Thunderbird
RESORTS

Annual Report 2011

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

Cautionary Note with regard to "forward-looking statements"

This Annual Report contains certain forward-looking statements within the meaning of the securities laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential revenue, future plans, and objectives of the Thunderbird Resorts Inc. 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

To the Shareholders of Thunderbird Resorts Inc.:

Below are highlights of our progress and challenges in 2011.

PROGRESS

Increased book value per share: The per-share book value of our common stock has increased 36% since year-end 2009 through year-end 2011, from $1.18 per share to $1.61 per share. This is a 17% annual compounded growth rate since we began to restructure in 2009.

Growing cash generation: Cash generation improved 6.9% to approximately $7.2 million in 2011 from $6.7 million in 2010. "Cash generation" is a key performance indicator Management analyzes monthly to determine the financial health of the Group, and is defined as adjusted EBITDA[1] – Financing Cost – Project Development Expense.

Strengthened capital structure: Group debt from continuing and discontinued operations[2] has been aggressively reduced to $78 million at year-end 2011 from $121 million as of 2010 and from $169 million as of 2009. This is a debt reduction of $91 million in 24 months.

Improved debt to adjusted EBITDA: Debt from continuing and discontinued operations to as adjusted EBITDA improved from 4.8X at year-end 2009 to 4.0X by year-end 2011. Based on Q4 2011 Material Contracts and Q1 2012 Subsequent Events (see Chapter 3), Management believes that Group debt ratios will further improve in 2012.

Increased value of our real estate: The value of our real estate property as accounted for based on book value is $62.1 million. However, based on appraisals from qualified, independent appraisers (all performed between 2010 and 2011), the commercial value of our real estate is now in excess of $100 million.

Sharper focus on our core business: Integrated resorts anchored by casinos, which are just three of our twenty-one operating properties, now represent 60% of our global property EBITDA. We believe that integrated resorts in mid-markets have stronger barriers to entry and provide better long-term value for our shareholders than standalone casinos. We have, therefore, strengthened our hotel and F&B management teams recently to prepare to grow this category.

Maturation of our financial & risk management: Through restructuring and building out our senior financial team in 2011, we have become increasingly sophisticated in evaluating our business through a sharp financial lens. The Group will continue these efforts as we are already experiencing the benefits of better financial analysis to support decision making.

Finally, our financials are fundamentally stronger: Profit (loss) before tax did decrease from a gain of $611 thousand in 2010 to a loss of $5.8 million in 2011 as the Group wrote down non-operating India assets (as described below and in Chapter 4). However, when analyzing our underlying fundamentals, Management believes that the Group is now materially healthier. Below, please see our analysis of material line items from our 2011 Consolidated Financial Statements.

- Revenue from continuing and discontinued operations decreased by 5.9% because we sold non-strategic assets to reduce debt. In contrast, revenues grew by 1.2% on a same-store basis. Also, material investments in gaming equipment were made in late 2011 and early 2012 that we believe may result in stronger growth in 2012.

- Cost of goods sold decreased by just 0.1% and operating, general & administrative costs increased by just 1.0%. Also, corporate overhead is now just 5.3% of revenue. Management has succeeded in managing costs and expense closely and intends to continue to maintain sharp controls on outflows in 2012.

- Project development was reduced by 78.5%. The Group developed only in its current markets because we believe they offer an exciting pipeline. By focusing on existing markets, we both reduce development costs and mitigate new market risks.

- Financing costs were driven down 36.4% or by $6.6 million due to the Group's intense focus on debt reduction and restructuring.

We believe that these underlying fundamentals are the building blocks of stronger bottom line performance in the periods ahead. Below is a summary P&L for 2011 as compared to 2010, which can be compared against the notes provided above.

	Consolidated 12 Months Ended 31-Dec-11	Consolidated 12 Months Ended 31-Dec-10	Variance	%
Net gaming wins	97,978	99,772	(1,794)	-1.8%
Food, beverage and hospitality and other sales	20,925	26,623	(5,698)	-21.4%
Total revenue	**118,903**	**126,395**	**(7,492)**	**-5.9%**
Cost of goods sold	(45,853)	(45,916)	63	-0.1%
Gross profit	**73,050**	**80,479**	**(7,429)**	**-9.2%**
Other operating costs				
Operating, general and administrative	(53,300)	(52,775)	(525)	1.0%
Project development	(453)	(2,110)	1,657	-78.5%
Depreciation and amortization (Note 9 and 11)	(15,099)	(14,876)	(223)	1.5%
Other gains and (losses) (Note 5)	(186)	1,734	(1,920)	-110.7%
Operating profit	**4,012**	**12,452**	**(8,440)**	**-67.8%**
Financing				
Foreign exchange	113	4,134	(4,021)	-97.3%
Financing costs (Note 7)	(11,487)	(18,060)	6,573	-36.4%
Financing income (Note 7)	2,070	2,085	(15)	-0.7%
Other interests	(473)	-	(473)	0.0%
Finance costs, net	**(9,777)**	**(11,841)**	**2,064**	**-17.4%**
Profit (loss) before tax	**(5,765)**	**611**	**(6,376)**	**-1043.5%**

CHALLENGES

Extraordinary write downs: The performance in *profit / (loss) before tax* is not reflective of the Group's growth in cash generation, which is the most common metric by which many analysts look at gaming companies. Regardless, in 2011 the Group has: a) written down the entire remaining value of our India investment for an impairment of $5.2 million (see below and Chapter 4); and b) assumed other extraordinary losses of $349 thousand.

Philippines regulatory dispute: The first of two major challenges we faced during the year was a dispute that began in June 2011 with the Philippines Amusement and Gaming Corporation ("PAGCOR") as to the term length of our Philippines gaming licenses. One result of this dispute is that, since it began, we have not been authorized by PAGCOR to open approximately 100 slot machines and 7 tables in our Thunderbird Resorts-Rizal casino-event center expansion (which opened in Q1 2011) or to add new marketing programs or promotions in either of our Philippines properties. See Chapter 4 Section A for more details.

Management believes that post any resolution of the dispute with PAGCOR, there should be positive growth ahead for several reasons: a) our Thunderbird Resorts-Rizal casino-event center expansion is complete and approximately 100 slot and 7 tables are ready to open for business; b) our revenue or win per position per day ("WPP") has grown steadily in 2011, indicating that demand has strengthened vis-à-vis supply of gaming positions; and c) our Philippines operations may close on a $52 million equity funding that was announced in August 2011, which includes significant allocations for debt pay down, expansion of our existing gaming and hotel facilities, and funding of our Philippines pipeline.

India licensing and opening status: The second major challenge we faced in 2011 was a continuation of the setbacks in India in the last couple of years, including licensing delays and cost overruns. To mitigate risk, in May 2011, the Group announced that it had sold a control stake to an Indian publicly-traded company that operates in the hospitality and gaming space. This divestment reduced the value of our $9 million of equity invested into the project to approximately $5.2 million. Due to continuing licensing delays, overruns recently disclosed to us by the new controlling shareholder, approaching obligations to repay material sums of mezzanine financing, and the fact that the Group is no longer in a control position nor is receiving access to appropriate levels of information, we have decided to write down the investment entirely. See Chapter 4 Section E for more details.

CONCLUSIONS

The Group is only now completing the deleveraging began in 2009 to correct a capital structure that was over weighted with high-amortizing debt. We are mitigating development risks by focusing on our existing markets, where we have an exciting and deep pipeline. We are now in a position to invest in growth because of our stronger foundation and more properly balanced capital structure. The Group's core business is to develop and operate mid-sized integrated resorts anchored by casinos. We have developed and recruited management talent to support growth in this business, and will stay focused in the periods ahead.

Sincerely,

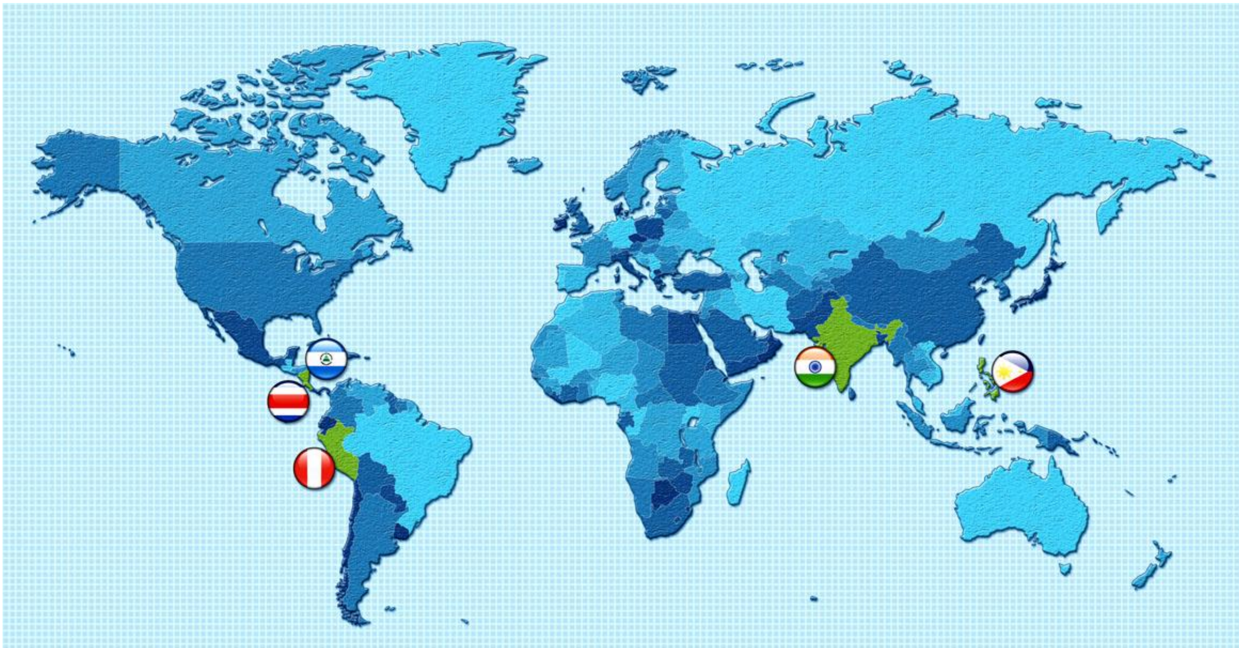
Jack R Mitchell

President and Chief Executive Officer
Thunderbird Resorts Inc.
April 26, 2012

[1] "As Adjusted EBITDA" includes the results for continuing, discontinued and held for sale segments for 2010 (including results for Panama operation - 8 months 2010; Guatemala and Poland operations – full year 2010).

[2] "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).

Chapter 2:
The World of Thunderbird Resorts Inc.



The World of Thunderbird Resorts Inc.

