Group's analysis of material variances from the Group's 2011 Thunderbird Peru segment results.

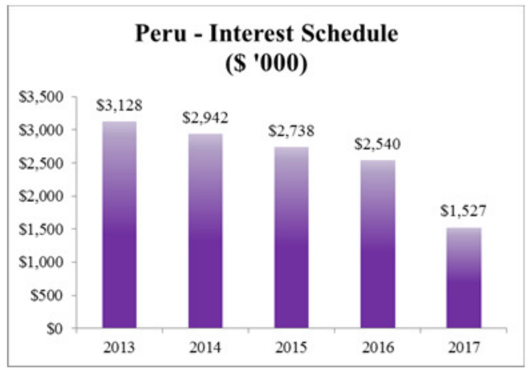
- Revenue decreased in 2012 as the Group liquidated a non-strategic asset (Thunderbird Resorts – El Pueblo) in order to reduce debt. The result is that Peru revenue decreased by 12.7% year-over-year. Revenue from continuing operations, on the other hand, grew by 2.8%. Revenues per position slightly increased for slots and slightly decreased for tables in 2012.



Note: The number of positions for 2012 is the average for the year, since the table was skewed by positions added at year end in some markets. The Group will apply calendar year averages in the future to this analysis.

- Cost of goods sold fell by 13.4% and operating, general and administrative expenses decreased by 8.4% as we sold non-strategic operations and improved cost management.
- Financing costs increased by 10.6% due to one-time restructuring costs in Q2 2012, but financing costs as of Q4 were an annualized run rate of $1.44 million or approximately half of the finance costs in 2011 which were $3.1 million. Below is a forecast of principal and interest payments based on loan contracts effective as of December 31, 2012.





Note: Debt service schedules above include Peru related debt balances held in the parent company.

The Group believes that its aggressive restructuring of Peru debt in the last 24 months has better enabled Management to focus on growth. Below is a summary income statement for 2012 as compared to 2011.

	Twelve months ended 31 December 2012	Twelve months ended 31 December 2011	Variance	% Change
Net gaming wins	$ 22,620	$ 23,195	$ (575)	-2.5%
Food, beverage and hospitality sales	10,080	14,271	(4,191)	-29.4%
Total revenue	32,700	37,466	(4,766)	-12.7%
Cost of goods sold	(12,814)	(14,610)	1,796	-12.3%
Gross profit	19,886	22,856	(2,970)	-13.0%
Other operating costs				
Operating, general and administrative	(14,774)	(16,119)	1,345	-8.3%
Project development	(5)	(6)	1	-16.7%
Depreciation and amortization	(5,763)	(6,335)	572	-9.0%
Other gains and (losses)	2,793	5,125	(2,332)	-45.5%
Operating profit	2,137	5,521	(3,384)	-61.3%
Financing				
Foreign exchange gain	816	475	341	71.8%
Financing costs	(3,467)	(3,134)	(333)	10.6%
Financing income	2,235	148	2,087	1410.1%
Other interest	(2)	(320)	318	-99.4%
Finance costs, net	(418)	(2,831)	2,413	-85.2%
Profit before tax	1,719	2,690	(971)	-36.1%

Costa Rica

Description of Properties at Year-end 2012: In Costa Rica, the Group has a 50-50 joint venture with a local shareholder on all operations, except for that of the Group's largest casino in the country Fiesta Casino – Holiday Inn Express, which the Group consolidates as a subsidiary undertaking and recognizes the non-controlling interest within reserves. In total, we operate nine stand-alone gaming facilities and one small hotel. Below is a table with key data points of each property.

Name	Province	Date Acquired	Type	Slots	Table Positions	Hotel Rooms
Fiesta Casino – Holiday Inn Express	San José	2005	Casino	378	58	—
Fiesta Casino – Hotel El Presidente	San José	2003	Casino	230	—	—
Fiesta Casino – Hotel America Heredia	Heredia	2005	Casino	235	27	—
Fiesta Casino- Ramada Plaza Herradura	San José	2007	Casino	183	47	—
Lucky's – Perez Zeledon	San José	2007	Slot Parlor	122	—	—
Lucky's – San Carlos	San Carlos	2006	Slot Parlor	43	—	—
Lucky's – Guapiles	Guapiles	2006	Slot Parlor	77	—	—
Lucky's – Tournon	Tournon	2006	Slot Parlor	55	—	—
Lucky's – Colon	Colon	2008	Slot Parlor	79	—	—
Hotel Diamante Real	San José	2008	Hotel	—	—	21
Costa Rica Total				**1,402**	**132**	**21**

The Group's largest and most complete operation in Costa Rica is the Fiesta Casino (see photos below) adjacent to the international airport and a Holiday Inn Express.


Fiesta Casino

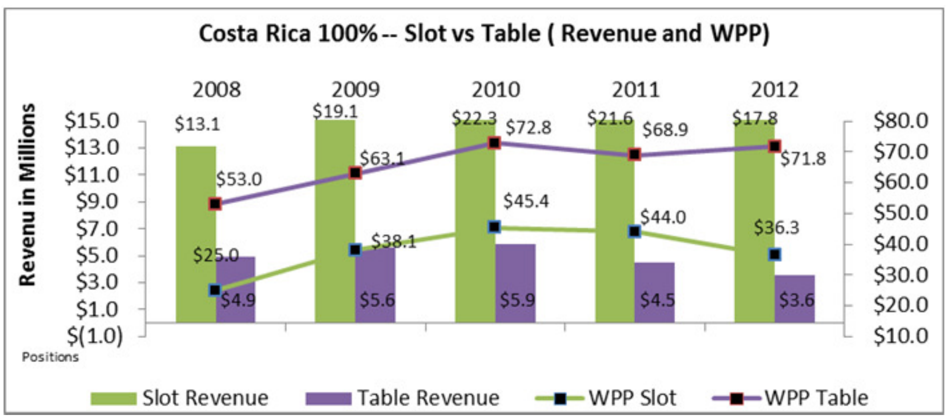
The Group's joint venture operations in Costa Rica owns two properties that it has been developing for several years as integrated resorts anchored by casinos, both of which are located in prime locations in San Jose, the country's capital. The first and most advanced is the Thunderbird Resorts - Tres Rios, in which the Costa Rica operations have invested approximately $17.0 million (the Group's share being $8.2 million) to acquire the land and to build infrastructure including a highway off-ramp, internal roads, utilities and 7 commercial lots for sale or lease to third parties. The Group is actively pursuing long-term real estate debt and other debt funding of approximately $22.4 million to complete the construction in progress, which when completed will release additional income potential and value for the Costa Rican operations. Design and construction drawings and bid requests are ongoing. This 11-hectare property, if and when opened, is designed to include a 103-room hotel with a convention center with a capacity for 250 attendees and a casino with approximately 198 gaming positions.

Thunderbird Resorts - Tres Rios property in development

The second property that the Group's Costa Rican operations owns is a 2.7-hectare property located in the Escazu area of San Jose, which is also an ideal location to develop an integrated resort anchored by a casino. The Group's Costa Rica operations have already invested approximately $4.4 million (the Group's share being $2.2 million), but it is unlikely that the Group will further develop this property during 2013.

Financial Performance in 2012: Costa Rica was the Group's third largest contributor in 2012 to both Group revenue and consolidated property EBITDA. Below, please see the Group's analysis of material variances from the Group's 2011 Costa Rica segment results.

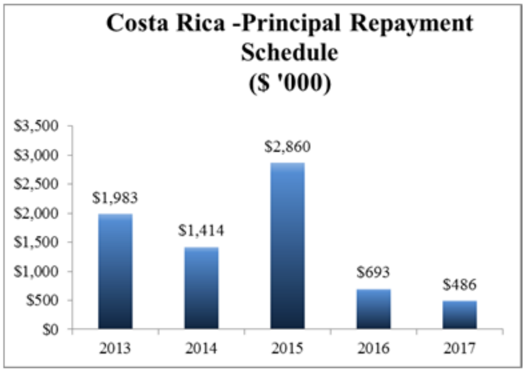
- Revenue decreased by 18% year-over-year due to several factors, including a smoking ban imposed in Q2 2012, road construction and property renovation that lasted much of the year, and a continuing softness in the Costa Rican economy and tourism market.

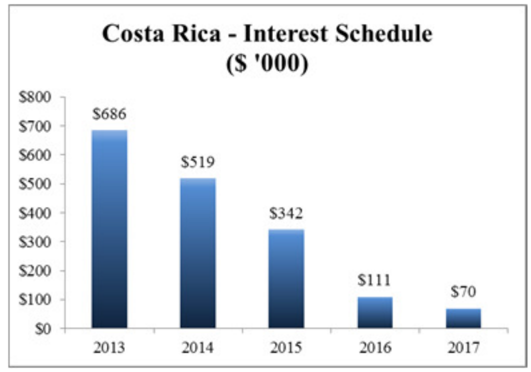


Note: The above shows Costa Rica at 100% for comparison purposes vs. the Group's other operations. The number of positions used in 2012 is the average for the year, since the table was skewed by positions added at year end for some markets. The Group will apply calendar averages in the future to this analysis.

- Cost of goods sold were driven down by 23.2% and operating, general and administrative expenses were cut back significantly by 12.7% as Management reacted aggressively to its loss of revenue. Management continues to be focused on cost controls and believes that it should be able to control expenses in 2013.

- Financing costs increased by 6.6% as the Group's Costa Rican operations borrowed $2.6 million in order to purchase 112 new slot machines, 2 roulette machines and 60 new kits to upgrade existing slot machines. In total, the Group purchased 260 games and upgrades to replace the same number of games on the floor. Of the 260 replacement games, 52 games are still in customs and should be on the floor by the end of Q2 2013. Below is the forecast of principal and interest payments based on loan contracts effective as of December 31, 2012.





Below is a summary income statement for 2012 as compared to 2011.

	Twelve months ended 31 December 2012	2011	Variance	% Change
Net gaming wins	$ 14,607	$ 17,939	$ (3,332)	-18.6%
Food, beverage and hospitality sales	1,655	1,887	(232)	-12.3%
Total revenue	16,262	19,826	(3,564)	-18.0%
Cost of goods sold	(3,439)	(4,477)	1,038	-23.2%
Gross profit	12,823	15,349	(2,526)	-16.5%
Other operating costs				
Operating, general and administrative	(9,472)	(10,854)	1,382	-12.7%
Project development	(108)	(188)	80	-42.6%
Depreciation and amortization	(2,299)	(2,373)	74	-3.1%
Other gains and (losses)	(7)	(81)	74	-91.4%
Operating profit	937	1,853	(916)	-49.4%
Financing				
Foreign exchange gain	50	1	49	4900.0%
Financing costs	(796)	(747)	(49)	6.6%
Financing income	170	1	169	16900.0%
Finance costs, net	(576)	(745)	169	-22.7%
Profit before tax	361	1,108	(747)	-67.4%

It should be noted that up until and including 2012, under IFRS the Group has been: a) Consolidating the entity Thunderbird Gran Entretenimiento, S.A. ("TGE") as a subsidiary undertaking, of which the Group is a 55.77% shareholder, and then recognizing the share held by non-controlling interests within reserves; and b) Proportionally consolidating the Group's 50-50 joint venture Grupo Thunderbird de Costa Rica, S.A. ("GTCR"), which owns all remaining Group businesses in Costa Rica. Under IFRS 11, which takes effect in 2013, the Group will no longer be able to account for GTCR under proportional consolidation, but rather will need to treat GTCR as an equity investment on the Group's balance sheet, the result of which will be the elimination of GTCR revenues and expenditure from the Group's consolidated income statement save for the recognition of 50% of the net earnings of GTCR.

Nicaragua

Description of Properties as of Year-end 2012: In Nicaragua, the Group operates five standalone casinos. Below is a table that outlines key data points of each property.

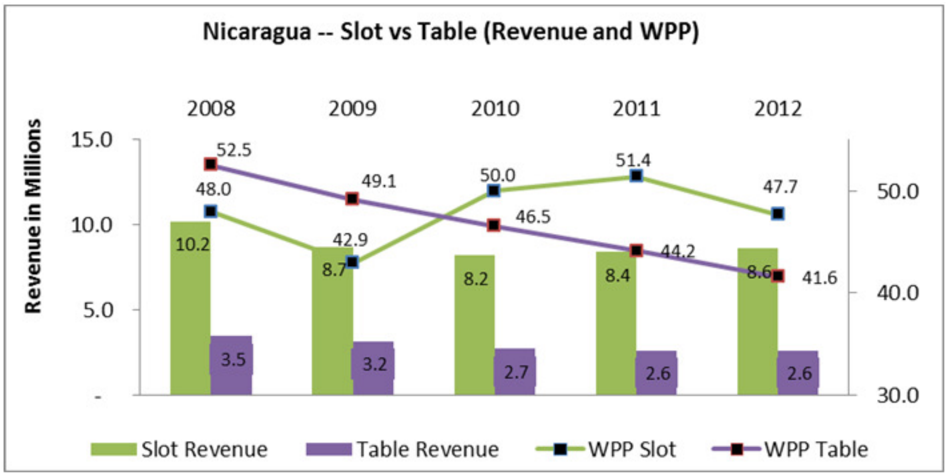
Name	Location	Date Acquired	Type	Slots	Table Positions	Hotel Rooms
Pharaoh's Casino – Highway to Masaya	Managua	2000	Casino	153	91	—
Pharaoh's Casino – Camino Real	Managua	2005	Casino	112	28	—
Pharaoh's Casino – Holiday Inn	Managua	2006	Casino	83	21	—
Zona Pharaoh's – Bello Horizonte	Managua	2008	Casino	100	21	—
Pharoah's Casino	Chinandega	2012	Casino	95	21	
Nicaragua Total				543	182	0

The Group's largest and most complete operation in Nicaragua is the Pharaoh's Casino on the highway to Masaya, which is the main thoroughfare in the heart of Managua (see photo below). The property is located across from an Intercontinental Hotel and close to high-end shopping.

Pharoah's Casino

Financial Performance in 2012: Nicaragua was the Group's smallest contributor in 2012 to both Group revenue and consolidated property EBITDA. Below, please see the Group's analysis of material variances from the Group's 2011 Thunderbird Nicaragua Segment Result.

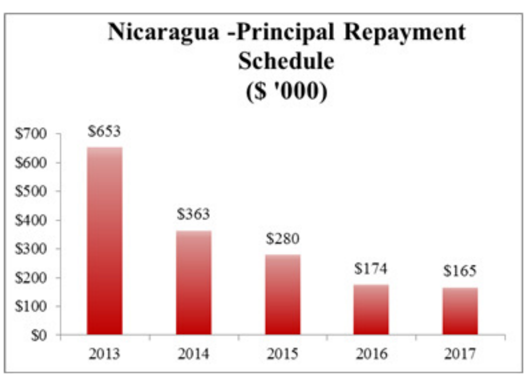
- Revenue increased by 3.3% year-over-year while win per gaming position was relatively flat. The Group opened a new casino in the town of Chinandega in Q3 2012, which added approximately 95 new slots and 21 new table positions, an increase of approximately 19% for the Group's Nicaragua operations. Largely because of Chinandega, there was an approximate $0.4 million increase in revenue in Q4 over the previous quarters of 2012. Management believes that the impact of Chinandega will carry through into the 2013 results.

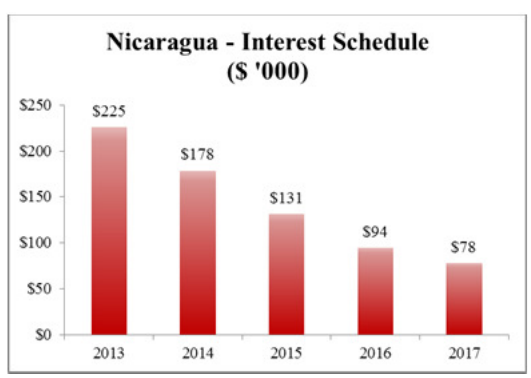


Note: The number of positions for 2012 is the average for the year, since the table was skewed by positions added at year end in some markets. The Group will apply calendar year averages in the future to this analysis.

- Cost of goods sold increased by 14.9% and operating, general and administrative expenses increased by 3.4%. The combined increase of approximately $0.9 million was largely due to pre- and post-opening expenses of the Chinandega property as well as to an increase in promotional allowances and complimentary food & beverage in existing properties.

- Financing costs, which are minimal in Nicaragua, grew by $0.03 million. Below is the forecast of principal and interest payments based on loan contracts effective as of December 31, 2012.





Below is a summary P&L for 2012 as compared to 2011.

	Twelve months ended 31 December			
	2012	**2011**	**Variance**	**% Change**
Net gaming wins	$ 11,230	$ 11,065	$ 165	1.5%
Food, beverage and hospitality sales	1,472	1,226	246	20.1%
Total revenue	12,702	12,291	411	3.3%
Cost of goods sold	(4,993)	(4,344)	(649)	14.9%
Gross profit	7,709	7,947	(238)	-3.0%
Other operating costs				
Operating, general and administrative	(6,630)	(6,413)	(217)	3.4%
Project development	(245)	(128)	(117)	91.4%
Depreciation and amortization	(553)	(575)	22	-3.8%
Other gains and (losses)	(60)	(98)	38	-38.8%
Operating profit	221	733	(512)	-69.8%
Financing				
Foreign exchange loss	(195)	(210)	15	-7.1%
Financing costs	(185)	(149)	(36)	24.2%
Financing income	7	10	(3)	-30.0%
Finance costs, net	(373)	(349)	(24)	6.9%
(Loss) / profit before tax	(152)	384	(536)	-139.6%

India

We entered the Indian market in 2008 by initiating a hotel project in Daman, India, which is located just north of Maharashtra State whose capital is Mumbai. The project has faced both regulatory delays outside the Group's control, as well as cost overruns in construction and pre-operating interest / expense due to the delays.

From commencement through the change of control via the sale of Daman Hospitality Private Limited ("DHPL") shares to Delta Corp ("Delta"), the project was funded by the following sources (all amounts are approximate and have been subject to exchange rate fluctuations since funding):

- $18 million in cash and property contributed as equity ($9 million on the Group's side) in a first round of equity funding
- $26 million senior secured loan facility from four India banks, jointly and severally guaranteed by the Group.
- $13.5 million in fully convertible debentures ("FCDs") secured behind the senior lenders, of which approximately $9 million of principal plus any unpaid interest was to be jointly and severally guaranteed by the Group.
- $21 million in additional equity and junior debt required to be contributed by Bombay Stock Exchange traded Delta in a second round of equity funding. Post-closing, Delta became the 51% control partner and the Group and the original local partner share the remaining 49% share position.

In February 2012, we announced that the project known as "Thunderbird Resorts – Daman" had been largely completed as follows: a) approximately 176 hotel rooms; b) three bars and restaurants; c) pool and outdoor plaza areas; and d) approximately 50% of indoor meeting areas. We also announced at that time that the hotel was still waiting for its hotel occupancy permit to be granted by the relevant local authorities.

In its Q3 2012 Interim Management Statement, the Group updated previous announcements stating that:

- Madison India Real Estate Fund ("MIREF"), called upon DHPL and/or its shareholders to purchase its fully convertible debentures ("FCDs") that DHPL had issued MIREF for a face amount of approximately $7.5 million plus accrued return. MIREF's FCDs contained conversion rights into a 76% voting equity shareholder in DHPL. Bombay Stock Exchange filings by Delta disclosed that Delta acquired MIREF's FCDs along with its converted shares to increase its total equity holding in DHPL to 87.16% from its earlier 51% ownership.
- As a result of the conversion of the MIREF FCDs into DHPL shares and the termination of all DPHL obligations to MIREF along with other factors, the Group no longer has any liability to MIREF. Furthermore, pursuant to the parties' Shareholders' Agreement, Management believes its equity holding has been reduced to approximately 5.5% in DHPL and that, as a result, Delta and DHPL are now obligated to obtain a release of the Group's remaining guarantees of: a) senior secured debt in the face amount of approximately $21.3 million to a consortium of Indian Banks; and b) fully convertible debentures to Maravege Limited and one other party in the face amount of $2.9 million. If no such releases are obtained, Management believes both DHPL and Delta are required to fully indemnify Thunderbird from any claims arising under said guarantees.