PHILIPPINES	PERU	COSTA RICA	NICARAGUA	INDIA
$49.9M Revenue 2 Casinos 2 Hotels (77 Rooms) 9-Hole Golf Course 605 Slots 386 Table Positions	$34.4M Revenue 2 Casinos & 3 Slot Parlors 2 Hotels Owned (301 Rooms) & 2 Hotels Managed (163 Rooms) 1,024 Slots 280 Table Positions	$19.6M Revenue 4 Casinos & 5 Slot Parlors 1 Hotel (21 Rooms) 1,345 Slots 149 Table Positions	$12.1M Revenue 4 Casinos 450 Slots 161 Table Positions	176-Room 5-Star Resort (Q4 2011) Lease of 5,000m 2 Casinos with approx. 600 positions Management Contract

Who We Are

Thunderbird Resorts Inc. (www.thunderbirdresorts.com) is publicly traded on the NYSE Euronext. 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 large investments in 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, 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 four years. Visit: http://www.youtube.com/watch?v=9utTK-5xAU8 to learn more about our CSR programs.

Chapter 3:
2011 Overview and Subsequent Events

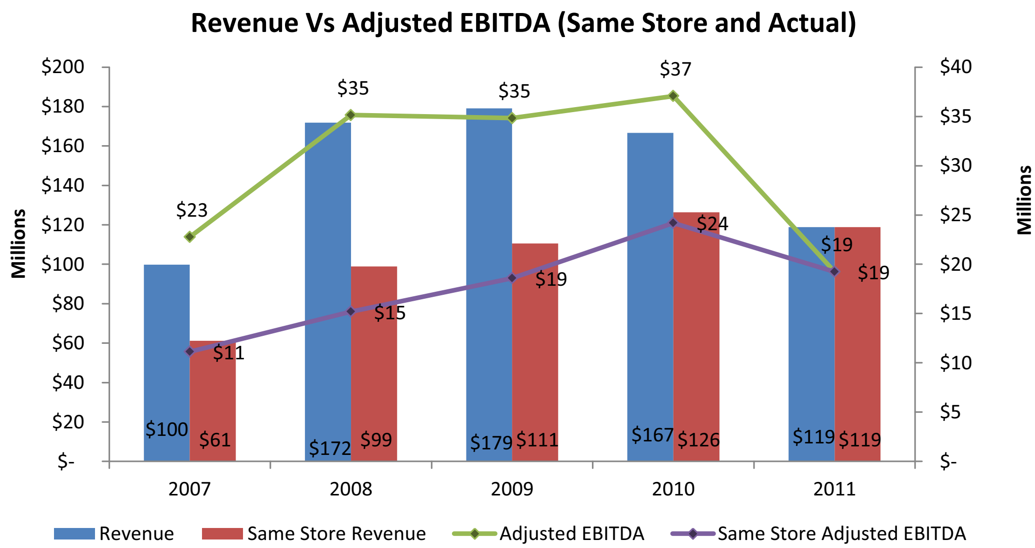
2011 Key Performance Indicators

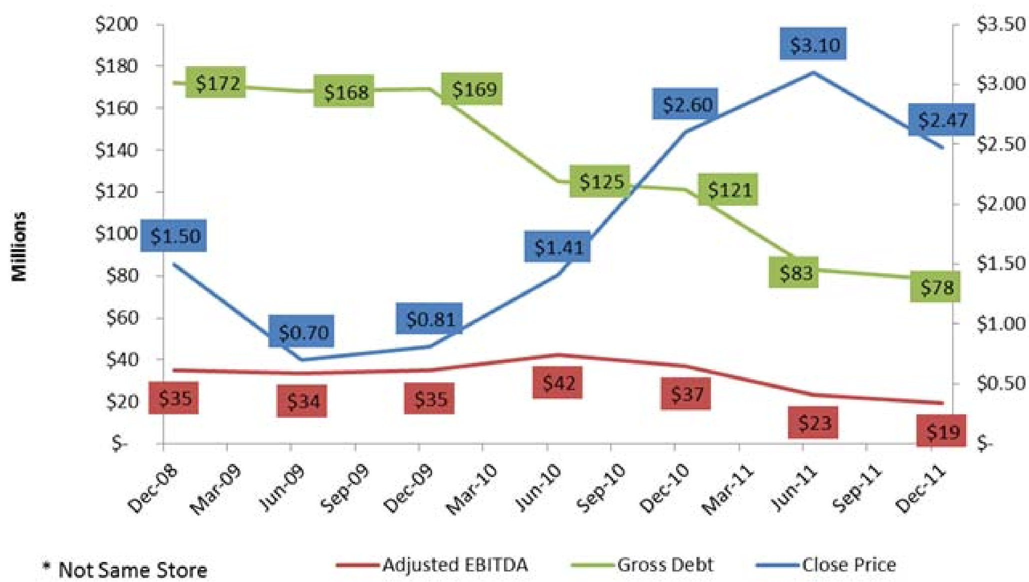
OVERVIEW

The Group entered the financial crisis with a capital structure that did not support growth as our short-term, high-amortizing debt could not be restructured in the then intensely credit-starved market. The two charts below collectively show the arc of what has happened during this period and through 2011 both on an as reported basis and on a same store basis.

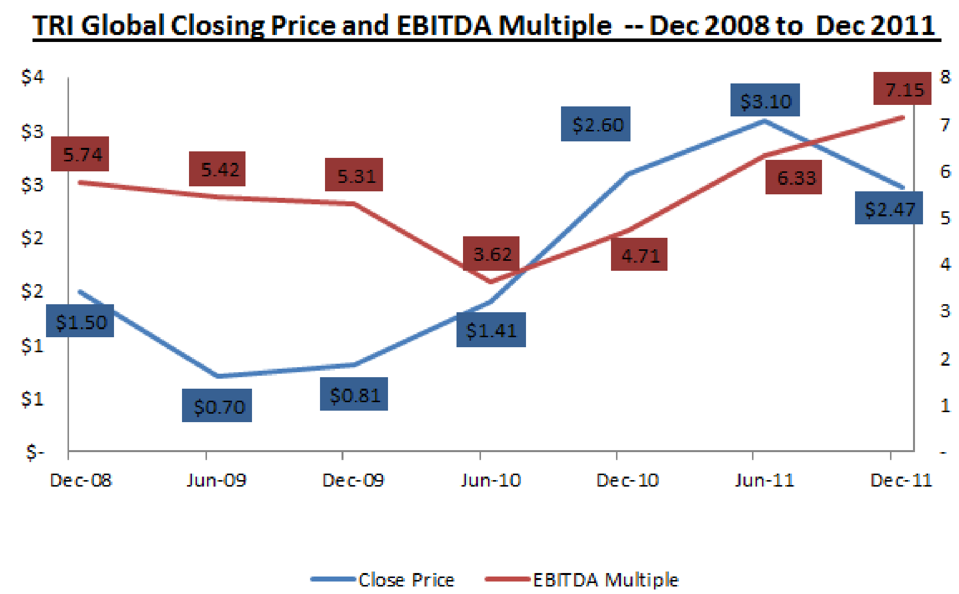
As Reported Basis: On an as reported basis, revenue and adjusted EBITDA grew quickly from 2007 to 2008 fueled by a combination of the Group's $85.5 million 144A equity raise in late 2007 and by debt. It became clear as the crisis deepened into 2009 that the Group's capital structure was over weighted with rapidly amortizing debt. In reaction, the Group began to liquidate non-strategic and mature operations to reduce leverage. On an as reported basis, from 2009 through 2011, adjusted EBITDA was sold down from $35 million to $19.2 million in order to use the net proceeds from asset sales to reduce leverage from $169 million to $78 million during the same period. As per the second chart below, the market responded to the Group's risk mitigation strategy by buying up the stock from a low of $0.70 per share in the worst part of the crisis to $2.47 on the close of the last trading day of 2011.

Same Store Basis: On a same store basis the trends of our continuing businesses can be seen, which we believe are those most relevant for evaluating the Group on a go-forward basis. In the first chart below, same store revenue grew from $61 million at the close of 2007 to $119 million at the close of 2011, which is a CAGR of 18.2%. Meanwhile, same store adjusted EBITDA grew during the same period from $11 million to $19 million, which is a CAGR of 14.9%. This growth happened during the global financial crisis and while the Group was deleveraging itself as described above.



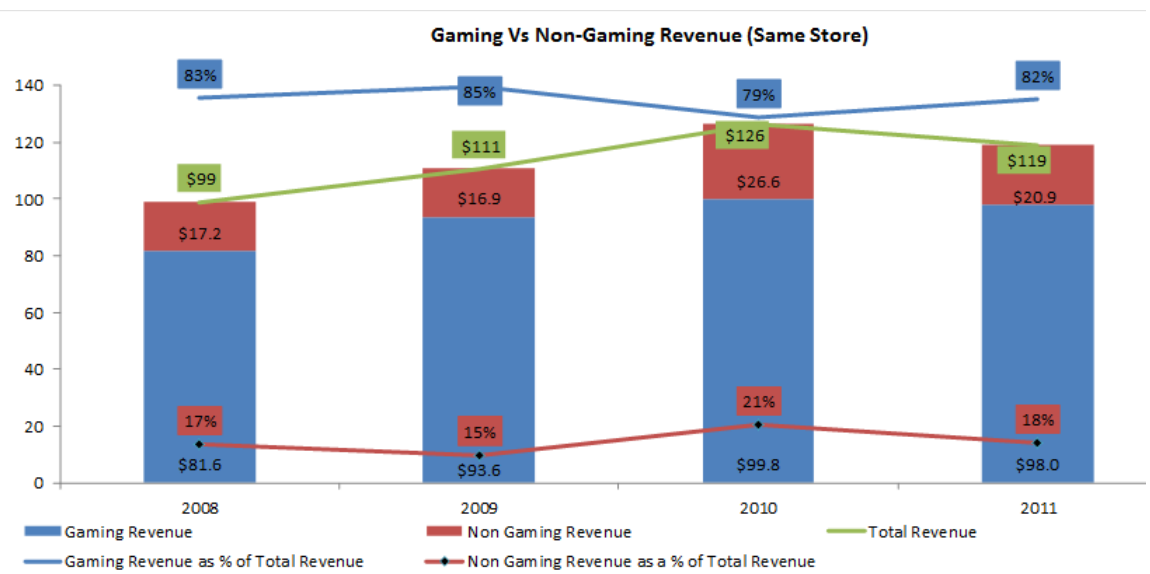


As mentioned, as debt was reduced, the market priced the Group higher seeming to value risk mitigation. The result was that the Group traded at a low of 3.6X adjusted EBITDA less debt (early 2010), but by year-end 2011 its trading multiple had improved dramatically to 7.15X adjusted EBITDA less debt.

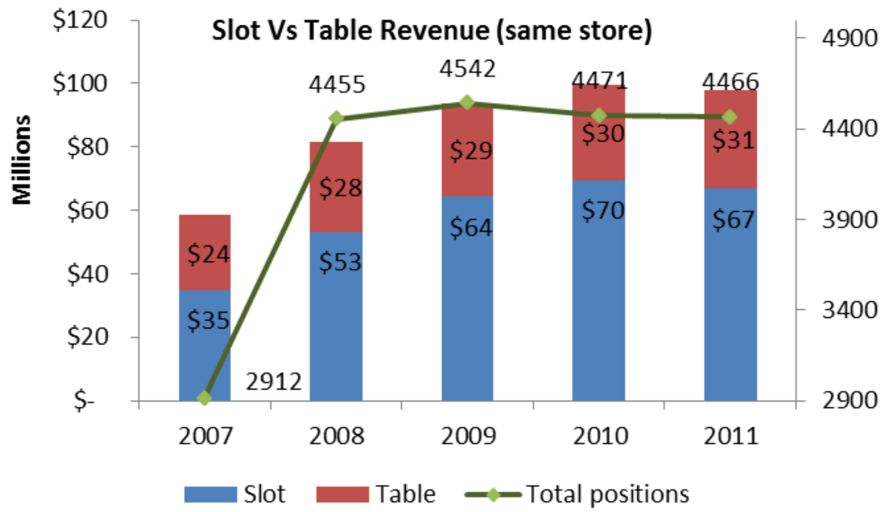


SEGMENTATION OF OUR BUSINESS

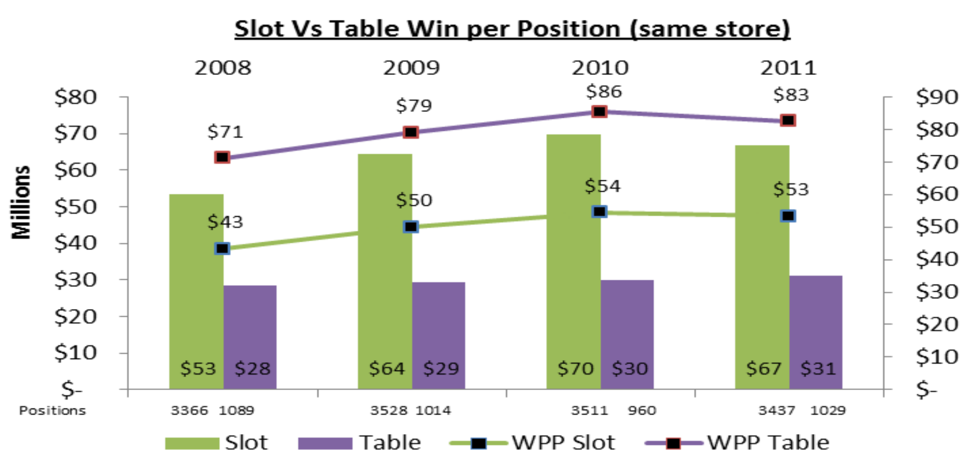
The segmentation of the Group's revenue has been fairly consistent for the last four years at approximately 80% gaming revenue and 20% non-gaming revenue. It is relevant to note, however that in 2011 approximately 60% of our global EBITDA was from integrated resorts anchored by casinos, while just five years ago virtually all revenue was from standalone casinos. The vast majority of our growth has come from the category of integrated resorts anchored by casinos, and Management believes that this trend will continue.



Within our gaming businesses, the segmentation of slot revenues vs. table revenues has evolved tremendously over the last five years. In 2007, just 59% of our gaming business was from slot machines, while 41% was from tables. As of year-end 2011, slot machines now represent 68% while tables represent 32% of our gaming revenues. This is positive because slot machines tend to be more efficient contributors to the bottom line because they require far less labor expense.



Our global weighted average of table revenues per gaming position has grown from $71 per position per day in 2008 to $83 per position per day in 2011, despite years of financial crisis. Meanwhile, the weighted average of slot revenues has grown from $43 per position per day to $53 per position per day over the same period.



DEBT

The debt schedule below is based on loan agreements in place as of December 31, 2011. It does not take into account any subsequent events that have been disclosed nor those events that may occur during 2012.

For example, based on transactions already disclosed, please note that: a) approximately $6 million of the $52 million of equity capital to be funded into our Philippines operations by Solar Entertainment (subject to regulatory approval) will be allocated to debt repayment; b) approximately $9 million to $10 million of the proceeds from the sale of our non-strategic Thunderbird Resorts - El Pueblo in Peru will be used to pay down senior debt; and c) approximately 65% of our global debt is in various stages of being favorably restructured. While there can be no assurances of the announced transactions closing, Management believes that these events may occur during 2012. See Chapter 3, Sections B and C for more information on these transactions described above. None of these transactions are contemplated in the debt schedules below.

Principal Repayment: As has been mentioned, our debt has been materially reduced from $169 million at year-end 2009 to $121 million at year-end 2010 to $78 million at year-end 2011. The table below depicts the Group's scheduled debt principal paydown through 2016 assuming no new debt and no modifications to existing debt.

PRINCIPAL REPAYMENT SCHEDULE

	2012	2013	2014	2015	2016
Corporate	2,868	4,671	4,327	6,308	9,501
Costa Rica	2,045	1,477	2,094	1,293	464
Nicaragua	310	674	44	49	54
Peru	2,372	2,656	8,479	5,913	1,816
Philippines	4,176	2,538	4,266	2,804	226
Guatamela	499	423	148	43	-
Poland	139	187	840	271	-
TOTAL PRINCIPAL REPAYMENT	**12,409**	**12,626**	**20,198**	**16,681**	**12,061**

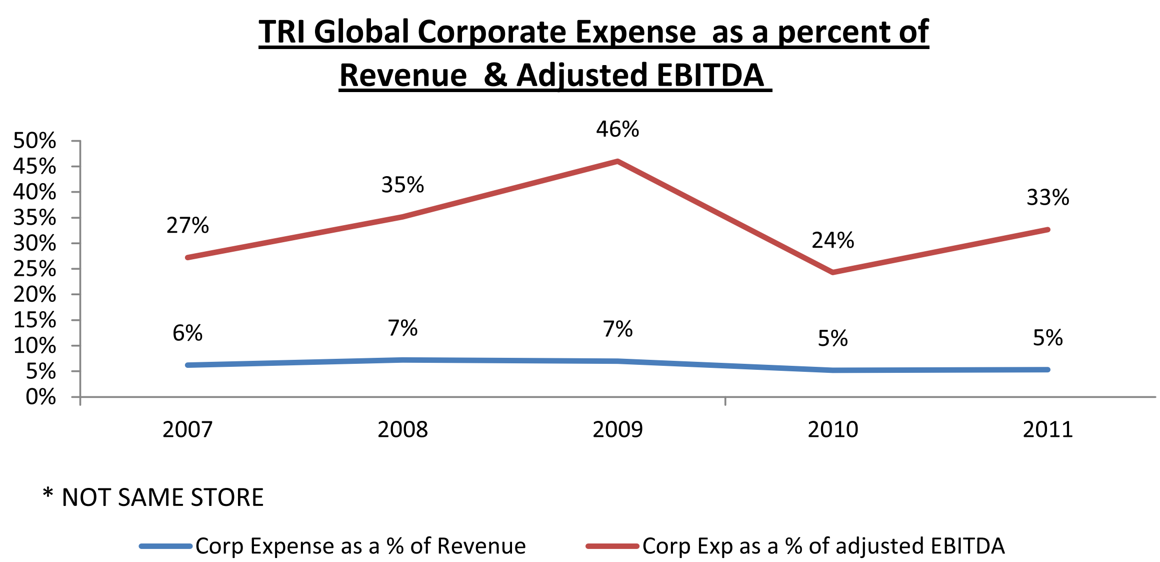
Interest Payments: In 2010, our financing costs were $18.1 million. In 2011, through paying down and restructuring debt, we lowered our financing costs to $11.5 million. The table below depicts the Group's decreasing scheduled interest payments through 2016 assuming no new debt and no modifications to existing debt.

INTEREST PAYMENT SCHEDULE

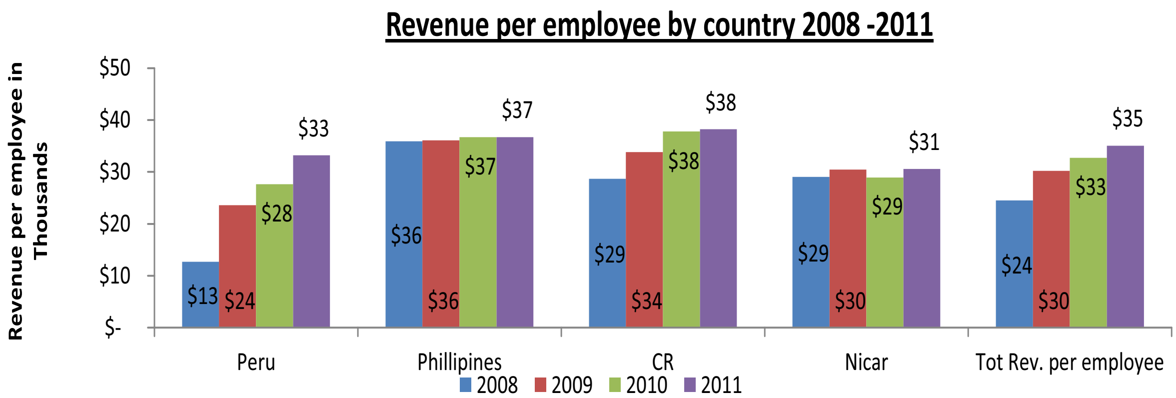
	2,012	2,013	2,014	2,015	2,016
Corporate	2,868	3,402	2,578	1,904	1,184
Costa Rica	735	578	418	218	104
Nicaragua	140	103	18	18	18
Peru	2,571	1,972	1,773	2,068	567
Philippines	1,403	1,019	743	284	38
Guatamela	4	17	3	-	-
Poland	169	163	121	60	-
TOTAL INTEREST PAYMENT	**7,890**	**7,254**	**5,654**	**4,552**	**1,911**

BUSINESS EFFICIENCY

While revenues have grown and positively diversified, the business is now run more efficiently. Our Corporate Expense as a percentage of revenue has remained at just 5.3%, the lowest in years. At the same time, Corporate Expense as a percentage of adjusted EBITDA is equal to the average of the previous four years, despite having sold down over $15 million of EBITDA during the same period.



Finally, across the board we are generating more revenue per employee than ever before. On a same store basis, we have grown from $24 thousand of revenue per employee in 2008 to $35 thousand per employee in 2011.



2011 Material Developments and Material Contracts

In Q1 2011, the Group announced material events and entered into material contracts as follows:

- Opened our Thunderbird Resorts - Rizal casino / event center expansion (Philippines).
- Executed a lease amendment to extend our land lease of 65 hectares at its Thunderbird Resorts-Poro Point property (Philippines) by 25 years through 2055.
- Closed the Group's non-performing Poland operations.
- Sold non-strategic Thunderbird Hotels - Bellavista and Thunderbird Hotels - Principal (both Peru) for $18.0 million, which proceeds were largely used to pay down Peru-related debt.