- Delta and others dispute their respective obligations and the legal positions taken by the Group. The outcome of any potential litigation, including the liability pursuant to these corporate guarantees, is not known at this time. While there can be no assurances that litigation will not occur, the Group believes that the DHPL shareholders and FCD holders are working toward a non-litigious resolution.

Through the date of publication of this 2012 Annual Report, DHPL, which has substantially completed the construction of the now 173-room hotel, is still waiting for local authorities to grant its hotel occupancy permit so that it can commence operating.

Chapter 5:
Regulatory Environment

GOVERNMENT REGULATION

The Group's gaming operations are subject to extensive regulation, and each of the Group's 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 the Group's 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 the Group's 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 the Group's 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 the Group's operations. Local building, parking and fire codes also affect the Group's 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 the Group's 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. Casino's licenses are granted by the Instituto Costarrisence de Turismo to hotels that are four stars or above, and located at least 100 meters away from places of worship, hospitals, clinics, and schools. No one under 18 years old is allowed to be in a casino. As casino operators, we are required to pay Business Licenses' fees, facility health permit fees, and any other tax applicable to other businesses based in Costa Rica, such as; income taxes, gaming taxes, sales taxes. Previously, up to May 1, 2009, we had paid gaming tax, however, since December 2012 there is a new law no. 9050, which consists of a 10% tax over the taxable revenue (gaming income less applicable operational expenditures such as; Direct, Indirect and administrative). Additionally, Costa Rican tax authorities charge additional tax of colones ¢37.940 per slot and ¢227.640 per table, and each amount increases each year. Effective May 1, 2009, in accordance with a recent executive decree, hours were limited to 14 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 the Group's existing casinos, but may affect the Group's 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.

See Note 25 of the Group's Financial Statements entitled "Contingencies" which includes a contingency on that certain matter referenced therein as the Costa Rica Tax Controversy.

PHILIPPINES

The Philippine Amusement and Gaming Corporation ("PAGCOR") is mandated as the sole government corporation to conduct and establish gaming pools and casinos established by Presidential Decree 1869. In June, 2007 PAGCOR had its most significant legislation with the passage of Republic Act 9487 granting the state-run gaming firm another 25 years to regulate and operate games of chance, to issue licenses, and to enter into joint venture, management, or investment agreements with private entities.

On June 21, 2012, each of the Group's Poro Point Operating Entity and Rizal Operating Entity came to a compromise with PAGCOR and all legal proceedings between them were or are being dismissed. PAGCOR granted each of the companies a 15-year Authority to Operate ("ATO") expiring in 2027, with a revised gaming tax rate of 30% and investment requirement of $30 million each. All checks consigned with the RTC were cleared and a PAGCOR team has since been re-deployed again to oversee the casino operations of each company.

Under each of the two new ATOs, the license fee on aggregate gross gaming revenue were increased to 30% of the monthly revenue, while the license fee on foreign junkets was set at 15% or a monthly minimum guarantee, whichever is higher. The monthly minimum guarantee of US$167,511.96 for the first year since issuance of the new ATO shall increase by five percent (5%) starting on the first year anniversary of the Issuance Date of the new ATOs and every year thereafter.

Both Poro Point Operating Entity and Rizal Operating Entity were also required to post a cash bond each in favor of PAGCOR in the amount of PhP 10 million, presented as part of Deposits under Other Non-current Assets in the statements of financial position (see Note 13), to ensure the prompt and punctual performance with their entire obligation under their respective ATOs. The amount shall be forfeited in favor of PAGCOR in the event of non-completion of the project within the time frame specified in the ATOs.

Further, each company is required to post a performance bond within sixty days from PAGCOR approval of their respective Project Implementation Plan ("PIP") in the form of:

- cash or letter of credit amounting to 5% of the total additional investment;
- bank guarantee amounting to 10% of the total additional investment; or,
- surety bond callable upon demand amounting to 30% of the total additional investment.

As of December 31, 2012, the PIP of the Companies are still under review by PAGCOR. See Note 25 of the Group's Financial Statements entitled "Contingencies" which includes: a) a description of the current status of the Group's regulatory and legal position with respect to the Rizal and Poro Point licenses and the settled litigation with PAGCOR related to these licenses; and b) a summary of certain matter referenced therein as the Philippine Tax Controversy. See also Note 24 entitled "Commitments" on that certain matter referenced therein as the Philippine Investment requirements.

NICARAGUA

The Nicaraguan Casino Law was published in The Gazette, Official Newspaper Number 124, on July 5, 2011. Its full name is Law 766 Special Law for the Control and Regulation of Casinos and Slot Parlors. This law (Article 5), appoints the Nicaraguan Institute of Tourism (INTUR) as the Application Authority, with the express obligation to enforce the law, through the creation of a new Casino Commission, headed by a Director to be designated by the INTUR Executive President. The Law creates four categories for the casinos in Nicaragua:

1. Category A: Every casino with 71 slots machines or more and three or more table games will be considered an “A” class casino.
2. Category B: Every casino with 25 to 70 slots machines and/or two table games at least will be considered a “B” class casino.
3. Category C: A slots operator with 16 to 24 slot machines operating in one slot parlor, will be considered a “C” Class casino, in counties with 30,000 inhabitants or less.
4. Category D: A slot parlor with 10 to 15 slot machines in counties with 30,000 inhabitants or less.

The Nicaraguan government applies specific taxes including corporate income tax, which apply to the Group’s operations as follows:

a. Municipal tax of 1% of gross revenue, payable monthly.
b. Advance monthly income tax payment of US$400 per table; plus 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% of net win of the Company, whichever is higher.
c. Income tax of 30% of taxable net income, payable annually, which is reduced by the amounts paid as monthly advance income tax payment; if the advance payments are higher than the 30% the higher amount paid becomes your tax obligation.
d. In addition, we must pay the annual matriculate tax to the municipal government for the Group’s operating licenses, which is 2% of the average monthly revenue for the months of October, November and December. The matriculate tax applies to all companies in Nicaragua not just casinos.

PERU

In Peru, the operation of slot machines has been permitted since 1994, and formalized since 1997, and recently, it has become mandatory for slot machine models and their game programs, prior to their operation, to pass technical evaluations with independent laboratories authorized by the Peruvian Gaming Authority. Peru's Ministerio de Comercio Interior y Turismo recently issued the "Complementary Technical Regulation for the implementation of the On Line Unified Control System (SUCTR), under the Decree 015-2010". This regulation required all slot parlors and casinos in Peru to use the SUCTR with the objective of regulating operators’ compliance with the payment of gaming taxes. The deadline to complete this procedure was July 7, 2012. Thunderbird subsidiaries welcomed this governmental initiative, since it will help the standardization of the gaming sector and therefore, to have all the operators competing under the same rules. Thunderbird's operations complied with the required online system installation before the legal deadline. The gaming industry is expected to generate USD $115 million in gaming tax revenue in 2013 and includes an estimated 70,000 direct employees. In 2012 and early 2013 The Direccion General de Juegos de Casino y Maquinas Tragamonedas (“DGJCMT”), the gaming commission within Peru, renewed three of the Group’s seven gaming licenses. Two more licenses are in process, while the remaining two licenses do not need to be renewed in 2013 as described in the table below. The DGJCMT has issued the renewals for periods of four years. The renewal process forms part of the formalized 2007 law 26453 and the DGJCMT has followed according to the law's renewal process and issued renewals as expected.

In 2013 the DGJCMT began working together with the Financial Intelligence Unit (UIF) to approve the regulation of the compliance and reporting law. The new regulation will improve the UIF and DGJCMT's ability to investigate and fine non-compliant operators and combat any possible money laundering taking place in the gaming industry. We believe this UIF's initiative is another step in the right direction to continue to improve on Peru's status as a leader in the region in gaming law and economic stability for serious operators.

Company	Casino	Location	Type	Expiration date	Renewal	Issue date	Term	New expiration date
IGP	Luxor	Tacna	Slots	8/15/2012	Yes	9/20/2012	4 years	9/20/2016
IGP	Luxor Casino	Tacna	Casino	3/8/2016	N/A	N/A	N/A	N/A
SNC	El Dorado	Iquitos	Slots	8/24/2014	N/A	N/A	N/A	N/A
SNC	Mystic Slot	Cusco	Slots	12/21/2012	Yes	2/7/2013	4 years	2/7/2017
SNC	Luxor	Lima	Slots	12/4/2012	Yes	11/29/2012	4 years	11/29/2016
TFCB	Fiesta casino	Lima	Slots	4/23/2013	In process	N/A	N/A	N/A
TFCB	Fiesta casino	Lima	Casino	9/18/2013	In process	N/A	N/A	N/A

See Note 25 of the Group’s Financial Statements entitled “Contingencies” which includes a contingency for that certain matter described as the Peru Tax Controversy.

PROVISIONS AND OTHER CONTINGENCIES

See Notes 18 and 25 18 of the Group’s Financial Statements that describe certain matters such as the Chile Controversy, the NAFTA Controversy and the Canadian Tax Controversy.

Chapter 6:
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. The Group's 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 the Group's facilities, and manage the Group's 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 the Group's internal control systems are connected to the Group's principal operations office for that country. We implement similar standards in each of the Group's properties to ensure consistency in security of assets and protection against theft. In addition, the Group's communication and monitoring systems (such as the Group's point of sale monitoring system) provide the ability to monitor the Group's local operations and cash flows on a real-time basis. We believe that operating the Group's properties using a consistent, high standard of controls provides us with a higher-quality operation, and we believe that the Group's patrons recognize that higher quality.

RISK MANAGEMENT

Certain risks in the industry and certain risks unique to the Group's business are described in Chapter 10, "Risk Factors", including legal, regulatory, and operational challenges. Chapter 1, "Letter from the CEO", describes specific challenges for the Group. Management also recognizes that the current condition of the economy worldwide presents certain challenges to the Group's business plans and ability to execute on the Group's goals, including the following risks:

- Continued slowdown in the worldwide economy having a continued negative effect on revenues and the Group's ability to meet the Group's short term debt obligations;

- Continued difficult credit markets delaying or preventing the Group's efforts to complete projects under construction or refinance existing operations, if and as required; and
- Management of the Group's ongoing regulatory matters, as well as managing regulatory risk in general.

For more detail on Risk Factors, see Chapter 10 of this Annual Report.

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 December 31, 2012 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 December 31, 2012, 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".

April 19, 2013
Salomon Guggenheim, President, CEO and Director
Albert Atallah, Corporate Secretary, General Counsel and Director
Tino Monaldo, Vice President, Corporate Development
Peter LeSar, Chief Financial Officer
Jose Angel Sueiro, Vice President, Design and Construction
Roberto de Ocampo, Director
Marie Madeleine Linter, Director
Reto Stadelmann, Director
Douglas Vicari, Director

Chapter 7:
Report of the Board of Directors

Senior Management, Directors and Director Nominees

The following table sets forth certain information about the persons who serve on the Group's Board of Directors and as the Group's senior management. Members of the Group's 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.

There is no familial relationship between any of our senior management or members of the Group's Board of Directors.

Name	Age	Position	Date of Birth
Salomon Guggenheim	53	President, CEO and Director	4-Mar-60
Albert Atallah	57	General Counsel, Corporate Secretary and Director	9-Apr-56
Peter LeSar	44	Chief Financial Officer	14-Jun-68
Tino Monaldo	54	Vice President—Corporate Development	12-Oct-58
Angel Sueiro	41	Vice President—Design and Construction	19-Mar-72
Madeleine Linter	57	Director	16-Aug-55
Roberto de Ocampo	67	Director	10-Jan-46
Douglas Vicari	53	Director	9-Aug-59
Reto Stadelmann	48	Director	12-Sep-64

Note: Jack Mitchell was President and CEO through June 2012. Peter LeSar acted as Interim President and CEO and continued as CFO through year-end 2012. In January 2013, Salomon Guggenheim became President and CEO, while Peter LeSar continues as CFO.

SENIOR MANAGEMENT

Salomon Guggenheim – President and CEO: 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. From 2001 until 2012 he has owned and operated his own company, IC Day Trading Consulting Corp., a Swiss corporation focused on the advisement of private individuals in portfolio management and daily trading activities in different markets worldwide. From 2002 until 2011 he was also the Chief Executive Officer for Ecopowerstations Ltd., a Swiss corporation dealing with pollutant and emission-free wind power stations. Furthermore he serves in various Companies as a board member and advisor. Mr. Guggenheim became the President and CEO of Thunderbird in January 2013.

Albert Atallah – Corporate Secretary and General Counsel: Mr. Atallah has been the Group's General Counsel and a Director since 2000, and is also the Corporate Secretary, 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 University of San Diego School of Law in 1989. Mr. Atallah is a tax specialist certified by the California Board of Legal Specialization.

Tino Monaldo – Vice President of Corporate Development. Vice President of Corporate Development: Mr. Monaldo joined us in February 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 about 1988 until 1999, he was General Counsel of Kansas Pipeline Company, the owner and operator of a 3000-mile natural gas transportation system. From about 1985-1992, he served as General Counsel to Bishop Construction, a domestic contractor for energy related construction projects. Mr. Monaldo received a B.A. in economics from George Washington University in 1979 and a J.D. from Washington University in St. Louis in 1982.

Peter LeSar – CFO. Mr. LeSar has been the CFO of Thunderbird since June 2010. Previously, he has worked for the Group as President of Thunderbird Philippines and as Vice President of Business Development. Previous to Thunderbird, Mr. LeSar was the founding Executive Director of the Council for Investment & Development, which represented the Group in its successful bid in the privatization of Panama's state-owned casinos. Mr. LeSar has also been the General Manager of MinAmerica Corporation, a publicly-traded mining company, and the Founder & CEO of iSpeak, a VC funded internet-based translation and localization venture.

Angel Sueiro – Vice President - Asian European Operations. Mr. Sueiro joined the Group in September 2003 as the Group's Director of Design and Construction. He became the Group's Vice President—Design and Construction in 2007. Before Mr. 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. 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.

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 recipient of many international awards including, among others, Global Finance Minister of the Year (1995), and Chevalier of the Legion d'Honneur from France.

Marie Madeleine Linter. Ms. Linter joined us in 2012 as a non-executive director. Ms. Linter is a licensed attorney since 1982. In addition, she received a Master of Comparative Law from the University of San Diego along with a Master of Business Administration from the University of St. Gall in Switzerland. Over the years Ms. Linter has been heavily engaged in corporate development and strategic planning with several companies and has taken on the role of an "engagement manager" for a health care company. Ms. Linter set up a consulting firm to coach privatization projects, and has headed due diligence teams on various projects. Since 2012 she has been on the board of LC Partners AG in Switzerland.

Reto Stadelmann. Mr. Stadelmann joined us as a Director in June 2012. He is currently self-employed with FX Trading in Switzerland. In 1985 and 1986 Mr. Stadelmann studied law at the University of Zurich in Switzerland. In 1986 to 1987 he was involved in the International Educational Programme for the Union Bank of Switzerland in Zurich. In 1988 he was an FX-Forward Trader responsible for CHF currency for the Union Bank of Switzerland in Zurich. From 1989 to 1991 he was the Head of FX-Forward Products at the Union Bank of Switzerland in Tokyo. In 1984 to 1995, Mr. Stadelmann was the Treasurer at Schweizerische Bankgelsellschaft in Frankfurt, Germany. From 1995 to 1997 he was the European Head of FX-Forward Products at the Union Bank of Switzerland in Zurich. Then from 1997 to 1998, Mr. Stadelmann was the Global Head FX-Forward Products with the Union Bank of Switzerland in Zurich. From 1998 to 1999 he was the Head of Short Term Interest Rate Products with Asia Pacific UBS AG in Singapore. In 1999 he then became the Global Head of Cash and Collateral Trading Cash at UBS AG in Zurich. From 2000 to 2003 he was the Global Head of Cash and Collateral Trading at UBS AG in Zurich. From 2003 to 2009 he was the Global Co-Head of Foreign Exchange and Money Market at UBS AG. From 2009 to 2010 he was the Global Co-Head of Macro at UBS AG and was also a member of the UBS Investment Bank Board.

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.

FURTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

None of the members of the Group's Board of Directors or the Group's senior management has been convicted in relation to any fraudulent offenses, served as a member of the administrative, management or supervisory body, been a partner with unlimited liability, founder or senior manager of any company currently 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 Salomon Guggenheim and Albert Atallah, see above.

Board of Directors - Governance

GENERAL

The Group's Board of Directors consists of 6 Directors (elected each year at the annual shareholders meeting), of whom 4 (Messrs. de Ocampo, Stadelmann and Vicari and Ms. Linter), are independent. Independence determinations were made by the Group's Board of Directors using the current guidelines of the New York Stock Exchange Euronext for companies listed on that exchange. In making those determinations, the Group's Board of Directors considered many factors, including certain relationships of Messrs. de Ocampo that our Board of Directors determined were immaterial and/or not compromising of such person's independence. Members of the Group's Board of Directors serve for a one-year term, which expires at each annual meeting.

COMMITTEES OF THE BOARD

The Group's Board of Directors has established an Audit Committee, a Nominating and Governance Committee, a Compensation Committee and an Investment Committee. Each such committee has 4 Directors and all but the Investment Committee is composed exclusively of Directors who are independent.

AUDIT COMMITTEE

The Group's Audit Committee consists of Messrs. de Ocampo, Stadelmann and Vicari and Ms. Linter. Mr. Vicari is the Chairman of the Group's 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 the Group's compliance with legal and regulatory requirements and reviewing the adequacy and integrity of the Group's internal accounting controls.

COMPENSATION COMMITTEE

The Group's Compensation Committee consists of Messrs. de Ocampo, Stadelmann and Vicari and Ms. Linter. Ms. Linter is the Chairperson of this committee, which reviews and approves, or makes recommendations to the Board of Directors with respect to senior Management and Director (who are not employees) compensation, and the Group's long-term incentive compensation program and equity incentive plans.

NOMINATING AND GOVERNANCE COMMITTEE

The Group's Nominating and Governance Committee consists of Messrs. de Ocampo, Stadelmann and Vicari and Ms. Linter. 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 the Group's annual meeting, recommending the composition of committees of the Group's Board, developing the Group's corporate governance guidelines and policies and adopting a code of business conduct and ethics. In March 2012, the Group Board of Directors amended the Group's articles of association, authorizing the Nominating and Governance Committee to adopt procedures and rules for the nomination and election of Directors, which completed in Q1 2012 and such procedures and rules are now reflected in the Committee's charter, which is available for review on the Group's website at www.thunderbirdresorts.com under "Our Company."

INVESTMENT COMMITTEE

The Group's Investment Committee is composed of at least three members of senior management and one independent director to be designated by the Nominating Committee each year at the Company's annual meeting. The independent board member, Reto Stadelmann, shall also act as Chairman for the Committee and as the liaison between the committee and the full Board (the "Liaison")

The purpose of the Investment Committee is to set investment policy and strategy, review proposals from management, set limits and structure with regard to investment authority, establish annual goals and objectives for investment concepts and the like. To that end, the Committee shall identify, consider, evaluate, analyze, prioritize material investments, material contracts, material loans and all guaranties granted by the Group, and shall make recommendations to the Board and implement the Board's decisions.

VACANCIES ON OUR BOARD OF DIRECTORS

The Group's charter provides that any and all vacancies on the Group's 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.

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 the Group's stockholders upon the affirmative vote of at least two-thirds of all the votes entitled to be cast for the election of Directors.

Compensation to Senior Management and Directors

SENIOR MANAGEMENT COMPENSATION

Senior management is defined as officers and directors of the parent company. The following table sets forth the compensation of each of the Group's senior management for 2012. For a discussion of the compensation of certain of the Group's senior management going forward, please see "Employment Agreements". Please note that Jack Mitchell is no longer with the Group effective as of June 22, 2012.

	Salary	Value of stock grants	Aggregate other compensation	Total compensation
Salomon Guggenheim (1)	$ 150,000	-	$ 78,000	$ 228,000
Albert Atallah (2)	225,000	-	26,503	251,503
Peter Lesar (3)	240,000	-	18,000	258,000
Tino Monaldo (4)	325,000	-	52,000	377,000
Angel Sueiro (5)	152,118	-	19,704	171,822
Jack Mitchell (6)	300,000	-	21,000	321,000

(1) Mr. Guggenheim became Chairman in June 2012 and CEO in January 2013. He was awarded compensation of $150,000 for his work as Chairman in 2012. Mr. Guggenheim also earned: a) $78,000 for his work as a consultant during 2012; and b) $48,000 worth of Group common shares for his work as a Director in 2012.
(2) Aggregate other compensation includes life, health, dental and disability insurance ($26,503).
(3) Aggregate other compensation includes a housing allowance ($18,000).
(4) Aggregate other compensation consist of professional fees paid to Mr. Monaldo. Mr. Monaldo is responsible to pay for his health, life, disability and dental insurance and other professional fees costs.
(5) Mr. Sueiro received aggregate other compensation for commissions on real estate sales in 2012 ($19,704), with a total aggregate other compensation from real estate sales of $67,138 since 2012.
(6) Mr. Mitchell left the Group as of June 2012. The above compensation includes his salary paid through June 2012 plus housing allowance. Mr. Mitchell entered into a severance agreement with the Group that pays him up to $1.8 million spread over a period of not greater than approximately 6 years. Mr. Mitchell is subject to a non-compete restriction for 3 years in the Group's current markets. The resolution reached is more favorable to the Group than provided for in the Employment Contract. The expense recognized through profit & loss, taking into account the net present value of future cash payments, was $1,235,000.

Note: A former officer, Raul Sueiro was paid approximately $134 thousand over a period commencing August 2010 to January 2013 representing a settlement of severance for his 13 years of service to the Group.

BOARD OF DIRECTOR COMPENSATION

Director's fees for Independent Directors are equal to $48,000 annually and were paid quarterly in Company stock. The level of compensation and method will be reviewed annually. We also reimburse the Group's Directors for their travel, hotel and other expenses incurred in the performance of 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 the Group's Board of Directors, senior management or other employees.

2007 EQUITY INCENTIVE PLAN

The Group's Thunderbird Resorts Inc. 2007 Equity Incentive Plan (the "Equity Plan") is designed to enable us and the Group's affiliates to obtain and retain the services of the types of employees, consultants and Directors who will contribute to the Group's 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 the Group's shareholders. We have reserved up to 5% of our currently issued and outstanding shares of common shares (as of any given date) for the issuance of awards under the Equity Plan.

The Equity Plan is administered by the Group's 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

The Group maintained a Stock Option Plan dated for reference July 1, 1997 and a second Stock Option Plan dated for reference July 1, 2005. On January 18, 2008, the Group's shareholders at a special meeting of shareholders resolved that both the 1997 Plan and the 2005 Plan would be closed to any further stock option grants. Furthermore, all stock options issues and outstanding as granted under the 1997 Plan and the 2005 Plan remain in effect.

Options were 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 were granted in such form and did contain such terms and conditions as the Administrator deemed appropriate. The term of each option was fixed by the Administrator but no options were exercisable after the expiration of 10 years from the grant date. The exercise price of each option was not less than 100% of the fair market value of the common stock subject to the option on the date of grant. The Administrator determined the time or times at which, or other conditions upon which, an option could 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 pursuant to the Equity Plan in 2007 and 2010 and in the aggregate are as set forth below:

Director/Employee	Total Number of Shares	Vested Shares	Forfeited Shares	Unvested Shares
Salomon Guggenheim	3,333	3,333	-	-
Albert Atallah	33,333	28,333	-	5,000
Peter LeSar	35,000	23,334	-	11,666
Tino Monaldo	151,667	135,001	-	16,666
Angel Sueiro	70,000	63,334	-	6,666
Roberto De Ocampo	3,333	3,333	-	-
Douglas Vicari	3,333	3,333	-	-
Jack Mitchell	340,000	193,333	146,667	-
Other employees	214,168	173,335	23,332	17,501
Former empoyees	91,667	75,000	16,667	-
Former Directors	6,666	6,666	-	-
Total	952,500	708,335	186,666	57,499

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 the Group's 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% of the fair market value of the Group's 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

The Group has entered into various Employment Agreements with certain members of Management. These employment agreements included payment to the employees in the event of a change in control. "Change of control" in these various employments contracts in general includes acquisition of a majority of shares by a shareholder or shareholder group, involuntary change in more than a majority of incumbent board of directors under certain circumstances, liquidation of all assets, or sale of substantially all assets. Such change of control will trigger an option for these employees to elect to receive payment in a cash lump-sum payment equal to the product of 2.99 times the sum of: (i) Employee's annual Base Salary; (ii) an amount equivalent to the higher of (A) the average annual Executive Bonuses and LTIP Bonuses received by employee with respect to the immediately prior three years of Employee's employment by Company or (B) the then-current target LTIP Bonus and Executive Bonus (if applicable) for the year during which the Change in Control occurs (the "CIC Payment"). Also triggered would be the immediate vesting and exercise of rights as to all options and stock appreciation right attributable to such Employees. 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 the Group's shareholders. The cash lump payment due on a change of control pursuant to said employment agreements would be approximately \$2.7 million.

Further, the Group has entered into various loan agreements in which a change in control (as defined in certain Loan Agreements) will result in such loan(s) becoming due and payable immediately upon the occurrence of a change of control. "Change of control" in these various loan agreements in general includes acquisition of more than 20% of shares by a shareholder or a shareholder group, an involuntary change in more than 1/6th of the directors, an involuntary termination of 2 of 3 persons currently holding positions of General Counsel, Chief Financial Officer and VP Corporate Development (excluding resignations, retirements or terminations for cause) or involuntary removal of more than one incumbent board of directors under certain circumstances. Such loan principal balances as of December 31, 2012 are approximately \$9.8 million.

AMENDMENT AND TERMINATION

The Group's 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 the Group's 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 the Group's Board of Directors adopting the Equity Plan, we had two existing stock option plans: the Group's "1997 Stock Option Plan" and the Group's "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 the Group's 2005 Stock Option Plan, we have currently reserved approximately 600 thousand 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. The Group's 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 2012 and through March 31, 2013, nil stock options were exercised.

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 the Group's Board of Directors. Under this program, which terminated on December 31, 2012, we were to pay certain members of the Group's Management team an aggregate annual incentive fee equal to 10% of the amount by which the Group's After Tax Cash Flow ("ATCF") in each fiscal year exceeds a 20%, non-compounding hurdle amount. The hurdle amount is calculated annually based on the Group's 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 the Group's net income (computed in accordance with IFRS) plus certain non-cash items, such as depreciation and amortization.

Payments under the program were to 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 the Group's Board of Directors, under the guidance of the Group's Compensation Committee. No payments or accruals have been made under this program as the ATCF has not reached the levels required for Management to earn this compensation.

EMPLOYMENT AGREEMENTS

This section describes employment agreements in effect regardless of whether or not the employee is deemed to Senior Management as defined in section Senior Management Compensation.

In November of 2007, we entered into employment agreements with certain of the Group's senior Management, effective December 1, 2007. The terms and conditions of these agreements are fully described below. Messrs. Atallah, Monaldo and LeSar (who have certain CPI adjustments to their employment contracts) have agreed to waive any contractual rights each had related to CPI-U through December 2012. Guggenheim does not have a right to any CPI adjustment. Mr. Mitchell was employed until June 2012 as President and CEO, but is no longer employed with the Group.

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

Salomon Guggenheim. Mr. Guggenheim entered into an employment agreement with the Group for a two-year term commencing January 3 2013. His annual base compensation is Four Hundred Thousand Swiss Franc (CHF400,000), subject to customary and lawful withholdings, payable in equal installments no less frequently than semi-monthly. Mr. Guggenheim has voluntarily agreed to defer receipt of his salary for a period up to and including June 30, 2013, but the Board has the discretion to adjust that date to an earlier date.

Mr. Guggenheim shall devote his full efforts, attention, and energies to the business of the Group. He shall not, during the term of this Agreement, be engaged in any other business activity whether or not such business activity is pursued for gain, profit or other pecuniary advantage, without the prior written consent of the Board of Directors of the Group. The foregoing is not intended to restrict his ability to enter into passive investments that do not compete in any way with the Group's business or to invest in mutual funds that may, in turn, be invested in competitors of the Group.

During the Term, the Group shall reimburse Mr. Guggenheim in full for business expenses incurred in performing the services, including travel, lodging, entertainment, mileage costs, monthly cell phone charges related to the Group's business, and other reasonably incurred expenses, according to the Group's expense reimbursement policy and subject to appropriate documentation. In addition, the Group shall reimburse Mr. Guggenheim for all reasonable expenses incurred in connection with his maintenance of a home office. Employee shall be entitled to take five (5) weeks of vacation per year, taken at such intervals during the year as are convenient to himself and the Group. Additional vacation may be approved by the Board of Directors. Mr. Guggenheim is eligible to participate in the long-term incentive and equity incentive plans of the Group, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of the Group's Board of Directors. In addition, the agreement provides participation in the Group's benefit plans. Mr. Guggenheim is subject to a non-disclosure covenant with respect to proprietary information.

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 2012 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 Group, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of the Group's 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 the Group's benefit plans.

If Mr. Atallah's employment is terminated for the Group's convenience or by non-renewal at the Group's 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.

Peter LeSar. Mr. LeSar'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 2012 under the agreement was $240,000, which amount is adjusted each year based on any increase in the CPI-U.

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

If Mr. LeSar'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 eighteen 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. 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. Additionally, Mr. LeSar is also subject to a one-year restriction on recruiting our employees.

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 2012 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 `Group, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of the Group's 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 the Group's convenience or by non-renewal at the Group's 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 the Group's 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 twelve 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.

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, sixty days prior notice of non-renewal. His monthly base compensation under the agreement is $152,118 per annum.

Mr. Sueiro is eligible to participate in the Group's 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 the Group's 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 the Group's benefit plans.

If Mr. Sueiro's employment is terminated for the Group's 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 eighteen 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.

2012 PERFORMANCE BONUSES

No performance bonuses were paid to senior executives during 2012.

Chapter 8:
Investor Relations, Shares & Dividends

The following table sets forth information regarding the beneficial ownership of the Group's common shares as of December 31, 2012 by:

- Each person or entity that we know is more than a 5% beneficial owner;
- Each Director or executive officer who beneficially owns more than 1% equity interest; and
- All of the Group's Directors and executive officers as a group (including those that are no longer executive officers as of December 31, 2012).

All holders of the Group's 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.

Director/Employee	Beneficial Ownership Number (1)	Percent (8)
Salomon Guggenheim (2)	294,072	1.27%
Albert Atallah (3)	246,132	1.06%
Peter LeSar (4)	126,716	0.55%
Tino Monaldo (5)	200,639	0.87%
Angel Sueiro (6)	122,698	0.53%
Marie Madeline Linter	10,344	0.04%
Roberto De Ocampo	57,512	0.25%
Douglas Vicari	57,512	0.25%
Reto Stadelmann	68,507	0.30%
Jack Mitchell (7)	-	-
Total	517,212	2.23%

(1) Includes restricted common shares granted under our 2007 equity incentive plan. See Chapter 7, "2007 Equity Incentive Plan"

(2) Includes 263,406 common shares and 30,666 common shares issuable upon exercise of options.

(3) Includes 178,066 common shares (including 5,000 unvested shares) and 68,066 common shares issuable upon exercise of options.

(4) Includes 118,716 common shares (including 11,666 unvested shares) and 8,000 common shares issuable upon exercise of options.

(5) Includes 153,017 common shares (including 16,666 unvested shares) and 47,622 common shares issuable upon exercise of options.

(6) Includes 86,698 common shares (including 6,666 unvested shares) and 36,000 common shares issuable upon exercise of options.

(7) As of the last day of his tenure with the Group in June 2012, Jack Mitchell owned 1,163,547 shares. There were 146,666 unvested shares that were returned to treasury and 181,666 common shares issuable upon exercise of options that expired.

(8) Percentage based on 22,916,575 issued and outstanding shares as of 12/31/12 and 245,020 common shares issuable upon exercise of options.

Conflicts of Interest

See “Related Party Transactions” below.

Related Party Transactions

Below are the related party transactions involving Officers and Directors, as well as any other Group executive with a potential conflict of interest.

Salomon Guggenheim (Director). Mr. Guggenheim was a Director of the Group in all of 2012 and Chairman from June 2012 through December 2012. In such capacity, he received aggregate advisor fees of $78,000 in 2012. He also received $78,000 in advisor fees in each of 2011. In addition, he is a director and not a beneficial owner in a company called India Ltd.

Reto Stadelmann (Director). Mr. Stadelmann joined the Group as a Director in June 2012. Mr. Stadelmann loaned the Company $400,000 in January 2013, which loan including the principal and interest charges of 12% matures on May 31, 2013. Prior to Mr. Stadelmann’s appointment as a director he or companies in which he has a controlling interest have made loans to the Group with consolidated principal outstanding balances of approximately $5,160,366.84 as of December 31, 2012.

Jack Mitchell (Former Director, CEO and President). Mr. Mitchell was a Director and Officer of the Group through June 2012. In years past, there were various disclosures of related party transactions of Mr. Mitchell, the following of which were still applicable as of June 2012 when Mr. Mitchell’s tenure with the Group ended: a) Mr. Mitchell‘s brother, Bob Mitchell, was employed as a project manager. The Company paid Bob Mitchell total compensation of $50,000 in 2012 and $134,000 in 2011. He was an at-will employee through June 2012 and was employed under the same terms and conditions as the Group’s other employees. He continues to consult on the Group’s Tres Rios project in Costa Rica and is paid through the Group’s Costa Rican operations. b) We employed Mr. Mitchell‘s brother-in-law, Ricardo Hincapie, as General Manager and Legal Representative for our Peruvian operations through June 2012. We paid him total compensation of $76,000 for 2012 and $158,000 in 2011. He was an at-will employee who was employed under the same terms and conditions as our other employees. c) We employed Mr. Mitchell‘s daughter, Amy Mitchell, as a Measurement and Coordination Analyst through June 2012. We paid her total compensation of $51,000 in 2012 and $103,000 in 2011. Ms. Mitchell was an at-will employee who was employed under the same terms and conditions as our other employees. d) Jack Mitchell served as a member of the Board of Directors of our Costa Rican, Indian, Nicaraguan, Peruvian, and Philippines entities through June 2012. In such capacity, he received aggregate Director Fees of $nil in 2012 and $nil in 2011. e) The Group paid to Mitzim Properties, a company related to Mr. Mitchell, $157,000 in 2012 and $184,000 in 2011 under a lease agreement for our San Diego offices.

Michael Fox. Mr. Fox indirectly owns 10% of Angular Investments S.A., which owns 50% of Grupo Thunderbird de Costa Rica and 43.83% of Thunderbird Gran Entretenimiento, S.A. Mr. Fox serves as a member of the Board of Directors of our Costa Rican operations. In such capacity, he received aggregate Director fees of $nil in 2012 and $nil in 2011.

Tino Monaldo (Vice President, Corporate Development). We paid Mr. Monaldo total consulting fees of $52,000 in 2012 and $52,000 in 2011. He pays his own health, life, disability and dental insurance, and other professional fees and expenses.

Alberto Loaiza. Mr. Loaiza has a minority interest in an operation in Guatemala that was owned by the Group through December 31, 2010, and to which the Group has a pending, secured Loan that is further described in Note 22.

Other Officers and Directors. Other than as stated above, no conflicts of interest or potential conflicts of interest exist between the private interests of any other officer or director of the Group and their duties to the Group.

Other Related Party Transactions. For information regarding related party transactions with joint ventures and with partners in the Group's operating entities, see Note 23 to the Group's consolidated financial statements for the year ended December 31, 2012, incorporated herein by reference.

Description of Securities

GENERAL

The Group was registered in the British Virgin Islands on October 6, 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 September 4, 1987 under the name "Winters Gold Hedley Ltd." On August 26, 1993, the Group changed its name to "Regal Gold Corporation." On June 23, 1994, the Group changed its name to "International Thunderbird Gaming Corporation." On February 5, 1999, the Group converted, by continuing its charter documents, from a British Columbia, Canadian corporation to a Yukon, Canadian corporation. On July 12, 2005, the Group changed its name to "Thunderbird Resorts Inc." On October 6, 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. The Group's common shares are listed on NYSE Euronext Amsterdam under the symbol "TBIRD."

COMMON SHARES AND OPTIONS

As of December 31, 2012, we had 22,916,575 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; (ii) 0.9 million common shares available for future issuances under our previous equity incentive plans (with respect to which the Group's Board of Directors has resolved not to issue any more securities); and (iii) common shares available for future issuances under the Group's 2007 equity incentive plan equal to 5% of issued an outstanding shares. As of December 31, 2012, we have existing options outstanding to purchase 245,020 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.

As of April 19, 2013, we have 23,015,819 common shares outstanding.

Set forth below is information (illustrating grant date, exercise price and expiration dates) for the outstanding Group stock options as of December 31, 2012:

Thunderbird Resorts Inc. Stock Options Outstanding as of December 31, 2012

Grant Date	Unexercised	Exercisable
8/17/2005	81,333	81,333
1/17/2007	22,222	22,222
7/25/2007	141,465	141,465
Total	**245,020**	**245,020**

Exercise Price	Unexercised	Exercisable
$ 1.92	-	-
$ 2.10	81,333	81,333
$ 3.30	22,222	22,222
$ 4.98	141,465	141,465
Total	**245,020**	**245,020**

Expiration Date	Unexercised	Exercisable
1/17/2013	11,111	11,111
7/25/2013	35,366	35,366
8/17/2013	20,332	20,332
1/17/2014	11,111	11,111
7/25/2014	35,366	35,366
8/17/2014	20,333	20,333
7/25/2015	35,365	35,365
8/17/2015	20,333	20,333
7/25/2016	35,368	35,368
8/17/2016	20,335	20,335
Total	**245,020**	**245,020**

Organizational Documents

The Group's organizational documents consist of the Group's Memorandum of Association and the Group's Articles of Association which contain relevant information, including without limitation, meeting of the board or directors, meeting of shareholders, distributions, issuance of stock (both preferred and common) liability and indemnification of officers and directors, borrowing of money, election and removal of directors, the lack of preemptive rights for shareholders, limited rights for shareholders to call a meeting, and distribution of assets on liquidation. Certain material provisions are set forth below:

- 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 the Group's Board of Directors from time to time may determine. Upon the Group's liquidation, holders of common shares are entitled to an equal share in the distribution of surplus assets. The Group's 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 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 the Group's 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 the Group's 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 the Group's Board of Directors. Any such declaration of dividends and any other payments by us, as determined by the Group's 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.

- Compulsory Transfer of Shares: The Group's 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 the Group's 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 thirty 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 the Group's 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 thirty 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 the Group's 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 thirty 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.

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 the Group's 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 the Group's Board of Directors to modify any of the Group's governing documents without shareholder approval, so long as such modification does not have an adverse effect on the rights of the Group's shareholders. Any modification that would have an adverse effect on the rights of the Group's shareholders requires the approval of holders of at least a majority of our outstanding shares.