In Q2 2011, the Group announced material events and entered into material contracts as follows:

- Executed contracts for completion funding for the Group's India hotel (See Chapter 4 for more up-to-date information on India).
- Redesigned its Tres Rios hotel-casino project as a more economically viable 108-room hotel with event center and casino; and announced that it was actively pursuing long-term, real estate financing to complete the project in which our Costa Rica operations had already invested $16.2 million ($8.1 million for the Group's share).
- Filed lawsuits against the Philippine Amusement & Gaming Corporation ("PAGCOR"), our Philippines gaming regulator, seeking enforcement of its agreements with PAGCOR after a dispute occurred as to the term of the licenses. The Philippine Regional Trial Court issued injunctions which directed PAGCOR to cease and desist from initiating and completing cessation while the case was pending. See Notes 18 and 25 of the financial statements.

In Q3 2011, the Group announced material events and entered into material contracts as follows:

- Executed contracts to fund up to $52 million in equity from the media conglomerate Solar Entertainment Corporation into our Philippine operations subject to PAGCOR approval. The use of funds of this equity investment will be to pay down debt, expand current properties and to fund new projects.
- Executed contracts with two lenders to pay down $1.75 million of high-amortizing debt with approximately 650,000 Thunderbird common shares at an implied price of $2.91 per share.

In Q4 2011, the Group announced material events and entered into material contracts as follows:

- Executed a re-financing of approximately $1 million of Peru-related "Original Sweep Note" with a lender in which $500 thousand of principal plus $127 thousand of accrued interest was carved out of the $1 million Sweep note and replaced with a new convertible promissory note in the approximate amount of $627 thousand ("Convertible Loan Notes"). The remaining $500 thousand principal of the Original Sweep Note shall remain "as is", while another $127 thousand of accrued interest was entirely discounted. The conversion terms include: mandatory and automatic conversion into the Group's common stock in tranches at designated price levels. See Chapter 4, Section entitled "Summary of Convertible Loan Notes" for more details on the price, timing and terms for the conversion of the debt into common shares.
- Executed various promissory notes and contracts with four lenders between October 2011 and December 2011 to convert approximately $2 million in debt into approximately 700,000 shares of the Group's common shares to improve the Group's balance sheet, with an approximate blended average implied price per share of $2.86.
- Executed a re-financing of approximately $9.3 million of Principal and accrued interest with 11 lenders into new convertible promissory notes in the approximate amount of $7.6 million (collectively the "Convertible Notes") to include a discount of the accrued interest plus the issuance of 481,615 of the Group's common shares at an implied price of $3.09. The conversion terms include: mandatory and automatic conversion into the Group's common stock in tranches at designated price levels. See 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.
- Executed a re-financing agreement with a Latin American Bank to refinance approximately $6.7 million in Peru related debt at reduced interest rates.
- Restored Directors' fees paid to the independent directors in the amount of $4,000 per month per Director to be paid in Company stock for the ensuing period of 12 months.

For more detail on these developments, please visit www.thunderbirdresorts.com to find our interim management reports, half-yearly report and press releases throughout 2011.

2012 Subsequent Events and Material Contracts

In 2012 year-to-date, the Group has announced material events and entered into material contracts as follows:

- Executed a re-financing of approximately $1,000,000 of Peru-related “Original Sweep Note” with a lender in which $500,000 of principal plus $127,000 accrued interest was carved out of the $1 million Sweep note and replaced with a new Convertible Promissory notes in the approximate amount of $627,000 (the “Convertible Notes”). The remaining $500,000 principal of the Original Sweep Note shall remain “as is”, while another $127,000 of accrued interest was entirely discounted. The conversion terms include: mandatory and automatic conversion into the Group’s common stock in tranches at designated price levels. See 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.
- Executed contracts to restructure certain Group debt owed to Capital International Assets Corp. (“CIA Corp”) related to funding of the Group’s Peru gaming operations. This debt was restructured as follows: certain debt commonly known as “Parlor Debt” was paid down by $718 thousand with $476 thousand in cash and 78,317 common shares of Thunderbird Resorts Inc. at an implied price of $3.09 per common share. An additional 96,683 of Thunderbird common shares were used to pay a refinance fee of approximately $300 thousand, equal to approximately 2.5% of the Parlor Debt principal amount, also at an implied price of $3.09 per common share. The remaining Parlor Debt principal balance was amended such that: (i) the interest rate was lowered from 12.1% to 11%; and (ii) payments were reduced from approximately $270 thousand to $160 thousand per month, enhancing cash flow by approximately $1.3 million on an annualized basis effective immediately.
- Executed a Letter of Intent to sell the non-strategic Thunderbird Hotel - El Pueblo (Peru) for approximately $13.6 million, which hotel generated approximately $602 thousand in EBITDA in 2011 or less than 3% of the Group’s total EBITDA. The Group also received $1 million as a non-refundable deposit upon signing of the Letter of Intent.
- Announced a delay in the opening of the Group’s India hotel project because it was still waiting for local authorities to grant its hotel occupancy permit. The Group’s India affiliate Daman Hospitality Private Limited (“DHPL”), in which the Group is a minority shareholder, previously announced an expected partial, soft opening by year-end 2011 and the balance completed by Q1 2012. Through the date of the filing of this 2011 Annual Report, the project continues to face delays in licensing and cost overruns and, combined with the fact that Delta has not responded to the Group's request for updated financial information, the Group believes that at December 31, 2011 it no longer holds a significant influence over the key financial and operating decisions of DHPL. As result the Group has elected to write down to

zero the remaining $5.2 million book value of the India investment. See Chapter 4 Section E for more details.

For more detail on these developments, please visit www.thunderbirdresorts.com to find our press releases dated January to April 2012.

2012 Overview of Company Strategy

Thunderbird is an owner and operator of mid-sized integrated resorts anchored by casinos and of standalone casinos. We operate in Asia and Latin America, specifically in the Philippines, India (in development), Peru, Costa Rica and Nicaragua. A map of our locations can be found in Chapter 2. Our mission is to create extraordinary experiences for our guests. In 2011, our goal was to continue to improve our capital structure and to strengthen our underlying financial and operational fundamentals, so that we are better prepared for growth in the periods ahead. The macro strategy of the Group is:

Product focus: Focus the majority of our resources on developing, owning and operating mid-sized integrated resorts anchored by casinos because Management believes that: a) long-term financial returns are potentially higher because the mixed use nature of integrated resorts provides for more consistent returns; b) financing costs are lower than those of standalone casinos because the hotel real estate assets support longer-term, lower interest debt; c) customer trip frequency and length of stay are higher because customers benefit from multiple entertainment and leisure options; d) when locating our casinos in properties owned by others, the Group does not control the end-to-end customer experience and this decreases customer satisfaction and increases churn; and e) owning the hotel real estate better enhances the Group's balance sheet and better mitigates political risk because our contributions to area employment and development are more impactful.

Geographic focus: Focus the majority of our resources on developing in Asia, because Management believes: a) returns are higher because spending per gaming position is higher, while wages are similar to those in Latin America; and b) access to capital is greater because the markets believe more strongly that Asia has better long-term growth prospects than does Latin America. We are, however, opportunistic and may develop projects elsewhere if we believe that superior returns are available, risks are mitigated and if the Group has access to a reasonable capital structure.

Current development focus: The Group has casino construction in progress ("CIP") at its Thunderbird Resorts - Poro Point property (Philippines) and casino-hotel CIP at its Thunderbird Resorts - Tres Rios (Costa Rica) property. The Group's current development focus is to finance and open its CIP, as well as to close the $52 million equity funding deal signed in Q3 2011 with Solar Entertainment in the Philippines that is subject to PAGCOR regulatory approval. More than half of this funding is set aside for development of our Philippines pipeline of projects.

Other Key Items

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 our discontinued business operations. Management believes the disposition of these matters will not materially adversely affect our financial condition, results of operations or cash flows. Other than as described in the 2011 Audited Financial Statements in this Annual Report, there are not and have not been any governmental, legal or arbitration proceedings, which may have or have had significant effects on our financial position or profitability.

For example see litigations labeled as PAGCOR Litigation, Peru Tax Controversy, Costa Rica Tax Controversy, Philippine Tax Controversy, Philippine Labor Union Case, Pardini Case, Chile Controversy, Canadian Tax Controversy, Mexico-NAFTA Settlement, and Brannon Settlement in Notes 18 and 25 to the 2011 Consolidated Financial Statements in Chapter 9.

MARKETING

Our marketing strategy is focused on two primary objectives: attracting new players and expanding our relationship with existing players. We attract new players through general brand recognition programs and the attraction of entertainment offerings like daily live music and choreographed dance shows. We introduce new customers to gaming through their visits to our bars and restaurants that are adjacent to the gaming floor. Once a person becomes a gaming player, we seek to deepen our relationship with that customer. We offer free food and beverages to identified players, frequent raffles and giveaways and frequent special events all supported by personalized attention from service personnel. We maintain information on our clients' preferences through our player tracking programs.

We spend significant amounts (approximately $3.9 in 2011, $3.6 million in 2010 and $2.6 million in 2009 from continuing operations) on marketing, focusing almost exclusively on the local market for each of our facilities, intending to further strengthen our ties to the local communities, from which we draw our repeat and new customers. In each of our markets, we advertise on television and radio, as well as in newspapers and local magazines.

EMPLOYEES

As of December 31, 2011, we had 3,401 employees in our continuing operations, including 1,353 in the Philippines, 1,020 in Peru, 570 in Costa Rica, 411 in Nicaragua, and 47 elsewhere.

While we have no collective bargaining agreement with any labor union on behalf of any employees, our employees at Thunderbird Resorts - Rizal held elections as to whether to be represented by a union on April 17, 2012. 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 legality of such an election under Philippine law.

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

INSURANCE

We typically obtain the types and amounts of insurance coverage that we consider appropriate for companies in similar businesses. We currently maintain certain insurance policies, including, without limitation, general commercial and liability, property (including earthquake coverage in certain markets), and employee compensation coverage, for all of our properties. In addition, for certain of our properties, we carry business interruption insurance.

Chapter 4:
Our Businesses by Country

Philippines

Description of Properties as of Year-End 2011: 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	338	200	41
Thunderbird Resorts - Poro Point	La Union	2006	Hotel & Casino	267	186	36
Total				**605**	**386**	**77**

Thunderbird Resorts - Rizal

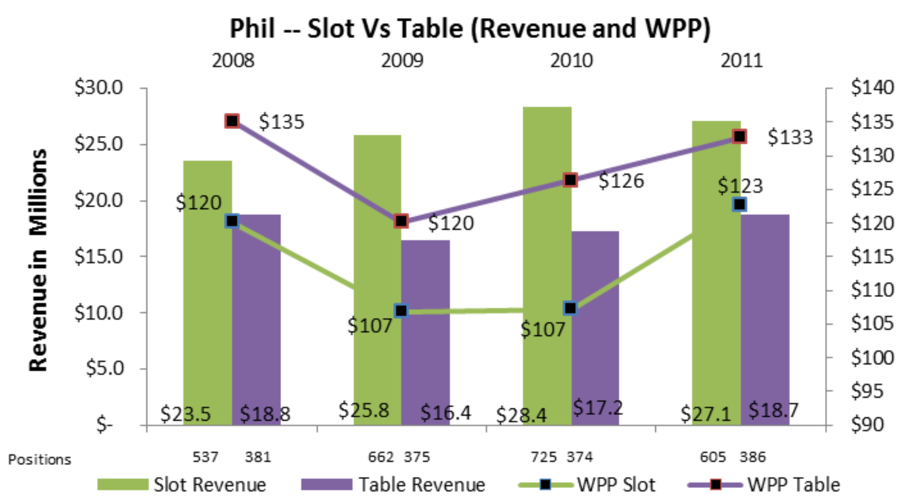
Our Thunderbird Resorts - Rizal property is an integrated resort anchored by a casino located in a hill area overlooking metro Manila and the country's largest lake. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. 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, and includes additional gaming areas offering 100 new slot positions and 28 new table positions in addition to the current 338 slot machines and 200 table positions. The new positions are not yet in operation pending a resolution with PAGCOR.

Thunderbird Resorts – Poro Point

Our 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 the third quarter of 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 on the closing of the $52 million Solar Entertainment equity funding. 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.

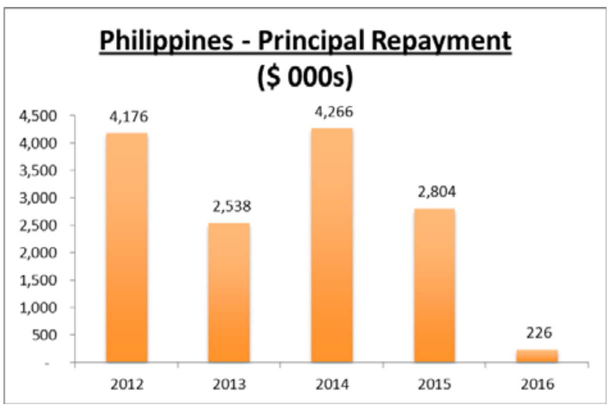
Financial Performance in 2011: The Philippines was our largest contributor in 2011 to both Group revenue and consolidated property EBITDA. Below, please see our analysis of material variances from our 2011 Thunderbird Philippines segment results.

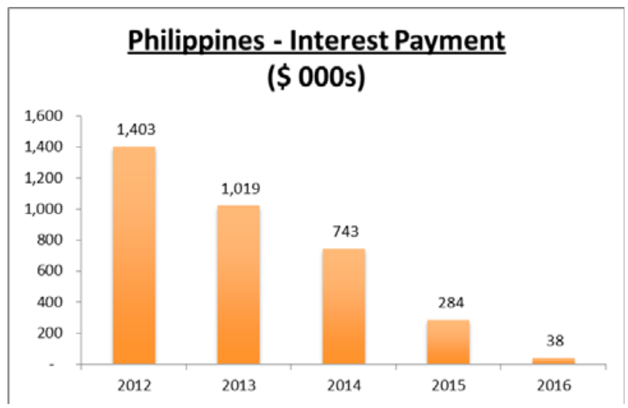
- Revenue decreased by 1.0% year-over-year due largely to a legal dispute (best described in Notes 18 and 25 to the Financial Statements) with the Philippines gaming regulator. One result of the dispute was that our Thunderbird Resorts - Rizal operation has approximately 100 new slots and 28 new table positions that we have not been able to turn on since our casino-event center expansion was completed in February 2011. We have also not been able to change our promotions since the same date, impacting on our competitiveness in the market. The Group believes that growth will speed up once there is a resolution with PAGCOR and these additional gaming positions are permitted to operate. A key reason for this belief is that win per gaming position ("WPP") has continued to increase during the dispute, as can been seen below, which indicates strong demand for additional supply of gaming positions.



- Cost of goods sold increased by 9.8% and operating, general and administrative expenses increased by 5.6%. These increases were due to inflation, the opening of our event center without being able to also open our casino expansion, and by increased sales and marketing costs from our non-gaming units, which were necessary to compensate for the limitations imposed on our gaming operations. Management believes that the Philippines is now better controlling expenses in 2012.

- Financing costs were driven down 6.2% as the Group continued to pay down debt. Below is our forecast of principal and interest payments based on loan contracts effective as of December 31, 2011. It should be noted that upon closing of the $52 million equity transaction with Solar Entertainment, there is an allocation of $6 million to further reduce debt related to our Philippines operations (not accounted for below).





While there can be no assurances of a resolution of our pending dispute with PAGCOR over our existing licenses, assuming a reasonable resolution, Management believes that the underlying fundamentals of these operations are strong, that expense controls have been strengthened and that there should be optimism for stronger bottom line performance in the periods ahead. See Notes 18 and 25 of the financial statements for more details on the pending litigation with PAGCOR. Below is a summary P&L for 2011 as compared to 2010, which can be compared against the notes provided above.

	Philippines 12 Months Ended 31-Dec-11	Philippines 12 Months Ended 31-Dec-10	Variance	%
Net gaming wins	45,779	45,618	161	0.4%
Food, beverage and hospitality and other sales	3,334	4,002	(668)	-16.7%
Total revenue	**49,113**	**49,620**	**(507)**	**-1.0%**
Cost of goods sold	(22,424)	(20,425)	1,999	9.8%
Gross profit	**26,689**	**29,195**	**(2,506)**	**-8.6%**
Other operating costs				
Operating, general and administrative	(19,049)	(18,033)	(1,016)	5.6%
Project development	(59)	(11)	(48)	436.4%
Depreciation and amortization (Note 9 and 11)	(5,521)	(5,427)	(94)	1.7%
Other gains and (losses) (Note 5)	(2)	22	(24)	-109.1%
Operating profit	**2,058**	**5,746**	**(3,688)**	**-64.2%**
Financing				
Foreign exchange	75	1,277	(1,202)	-94.1%
Financing costs (Note 7)	(2,229)	(2,376)	147	-6.2%
Financing income (Note 7)	16	21	(5)	-23.8%
Other interests	-	-	-	0.0%
Finance costs, net	**(2,138)**	**(1,078)**	**(1,060)**	**98.3%**
Profit (loss) before tax	**(80)**	**4,668**	**(4,748)**	**-101.7%**

Peru

Description of Properties as of Year-End 2011: In Peru, the Group operates one integrated resort anchored by a casino, one standalone resort that is in the process of being sold since it is not core to the business, has two hotel management contracts that share corporate overhead, and owns and operates four standalone gaming venues. Below is a table that outlines key data points of each property.

Name	Province	Date Acquired	Type	Slots	Table Positions	Hotel Rooms
Fiesta Hotel & Casino	Lima	2010	Hotel & Casino	427	208	66
Thunderbird Resort - El Pueblo	Lima	2010	Resort	-	-	235
Thunderbird Hotel Pardo (Management Contract)	Lima	2010	Hotel	-	-	64
Thunderbird Hotel Carrera (Management Contract)	Lima	2010	Hotel	-	-	99
Luxor	Lima	2010	Slot Parlor	253	-	-
Mystic Slot	Cusco	2010	Slot Parlor	100	-	-
El Dorado	Iquitos	2010	Slot Parlor	97	-	-
Luxor	Tacna	2010	Casino	147	72	-
Peru Total				**1,024**	**280**	**464**

Our 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 208 table positions as of year-end 2011.

Fiesta Hotel & Casino

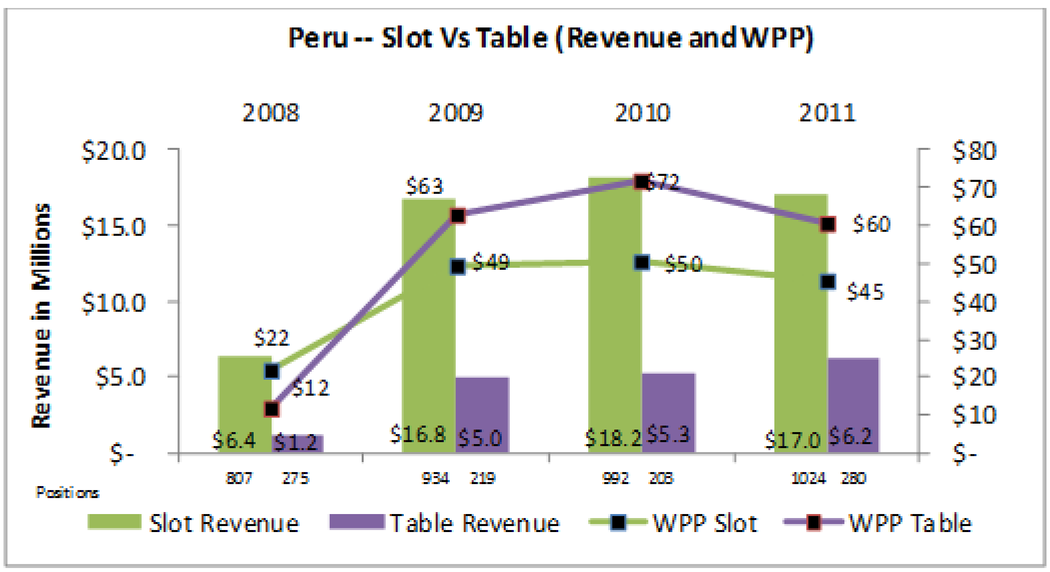
Our Thunderbird Resorts - El Pueblo property is a resort that is under contract to be sold as of the date of this report. The Group has executed binding contracts to sell the property for $13.6 million when it contributed only approximately $602 thousand in property EBITDA in 2011. The property is non-strategic as it is not deemed appropriate to host a casino in the near term. Through the sale of the property, we expect to accelerate the reduction of Peru and Group debt by approximately $9 million to $10 million. The Group will continue to manage the property under a management contract with the new owners.

Thunderbird Resorts – El Pueblo

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

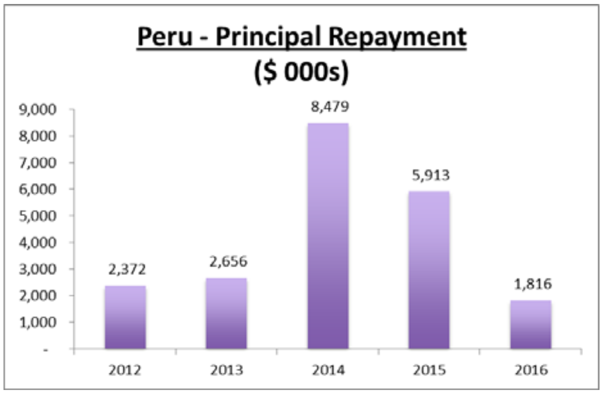
- Revenue was sold in 2011 as the Group liquidated non-strategic assets in order to reduce debt. The result is that Peru revenue decreased by 13.1% year-over-year. Same store revenue, on the other hand, grew by 4.0% led in particular by our Fiesta Hotel & Casino integrated resort. Gaming revenues per position softened in 2011, but Management believes that efforts to upgrade its gaming floor in late 2011 and early 2012 will promote further growth in 2012.