CANADIAN LAW

Prior to July 1, 2009, the Group's common shares were listed on the CNSX (formerly the CNQ). Effective July 1, 2009 and thereafter, and at the request of the Company, the Group's shares have been delisted from the CNSX. Though delisted, we continue to be a "reporting issuer" subject to securities laws of British Columbia and Ontario due to the number of the Group's existing Canadian shareholders. 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 ten business days from the date their ownership exceeded 10%, and then within ten 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 the Group's common shares.

If a person or entity acquires 20% 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 the Group's 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% or more of the Group's 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% holders are also required to file insider reports within three 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, the Group's 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 January 1, 2009, the Group's financial information prepared under IFRS is sufficient to meet the requirements of Canadian securities laws.

YEARLY AND HALF-YEARLY INFORMATION

As a result of the implementation of the EU Directive 2004/109 of December 15, 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 two months after the end of the first six 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 five years.

INTERIM MANAGEMENT STATEMENTS

The Group has to publish an interim management statement in both the first and second half of its financial year at least ten weeks after the start, and no more than six 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 the Group's 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 October 28, 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 there under came into force. The provisions of the Dutch Takeover Act are included in the Financial Supervision Act and the rules promulgated there under apply to us. In general, under these provisions, we cannot launch a public offer for securities that are admitted to trading on a regulated market, such as the Group's shares unless an offer document has been approved by the Association of Futures Markets ("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 the Group's securities, that the holders of the Group's 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, the Group's insiders and persons performing or conducting transactions in the Group's 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 the Group's website and keep it available on the Group's website for at least one year.

DISCLOSURE OF HOLDINGS

The following provisions apply to us and to the Group's shareholders:

- Any person who, directly or indirectly, acquires or disposes of an interest, whether shares or options and warrants, in the Group's 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 four weeks from December 31 at midnight, every holder of an interest in the Group's 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 the Group's outstanding share capital, including in the case of redemption of shares, and any amendment to the Group's 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 the Group's 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 the Group's notification.

- Each person holding an interest in the Group's capital or voting rights of 5% or more from the time of admission of the Group's shares to listing and trading on NYSE Euronext Amsterdam must immediately notify the AFM.

TRANSFER AGENT AND REGISTRAR

The Group's transfer agent and registrar for the Group's common shares is Computershare, Inc., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

PAYING AGENT

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 the Group's 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 the Group's 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 the Group's 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 NYSE Euronext website (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 the Group's 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 the Group's Memorandum and Articles of Association.

(b) All reports, letters, other documents, historical financial information (such as the Group's 2011, 2010 and 2009 consolidated financial statements), valuations and statements prepared by any expert at the Group's request, any part of which is included or referred to in this Annual Report.

Chapter 9:
2012 Consolidated Financial Statements & Report of the Independent Auditor

Audit Report

Grant Thornton

INDEPENDENT AUDITOR'S REPORT 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 2012 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) issued by the IASB.

This report is made solely to the company's members, as a body. 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 AUDITOR

As explained more fully in the Management's Responsibility Statement set out on page 54, the Directors are responsible for the 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 consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the consolidated financial statements give a true and fair view of the state of the Group's affairs as at December 31, 2012 and of its loss for the year then ended in accordance with IFRSs issued by the IASB and the requirements of Article 4 of the IAS Regulation.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 25 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. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
London
19 April 2013

Financial Statements

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of United States dollars)
For the year ended December 31, 2012

	2012	2011
Assets		
Non-current assets		
Property, plant and equipment (Note 11)	$ 92,161	$ 102,515
Intangible assets (Note 9)	12,922	13,184
Deferred tax asset (Note 8)	935	2,466
Trade and other receivables (Note 13)	5,062	5,442
Total non-current assets	111,080	123,607
Current assets		
Trade and other receivables (Note 13)	18,534	21,146
Inventories (Note 14)	1,480	1,564
Restricted cash (Note 15)	3,741	4,044
Cash and cash equivalents (Note 15)	5,237	3,994
Total current assets	28,992	30,748
Total assets	**$ 140,072**	**$ 154,355**

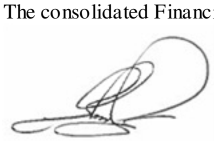
- *continued* -

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
(Expressed in thousands of United States dollars)
For the year ended December 31, 2012

	2012	2011
Equity and liabilities		
Capital and reserves		
Share capital (Note 20)	$ 109,969	$ 105,850
Reserves - share commitments	-	9,116
Share option reserve	783	-
Retained earnings	(81,648)	(80,635)
Translation reserve	4,523	1,996
Equity attributable to equity holders of the parent	33,627	36,327
Non-controlling interest	8,612	8,221
Total equity	42,239	44,548
Non-current liabilities		
Borrowings (Note 17)	56,774	58,350
Obligations under leases and hire purchase contracts (Note 23)	1,553	8,152
Derivative financial instruments (Note 28)	21	848
Other financial liabilities	378	213
Deferred tax liabilities (Note 8)	37	374
Provisions (Note 18)	3,196	3,331
Due to related parties (Note 22)	1,357	2,666
Trade and other payables (Note 16)	5,994	3,329
Total non-current liabilities	69,310	77,263
Current liabilities		
Trade and other payables (Note 16)	12,799	13,007
Due to related parties (Note 22)	1,800	1,158
Borrowings (Note 17)	8,136	7,237
Obligations under leases and hire purchase contracts (Note 23)	1,280	3,323
Other financial liabilities	2,050	2,991
Current tax liabilities	755	2,984
Provisions (Note 18)	1,703	1,844
Total current liabilities	28,523	32,544
Total liabilities	97,833	109,807
Total equity and liabilities	**$ 140,072**	**$ 154,355**

The consolidated Financial Statements were approved by the Board of Directors on April 19, 2013.



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 December 31, 2012

	2012	2011
Net gaming wins	$ 93,680	$ 97,978
Food, beverage and hospitality sales	18,137	20,925
Total revenue	111,817	118,903
Cost of goods sold	(44,513)	(45,853)
Gross profit	67,304	73,050
Other operating costs		
Operating, general and administrative	(50,970)	(53,300)
Project development	(631)	(453)
Depreciation and amortization (Note 11)	(14,174)	(15,099)
Other gains and (losses) (Note 5)	2,824	(186)
Operating profit	4,353	4,012
Financing		
Foreign exchange gain	1,686	113
Financing costs (Note 7)	(10,209)	(11,487)
Financing income (Note 7)	2,717	2,070
Other interest (Note 7)	(284)	(473)
Finance costs, net	(6,090)	(9,777)
Loss before tax	(1,737)	(5,765)
Income taxes expense (Note 8)		
Current	(2,338)	(1,981)
Deferred	(1,277)	(2,017)
Income taxes expense	(3,615)	(3,998)
Loss for the year from continuing operations	**$ (5,352)**	**$ (9,763)**
Loss for the year from discontinued operations (Note 12)	(103)	(2,716)
Loss for the year	**$ (5,455)**	**$ (12,479)**
Other comprehensive income		
Exchange differences arising on the translation of foreign operations	$ 2,527	$ 585
Other comprehensive income for the year	2,527	585
Total comprehensive income for the year	**$ (2,928)**	**$ (11,894)**
Profit for the year attributable to:		
Owners of the parent	(5,846)	(12,861)
Non-controlling interest	391	382
	$ (5,455)	$ (12,479)
Total comprehensive income attributable to:		
Owners of the parent	(3,319)	(12,276)
Non-controlling interest	391	382
	$ (2,928)	$ (11,894)
Basic and diluted loss per share (in $) : (Note 21)		
Loss from continuing operations	(0.26)	(0.45)
Loss from discontinued operations	(0.00)	(0.12)
Total	(0.26)	(0.57)

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 December 31, 2012

	Attributable to equity holders of parent						
	Share capital	Reserves - share commitments	Currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance at January 1, 2011	$ 101,005	$ 9,100	$ 645	$ (67,835)	$ 42,915	$ 7,968	$ 50,883
Transactions with owners:							
Buy-back of subsidiary shares	-	-	-	61	61	(129)	(68)
Recognition of share based payments	4,845	16	-	-	4,861	-	4,861
Reclasification of currency translation on disposals	-	-	766	-	766	-	766
	$ 105,850	$ 9,116	$ 1,411	$ (67,774)	$ 48,603	$ 7,839	$ 56,442
(Loss) / profit for the year	-	-	-	(12,861)	(12,861)	382	(12,479)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	585	-	585	-	585
Total comprehensive income for the year	-	-	585	(12,861)	(12,276)	382	(11,894)
Balance at December 31, 2011	$ 105,850	$ 9,116	$ 1,996	$ (80,635)	$ 36,327	$ 8,221	$ 44,548

	Attributable to equity holders of parent							
	Share capital	Reserves - share commitments	Share options reserve	Currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance at January 1, 2012	$ 105,850	$ 9,116	$ -	$ 1,996	$ (80,635)	$ 36,327	$ 8,221	$ 44,548
Transactions with owners:								
Recognition of share based payments	645	-	-	-	-	645	-	645
Recognition of shares in trust for loan	355	-	-	-	-	355	-	355
Cancellation of restricted shares	(381)	-	-	-	-	(381)	-	(381)
Reclasification between reserves	3,500	(9,116)	783	-	$ 4,833	-	-	-
	$ 109,969	$ -	$ 783	$ 1,996	$ (75,802)	$ 36,946	$ 8,221	$ 45,167
(Loss) / profit for the year	-	-	-	-	(5,846)	(5,846)	391	(5,455)
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	-	-	-	2,527	-	2,527	-	2,527
Total comprehensive income for the year	-	-	-	2,527	(5,846)	(3,319)	391	(2,928)
Balance at December 31, 2012	$ 109,969	$ -	$ 783	$ 4,523	$ (81,648)	$ 33,627	$ 8,612	$ 42,239

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 December 31, 2012

	2012	2011
Cash flow from operating activities		
Loss for the year	$ (5,455)	$ (12,479)
Items not involving cash:		
Depreciation and amortization	14,174	15,099
Loss on disposal of property, plant and equipment	396	24
Unrealized foreign exchange	(1,727)	(514)
India translation reserve	-	766
Decrease in provision	(852)	(669)
Bad debt expense	119	192
Gain on sale of Peru hotels	(2,953)	(5,114)
Loss on disposal of controlling interest in subsidiary	397	1,346
Impairment loss	-	5,172
Provision on severance settlement	854	-
Gain on derivative financial instruments	(1,012)	(128)
Fair value adjustment for shares pledged for borrowings	172	-
Share based compensation	-	(1)
Non-controlling interest	(391)	(382)
Finance income	(2,717)	(2,070)
Finance cost	10,209	11,487
Other interests	284	473
Tax expenses	3,615	3,998
Net change in non-cash working capital items		
Decrease / (increase) in trade, prepaid and other receivables	2,992	(1,737)
Decrease in inventory	84	754
Increase in trade payables and accrued liabilities	1,790	3,243
Cash generated from operations	19,979	19,460
Total tax paid	(4,567)	(1,618)
Net cash generated by operating activities	**$ 15,412**	**$ 17,842**

- continued -

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(Expressed in thousands of United States dollars)
For the year ended December 31, 2012

	2012	2011
Cash flow from investing activities		
Expenditure on property, plant and equipment	$ (8,227)	$ (8,205)
Proceeds on sale of Peru Hotels	13,600	18,000
Expenditure on disposal of Philippines Subsidiary	(137)	-
Proceeds from the sale of interest in joint venture	-	347
Interest received	135	178
Net cash used from investing activities	**$ 5,371**	**$ 10,320**
Cash flow from financing activities		
Proceeds from issue of common shares	-	94
Proceeds from issue of new loans	16,998	6,325
Repayment of loans and leases payable	(29,988)	(28,146)
Interest paid	(5,539)	(7,205)
Net cash used from financing activities	**$ (18,529)**	**$ (28,932)**
Change in cash and cash equivalents from continuing operations	2,254	(770)
Net cash used from discontinued operations	17	(24)
Net change in cash and cash equivalents during the year	2,271	(794)
Cash and cash equivalents, beginning of the year	8,038	10,015
Effect of foreign exchange adjustment	(1,314)	(709)
	8,995	8,512
Cash disposed through discontinued operations	(17)	(474)
Cash and cash equivalents, end of the year	**$ 8,978**	**$ 8,038**

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

Notes to the 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 plans future activities including forecasting future cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Group has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 18 months. In arriving at this judgment, Management has prepared the cash flow projections of the Group, which incorporates a 5-year rolling forecast and detailed cash flow modeling through the current financial year. Directors have reviewed this information provided by Management and have considered the information in relation to the financing uncertainties in the current economic climate, the Group's existing commitments and the financial resources available to the Group. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt funding programmed into the model and reducing over time. The model 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 revenues not achieving anticipated levels.

The Directors have considered the: (i) base of investors and debt lenders historically available to Thunderbird Resorts, Inc.; (ii) global capital markets; (iii) limited trading exposures to our local suppliers and retail customers; (iv) other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk; (v) sources of Group income, including management fees charged to and income distributed from its various operations; (vi) cash generation, debt amortization levels and key debt service coverage ratios; and (vii) fundamental trends of the Group's businesses. Considering the above, 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.

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 December 31, 2012 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 2012:

- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)

None of the new standards adopted in the year have had a material impact on the Group's financial statements.

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 2012 consolidated financial statements.

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IAS 19 Employee Benefits (revised June 2011) (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- *Annual Improvements 2009-2011 "the Annual Improvement")* (effective from July 1, 2010 and later)

The Directors are of the opinion that, with the exception of IFRS 11, which will have a significant impact on the Group's presentation of its interest in joint ventures, and IFRS 9 impacting the measurement of the Group's borrowings, the above amendments will not have a significant 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.

Critical judgments	Accounting policy		Note
Recoverability of deferred tax assets	3.3 c	Recognition of deferred tax asset	8
Litigation provisions and contingent liabilities	3.3 e & 3.3 j	Judgments on probability of payment as a result of disputes	18
Financial liabilities	3.3 k	Assessment of significance of debt modifications	17
Critical accounting estimates			
Estimated economic lives and residual values	3.3 a	Depreciable lives of assets	11
Carrying value of assets and potential impairments	3.3 b	Future operating results growth rates, and discount factor applied	9

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 profit or 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 assets are 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 December 31, 2012 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.

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.

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 profit or 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 profit or 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.

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 profit or loss, 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.

e. Litigation provisions

The Group provides 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 profit or 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 profit or loss, any exchange component of that gain or loss is recognized in profit or 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 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 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 December 31, 2012 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 acquisition 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 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 profit or 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.

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 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.

h. Intangible assets

(a) Goodwill

Goodwill represents the excess of the fair value of consideration transferred in 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 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 profit or 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 profit or loss on a straight line basis over the lease term.

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 best estimate of the expenditure required to settle the present obligation at the end of each reporting period.

(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: loans and 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.

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 profit or loss.
Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, related party receivables and cash and cash equivalents 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 profit or 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 de-recognition. 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 de-recognition 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 profit or 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 profit or 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.

A financial liability is derecognized only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognized in profit or loss.

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

p. Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period, with the corresponding credit to the share option reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a change is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up are recognized as share capital.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with the fair value of goods and services received. If fair value cannot be reliably measured the fair value of the goods or services received, the value of the services are recognized, and the corresponding increase in equity, is recognized indirectly, by reference to the fair value of the equity instruments granted.

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 convertible financial 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. Where the conversion option is not closely related to the host contract, it is presented separately within derivative financial liabilities. Both the host contract and conversion option are initially recognized in the statement of financial position at fair value. Subsequently, the host contract is carried at amortized cost with gains and losses recognized in profit or loss, and the conversion option is measured at fair value through profit or 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 sports book) games, the difference between gaming wins and losses. Net gaming wins are recognized when they occur.

(b) Food, beverage and hospitality sales – 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).

(d) Income on sublease of leasehold land – Revenue is recognized equally over the life of the underlying head leasehold land agreement, included within food, beverage and hospitality sales, with deferred income held within trade and other payables.

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 is 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, 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.

4. SEGMENTAL INFORMATION

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

Operating segments

	Costa Rica		Nicaragua		Philippines		Peru	
	2012	2011	2012	2011	2012	2011	2012	2011
Continuing operations								
Total revenue	16,262	19,826	12,702	12,291	49,942	49,113	32,700	37,466
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	4,491	6,042	1,497	2,061	10,630	11,016	5,628	6,411
Project development	(108)	(188)	(245)	(128)	(182)	(59)	(5)	(6)
Depreciation and amortization	(2,299)	(2,373)	(553)	(575)	(5,348)	(5,521)	(5,763)	(6,335)
Other gains and (losses)	(7)	(81)	(60)	(98)	(149)	(2)	2,793	5,125
Segments result	2,077	3,400	639	1,260	4,951	5,434	2,653	5,195
Foreign exchange gain / (loss)	50	1	(195)	(210)	923	75	816	475
Finance costs	(796)	(747)	(185)	(149)	(1,523)	(2,229)	(3,467)	(3,134)
Finance income	170	1	7	10	544	16	2,235	148
Other interest	-	-	-	-	-	-	(2)	(320)
Management fees - intercompany charges	(1,140)	(1,547)	(418)	(527)	(2,791)	(3,376)	(516)	326
Profit / (loss) before taxation	361	1,108	(152)	384	2,104	(80)	1,719	2,690
Taxation	(280)	(549)	(273)	(254)	(36)	(65)	(3,211)	(2,693)
Profit / (loss) for the year-continuing operations	81	559	(425)	130	2,068	(145)	(1,492)	(3)
Profit / (loss) for the year-discontinued operations	-	-	-	-	(103)	-	-	-
Profit / (loss) for the year	81	559	(425)	130	1,965	(145)	(1,492)	(3)
Currency translation reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the year	81	559	(425)	130	1,965	(145)	(1,492)	(3)
Non-controlling interest	63	220	(190)	58	854	104	-	-
Total comprehensive income attributable to owners of the parent	18	339	(235)	72	1,111	(249)	(1,492)	(3)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	2,508	2,508	1,387	1,387	3,901	3,901	4,277	4,277
Intangible assets with finite useful lives	88	173	40	49	-	-	720	806
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	20,235	20,239	6,774	5,114	36,438	37,316	28,101	38,917
Other segment assets (including cash)	6,959	8,073	(2,442)	(50)	20,808	19,437	24,415	30,687
Total segment assets	29,790	30,993	5,759	6,500	61,147	60,654	57,513	74,687
Assets classified as held for sale	-	-	-	-	-	-	-	-
Total assets	29,790	30,993	5,759	6,500	61,147	60,654	57,513	74,687
Total segment liabilities	11,062	13,596	4,031	2,861	40,438	39,567	26,148	38,285
Liabilities associated with assets held for sale	-	-	-	-	-	-		-
Total liabilities	11,062	13,596	4,031	2,861	40,438	39,567	26,148	38,285
Net assets / (liabilities)	18,728	17,397	1,728	3,639	20,709	21,087	31,365	36,402
Non-controlling interest	5,188	5,127	1,015	1,203	2,409	1,555	-	-
Other segment items								
Capital expenditure	2,026	2,656	2,673	312	2,095	5,048	3,481	2,195
Depreciation and amortization	2,299	2,373	553	575	5,348	5,521	5,763	6,335
Impairment losses	-	-	-	-	-	-	-	-

- continued -

	Total Operations 2012	Total Operations 2011	Corporate and non-allocated 2012	Corporate and non-allocated 2011	Total 2012	Total 2011
Continuing operations						
Total revenue	111,606	118,696	211	207	111,817	118,903
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	22,246	25,530	(5,887)	(6,379)	16,359	19,151
Project development	(540)	(381)	(91)	(72)	(631)	(453)
Depreciation and amortization	(13,963)	(14,804)	(211)	(295)	(14,174)	(15,099)
Other gains and (losses)	2,577	4,944	247	(5,130)	2,824	(186)
Segments result	10,320	15,289	(5,942)	(11,876)	4,378	3,413
Foreign exchange gain / (loss)	1,594	341	92	(228)	1,686	113
Finance costs	(5,971)	(6,259)	(4,238)	(5,228)	(10,209)	(11,487)
Finance income	2,956	175	(239)	1,895	2,717	2,070
Other interest	(2)	(320)	(282)	(153)	(284)	(473)
Management fees - intercompany charges	(4,865)	(5,124)	4,840	5,723	(25)	599
Profit / (loss) before taxation	4,032	4,102	(5,769)	(9,867)	(1,737)	(5,765)
Taxation	(3,800)	(3,561)	185	(437)	(3,615)	(3,998)
Profit / (loss) for the year-continuing operations	232	541	(5,584)	(10,304)	(5,352)	(9,763)
Profit / (loss) for the year-discontinued operations	(103)	-	-	(2,716)	(103)	(2,716)
Profit / (loss) for the year	129	541	(5,584)	(13,020)	(5,455)	(12,479)
Currency translation reserve	-	-	2,527	585	2,527	585
Total comprehensive income for the year	129	541	(3,057)	(12,435)	(2,928)	(11,894)
Non-controlling interest	727	382	(336)	-	391	382
Total comprehensive income attributable to owners of the parent	(598)	159	(2,721)	(12,435)	(3,319)	(12,276)
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	12,073	12,073	-	-	12,073	12,073
Intangible assets with finite useful lives	848	1,028	1	83	849	1,111
Financial assets - investments	-	-	-	-	-	-
Segment assets:						
Property, plant and equipment	91,548	101,586	613	929	92,161	102,515
Other segment assets (including cash)	49,740	58,147	(14,751)	(19,491)	34,989	38,656
Total segment assets	154,209	172,834	(14,137)	(18,479)	140,072	154,355
Assets classified as held for sale	-	-	-	-	-	-
Total assets	154,209	172,834	(14,137)	(18,479)	140,072	154,355
Total segment liabilities	81,679	94,309	16,154	15,498	97,833	109,807
Liabilities associated with assets held for sale	-	-	-	-	-	-
Total liabilities	81,679	94,309	16,154	15,498	97,833	109,807
Net assets / (liabilities)	72,530	78,525	(30,291)	(33,977)	42,239	44,548
Non-controlling interest	8,612	7,885	-	336	8,612	8,221
Other segment items						
Capital expenditure	10,275	10,211	45	2,202	10,320	12,413
Depreciation and amortization	13,963	14,804	211	295	14,174	15,099
Impairment losses	-	-	-	5,172	-	5,172

(1) Includes non-operating entities

Other supplementary information:

	Gaming		Hotel		Corporate and non-allocated [1]		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Continuing operations								
Total revenue	97,043	100,309	14,563	18,387	211	207	111,817	118,903
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	22,106	26,017	140	(487)	(5,887)	(6,379)	16,359	19,151
Project development	(536)	(381)	(4)	-	(91)	(72)	(631)	(453)
Depreciation and amortization	(10,116)	(11,974)	(3,847)	(2,830)	(211)	(295)	(14,174)	(15,099)
Other gains and (losses)	(355)	92	2,932	4,852	247	(5,130)	2,824	(186)
Segments result	11,099	13,754	(779)	1,535	(5,942)	(11,876)	4,378	3,413
Foreign exchange gain / (loss)	1,215	398	379	(57)	92	(228)	1,686	113
Finance costs	(1,835)	(3,578)	(4,136)	(2,681)	(4,238)	(5,228)	(10,209)	(11,487)
Finance income	722	32	2,234	143	(239)	1,895	2,717	2,070
Other interest	-	-	(2)	(320)	(282)	(153)	(284)	(473)
Management fees - intercompany charges	(4,964)	(5,655)	99	531	4,840	5,723	(25)	599
Profit / (loss) before taxation	6,237	4,950	(2,205)	(848)	(5,769)	(9,867)	(1,737)	(5,765)
Taxation	(2,392)	(1,716)	(1,408)	(1,845)	185	(437)	(3,615)	(3,998)
Profit / (loss) for the year-continuing operations	3,845	3,234	(3,613)	(2,693)	(5,584)	(10,304)	(5,352)	(9,763)
Profit / (loss) for the year-discontinued operations	(103)	-	-	-	-	(2,716)	(103)	(2,716)
Profit / (loss) for the year	3,742	3,234	(3,613)	(2,693)	(5,584)	(13,020)	(5,455)	(12,479)
Currency translation reserve	-	-	-	-	2,527	585	2,527	585
Total comprehensive income for the year	3,742	3,234	(3,613)	(2,693)	(3,057)	(12,435)	(2,928)	(11,894)
Non-controlling interest	727	382	-	-	(336)	-	391	382
Total comprehensive income attributable to owners of the parent	3,015	2,852	(3,613)	(2,693)	(2,721)	(12,435)	(3,319)	(12,276)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	12,059	12,059	14	14	-	-	12,073	12,073
Intangible assets with finite useful lives	239	343	609	685	1	83	849	1,111
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	51,683	53,047	39,865	48,539	613	929	92,161	102,515
Other segment assets (including cash)	38,011	29,389	11,729	28,758	(14,751)	(19,491)	34,989	38,656
Total segment assets	101,992	94,838	52,217	77,996	(14,137)	(18,479)	140,072	154,355
Assets classified as held for sale	-	-	-	-	-	-	-	-
Total assets	101,992	94,838	52,217	77,996	(14,137)	(18,479)	140,072	154,355
Total segment liabilities	46,629	57,337	35,050	36,972	16,154	15,498	97,833	109,807
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total liabilities	46,629	57,337	35,050	36,972	16,154	15,498	97,833	109,807
Net assets / (liabilities)	55,363	37,500	17,167	41,025	(30,291)	(33,977)	42,239	44,548
Non-controlling interest	8,612	7,885	-	-	-	336	8,612	8,221
Other segment items								
Capital expenditure	8,614	10,211	1,661	-	45	2,202	10,320	12,413
Depreciation and amortization	10,116	11,974	3,847	2,830	211	295	14,174	15,099
Impairment losses	-	-	-	-	-	5,172	-	5,172

[1] Includes non-operating entities

5. OTHER GAINS AND (LOSSES)

	2012	2011
Other write off of assets	(515)	(24)
Gain from sale of Peru hotels	2,953	5,114
Gain on Guatemala sale	221	116
India Impairment	-	(5,172)
Severance settlement	(854)	-
Disposal of Philippine subsidiary	(397)	-
Fair value adjustment for financial derivative contracts	1,012	128
Fair value adjustment for shares pledged for borrowings	(172)	-
Other	576	(348)
Total	**$ 2,824**	**$ (186)**

a. Other write off of assets

Certain trade receivables in Corporate, Nicaragua, Costa Rica, and Peru were determined to be uncollectable and an expense of $119,000 (2011 - $193,000) has been recorded. In addition, losses were recognized on dispositions, abandonments or obsolescence of property, plant and equipment totaling $557,000 (2011 - $137,000) which offset with gains on sale of property, plant, and equipment and reversals of provisions of $161,000 (2011 - $306,000).

b. Gain on sale of Peru hotels

In the first quarter of 2012, management decided to sell the non-strategic Thunderbird Hotel-El Pueblo in Peru to pay off some debts and to improve the Group's statement of financial position. As of April 30, 2012, Thunderbird Hotel-El Pueblo was sold and the Group recognized a gain of $2,953,000.

c. Gain on sale of Guatemala operation

On 31 December 2010 the group entered into an agreement to transfer its Guatemala operations to Inversiones Fenix, S.A. for consideration of $3,018,000, comprised of a $2,100,000 promissory note, related interest payment and related debt assumption. At the date of disposal the fair value of the consideration received was $Nil.

During 2012 the Group received interest payments totaling $221,000 which have been recorded within other gains and losses.

d. India impairment

As of December 2011, the Group ceased to account for its investment in DHPL under the equity method as described in IAS 28, and holds the investment as a financial asset under IAS 39.

Upon the cessation of equity accounting, the Group has determined that the entire carrying value of the investment of $5,172,000 should be written down. Consequently, an impairment charge of $5,172,000 was recorded to reduce the Group's investment in DHPL to its fair value.

In 2012, the Group has further reduced its share of its investment in DHPL to approximately 5.5% of the capital.

e. Loss on disposal Philippines subsidiary

On September 28, 2012 the group entered into an agreement to dispose of a Philippines subsidiary, Thunderbird Hotels Asia, resulting in a consolidated loss of $397,000. (See Note 12, Discontinued Operations)

f. Severance settlement

On June 28, 2012, the Group announced that Jack Mitchell was no longer an officer or Director of the Group. Mr. Mitchell had certain publicly disclosed rights under his Employment Contract (2011 Annual Report, chapter 7, p. 77-78). The Group and Mr. Mitchell reached a negotiated resolution which include Mr. Mitchell receiving, under certain circumstances, up to $1.8 million spread over a period of not greater than approximately 6 years. Moreover, Mr. Mitchell will be subject to a non-compete restriction for 3 years in the Group's current markets.

An accrual has been made for the net present value of the future cash payments of $1,235,000. The expense recognized through profit and loss of $1,235,000 was partially offset by forfeited restricted shares of $381,000.

g. Fair value adjustments for financial derivative contracts

During the fourth quarter of 2011 and the first half of 2012 the group issued 8.5% convertible loan notes due in 2016 and 2017 (Note 28). Upon initial recognition embedded derivatives of $1,033,000 (2011 - $848,000) were separately measured and recorded within derivative financial instruments. The fair value of derivative financial instruments was $21,000 as of December 31, 2012, resulting in a fair value gain of $1,012,000 for the period.

h. Fair value adjustments for shares pledged for borrowings

During the first quarter of 2012 the Group restuctured certain Peru debt, refered to as "Parlor debt"(Chapter 3, p. 15). As part of the negotiations the Group issued 175,000 of Thunderbird Resorts shares as additional security on the loan. Upon initial recognition $355,000 was separately measured and recorded within other non-current trade and other receivables. Its recoverable amount based on the share price as of December 31, 2012 was $184,000, resulting in an impairment change of the receivable of $171,500 for the period.

i. Other

Following a review of the Group's contractual obligations in 2012, certain of the Group's non-current provisions no longer required have been released to other gains and losses, resulting in a gain of $576,000.

6. COMPENSATION OF KEY PERSONNEL

Key management of the Group are the members of the Board of Directors and officers. The remuneration of key management personnel during the year was as follows:

	2012	2011
Salaries and bonuses	$ 1,729	$ 1,950
Short-term benefits	85	270
Total	**$ 1,814**	**$ 2,220**

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

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 profit or loss for the years presented:

	2012	2011
Finance cost		
Bank loans	$ 654	$ 527
Other loans	6,083	9,421
Related party loans	-	106
Finance charges payable under finance leases and hire purchase contracts	457	406
Amortization of borrowing costs	3,015	1,027
Total finance costs (on a historical cost basis)	**$ 10,209**	**$ 11,487**
Finance revenue		
Bank interest receivable	135	178
Gain on loan refinancing	2,582	1,892
Total finance revenue (on a historical cost basis)	**$ 2,717**	**$ 2,070**
Other Interest		
Other interest	284	473
Total Other Interest	**$ 284**	**$ 473**

Other interest includes interest paid on tax liabilities in the Group's Peru operations.

8. INCOME TAXES AND DEFERRED TAX LIABILITY

a) Tax charged in profit or loss

	2012	2011
Current Income Tax		
Foreign tax	$ 2,338	$ 1,981
Total current income tax	2,338	1,981
Deferred Tax		
Origination and reversal of temporary differences	1,277	2,017
Total deferred tax	1,277	2,017
Tax charged in the statement of comprehensive income	**$ 3,615**	**$ 3,998**
Taxes allocated to:		
Loss for the year	3,615	3,998
Totals	**$ 3,615**	**$ 3,998**

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:

	2012	2011
Accounting loss before income tax	$ (1,737)	$ (5,765)
Effect of different tax rates on overseas earnings	3,615	3,998
Total tax expense reported in the statement of income	$ 3,615	$ 3,998
Deferred income tax assets		
Total deferred tax	$ 935	$ 2,466
Deferred income tax liabilities		
Withholding tax on repatriation of retained earnings from foreign subsidiaries	35	320
Dividend tax accrual	-	51
Other	2	3
Total deferred tax liabilities	**$ 37**	**$ 374**

At December 31, 2012, the Group has unrecognized United States income tax net operating losses of $28,231,000 (2011 - $27,713,000). These operating losses expire at various dates for up to 20 years. 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 Group has recorded a deferred tax asset in the amount of $935,000 (2011 - $2,466,000), attributable to losses and book reserves. The losses will be offset against future net income.

	Statement of Financial Position 2012			Statement of Financial Position 2011		
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Total	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Total
Balance at beginning of year	$ 2,466	(374)	$ 2,092	$ 4,504	$ (532)	$ 3,972
Transfer from assets held for sale	-	-	-	18	(5)	13
Movement in profit or loss	(1,607)	341	(1,266)	(2,187)	170	(2,017)
Foreign exchange and other	76	(4)	72	131	(7)	124
Balance at end of year	**$ 935**	**(37)**	**$ 898**	**$ 2,466**	**(374)**	**$ 2,092**

9. INTANGIBLE ASSETS

	2012				2011			
	Gaming licenses	Goodwill	Others (Software and license)	Total	Gaming licenses	Goodwill	Others (Software and license)	Total
Cost								
Balance at beginning of year	$ 1,476	$ 12,466	$ 3,492	$ 17,434	$ 1,476	$ 13,216	$ 3,108	$ 17,800
Additions	-	-	75	75	-	-	384	384
India sale transaction	-	-	-	-	-	(750)	-	(750)
Balance at end of year	1,476	12,466	3,567	17,509	1,476	12,466	3,492	17,434
Accumulated amortization and impairment								
Balance at beginning of year	1,376	393	2,481	4,250	1,376	393	1,952	3,721
Additions	-	-	337	337	-	-	529	529
Balance at end of year	1,376	393	2,818	4,587	1,376	393	2,481	4,250
Carrying amount								
At beginning of year	100	12,073	1,011	13,184	100	12,823	1,156	14,079
At end of year	**$ 100**	**$ 12,073**	**$ 749**	**$ 12,922**	**$ 100**	**$ 12,073**	**$ 1,011**	**$ 13,184**

The Peru license has an unamortized balance of $100,000 as of December 31, 2012 (2011- $100,000).

Impairment review:

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.

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, risk adjusted for each cash generating unit.

<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
- growth rates and discount rates

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

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

Growth rates between 4% and 5% on revenues and 3% on costs are used for a 5 year period, with 3% revenue growth applied in years five to nine, and 1% growth applied thereafter to perpetuity for each cash-generating unit. The Group has used growth rates over a nine year period to best reflect medium-term growth rates in the Group's key markets.

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;
- growth rates, based on estimates of GDP growth for revenues and inflation for costs may be effected by economic changes;
- 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 December 31, 2012 the goodwill recorded in respect of the Nicaragua operations is $1,387,000 (2011 - $1,387,000) related to its 55.9% holding in the entity.

In Nicaragua, as of December 31, 2012, management does not believe that the carrying value of the cash generating unit was impaired, as the value in use, calculated using a discount rate of 23.26%, exceeded the carrying value by $3.79 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 $1.2 million each year, the value in use would equal the carrying value of the cash-generating unit.

Peru

As of December 31, 2012, the Group holds total goodwill in respect of its two 100% owned subsidiaries, Sun Nippon and Interstate Gaming, of $4,276,000 (2011 - $4,276,000), which has been allocated to the Group's Peru cash generating unit.

In Peru as of December 31, 2012, management does not believe that the carrying value of the cash generating unit was impaired, as the value in use, calculated using a discount rate of 17%, exceeded the carrying value by $24.47 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 $4.6 million each year, the value in use would equal the carrying value of the cash-generating unit.

Costa Rica

At December 31, 2012 the Group holds goodwill of $2,508,000 (2011 - $2,508,000) related to its 55.7% holding in Thunderbird Gran Entretenimiento and 50% holding in King Lion Network, S.A.

In Costa Rica as of December 31, 2012, management does not believe that the carrying value of the cash generating unit was impaired, as the value in use, calculated using a discount rate of 17.36%, exceeded the carrying value by $12.8 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 $2.9 million each year, the value in use would equal the carrying value of the cash-generating unit.

Philippines

At December 31, 2012, the Group holds goodwill in respect of Eastbay Resorts Limited of $3,857,000 (2011: $3,857,000) and in respect of Thunderbird Pilipinas Hotels and Resorts, Inc. of $45,000 (2011 - $45,000).

In the Philippines, as of December 31, 2012, management does not believe that the carrying value of the cash generating unit was impaired, as the value in use, calculated using a discount rate of 17.18%, exceeded the carrying value by $40.47 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 $7.6 million each year, the value in use would equal the carrying value of the cash-generating unit.

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 company has net liabilities of $521,000 (2011 - $331,000) and as such the Group's equity share of the investment has been accounted for as $Nil.

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.

Name of associate	Principal Activities	Place of Incorporation and operation	Owner interest	2012	2011
Eastbay Property and Development, Inc.	Owns and Leases Real Estate to East Bay Resorts, Inc.	Philippines	40%	$ (521)	$ (331)

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

	2012	2011
Total assets	2,693	$ 2,403
Total liabilities	(994)	(721)
Net assets	1,699	1,682
Group's share of associates' net assets	$ 680	$ 673
Total revenue	$ 561	$ 588
Total loss for the year	(93)	(48)
Share of associates' loss	$ (37)	$ (19)

	2012	2011
Beginning of year	$ (331)	$ (95)
Fees due from shareholders	969	679
Share of losses	(37)	(19)
Fees due to associates	(1,023)	(833)
Foreign exchange adjustments	(99)	(63)
Total	$ (521)	$ (331)
Equity accounting share	-	-

11. PROPERTY, PLANT AND EQUIPMENT

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of January 1, 2012	$ 74,039	$ 9,612	$ 45,620	$ 28,926	$ 11,799	$ 169,996
Foreign exchange adjustments	3,654	209	2,253	1,083	144	7,343
Additions	1,451	38	1,209	437	7,187	10,322
Disposals	(11,868)	(48)	-	(1,818)	(691)	(14,425)
Transfers	1,124	384	3,646	1,451	(6,605)	-
As of December 31, 2012	68,400	10,195	52,728	30,079	11,834	173,236
Depreciation						
As of January 1, 2012	11,922	2,577	33,461	19,143	378	67,481
Foreign exchange adjustments	728	98	1,772	682	-	3,280
Charge for the year	3,100	835	6,547	3,416	-	13,898
Disposals	(2,036)	(48)	-	(1,500)	-	(3,584)
As of December 31, 2012	13,714	3,462	41,780	21,741	378	81,075
Net book value as of January 1, 2012	**62,117**	**7,035**	**12,159**	**9,783**	**11,421**	**102,515**
Net book value as of December 31, 2012	**$ 54,686**	**$ 6,733**	**$ 10,948**	**$ 8,338**	**$ 11,456**	**$ 92,161**

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of January 1, 2011	$ 67,572	$ 8,879	$ 43,540	$ 25,238	$ 42,980	$ 188,209
Foreign exchange adjustments	1,048	(69)	641	148	(979)	789
Additions - continued operations	28	10	795	559	7,944	9,336
Additions - discontinued operations	-	-	-	-	2,057	2,057
Disposals - continued operations	(70)	(27)	(1,210)	(234)	(59)	(1,600)
Disposals - discontinued operations	(2,831)	(47)	-	(389)	(26,461)	(29,728)
Transfers	8,292	866	1,854	2,670	(13,683)	(1)
Transfers from assets held for sale	-	-	-	934	-	934
As of December 31, 2011	74,039	9,612	45,620	28,926	11,799	169,996
Depreciation						
As of January 1, 2011	8,553	1,859	27,244	15,319	378	53,353
Foreign Exchange adjustments	201	(44)	411	29	-	597
Charge for the year - continued operations	3,179	827	6,956	3,334	-	14,296
Charge for the year - discontinued operations	-	6	-	36	-	42
Disposals - continued operations	-	(6)	(1,138)	(124)	-	(1,268)
Disposals - discontinued operations	-	(63)	-	(130)	-	(193)
Impairment Poland	-	(2)	(12)	(2)	-	(16)
Transfers	(11)	-	-	11	-	-
Transfers from assets held for sale	-	-	-	670	-	670
As of December 31, 2011	11,922	2,577	33,461	19,143	378	67,481
Net book value as of January 1, 2011	**59,019**	**7,020**	**16,296**	**9,919**	**42,602**	**134,856**
Net book value as of December 31, 2011	**$ 62,117**	**$ 7,035**	**$ 12,159**	**$ 9,783**	**$ 11,421**	**$ 102,515**

Assets pledged as security

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

During the year ended December 31, 2011 the Group capitalized $106,000 (2011 - $230,000) of borrowing costs.