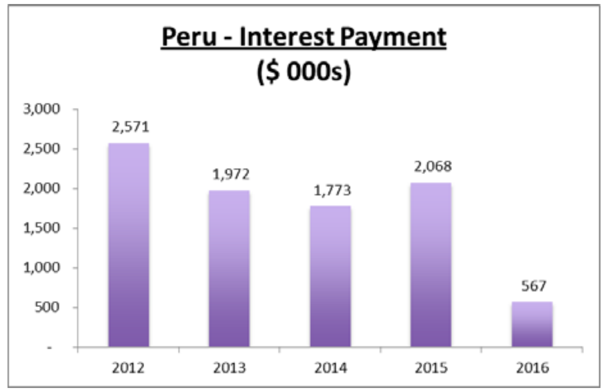


- Cost of goods sold fell by 14.7% and operating, general and administrative expenses decreased by 3.1% as we sold non-strategic operations. Management continues to be focused on cost controls and believes that it should be able to control expenses in 2012.

- Financing costs were driven down 55.2% as the Group aggressively paid down debt, and the Group expects further progress in this regard in 2012 as per Chapter 3 Sections B and C. Below is a forecast of principal and interest payments based on loan contracts effective as of December 31, 2011. While there can be no assurances that the $13.6 million sale of our non-strategic Thunderbird Resorts - El Pueblo will close, Management plans to use the proceeds to reduce Peru debt principal balances by an estimated $9 million to $10 million.

The result would be to substantially reduce principal balances in 2014 and 2015 and interest balances in 2012 and 2013 (see current schedules below).





The Group believes that its aggressive reduction of Peru debt in the last 24 months will enable Management to focus on growth in the periods ahead. Below is a summary P&L for 2011 as compared to 2010, which can be compared against the notes provided above.

	Peru 12 Months Ended 31-Dec-11	Peru 12 Months Ended 31-Dec-10	Variance	%
Net gaming wins	23,195	23,542	(347)	-1.5%
Food, beverage and hospitality and other sales	14,271	19,561	(5,290)	-27.0%
Total revenue	**37,466**	**43,103**	**(5,637)**	**-13.1%**
Cost of goods sold	(14,610)	(17,136)	2,526	-14.7%
Gross profit	**22,856**	**25,967**	**(3,111)**	**-12.0%**
Other operating costs				
Operating, general and administrative	(16,119)	(16,635)	516	-3.1%
Project development	(6)	-	(6)	0.0%
Depreciation and amortization (Note 9 and 11)	(6,335)	(5,958)	(377)	6.3%
Other gains and (losses) (Note 5)	5,125	3,733	1,392	37.3%
Operating profit	**5,521**	**7,107**	**(1,586)**	**-22.3%**
Financing				
Foreign exchange	475	1,172	(697)	-59.5%
Financing costs (Note 7)	(3,134)	(6,992)	3,858	-55.2%
Financing income (Note 7)	148	464	(316)	-68.1%
Other interests	(320)	-	(320)	0.0%
Finance costs, net	**(2,831)**	**(5,356)**	**2,525**	**-47.1%**
Profit (loss) before tax	**2,690**	**1,751**	**939**	**53.6%**

Costa Rica

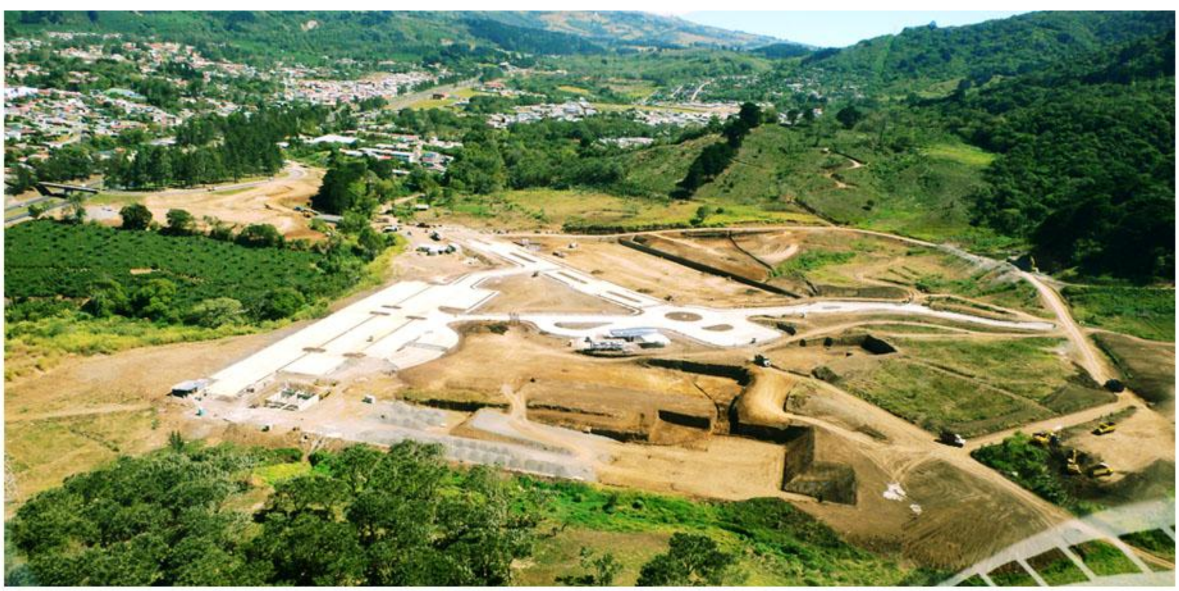
Description of Properties as of Year-End 2011: In Costa Rica, the Group has a 50-50 joint venture with a local shareholder on all operations except for that of our largest casino in the country, which the Group consolidates 100%. In total, we operate nine standalone gaming facilities and one small hotel. 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	375	75	—
Fiesta Casino – Hotel El Presidente	San José	2003	Casino	252	—	—
Fiesta Casino – Hotel America Heredia	Heredia	2005	Casino	239	27	—
Fiesta Casino- Ramada Plaza Herradura	San José	2007	Casino	102	47	—
Lucky's – Perez Zeledon	San José	2007	Slot Parlor	122	—	—
Lucky's – San Carlos	San Carlos	2006	Slot Parlor	41	—	—
Lucky's – Guapiles	Guapiles	2006	Slot Parlor	80	—	—
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				**1,345**	**149**	**21**

Our 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 does have 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 already invested approximately $16.4 million (the Group's share being $8.2 million) to acquire the land and to build initial infrastructure including a highway off-ramp, internal roads, utilities and 8 commercial lots for sale or lease to third parties. The Group is actively pursuing long-term real estate debt of approximately $14 million to complete the construction in progress which when completed will release significant 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 for 250 attendees and a casino with approximately 198 gaming positions.

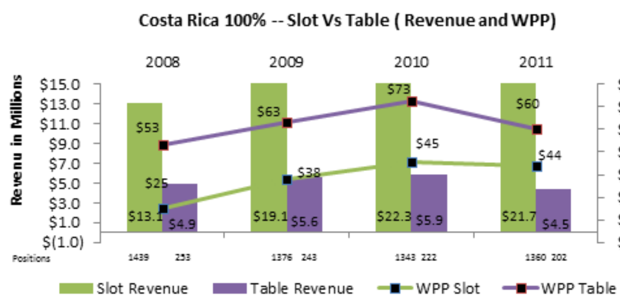


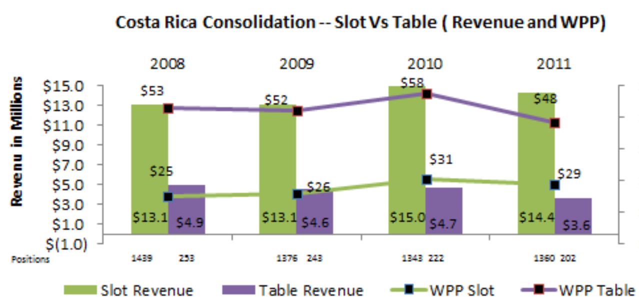
Thunderbird Resorts - Tres Rios property in development

The second property that our Costa Rican operations owns is a 1.3-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. Our Costa Rica operations have already invested approximately $4.2 million (the Group's share being $2.1 million), but it is unlikely that the Group will further develop this property during 2012.

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

- Revenue decreased by 7.9% year-over-year due to continuing softness in the Costa Rican economy and tourism market. Gaming revenues per position also softened in 2011, but Management believes that efforts to upgrade its gaming floors in late 2011 and early 2012 will stabilize the operations in 2012.

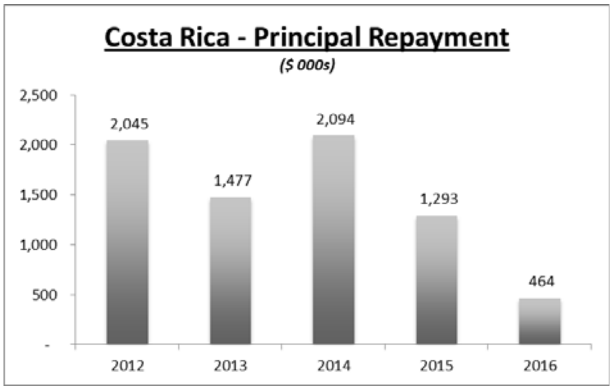


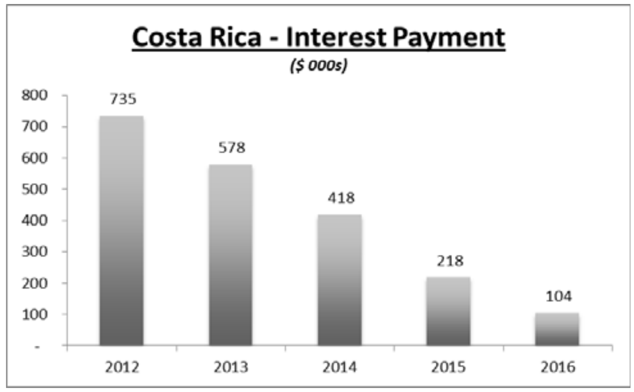


Note: The above shows Costa Rica at both 100% and also based on how the Group consolidates Costa Rica.

- Cost of goods sold increased by 0.8% and operating, general and administrative expenses were cut back dramatically by 19.7% 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 2012.

- Financing costs were driven down 26% as the Group continued to pay down debt. Below is the forecast of principal and interest payments based on loan contracts effective as of December 31, 2011. It should be noted that if and when financing becomes available to complete the Thunderbird Resorts - Tres Rios project, the Costa Rica principal balance may increase by approximately $14 million (the Group's share being $7 million) comprised of low cost, long-term real estate debt provided by a local bank (not accounted for below).





The Group believes that its aggressive reduction of expenses in Costa Rica will be rewarded if Management is able to recover and reverse revenue loss. Management has recently upgraded its gaming floor but as of the date of this publication, trends are flat. Below is a summary P&L for 2011 as compared to 2010, which can be compared against the notes provided above.