	2012	2011
Property	$ 48,234	$ 21,057
Gaming equipment	9,558	2,855
Equipment	1,843	158
Total	**$ 59,635**	**$ 24,070**

The carrying value of assets held under finance leases and hire purchase contracts at 2012 was $1,235,000 (2011 - $25,054,000).

12. DISCONTINUED OPERATIONS

In September 2012 the group entered into an agreement to dispose of a Philippines subsidiary, Thunderbird Hotels Asia "THA", resulting in a consolidated loss on disposal of $397,000 (see note 5). The negotiation to dispose of the under-performing subsidiary included the Group assuming short-term liabilities of $246,000 and transferring the business to the managers of THA.

Revenues and expenses, gains and losses relating to THA 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").

	2012
Other revenue	$ 674
Total revenue	674
Cost of goods sold	(717)
Gross profit	(43)
Other operating costs	
Operating, general and administrative	(38)
Depreciation and amortization	(10)
Operating profit	(91)
Financing	
Financing costs	(12)
Finance cost	(12)
Loss for the period from discontinued operations	**$ (103)**

Cash flows generated by THA for the reporting period can be summarized as follows:

	2012
Operating activities	(220)
Investing activities	(34)
Financing activities	271
Cash flows from discontinued operations	**$ 17**

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

		2012		2011
Trade and other receivables (Non-current)				
Severance funds for employees	$	66	$	74
Receivable from joint venture		52		67
Cash bond to secure PAGCOR gaming license in Philipines		647		814
Deposits for rental, land and equipment		1,186		1,068
Recoverable value added tax		2,614		2,922
Related party receivables (Note 22)		497		497
Trade and other receivables (non-current)	**$**	**5,062**	**$**	**5,442**

		2012		2011
Trade and other receivables (Current)				
Trade and other receivables	$	4,016	$	4,517
Receivables from joint ventures		40		43
Prepaid expense		2,350		4,951
Value added tax and employee receivables		483		536
Deposits for rentals, land and equipment		3,265		2,807
Recoverable value added tax		10		-
Related party receivables (Note 22)		8,370		8,292
Trade and other receivables (current)	**$**	**18,534**	**$**	**21,146**

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 $119,000 (2011 - $122,000) has been recorded accordingly.

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

		2012		2011
Not more than 3 months	$	3,132	$	3,523
More than 3 months but not more than 6 months		883		994
Total	**$**	**4,015**	**$**	**4,517**

Receivables from joint ventures and related party receivables

The Group charges management, marketing, administration and royalty fees to its subsidiaries and 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 joint venture undertakings. 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.

14. INVENTORIES

	2012	2011
Food and beverage supplies	$ 415	$ 374
Casino goods and promotional items	255	393
Hotel food service and room supplies	11	119
Uniform and operational supplies	288	349
Gaming machine parts	511	329
Total	**$ 1,480**	**$ 1,564**

Cost of goods sold within cost of sales was $4,530,000 for the year ended December 31, 2012 and $5,498,000 for the year ended December 31, 2011. There were inventory write downs of $160,000 in 2012 (2011- $397,000).

15. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at December 31, 2012 and December 31, 2011:

	2012	2011
Cash at banks and on hand	$ 5,237	$ 3,994
Restricted cash	3,741	4,044
Total	**$ 8,978**	**$ 8,038**

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 $5,237,000 as of December 31, 2012 (2011 - $3,994,000).

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 $3,741,000 at December 31, 2012 (2011 - $4,044,000).

16. TRADE AND OTHER PAYABLES

Trade and other payables (Non-current)		**2012**		**2011**
Trade and other payables	$	139		226
Other accrued liabilities		3,142		1,638
Deferred Income		2,713		1,465
Trade and other payables (non-current)	**$**	**5,994**	**$**	**3,329**

Trade and other payables (Current)		**2012**		**2011**
Trade and other payables	$	6,435	$	8,355
Other accrued liabilities		6,286		4,607
Deferred Income		78		45
Trade and other payables (current)	**$**	**12,799**	**$**	**13,007**

Terms and conditions of the above financial liabilities:

Current - trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

17. BORROWINGS

Borrowings consist of loans payable detailed as follows:

	Schedule of principal repayments							
	2013	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Unamortized premiums, discounts & issuance costs**	**Total**
Interest Rate[1]:								
>15%	$ 1,314	$ 168	$ 136	$ -	$ -	$ -	$ (55)	$ 1,563
13% to 14%	1,135	544	2,739	102	18	-	(8)	4,530
11% to 12%[2]	1,744	2,419	5,095	1,225	1,105	6,004	(347)	17,245
<10%	4,745	4,592	9,890	7,327	6,103	10,906	(1,991)	41,572
Total principal repayments	**$ 8,938**	**$ 7,723**	**$ 17,860**	**$ 8,654**	**$ 7,226**	**$ 16,910**	**$ (2,401)**	**$ 64,910**

1. Floating rate loans are calculated as of the effective rate on December 31, 2012.
2. Includes $7,161,000 of convertible loan notes with an embedded derivative of $21,000 (December 31, 2011 - $848,000 AR Note 28).

	2013	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Unamortized premiums, discounts & issuance costs**	**Total**
Country:								
Corporate[3]	$ 3,008	$ 2,526	$ 8,255	$ 6,387	$ 5,149	$ 6,718	$ (1,454)	$ 30,589
Costa Rica	1,983	1,414	2,860	693	486	843	(266)	8,013
Nicaragua	653	363	280	174	165	843	(5)	2,473
Philippines	2,372	2,420	5,380	222	149	189	(462)	10,270
Peru	922	1,000	1,085	1,178	1,277	8,317	(214)	13,565
Total principal repayments	**$ 8,938**	**$ 7,723**	**$ 17,860**	**$ 8,654**	**$ 7,226**	**$ 16,910**	**$ (2,401)**	**$ 64,910**

3. The Group's parent entity (Corporate) assumed outstanding debt balances of our Guatemala and Poland entities. The balances outstanding at December 31, 2012 for Guatemala and Poland were $1,040,653 and $1,366,371, respectively.

	Borrowing summary	
	2012	**2011**
Total borrowing	$ 64,910	$ 65,587
Less current portion of borrowings	(8,136)	(7,237)
Borrowing non-current	**$ 56,774**	**$ 58,350**

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):

	Schedule of Corporate principal repayments - reimbursable by subsidiaries							
	2013	2014	2015	2016	2017	Thereafter	Unamortized premiums, discounts & issuance costs	Total
Country:								
Corporate	$ 1,965	$ 2,183	$ 8,255	$ 1,200	$ 2,616	$ 6,718	$ (1,100)	$ 21,837
Costa Rica	60	-	-	-	-	-	-	60
Philippines	983	343	-	-	-	-	-	1,326
Peru	-	-	-	5,187	2,533	-	(354)	7,366
Total principal repayments	**$ 3,008**	**$ 2,526**	**$ 8,255**	**$ 6,387**	**$ 5,149**	**$ 6,718**	**$ (1,454)**	**$ 30,589**

During 2012, the Group has obtained new borrowings detailed as follows:

	Additions	Balance Dec 31, 2012	Collateral	Interest rate	Maturity date
Costa Rica					
Loans with non-financial entities	438	409	Slot Machines	13%	Jun-2016
	127	95	Slot Machines	9%	Sep-2013
	720	708	Slot Machines	13%	Sep-2016
Nicaragua					
Loans with financial entities	1,400	1,400	Mortgage on PPE	8%	Dec-2019
Loans with non-financial entities	313	239	Mortgage on PPE	14%	Sep-2013
Peru					
Loans with financial entities	14,000	13,781	Mortgage on PPE	9%	Jun-2019
Total	**$ 16,998**	**$ 16,632**			

The following table provides additional detail of additions, refinancing, repayments, and disposals taking place during the year:

Additions Summary	Balance Dec 31, 2011	Additions	Refinancing Additions	Refinancing Extinguishment	Repayments	Disposal	Unamortized premiums discounts & issuance costs	Balance Dec 31, 2012
Loans with financial entities	$ 10,554	$ 15,400	$ -	$ -	$ (2,423)	$ -	$ (311)	$ 23,220
Loans with non-financial entities	51,305	1,598	2,485	(1,550)	(16,617)	(1,160)	(1,736)	34,325
Convertible loan notes with non-financial entities	6,815	-	920	19	(35)	-	(354)	7,365
Total	**$ 68,674**	**$ 16,998**	**$ 3,405**	**$ (1,531)**	**$ (19,075)**	**$ (1,160)**	**$ (2,401)**	**$ 64,910**

Notes

Additions

a) During the year ended December 31, 2012, Thunderbird Hoteles Las Americas obtained financing from a Peru based bank to repay certain "Sweep" loans and the prior Interbank loan. The "Senior" loan is for $5.8 million and is secured with property, plant, and equipment. The loan bears interest at 8.5%, and matures in 7 years. Principal and interest payments are due monthly in 83 equal installments and a balloon payment in month 84.

b) During the year ended December 31, 2012, Fiesta Casino Benavides obtained financing from a Peru based bank to repay certain "Sweep" loans and prior secured Interbank loan. The "Senior" loan is for $8.2 million and is secured with property, plant, and equipment. The loan bears interest at 8.5%, and matures in 7 years. Principal and interest payments are due monthly in 83 equal installments and a balloon payment in month 84.

c) The two loans above both from Interbank described in (a) and (b) provide for a cross collateralization of the assets of Thunderbird Hoteles Las Americas and Fiesta Casino Benavides.

d) During the year ended December 31, 2012, Grupo Thunderbird de Costa Rica, Inc., the Group's Costa Rican Joint venture obtained financing of $2.6 million (joint venture share $1.3 million) for the purchase of gaming machines from various vendors. The loans are secured by the assets being financed and bear interest between 8.5% and 12%, principal and interest payment are due monthly in 12 to 48 equal monthly payments.

e) During the year ended December 31, 2012, Buena Esperaza Ltda., obtained financing from a Nicaragua based bank of $1.4 million. The loan is secured with property and bears interest of 8.25%, principal and interest payment are due monthly in 84 equal monthly payments.

f) During the year ended December 31, 2012, Buena Esperaza Ltda., obtained financing from a private lender for $313 thousand. The loan bears interest of 14%, principal and interest payment are due monthly in 12 equal monthly payments.

Refinancing additions with original loan extinguishment

g) During the year ended December 31, 2012, the group executed a refinancing of approximately $2.9 million of principal and accrued interest with 4 lenders into new convertible loan notes in the approximate amount of $1.7 million (collectively the "Convertible Notes") to include a discount of the accrued interest. The conversion terms include: mandatory and automatic conversion into the Group's common stock in tranches at designated price levels. See 2011 Annual Report Chapter 4, Section entitled ―Summary of Convertible Notes, for more details on the price, timing and terms for the conversion of the debt into common shares. Since 2011 a total of $8.4 million of the convertible notes have been recorded as borrowings and the remaining $1 million have been recorded as derivative liabilities.

Other

h) During the year ended December 31, 2012, the Group extinguished approximately 8 loans with private lenders, which loan terms included 8.5% to 14% interest rates. Approximately $12.8 million of principal and $1.1 million of accrued interest was extinguished. $11.6 million of principal and $163 thousand of accrued interest were paid in cash with the remaining principal and interest settled through discounts of $2.1 million from lenders.

i) Effective December 31, 2011, the Group executed various amendments to promissory notes with approximately 35 private lenders representing approximately $10.3 million in principal balance. The Group will generally defer payments to the lenders for approximately five months in 2012, with the deferred interest due as a balloon payment upon the existing maturity dates. For a substantial portion of these notes, the maturity dates were extended. During the year ended December 31, 2012 approximately $916 thousand of accrued interest on loans with 25 lenders has been rolled in to principal.

18. PROVISIONS

	Current 2012	Non-Current 2012	Current 2011	Non-Current 2011
Retirement benefits	1,227	2,356	$ 1,255	$ 1,716
Other	355	-	396	663
Litigation provisions	121	840	193	952
	$ 1,703	**$ 3,196**	**$ 1,844**	**$ 3,331**

	Employee benefits	Litigation	Other	Total
Balance at 1 January 2011	$ 2,901	$ 1,235	$ 1,708	$ 5,844
Provisions recognized	3,875	9	979	4,863
Provisions utilized	(3,637)	(99)	(996)	(4,732)
Provisions released	(158)	-	(217)	(375)
Differences arising from foreign exchange	(10)	-	(415)	(425)
Balance at 31 December 2011	**$ 2,971**	**$ 1,145**	**$ 1,059**	**$ 5,175**
Provisions recognized	2,987	-	1,083	4,070
Provisions utilized	(2,390)	(184)	(823)	(3,397)
Provisions released	(127)	-	(964)	(1,091)
Differences arising from foreign exchange	142	-	-	142
Balance at 31 December 2012	**$ 3,583**	**$ 961**	**$ 355**	**$ 4,899**

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 $166,515 for 2012 (2011: $110,000).

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 December 31, 2012, the Group has recorded provisions amounting to $322,000 (2011 - $343,596), which represents management's best estimate of the liability. This is an accrual under Nicaraguan law and is not a pension scheme.

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.

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 $2,034,000 (2011 - $1,372,000). It is expected that these costs will be incurred during the next ten years. As the Group is still in the process of setting up a formal retirement plan; retirement benefits have been provided for under the guidance in IAS 37, with estimates and assumptions based on third party actuarial valuations.

Further details of the defined benefit scheme are given in Note 19.

Settled Litigation

The following is a summary of any litigation, including actions settled since 1 January 2012 and any actions currently open. Any other material litigation that is currently pending and not listed herein is listed in Note 25 to the Group's financial statements.

Mexico - NAFTA Settlement

Mexico-NAFTA amendment to settlement. In 2007, The U.S. District Court affirmed the NAFTA tribunal's award for $1.25 million in costs and attorney fee award. On 31 March 2010, the Group entered into a settlement agreement to Mexico in annual installments of 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. The Group entered into a modification of the aforesaid settlement agreement wherein the Group and Mexico agreed that the annual installments will be paid in 6 installments per year rather than in one annual payment.

The remaining provision at December 31, 2012 is $960,000 (2011- $1,080,000).

19. RETIREMENT BENEFITS OBLIGATIONS

Philippines:

The Group is still in the process of setting up a formal retirement plan, which is subject to approval. It did not have a plan established for the years ended 2012 or 2011. However, it provides for its best estimate of 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.
The amounts of retirement benefit obligation recognized in the statement of financial position are determined as follows:

	2012	2011
Present value of the obligation	$ 2,296	$ 1,314
Unrecognized actuarial (gains) / losses	(262)	58
Total	$ 2,034	$ 1,372

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

	2012	2011
Balance at beginning of year	$ 1,314	$ 934
Actuarial gains / (losses)	324	(1)
Current service cost	460	307
Interest cost	111	74
Total	$ 2,209	$ 1,314

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

	2012	2011
Current service cost	460	$ 307
Interest costs	111	74
Net actuarial losses recognized during the year	(1)	(1)
Total	$ 570	$ 380

For determination of the pension liability in 2012, the following actuarial assumptions were used:

	2012	2011
Discount rates	5.62%	7.93%
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 30.65 years for both males and females.

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	Share capital ($USD in 000's)
Shares authorized		
500,000,000 common shares without par value		
500,000,000 preferred shares without par value		
Shares issued		
Balance as at December 31, 2010	**20,682,815**	**$ 101,005**
Exercise of options	505,048	1,042
Share based payments	1,361,214	3,820
Cancellation of restricted shares	(7,500)	(17)
Balance as at December 31, 2011	**22,541,577**	**$ 105,850**
Exercise of options		
Share based payments	544,996	1,000
Cancellation of restricted shares	(169,998)	(381)
Transfers from reserves - share commitments	-	3,500
Balance as at December 31, 2012	**22,916,575**	**109,969**

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 were awarded by the Board of Directors 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.

The following table provides additional detail of share options exercised and cancelled during 2011 and 2012:

	Number of shares	Weighted average exercise price
Balance as at December 31, 2010	594,320	$ 3.84
Exercised	(6,666)	2.10
Cancelled	(14,999)	4.98
Balance as at December 31, 2011	572,655	$ 3.83
Cancelled	(327,635)	3.80
Balance as at Decmber 31, 2012	245,020	$ 3.87
Number of options currently exercisable	245,020	$ 3.87

The following table summarizes information about the share options outstanding at December 31, 2012:

Range of exercise prices	Number outstanding Options	Weighted average remaining life	Weighted average exercise price
$2.01 - $3.00	81,333	2.13 years	2.10
$3.01 - $5.00	163,687	1.86 years	4.75
	245,020	1.95 years	$ 3.83

Share-based compensation

Effective 7 November 2002, the Group recognizes compensation expense for share 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 share 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 2012 was $Nil (2011- $Nil).

The value of share options vesting as of December 31, 2012 was $Nil (2011 - $Nil). No stock options were granted during 2012.

The following weighted average assumptions were used for the Black-Scholes method of valuation of share 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

Currency translation reserve

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

Reserves – share commitments

This reserve has historically comprised of equity-settled share based payments and warrants. In 2012, following an exercise to review the composition of other reserves, amounts have been transferred to share capital, share options reserve and retained earnings to better reflect the value of share options not yet exercised at the balance sheet date.

Retained earnings / (loss)

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

Share options reserve

The Group issues equity-settled share-based payments to certain employees and Directors. For all share-based payment arrangements granted an expense is recognized in profit or loss with a corresponding credit to equity. The fair value of share 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 share options reserve. The fair value is calculated using the Black-Scholes pricing model.

21. LOSS PER SHARE

The following weighted average numbers of shares were used for computation of loss per share:

		2012		2011
Shares used in computation of basic and diluted earnings per share (000's)		22,917		22,542
Profit for the period attributable to the parent	$	(5,846)	$	(12,861)
Basic loss per share		**(0.26)**		**(0.57)**
Diluted loss per share		**(0.26)**		**(0.57)**

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

As a result of the loss for the year ended December 31, 2012, the diluted loss per share is the same as the basic loss per share as the employee share options and the effect of convertible loan notes are anti-dilutive.

22. RELATED PARTY TRANSACTIONS

Included in trade and other receivables is $5,057,000 (2011 – $5,686,072) due from Thunderbird de Costa Rica S.A. 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:

	2012		2011	
	Amount due	Interest paid	Amount due	Interest paid
Country				
Philippines	127	25	414	50
Total	**$ 127**	**$ 25**	**$ 414**	**$ 50**

Included in trade and other receivables is $41,000 (2011 – $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 (2011 – $432,000) 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, $3,313,000 (2011 – $2,606,000) 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 $1,359,000 (2011 - $2,363,000) for its portion of management fees, which have been fully eliminated in the consolidated statement of comprehensive income. $1,241,000 (2011 - $1,096,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity, $522,000 (2011 - $331,000) due to associate, Eastbay Property Development in relation to rental fees due from the group's subsidiary Eastbay Resorts, Inc. and $34,000 (2011 - $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 2012 and $78,000 in 2011. 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 $Nil in 2012 and $20,000 in 2011, of which a director received a 10% administrative fee of total broker commissions paid by the Group to India Ltd. in 2012 and 2011.