	Costa Rica 12 Months Ended 31-Dec-11	**Costa Rica 12 Months Ended 31-Dec-10**	**Variance**	**%**
Net gaming wins	17,939	19,650	(1,711)	-8.7%
Food, beverage and hospitality and other sales	1,887	1,883	4	0.2%
Total revenue	**19,826**	**21,533**	**(1,707)**	**-7.9%**
Cost of goods sold	(4,477)	(4,441)	(36)	0.8%
Gross profit	**15,349**	**17,092**	**(1,743)**	**-10.2%**
Other operating costs				
Operating, general and administrative	(10,854)	(13,521)	2,667	-19.7%
Project development	(188)	(244)	56	-23.0%
Depreciation and amortization (Note 9 and 11)	(2,373)	(2,277)	(96)	4.2%
Other gains and (losses) (Note 5)	(81)	123	(204)	-165.9%
Operating profit	**1,853**	**1,173**	**680**	**58.0%**
Financing				
Foreign exchange	1	1,855	(1,854)	-99.9%
Financing costs (Note 7)	(747)	(1,009)	262	-26.0%
Financing income (Note 7)	1	2	(1)	-50.0%
Other interests	-	-	-	0.0%
Finance costs, net	**(745)**	**848**	**(1,593)**	**-187.9%**
Profit (loss) before tax	**1,108**	**2,021**	**(913)**	**-45.2%**

Nicaragua

Description of Properties as of Year-End 2011: In Nicaragua, the Group operates four standalone casinos. Below is a table that outlines key data points of each property.

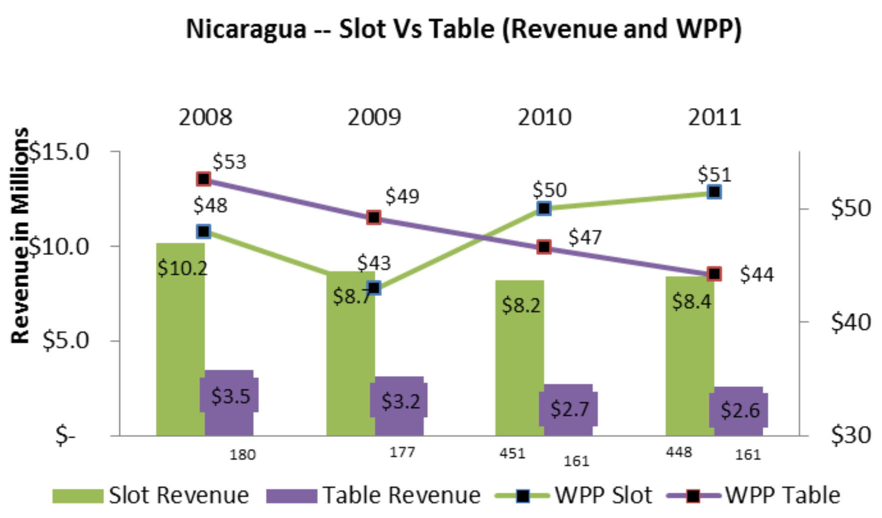
Name	Location	Date Acquired	Type	Slots	Table Positions	Hotel Rooms
Pharaoh's Casino – Highway to Masaya	Managua	2000	Casino	149	91	—
Pharaoh's Casino – Camino Real	Managua	2005	Casino	114	28	—
Pharaoh's Casino – Holiday Inn	Managua	2006	Casino	83	21	—
Zona Pharaoh's – Bello Horizonte	Managua	2008	Casino	100	21	—
Nicaragua Total				446	161	0

Our 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

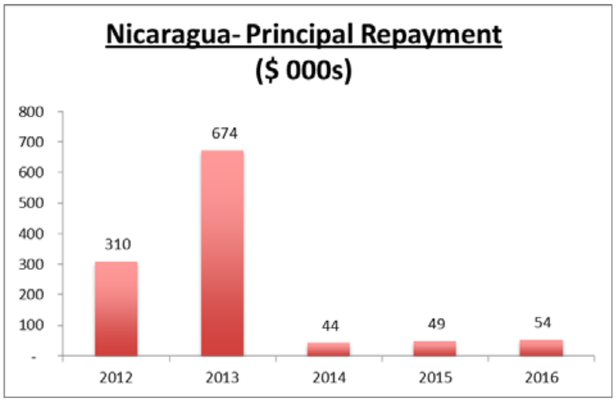
Financial Performance in 2011: Nicaragua was our smallest contributor in 2011 to both Group revenue and consolidated property EBITDA. Below, please see our analysis of material variances from our 2011 Thunderbird Nicaragua Segment Result.

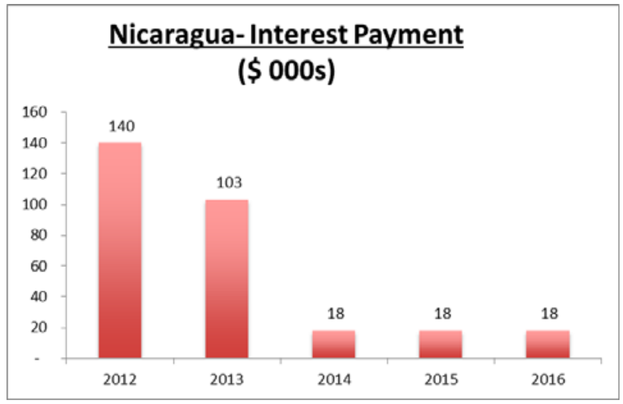
- Revenue increased by 3.3% year-over-year while win per gaming position was relatively flat. The Group is now in the process of opening a new casino in the town of Chinandega, which will add approximately 106 gaming positions in the country, an increase of approximately 17%. Management believes that this new facility will be operating by Q3 2012, and will have a material impact on Nicaragua revenues and EBITDA thereafter.



- Cost of goods sold increased by 17.8% and operating, general and administrative expenses decreased by 1.1%. The net increase of approximately $590 thousand was largely due to an increase in promotional allowances and complimentary food & beverage expenses, both which are now being better controlled in 2012.

- Financing costs fell by 21.6% as the Group continued to pay down debt. Below is the forecast of principal and interest payments based on loan contracts effective as of December 31, 2011. It should be noted that Nicaragua, assuming no new project debt, is forecasted to have only a nominal amount of debt by 2014.





Expansion: Under construction currently is a new casino located at Chinandega, a two-and-one-half hour drive from Managua, which when complete may add 105 slot machines, 21 table positions and another sports bar to our Nicaragua operations. The Chinandega casino will be located in a new shopping mall. Management expects the total cost of the project to be approximately $1.4 million, with approximately $300 thousand already expended through Q1 2012 and the balance projected to be financed with 10-year, secured real estate financing. We expect a Q3 2012 opening.

The Group believes that in the 12 months post opening of the Chinandega casino, Nicaragua will experience faster growth in both revenue and bottom line results. Below is a summary P&L for 2011 as compared to 2010.

	Nicaragua 12 Months Ended 31-Dec-11	Nicaragua 12 Months Ended 31-Dec-10	Variance	%
Net gaming wins	11,065	10,961	104	0.9%
Food, beverage and hospitality and other sales	1,226	933	293	31.4%
Total revenue	**12,291**	**11,894**	**397**	**3.3%**
Cost of goods sold	(4,344)	(3,687)	(657)	17.8%
Gross profit	**7,947**	**8,207**	**(260)**	**-3.2%**
Other operating costs				
Operating, general and administrative	(6,413)	(6,486)	73	-1.1%
Project development	(128)	(118)	(10)	8.5%
Depreciation and amortization (Note 9 and 11)	(575)	(731)	156	-21.3%
Other gains and (losses) (Note 5)	(98)	(183)	85	-46.4%
Operating profit	**733**	**689**	**44**	**6.4%**
Financing				
Foreign exchange	(210)	(265)	55	-20.8%
Financing costs (Note 7)	(149)	(190)	41	-21.6%
Financing income (Note 7)	10	16	(6)	-37.5%
Other interests	-	-	-	0.0%
Finance costs, net	**(349)**	**(439)**	**90**	**-20.5%**
Profit (loss) before tax	**384**	**250**	**134**	**53.6%**

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 (formerly Bombay). 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 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.
- $13.5 million in fully convertible debentures ("FCDs"), secured behind the senior lenders.
- $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.
- The Group has jointly and severally guaranteed the senior debt and approximately $9 million of the FCDs.

In February 2012, we announced that the project known as "Thunderbird Resorts – Daman" had been partially completed as follows: a) approximately 100 hotel rooms (of a total of 176 rooms); b) three bars and restaurants; c) pool and outdoor plaza areas; and d) approximately 50% of indoor meeting areas. To date, Daman Holdings Private Limited (DHPL) awaits the granting of a hotel occupancy permit which is a necessary step to opening.

Unfortunately, the project continues to face delays in licensing and in growing cost overruns associated with: a) further construction requirements of Delta; and b) increased pre-operating principal and interest, and pre-operating overhead both because of the continuing delays. Additionally, the current controlling shareholder of DHPL, the Indian company owning the project, has not met its contractual obligations, including without limitation:

- Failed to provide audited financial statement for DHPL.
- Failed to keep the Group fully informed of developments.

Because of the above, and regardless of the fact that the project still has no operating license, Delta has approached the Group about a possible capital call which may lead to restructuring/repayment of the FCD's, a further reduction of our interests in DHPL and/or a sale of our remaining interests for an amount less than the amount being written down by the

Group. 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.

Based on the above developments, the Group believes that it no longer has significant influence on DHPL that it believed it had as of its last disclosure on India. As a result, as of the year-end 2011, we have taken what we believe to be the most appropriate accounting treatment, which is to write down our India investment and record an impairment charge to our 2011 Statement of Comprehensive Income, shown in Other Gains (losses).

SUMMARY OF CONVERTIBLE LOAN NOTES

In this section, we have discussed that the Group has refinanced certain country-related debt with convertible debentures with the parent as borrower. We believe that it is important to discuss the convertible notes in more detail.

During 2011 and during Q1 2012, the Group issued new promissory notes as described in Chapter 3. The Group issued these notes ("Convertible Loan Notes") including accrued interest ("Convertible Debenture Aggregate Proceeds") to refinance certain existing high-cost debt that was an impediment to the Group being able to improve its capital structure and return to growth.

The Convertible Debenture Aggregate Proceeds mandatorily and automatically convert into freely tradable common stock of Thunderbird Resorts Inc. in one-third tranches at designated price levels 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.

Interest only accrues on the Convertible Loan Notes from their effective dates and will be paid in equal monthly installments until the maturity date of approximately March 1, 2017, for most of the Convertible Loan Notes (the "Maturity Date"); provided, however, interest shall only accrue and not be payable in cash to Lender until ninety days after the consummation of a refinancing of all of the senior debt (the "Accrual Period") of Thunderbird Hoteles Las Americas, S.A. ("THLA"), Thunderbird's Peru affiliate (the "Refinancing"). Any such accrued interest shall be added to the principal balance commencing on not later than April 1, 2013 ("Capitalized Interest"). On the Maturity date, all principal and balance of interest calculated through the date of payment will be due and payable in one lump sum. 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.