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

		2012		2011	
	Country	**Amount due**	**Interest paid**	**Amount due**	**Interest paid**
Director	Corporate	$ 4,749	$ 293	$ -	$ 74
	Total	$ 4,749	$ 293	$ -	**$ 74**

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 December 31, 2012 is $24,000 (2011 - $24,000).

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 2012, $52,000 in 2011, and $52,000 in 2010. Mr. Monaldo pays his own health, life, disability and dental insurance, and other professional fees and expenses.

During 2012 the Group paid, Mitzim Properties, a former CEO and President's (please see press release dated June 28, 2012) related company $157,000 (2011 - $184,000) according to a lease agreement for San Diego offices. The lease was terminated January 31, 2013.

The Group employed immediate family members of the former CEO and President of the Group (See press release dated June 28, 2012). They are as follows:

Relation (1)	**Position**	**2012 Salary** (2)	**2011 Salary** (2)
Brother-in-law	Regional Counsel	$ 8	$ 67
Brother-in-law	General Manager	76	158
Daughter	Analyst	51	103
Brother	Project Manager	50	134
Son-in-law	Consultant	-	6
Total		$ 185	$ 468

(1) All employment and consultant arrangements ceased June 28, 2012

(2) Salary includes bonuses and other compensation

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 December 31, 2012, 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 December 31, 2012		Future commitments due December 31, 2011	
	Commitment	Present value	Commitment	Present value
Finance lease commitments				
Not longer than one year	$ 1,516	$ 1,280	$ 4,944	$ 3,377
After one year but not more than five years	1,611	1,553	10,843	7,350
After five years	-	-	1,175	925
Sub total	3,127	2,833	16,962	11,652
Less deferred transaction costs	-	-	-	(177)
Present value of minimum lease payments	**$ 3,127**	**$ 2,833**	**$ 16,962**	**$ 11,475**
Obligations under leases and hire purchase contracts current		(1,280)		(3,323)
Obligations under leases and hire purchase contracts non-current		**$ 1,553**		**$ 8,152**

Assets held under finance leases and hire purchase contracts as of December 31, 2012 and December 31, 2011:

	2012		2011	
	Cost	Amortized cost	Cost	Amortized cost
Autos	$ 550	$ 219	$ 789	$ 309
Gaming equipment	614	386	3,165	2,400
Property	-	-	28,375	22,286
Other	72	63	178	59
Total	**$ 1,236**	**$ 668**	**$ 32,507**	**$ 25,054**

Obligations under operating leases

As at December 31, 2012, minimum operating lease payments of the Group were as follows:

	Future commitments due
Not longer than one year	$ 3,697
After one year but not more than five years	11,291
After five years	20,014
Total	**$ 35,002**

Operating lease expense for the year ended December 31, 2012 was $4,569,000 (2011 - $4,307,000).

24. COMMITMENTS

a) Authorities to Operate ("ATOs") casinos in the Philippines and contractual investment commitments

i.) Thunderbird Philippines Hotels and Resorts, Inc. (the Group's "Poro Point Operating Entity") has been granted an ATO by the Philippines gaming regulator PAGCOR to establish and operate a casino inside the Poro Point Special Economic and Freeport Zone ("PPSEFZ"). The ATO, which is a license agreement that expires in June 2027, requires the Poro Point Operating Entity to complete a USD $30 million investment over a 6-year period, with $10 million to be invested by the end of each 2-year period.

ii.) Eastbay Resorts, Inc. (the Group's "Rizal Operating Entity") has been granted an ATO by the Philippines gaming regulator PAGCOR to establish and operate a casino in Rizal, Philippines. The ATO, which is a license agreement that expires in June 2027, requires the Rizal Operating Entity to complete a USD $30 million investment over a 6-year period, with $10 million to be invested by the end of each 2-year period.

Under the ATO, both the Poro Point Operating Entity and the Rizal Operating Entity are required to post a cash bond in favor of PAGCOR in the amount of PhP10.0 million (US$242 thousand), presented as part of Deposits under Other Non-current Assets in the statements of financial position (see Note 13). The purpose of each Deposit is to ensure the prompt and punctual performance with each ATO. The amount shall be forfeited in favor of PAGCOR in the event of non-completion of the investment commitment within the calendar described above.

Further, each of the Poro Point Operating Entity and the Rizal Operating Entity are required to post a performance bond within sixty days from PAGCOR approval of their respective Project Implementation Plan ("PIP") in the form of:

- cash or letter of credit amounting to 5% of the total additional investment;
- bank guarantee amounting to 10% of the total additional investment; or
- surety bond callable upon demand amounting to 30% of the total additional investment.

As of December 31, 2012, and the date of approval of the Annual report, both the Poro Point Operating Entity and the Rizal Operating Entity have filed their respective PIPs with PAGCOR, which includes their respective amounts already funded toward their respective investment commitments. Through December 31, 2012: a) with respect to the Rizal Operating Entity, the Group submitted expenditures for review by PAGCOR exceeding 100% of the investment commitment required for the first 2-year period; and b) with respect to the Poro Operating Entity, we submitted expenditures for review by PAGCOR exceeding 50% of the investment commitment for the first 2-year period. These PIPs and the respective expenditures are still under review by PAGCOR. There can be no assurances that PAGCOR will accept the submissions made as to the investments made through December 31, 2012.

b) As at December 31, 2012, 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 December 31:		
2013	$	8,938
2014		7,723
2015		17,860
2016		8,654
2017		7,226
Thereafter		16,910
Subtotal		67,311
Less: Debt Issuance Costs		(2,401)
	$	**64,910**

25. CONTINGENCIES

Set out below is an overview of our ongoing contingencies, many of which are as a result of regulatory uncertainty. An estimate of the financial effect of each contingency is disclosed unless a reasonable estimate of the financial effect cannot be made.

a.) PAGCOR litigation

The Philippine Amusement and Gaming Corporation ("PAGCOR") is mandated as the sole government corporation to conduct and establish gaming pools and casinos established by Presidential Decree 1869. In June, 2007 PAGCOR had its most significant legislation with the passage of Republic Act 9487 granting the state-run gaming firm another 25 years to regulate and operate games of chance, to issue licenses, and to enter into joint venture, management, or investment agreements with private entities.

The Group opened both of its Philippine casinos under the PAGCOR charter. The Group's licenses at our Rizal and Poro Point properties are issued 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 Group's position concerning the renewal of the PAGCOR licenses is that the Group 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.

On May 30, 2011, PAGCOR asserted that since 2009, the Group's gaming Companies, namely, Eastbay Resorts, Inc. (ERI) and Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI) both have been operating without their respective licenses and had refused to honor the terms which PAGCOR set for their license renewal. PAGCOR said it would initiate "cessation proceedings" unless by June 3, 2011, both Companies agree to the new license terms set out by PAGCOR. PAGCOR had continually accepted both Companies' tax and licensing fee payments from the commencement of their respective casino gaming operations in 2006 up to May 2011, which the Companies contend is proof of the continuing validity of their respective Memorandum of Agreement (MOA) with PAGCOR. Moreover, despite PAGCOR's claims that the MOAs expired in August 2009, PAGCOR continued to place casino monitoring teams within the premises of both Companies. On July 4, 2011, a motion for consignation for the 25% "tax" on gross gaming revenues, which revenue-share was previously refused receipt by PAGCOR, was filed with the Regional Trial Court (RTC) by both Companies. Subsequently on September 12, 2011, the RTC granted the Motion for Consignation and the Companies jointly consigned before the RTC the 25% "tax" on their respective gross gaming revenues.

On June 21 2012, both Companies and PAGCOR came to a compromise and all legal proceedings between them were dismissed. PAGCOR granted each of the Companies a 15-year Authority to Operate (ATO) expiring in 2027, with a revised gaming tax rate of 30% and investment requirement of $30.0 million each. All checks consigned with the RTC were cleared and a PAGCOR team has been deployed to oversee the casino operations of each Company.

Under the new ATO, the license fee on aggregate gross gaming revenue was increased to 30% of the monthly revenue while the license fee on junket and/or chipwashing operations was set at 15% or a monthly minimum guarantee, whichever is higher. The monthly minimum guarantee of US$167,511.96 for the first year since issuance of the new ATO shall increase by five percent (5%) starting on the first year anniversary of the Issuance Date and every year thereafter.

Both Companies are also required to post a cash bond each in favor of PAGCOR in the amount of PhP10.0 million (US$242 thousand), presented as part of Deposits under Other Non-current Assets in the statements of financial position (see Note 13), to ensure the prompt and punctual performance by each of the Companies of their entire obligation under their respective MOAs. The amount shall be forfeited in favor of PAGCOR in the event of non-completion of the project within the time frame specified in the MOAs.

Further, each Company is required to post a performance bond within sixty days from PAGCOR approval of their respective Project Implementation Plan (PIP) in the form of:

- cash or letter of credit amounting to 5% of the total additional investment;
- bank guarantee amounting to 10% of the total additional investment; or,
- surety bond callable upon demand amounting to 30% of the total additional investment.

As of December 31, 2012, and the date of approval of the Annual Report, both the Poro Point Operating Entity and the Rizal Operating Entity have filed their respective PIPs with PAGCOR, which includes their respective amounts already funded toward their respective investment commitments. Through December 31, 2012: a) with respect to the Rizal Operating Entity, the Group submitted expenditures for review by PAGCOR exceeding 100% of the investment commitment required for the first 2-year period; and b) with respect to the Poro Operating Entity, we submitted expenditures for review by PAGCOR exceeding 50% of the investment commitment for the first 2-year period. These PIPs and the respective expenditures are still under review by PAGCOR. There can be no assurances that PAGCOR will accept the submissions made as to the investments made through December 31, 2012.

b.) Philippines Tax Controversy

On May 25, 2005, R.A. 9337, amending certain sections of the National Internal Revenue Code (NIRC) of 1997, was signed into law and became effective on November 1, 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.

On March 15, 2011, the SC ruled that Section 1 of R.A. 9337, which excluded PAGCOR from the list of government-owned-and-controlled corporations exempted from corporate income tax, is valid and constitutional, thus, making PAGCOR subject to corporate income tax but it is exempt from Value-Added Tax (VAT).

In December 2011, PAGCOR initiated tax calculations of back taxes from 2004 to 2010, submitted the same and made voluntary income tax payments to the BIR, which the latter accepted as partial payment of back taxes subject to validation resulting from an on-going tax audit by the BIR of the appropriate amount of tax due from PAGCOR reckoning from the date of the effectivity of R.A. 9337.

On February 29, 2012, under Revenue Memorandum Circular (RMC) 8-2012, the BIR circularized the SC ruling, mentioned in the second paragraph under this Subnote 1.2(b).

The SC ruling, the subsequent voluntary payment made by PAGCOR, and the circularization of the SC ruling by the BIR gave rise to a material uncertainty on whether these changes in the taxation governing casino operations will be extended to PAGCOR licensees, such as the Company.

With respect to the Company's taxability, the Company's management believes that any direct tax assessment of the BIR, if any, and any resulting tax obligation that may arise from these events will probably not lead to any significant cash outflows from the Company considering relevant provisions of the SC decision and prior agreements between the Company and PAGCOR. Furthermore and notwithstanding that the taxability of the casinos is an industry issue, the Company believes that it will not be significantly affected by this as it has already cleared its tax liabilities up to taxable year 2010. Consequently, any unfavourable outcome on this issue will not significantly affect the Company's assets or liabilities.

On the basis of its consideration of the preceding matters, the Company demonstrates its ability to continue as a going concern and did not recognize any adjustments on its financial statements to reflect any possible effects on the recoverability and classification of assets or the amounts of liabilities that may result from the outcome of these material uncertainties.

c.) Peru Tax Controversy

In the latter part of 2011, the Group's Peruvian wholly owned subsidiary Thunderbird Hoteles Las Americas "THLA", received a group of resolutions issued by the Peruvian tax authority, Superintendencia Nacional de Administración Tributaria "SUNAT" in relation to various major tax issues: first, a rejection of certain deductions in 2007 for interest payment made to lenders/investors domiciled abroad in relation to certain loans and investments and second, a rejection of certain tax credits in favor of THLA related to IGV (sales tax). In each case, these matters relate to the acquisition of the six Hotels by THLA in Peru.

In addition, a third group of resolutions was issued by SUNAT relating to fines associated with the prior described tax issues.

THLA filed an administrative appeal with respect to these resolutions on November 21, 2011. On March 23, 2012, THLA was notified through a SUNAT resolution that the tax authority confirmed its three resolutions as described herein. The total potential exposure (tax, penalties and interest is) is approximately S\.6,963,793 Peruvian Soles ($2,729,829) for the first group of resolutions, S\.6,490,336 Peruvian Soles ($2,544,232) on tax credit for the second group and S\.6,074,727 Peruvian Soles ($2,381,312) for the third group.

THLA has filed an appeal on March 23, 2012 tax assessment and believes the assessments are incorrect and inconsistent with the tax laws as Peruvian tax counsel believes that THLA applied tax positions correctly.

Management intends to vigorously defend its position at all administrative and judicial levels. The Group is not responsible for payment until the decision is final and non-appealable, being the last stage at the judicial level. However, interest on the resolutions is accruing during the time of administrative and judicial appeal and up to when a final decision is achieved.

d.) Costa Rica Tax Controversy

The income tax in Costa Rica is collected by the General Income Tax Office. The Group's Costa Rica operations are engaged in two separate tax matters. Thunderbird Gran Entretimentio S.A. and Grupo Thunderbird de Costa Rica which we appealed to the 2nd step of the Tribunal Fiscal Administrative ("TFA") area during Q3 and Q4 of 2012. In Q1-2012, the Group's subsidiary operation in Costa Rica received a proposed income tax assessment of $0.6 million for the tax year ended December 31, 2009 and a proposed tax assessment of $0.8 million for the tax year ended December 31, 2010. Additional gaming taxes of $0.2 million were assessed for each tax year ended December 31, 2009 and 2011. The assessments for both tax years were related to certain expenses which were deemed to be non-allowable deductions by the General Income Tax Office and for the imputation of interest income on intercompany advance balances.

In regards to the TGE case we were advised on January 16, 2013 that our appeal was denied. We have one year to initiate a case in the court system as the next step. We are currently waiting on advice from our outside attorneys regarding the best strategies to use for this next step of the process in order to minimize our exposure. At this moment, we cannot accurately assess the results and probabilities of these next steps of the process; however, we remain confident that we will present a strong position in the court process. The GTCR case remains in the TFA area with no decision released yet.

The Group believes these tax assessments are incorrect and inconsistent with the tax laws of Costa Rica and therefore our Costa Rica subsidiary will file appeals as our Costa Rican tax counsel believes that our Costa Rica subsidiary applied tax positions correctly. The Group intends to vigorously defend its position at all administrative and judicial levels. The Group is not responsible for payment until the decision is final and non-appealable, being the last stage at the judicial level. However, interest on the assessments is accruing during the time of administrative and judicial appeal and up to when a final decision is achieved.

e.) Daman Hospitality loan guarantees

We entered the Indian market in 2008 by initiating a hotel project in Daman, India, which is located just north of Maharashtra State whose capital is Mumbai (formerly Bombay). The project known as "Thunderbird Resorts – Daman" has faced both regulatory delays outside the Group's control, as well as cost overruns in construction and pre-operating interest / expense due to the delays.

From commencement through the change of control via the sale of DHPL shares to Delta Corp ("Delta"), the project was funded by the following sources (all amounts are approximate and have been subject to exchange rate fluctuations since funding):

- $18 million in cash and property contributed as equity ($9 million on our side) in a first round of equity funding
- $26 million senior secured loan facility from four India banks, jointly and severally guaranteed by the Group.

- $13.5 million in fully convertible debentures ("FCDs"), secured behind the senior lenders, of which approximately $9 million of principal plus any unpaid interest was to be jointly and severally guaranteed by the Group.
- $21 million in additional equity and junior debt required to be contributed by Bombay Stock Exchange traded Delta in a second round of equity funding. Post-closing, Delta became the 51% control partner and the Group and the original local partner share the remaining 49% share position.

In February 2012, the Group announced that the "Thunderbird Resorts – Daman" project had been largely completed as follows: a) approximately 176 hotel rooms; b) three bars and restaurants; c) pool and outdoor plaza areas; and d) approximately 50% of indoor meeting areas. The Group also announced at that time that the hotel was still waiting for its hotel occupancy permit to be granted by the relevant local authorities.

The Group previously announced that it had jointly and severally guaranteed the following (all figures based on recent exchange rates or were USD transactions): (i) Senior Secured Debt in the face amount of approximately $21.3 million to a consortium of Indian Banks; (ii) Fully convertible debentures to Madison India Real Estate Fund ("MIREF") in the face amount of $7.5 million (the"MIREF- FCD"); and (iii) Fully convertible debentures to Maravege Limited and one other party in the face amount of $2.9 million. In its Q3 2012 Interim Management Statement, the Group updated previous announcements stating that:

- Madison India Real Estate Fund ("MIREF"), called upon DHPL and/or its shareholders to purchase its fully convertible debentures ("FCDs") that DHPL had issued MIREF for a face amount of approximately $7.5 million plus accrued return. MIREF's FCDs contained conversion rights into a 76% voting equity shareholder in DHPL. Bombay Stock Exchange filings by Delta disclosed that Delta acquired MIREF's FCDs along with its converted shares to increase its total equity holding in DHPL to 87.16% from its earlier 51% ownership.

- As a result of the conversion of the MIREF FCDs into DHPL shares and the termination of all DPHL obligations to MIREF along with other factors, the Group no longer has any liability to MIREF. Furthermore, pursuant to the parties' Shareholders' Agreement, the Management believes its equity holding has been reduced to approximately 5.5% in DHPL and that, as a result, Delta and DHPL are now obligated to obtain a release of the Group's remaining guarantees of: i) senior secured debt in the face amount of approximately $21.3 million to a consortium of Indian Banks; and iii) fully convertible debentures to Maravege Limited and one other party in the face amount of $2.9 million. If no such releases are obtained, Management believes both DHPL and Delta are required to fully indemnify Thunderbird from any claims arising under said guarantees.

- Delta and others dispute their respective obligations and the legal positions taken by the Group. The outcome of any potential litigation, including the liability pursuant to these corporate guarantees, is not known at this time. While there can be no assurances that litigation will not occur, the Group believes that the DHPL shareholders and FCD holders are working toward a non-litigious resolution.

Through the date of publication of this 2012 Annual Report, DHPL, which has substantially completed the construction of the now 173-room hotel, is still waiting for local authorities to grant its hotel occupancy permit so that it can commence operating.

f.) Canadian Tax Controversy

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 undervalued. 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.

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.

g.) Pardini Case

Pardini & Asociados vs. International Thunderbird Gaming Corporation: This lawsuit was filed in the latter part of 2001 and is currently at the 13th Civil Court, in Panama City, Panama. "Pardini" is a law firm in Panama City, Panama, claiming that the Group owes it fees for assisting in the Panama casino acquisition in 1998. The Group deems this matter completely frivolous and is opposing the claim through a vigorous and thorough defense. The Group's affiliate at the time, International Thunderbird Gaming (Panama) Corp. ("ITGPC") entered into an agreement with an individual, a Juan Raul De La Guardia, to provide services, and the suit claims the above mentioned law firm entitled to fees ultimately paid to Mr. De la Guardia, who has executed a complete indemnity and hold harmless agreement from any all liability which may be imposed by the court, for the benefit of the Group and ITGPC.

ITGPC is no longer an affiliate of the Group. A similar case was filed in the 11th Civil Court in September 2011 by said law firm and now names ITGPC and Mr. De La Guardia as defendants. In 2011 the law firm filed a request for the "Consolidation" of these two cases which was granted by the Court on November 9, 2011 assigning this case to the 13th Civil Court. The consolidation of processes was appealed by the defense, but the consolidation decision was upheld by the First High Court's decision.

Following the First High Court's decision, the case was ready to be sent to the 13th Civil Court to start the Consolidation of Cases analysis; however Pardini's lawyers have requested a clarification in the decision made by the Court regarding the payment of certain legal fees by the parties. Currently, the main process is on hold until the clarification requested by Pardini is issued by the court.

h.) Philippine Labor Union Case

Philippine Workers Union Matter On June 4, 2010, a group of rank-and-file employees of Eastbay Resorts, Inc. (ERI) filed a Petition for Certification Election before the Department of Labor and Employment (DOLE) docketed as RO40A-RPO-CE-01-01-06-10, asking for the conduct of a Certification Election among ERI's rank-and-file employees with the end in view of determining whether a majority of the said employees agree to be represented by a union under the name "Thunderbird Resort Rizal Union of Casino Eastbay Employees Association of Genuine Labor Organizations (TRRUCEE-AGLO)" (the "Union"), for purposes of collective bargaining with the Company. ERI opposed the Union's Petition and argued that ERI employees are prohibited from forming a labor union per Sections 16 and 18 of Presidential Decree No. 1869, otherwise known as the charter of the Philippine Amusement Gaming Corporation or PAGCOR (gaming regulator) which provides that employees of casinos and casino-related businesses are "confidential employees" who are prohibited from forming labor unions and participating in Certification Elections.

On August 9, 2010, the Mediator-Arbiter issued a Decision dismissing the Union's Petition. The Union appealed this Decision to the Labor Secretary. On April 26, 2011, the Labor Secretary reversed the Mediator-Arbiter's Decision and ordered the conduct of a Certification Election. ERI's Motion for Reconsideration was also denied by the Labor Secretary on September 8, 2011. ERI appealed the Labor Secretary's Decision to the Court of Appeals via a Petition for Certiorari, but the Court of Appeals did not issue an immediate ruling at that time.

In the meantime, pursuant to the Labor Secretary's Decision dated April 26, 2011, the Election Officer of the Department of Labor proceeded with the conduct of the Certification Election and scheduled the same of on April 17, 2012. Venue of the elections is at ERI's premises in Binangonan, Rizal.

The Labor Election Officer decided that all ERI rank-and-file employees, whether from the hotel or casino operations will be allowed to cast their votes on April 17, 2012. As to whether the votes of the casino employees will be included in the tally, said matter was endorsed to the Labor Mediator-Arbiter for review and resolution. On August 15, 2012, the Labor

Mediator-Arbiter issued a Decision and allowed the inclusion of the votes of the casino employees in the final tally.

In the meantime, or on August 14, 2012, the Court of Appeals issued a Decision denying ERI's Petition for Certiorari and agreeing with the position of the Labor Secretary allowing the conduct of a Certification Election. ERI subsequently filed a Motion for Reconsideration praying for the reversal of the said Decision.

On January 30, 2013, the Labor Mediator-Arbiter issued an Order certifying the results of the election results and announcing that the Union did not obtain the required votes in order for it to win in the Certification Election. As a consequence, the Union was not certified by the Labor Mediator-Arbiter as the authorized bargaining representative of all ERI rank-and-file employees.

Subsequently, the Court of Appeals denied ERI's Motion for Reconsideration. However, in light of the fact that the Labor Mediator-Arbiter already announced the loss by the Union in the Certification Election, the Court of Appeals' denial was already rendered moot and academic. ERI advised the Court of Appeals of such fact through its Manifestation filed on March 6, 2013.

With the foregoing, it appears that the Union's Petition for Certification filed on June 4, 2010 is already deemed finalized. However, under Philippine Law, the Union can again request for another Certification Election by January 30, 2014, or one (1) year from the date the Labor Mediator-Arbiter's certified the results of the 2012 Certification Election.

i.) Chile Controversy

The Group's Chilean subsidiary "Thunderbird Chile, S.A." 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 favor of Thunderbird Chile, S.A.'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 Thunderbird Chile, S.A. 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 4August 2008, in the amount of CHP $ 1,741 million which as of the date of the judgment converted to $2.8 million. Thunderbird Chile, S.A. 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.

j.) Guatemala Controversy

In August of 2009, The Group's operations in Guatemala, Fiesta Intercontinental Guatemala and Video Suerte Mazatenango (which have since been sold as explained below) 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. The Group 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 August 20, 2009 and Video Suerte Mazatenango opening on August 25, 2009. This penal proceeding at the Juzgado Octavo de Primera Instancia arose from the complaint of a Congressman, and now has been successfully closed in favor of the Group's Guatemalan subsidiaries.

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, and the question of the Court's jurisdiction is at issue. Simultaneously, Thunderbird de Guatemala filed an action in The Supreme Court –Guatemala for protection of its right to conduct business under the license which case is still pending. The Group 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 authorizations.

Thunderbird de Guatemala is undergoing a tax audit for 2009 and 2010 by The Internal Revenue Service (*IRS*) (*Superintendencia de Administración Tributaria-SAT*) which has overall responsibility for tax administration in Guatemala.

Based on the uncertain legal and commercial issues, the Group opted for the change of our licensee to continue operations in Guatemala and 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. Regardless of the outcome of the civil proceedings and the tax audit noted above, now that the Group sold its Guatemala operations, the Group believes it has no material exposure in case of an unfavorable result.

26. 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 credit 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 versus 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.

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

		US-dollar amounts	
		2012	**2011**
Nominal amounts	**Country**		
Financial assets			
	Costa Rica	$ 370	$ 850
	Nicaragua	227	450
	Philippines	9,993	118
	Peru	2,883	72
Financial liabilities			
	Costa Rica	(3,655)	(4,218)
	Nicaragua	(1,028)	(310)
	Philippines	(14,395)	(1,791)
	Peru	(6,824)	(2,372)
Short term exposure		**$ (12,429)**	**$ (7,201)**
Financial liabilities			
	Costa Rica	(6,296)	(8,166)
	Nicaragua	(1,825)	(856)
	Philippines	(1,465)	(1,175)
	Peru	(13,709)	(19,789)
Long term exposure		**$ (23,295)**	**$ (29,986)**

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 December 31, 2012 and 2011. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

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:

	2012			2011		
	Percentage change	Net effect on income	Net effect on equity	Percentage change	Net effect on income	Net effect on equity
Country						
Costa Rica	2.74%	3	528	3.72%	(22)	(672)
Philippines	4.46%	92	968	5.09%	8	(1,132)
Peru	2.56%	(39)	822	3.53%	-	(1,333)
Total		**56**	**2,318**		**(14)**	**(3,137)**

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

	2012			2011		
	Percentage change	Net effect on income	Net effect on equity	Percentage change	Net effect on income	Net effect on equity
Country						
Costa Rica	2.74%	(3)	(500)	3.72%	20	624
Philippines	4.46%	(84)	(885)	5.09%	(7)	1,022
Peru	2.56%	37	(783)	3.53%	-	1,242
Total		**(50)**	**(2,168)**		**13**	**2,888**

Interest rate sensitivity:

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term are therefore usually at fixed rates. At 31 December 2012, the Group is exposed to changes in borrowings market interest rates through some of its banks borrowings of approximately $9,749,835 as of 31 December 2012 (2011 - $10,388,000), 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 +/-4.47% as of December 31, 2012 (2011 - +/- 0.29%), with effect from the beginning of the year, would be an increase of $60,333 (2011 - $59,973) or a decrease of $60,333 (2011 - $59,973). 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.

The calculations are based on the Group's financial instruments held at each statement of financial position date. All other variables are held constant.

27. FINANCIAL INSTRUMENT BY CATEGORY

	Loans and receivables
Group	
December 31, 2012	
Assets as per statement of financial position	
Trade and other receivable	$ 21,327
Cash and cash equivalents	8,978
Total	**$ 30,305**

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Borrowings	$ -	$ 67,743	$ 67,743
Trade and other payables	-	12,799	12,799
Other financial liabilities	-	2,428	2,428
Derivative financial instruments	21	-	21
Total	**$ 21**	**$ 82,970**	**$ 82,991**

	Loans and receivables
Group	
December 31, 2011	
Assets as per statement of financial position	
Trade and other receivable	$ 21,740
Cash and cash equivalents	8,038
Total	**$ 29,778**

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Borrowings	$ -	$ 77,062	$ 77,062
Trade and other payables	-	13,007	13,007
Other financial liabilities	-	3,204	3,204
Derivative financial instruments	848	-	848
Total	**$ 848**	**$ 93,273**	**$ 94,121**

28. 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.

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 measures its liquidity needs by:

- Monitoring short-term obligations on a country-by-country and global, consolidated basis, with short-term inflows and outflows forecasted for the financial year, updated weekly.
- Monitoring long-term, scheduled debt servicing payments.
- Rolling forward 5-year cash flow models each month based on the financial results year-to-date through the previous month.

The Group has the capacity to manage liquidity with a number of different tools at its disposal, including:

- Raising of debt or equity capital at both the operations and Group levels.
- Selling of non-strategic assets.
- Restructuring or deferral of unsecured lenders.
- Restructuring of salaries of key personnel.
- Deferral or aging of accounts payables.
- Cost management programs at both the operations and Group levels.

Based on the information available today and the liquidity tools at its disposal, Management anticipates that the Group can meet its liquidity needs over the next 18 months primarily from operational cash flows as set out in Note 2.

As at December 31, 2012, the table set below shows the Group's liabilities maturities per year:

	2013	2014	2015	2016	2017	Thereafter	Total
Long-term bank loans	$ 15,580	$ 12,021	$ 21,213	$ 5,578	$ 6,410	$ 19,597	$ 80,399
Finance lease obligations	1,516	1,247	334	26	4	-	3,127
Convertible debt notes	1,021	748	748	5,936	2,572	-	11,025
Trade payables	12,329	-	-	-	-	-	12,329
Due to related parties	1,800	-	-	-	-	-	1,800
Total	**$ 32,246**	**$ 14,016**	**$ 22,295**	**$ 11,540**	**$ 8,986**	**$ 19,597**	**$ 108,680**

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	2012	2013	2014	2015	2016	Thereafter	Total
Long-term bank loans	$ 12,558	$ 12,989	$ 15,545	$ 22,473	$ 4,630	$ 2,921	$ 71,116
Finance lease obligations	4,944	2,886	2,795	2,759	2,403	1,175	16,962
Convertible debt notes	163	669	694	694	5,790	2,687	10,697
Trade payables	13,007	-	-	-	-	-	13,007
Due to related parties	1,158	-	-	-	-	-	1,158
Total	**$ 31,830**	**$ 16,544**	**$ 19,034**	**$ 25,926**	**$ 12,823**	**$ 6,783**	**$ 112,940**

Derivative financial instruments:

During 2011 and 2012 the group issued 8.5% convertible loan notes due in 2016 and 2017 (Note 17). Upon initial recognition embedded derivatives of $848,000 and $185,000 for 2011 and 2012, respectively, were separately measured and recorded within derivative financial instruments. The fair value was $21,000 at December 31, 2012.

Derivative Financial Instrument	
Balance at December 31, 2011	**848**
Additions	185
Valuation adjustments recognised in (profit)	(1,012)
Balance at December 31, 2012	**21**

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).

December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities				-
Derivatives	-	21	-	21
Net fair value	$ -	$ 21	$ -	$ 21

December 31, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities	-	-	-	-
Derivatives	-	848	-	848
Net fair value	$ -	$ 848	$ -	$ 848

There have been no significant transfers between level 1 and 2 in the reporting period.

29. 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 December 31, 2012 and 2011 were as follows:

	2012	2011
Total borrowings and finance lease obligations (Note 17 and 23)	$ 70,144	$ 80,326
Less: Cash and cash equivalents	(8,978)	(8,038)
Less: Accrued interest	(2,428)	(3,204)
Less: unamortized debt issuance cost	(2,401)	(3,264)
Net Debt	56,337	65,820
Operating profit from continuing operations before other gain and loss items	1,529	4,198
Add: Depreciation and amortization	14,174	15,099
EBITDA	15,703	19,297
Leverage ratio	3.59	3.41

30. INVESTMENT IN JOINT VENTURES

The Group has 50% interest in the following joint ventures, of which only Thunderbird de Costa Rica has operations:

a. Thunderbird de Costa Rica
b. Thunderbird Chile S.A.
c. V. T. Hopland Joint Venture

Amounts included in these consolidated financial statements related to the Group's interest in joint ventures are as follows:

	2012	2011
Current assets	2,017	2,630
Non current assets	20,998	20,605
Current liabilities	7,700	8,895
Non current liabilities	6,420	8,156
Revenue	7,199	8,718
Expenses	7,192	7,734
Net gain before taxes	7	984
Cash flows from operating activities	(568)	5,132
Cash flows from financing activities	1,962	804
Cash flows from investing activities	(1,974)	(5,493)

31. 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 yearend. 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 table of our organizational structure, including our effective record ownership structure as of December 31, 2012:

Name of subsidiary	Jurisdiction of formation	Effective ownership interest
Thunderbird Entertainment, S.A,	Panama	100.00%
Thunderbird Gran Entretenimiento, S.A.	Costa Rica	55.75%
Thunderbird Greeley, Inc.	California	100%
Sun Nippon Company, S.A.C.	Peru	100% (indirect)
Interstate Gaming Del Peru S.A.	Peru	100% (indirect)
Thunderbird Hoteles Las Americas S.A.	Peru	100%(1)
Thunderbird Fiesta Casino – Benavides, S.A	Peru	100%(1)
Thunderbird Frontier Realty	Philippines	100.00%
South American Entertainment Corp. II Ltd.	Philippines	100.00%
Thunderbird Poro Development Ventures Inc.	Philippines	100.00%
Eastbay Resorts Inc.	Philippines	65%(2)
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	61%(3)
Buena Esperanza Limitada S.A.	Nicaragua	55.9 % (indirect)
Eastbay Resorts Limited	British Virgin	65%(2)
Thunderbird Poro Point Ltd.	British Virgin	61%(3)
Camino Real (BVI) Investments Ltd.	British Virgin	100.00%
International Thunderbird (BVI) Ltd.	British Virgin	100.00%
International Thunderbird Brazil (BVI) Ltd.	British Virgin	100.00%

(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 "Chapter 3, section B, 2011 Material Developments and Material Contracts"

(2) Third parties own a non-voting equity interest in this entity, which lowers our economic interest in this entity to 61.5%.

(3) Third parties own a non-voting equity-interest in this entity, which lowers our economic interest in this entity to 58%.

32. SUBSEQUENT EVENTS

New President & CEO: Salomon Guggenheim was named President and CEO of the Company and retained his position as Chairman of the Board of Directors. Mr. Guggenheim has worked closely with Management since 2002 when he first joined the Company as Director. Peter LeSar, who was appointed interim CEO and President in June 2012, will retain his position as CFO.

Working Capital Loan: Mr. Stadelmann has been a Director of the Group commencing in June 2012. Mr. Stadelmann loaned the Company $400,000 in January 2013, which pays an interest rate of 12% and has a maturity date of May 31, 2013.

Refinancing of Real Estate: The Group owns two properties in the Republic of Panama, one which functions as the Group's corporate headquarters ("TESA building) and the other is an office space rented to third parties ("Globus office"). The TESA building and the Globus office were then financed by short-term financing with approximately $0.9 million in remaining principal balance and a long-term, real estate loan with approximately $0.9 million in remaining principal balance. In 2013, the TESA building and the Globus office were jointly refinanced with a Panamanian bank under the following terms: a) Term length of 5 years (that may be extended for 2 additional periods of 5 years); b) Interest rate of 7.75%; and c) Amount funded of approximately $2.4 million.

Unsecured Loan and Salary Deferrals: In April 2013, with the objective to improve the cash flow for corporate entities and as one of the Group's liquidity tools, the Group reached agreements with certain unsecured lenders to defer loan payments for ninety days and, to align management to lenders, all officers agreed to partial salary deferrals for the same period.

Chapter 10:
Risk Factors

Summary of Risk Factors: Prospective investors in Thunderbird Resorts Inc. 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 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 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. 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. 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.

Development 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. 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.

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.

Mergers & Acquisitions: Any future mergers and 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.

Risks to Cash Flow and Access to Capital: 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 may 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.

Market Risks: 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.

Government Regulatory Risk: 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 and building codes, and marketing and 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.

Public Opinion Risk: 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.

Risks to Shareholders: 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% 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% 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.

Risks to Pledged Shares: If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.

Risks of Local Investors: We own many of our properties through entities that are partly owned by local companies or individuals. 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 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.

Risks of Losing Key Personnel: 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.

Tax Risk: We may be subject to certain tax liabilities in connection with our operations. See Note 25 to the Financial Statements.

Litigation Risk: 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 Notes 18 and 25 of the financial statements for a description of our current material litigation.

Acts of God: 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.

Management Risks: We derive our revenue from operations located on three 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.

Technology Risks: 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.

Demand Risks: 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.

Fraud Risks: 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.

Marketing & Promotions Risks: 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.

Holding Company Risks: 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.

Risks Associated with Real Estate: 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. 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.

Foreign Currency Risks: We currently operate in Costa Rica, 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.

Risks to 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. 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.

Risks from Options, and Promissory Convertible into Common Stock: As of December 31, 2011, we have existing options and promissory notes convertible into common shares. The potential issuance of additional common shares on exercise of these options or the conversion of these promissory note into shares could make us a less attractive investment, if exercise of the options and conversion of notes into shares at prices below current market prices. If and to the extent these options are exercised or conversion occur, shareholders may experience dilution to their holdings. As of April 2013, we have approximately 22,920,073 million common shares outstanding. See Chapter 7 for more detail on the unexercised option and promissory note convertible into shares.

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% or more of our outstanding common shares.

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.

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 though we elected 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 ten business days from the date their ownership exceeded 10%, and then within ten 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 three calendar days versus the normal ten-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.

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

Thunderbird Building
Calle Alberto Navarro
El Cangrejo, Apartado 0823-00514
Panama, Republic of Panama
Tel: (507) 223-1234
Fax: (507) 223-0869

DIRECTORS

Salomon Guggenheim, Zurich, Switzerland
Albert W. Atallah, San Diego, California
Douglas Vicari, Oradell, New Jersey
Roberto F. de Ocampo, Manila, Philippines
Reto Stadelmann, Zurich, Switzerland
Marie Madeleine Linter, Zurich, Switzerland

OFFICERS

Salomon Guggenheim, President & CEO
Peter LeSar, Chief Financial Officer
Albert W. Atallah, General Counsel and Secretary
Tino Monaldo, Vice President, Corporate Development
Angel Sueiro, Vice President, Design and Construction

REGISTERED AND RECORD OFFICE FOR SERVICE IN BRITISH VIRGIN ISLANDS

Icaza, Gonzales-Ruiz & Aleman (BVI) Trust Limited
Vanterpool Plaza, Second Floor
Road Town, Tortola
British Virgin Islands

AUDITOR

Grant Thornton UK LLP
1020 Eskdale Road
Wokingham
Berkshire, UK
RG41 5T5

TRANSFER AGENT

Computershare
510 Burrard Street, 3rd Floor
Vancouver, BC V6C 3B9, Canada

CAPITALIZATION

Common shares issued: 23,015,819
(as of April 19, 2013)

SHARES LISTED

NYSE Euronext Amsterdam
Common Stock Symbol: TBIRD
Frankfurt Stock Exchange
Common Stock Symbol: 4TR

WEBSITE

www.thunderbirdresorts.com