Chapter 5:
Regulatory Environment

GOVERNMENT REGULATION

Our gaming operations are subject to extensive regulation, and each of our subsidiaries and joint ventures holds registrations, approvals, gaming licenses or permits in each jurisdiction in which it operates gaming activities. Gaming laws are based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. The limitation, conditioning, suspension, revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions would materially and adversely affect our gaming operations in that jurisdiction. Statutes and regulations can require us to meet various standards relating to, among other things, business licenses, registration and background investigations of employees, floor plans, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants and ownership interest. Civil and criminal penalties can be assessed against us and/or our Officers to the extent of their individual participation in, or association with, a violation of certain gaming statutes or regulations. We are also subject to safety and health, employment and environmental laws, regulations and ordinances that apply to our operations. For example, rules and regulations regarding the service of alcoholic beverages are often strict, and the loss of a license that permits such service would significantly impair our operations. Local building, parking and fire codes also affect our operations. We believe that we are currently in compliance with all applicable gaming and non-gaming regulations in the jurisdictions where we operate. The following is an overview of the gaming regulations in each of our current jurisdictions of operation. We are not subject to any material environmental regulation.

COSTA RICA

Costa Rica has limited regulation of gaming on a national level. Casinos must be accredited and approved by the Tourist Board of Costa Rica, must be located in a hotel rated three stars or above, and must be at least 100 meters away from places of worship, hospitals, clinics, and schools. No one under 18 years old is allowed in a casino. As casino operators, we are required to pay municipality operational fees, facility health permit fees, and any other tax applicable to other businesses based in Costa Rica. Previously, up to May 1, 2009, we had paid a gaming tax of 3,000 Costa Rican colones ($5.79 based on an exchange rate at December 31, 2011 of 518.09) per slot machine per month to the governmental agency that operated the National Theater, and previously we had paid approximately 50,000 colones ($96.51 based on an exchange rate at December 31, 2011 of 518.09) per gaming table per month, and 10% of net win less table game revenue, table game direct costs and indirect and administrative costs. In January 2010 this tax was modified by the government to also include in the calculation of the tax the gaming revenue associated with slot machines. Effective May 1, 2009, in accordance with a recent executive decree, hours were limited to fourteen hours per day or from 3:00 p.m. to 5:00 a.m. The government continues to study a revision to this decree to allow hours of operation greater than 14 hours per day due to projected losses in employment. Additionally, the decree limits the number of gaming tables and slot machines for new casinos, based on the number of rooms at the hotel and changes the protocol for all future gaming licenses to be issued at the national (rather than local) level; we believe this limit will not affect our existing casinos, but may affect our Tres Rios and Escazu projects as described herein. The legality or constitutionality of this decree continues to be challenged by various business associations and/or operators.

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.

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.

See Note 25 of the Group's Financial Statements entitled "Contingencies" which includes a description of the current status of the Group's regulatory and legal position with respect to the Rizal and Poro Point licenses and pending litigation with PAGCOR related to said licenses; see also Note 24 entitled "Commitments" on that certain matter referenced therein as the Philippine Investment requirements; see also Note 25 of the Group's Financial Statements entitled "Contingencies" on that certain matter referenced therein as the Philippine Tax Controversy.

NICARAGUA

The Nicaraguan Casino Law was published in The Gazette, Official Newspaper, 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 25 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 our operations as follows:

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

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 will require 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 will be 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.

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.

INDIA

The 1976 Gambling Act of Goa, Daman & Diu prevents us, as a non-Indian national from owning or operating a casino in India. The casino operations in India will be owned by a group of Indian nationals which will lease space from Daman Hospitality Private Limited (our joint venture) under a comprehensive lease arrangement. See Chapter 4 Section E for the current status of the India project.

OTHER CONTINGENCIES

See Note 25 of the Group's Financial Statements entitled "Contingencies" which includes a contingency for those certain matters described therein as the Chile 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. Our technology-based infrastructure and controls include but are not limited to the following:

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

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

RISK MANAGEMENT

Certain risks in the industry and certain risks unique to our business are described in Chapter 10, “Risk Factors”, including legal, regulatory, and operational challenges. 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 our business plans and ability to execute on our goals, including the following risks:

- Continued slowdown in the worldwide economy having a continued negative effect on revenues and our ability to meet our short term debt obligations;
- Continued difficult credit markets delaying or preventing our efforts to complete projects under construction 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, 2011 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, 2011, 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 26, 2012

Jack Mitchell, President, CEO and Director
Albert Atallah, Vice President, General Counsel and Director
Peter LeSar, Chief Financial Officer
Tino Monaldo, Vice President, Corporate Development
Angel Sueiro, Vice President, Design and Construction
Salomon Guggenheim, Director
Roberto de Ocampo, Director
Douglas Vicari, Director
Franz Winkler, 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 our Board of Directors and as our senior management. Members of our Board of Directors serve for a one-year term, which expires at each annual meeting. Unless otherwise indicated, the business address of each person listed below is Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama.

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

Name	**Age**	**Position**	**Date of Birth**
Jack Mitchell	56	President, CEO and Director	February 24, 1956
Albert Atallah	56	General Counsel, Corporate Secretary and Director	Apirl 9, 1956
Peter LeSar	43	Chief Financial Officer	June 14, 1968
Tino Monaldo	53	Vice President—Corporate Development	October 12, 1958
Raul Sueiro	47	Vice President—Asian and European Operations	June 14, 1964
Angel Sueiro	40	Vice President—Design and Construction	March 19, 1972
Salomon Guggenheim	52	Director	July 10, 1974
Roberto de Ocampo	66	Director	January 10, 1946
Douglas Vicari	52	Director	August 9, 1959
Franz Winkler	52	Director	June 16, 1959

SENIOR MANAGEMENT

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

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

Peter LeSar – CFO: From 1997-1998, Mr. LeSar was the Executive Director of the Council for Investment & Development, which represented Thunderbird Resorts in its successful bid in the privatization of Panama's state-owned casinos. He has since worked for Thunderbird as a member of its corporate team both as President of Thunderbird Philippines and as Vice President of Business Development. In the former role, the operations in the Philippines achieved annualized organic growth of almost $10 million during his 18-month tenure. In the latter role, Mr. LeSar has been directly responsible for developing transactions, and structuring and securing funding for the Asian and European markets, specifically the Philippines, India and Poland. Mr. LeSar has been Chief Financial Officer since June 1, 2011.

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

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

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.

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

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

Franz Winkler. Mr. Winkler jointed us as a Director in 2010 and is based in Zurich, Switzerland. After several years as a business trainee from 1975 to 1978, Mr. Winkler became a partner of several Swiss and Liechtenstein based fund management companies such as Accuro Group, Advanced Fund Management and Winkler Invest. Since 2002, Mr. Winkler is a partner of Diem

Client partner in Zollikon, Switzerland where he is responsible for portfolio management. Since 2010, Mr. Winkler has been a board member of Credit Suisse Hypotheken AG.

FURTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

MANAGEMENT ON THE BOARD OF DIRECTORS

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

Board of Directors - Governance

GENERAL

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

COMPENSATION COMMITTEE

Our Compensation Committee consists of Messrs. Guggenheim, Winkler, de Ocampo and Vicari. Mr. Guggenheim is the chairman of this committee, which reviews and approves, or makes recommendations to the Board of Directors with respect to senior Management and

Director (who are not employees) compensation, and our long-term incentive compensation program and equity incentive plans.

NOMINATING AND GOVERNANCE COMMITTEE

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

VACANCIES ON OUR BOARD OF DIRECTORS

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

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

Compensation to Senior Management and Directors

SENIOR MANAGEMENT COMPENSATION

The following table sets forth the compensation of each of our senior management for 2011. For a discussion of the compensation of certain of our senior management going forward, please see "Employment Agreements". Please note that Raul Sueiro resigned effective as of December 31, 2011, and is no longer employed with the Group in 2012.

Senior Management Compensation

	Salary	Value of stock grants	Aggregate other compensation	Total compensation
Jack Mitchell (1)	$ 600,000	$ -	$ 127,808	$ 727,808
Albert Atallah (2)	225,000	-	26,503	251,503
Raul Sueiro (3)	132,000	-	2,454	134,454
Angel Sueiro	150,000	-	3,454	153,454
Peter Lesar (4)	210,000	-	11,454	221,454
Tino Monaldo (5)	325,000	-	52,000	377,000

(1) Aggregate other compensation includes life insurance ($38,797), car allowance ($12,492), a housing allowance ($71,520) and XIII month ($5,000) as per Panamanian law.
(2) Aggregate other compensation includes life, health, dental and disability insurance ($26,503).
(3) Aggregate other compensation includes life insurance ($2,454).
(4) Aggregate other compensation includes life insurance ($2,454), a housing allowance ($9,000).
(5) Aggregate other compensation consist of professional fees paid to Mr. Monaldo to pay for his health, life, disability and dental insurance and other profesional fees costs.

BOARD OF DIRECTOR COMPENSATION

As of October 2011, the Board authorized the restoration of each director's fees to its 2007 and 2008 levels of $48,000 annually to be paid in Company stock quarterly. The level of compensation and method will be reviewed annually. We also reimburse our 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 our Board of Directors, senior management or other employees.

2007 EQUITY INCENTIVE PLAN

Our Thunderbird Resorts Inc. 2007 Equity Incentive Plan (the "Equity Plan") is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and Directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefit of all of our shareholders. We have reserved up to 5% 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 our Board of Directors or a committee designated by the Board of Directors (in either case, referred to as the "Administrator"). The Administrator has the power and authority to select Participants (as defined below) in the Equity Plan and grant Awards (as defined below) to such Participants pursuant to the terms of the Equity Plan. All decisions made by the Administrator pursuant to the provisions of the Equity Plan shall be final and binding on us and the Participants.

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

OPTIONS

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

RESTRICTED STOCK AND RESTRICTED STOCK UNITS

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

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

The following Restricted Stock awards were granted 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	Unvested Shares
Jack Mitchell	340,000	193,333	146,667
Tino Monaldo	151,667	118,334	33,333
Michael Fox	110,000	103,333	6,667
Raul Sueiro	91,667	75,000	16,667
Angel Sueiro	70,000	56,667	13,333
Albert Atallah	33,333	23,333	10,000
Peter LeSar	35,000	11,667	23,333
Alberto Loaiza	8,334	5,001	3,333
Salomon Guggenheim	3,333	3,333	-
Roberto De Ocampo	3,333	3,333	-
Douglas Vicari	3,333	3,333	-
Other non-executive employees	95,834	47,501	48,333
Former Directors	6,666	6,666	
Total	952,500	650,834	301,666

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

PERFORMANCE COMPENSATION AWARDS

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

STOCK APPRECIATION RIGHTS

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

CHANGE IN CONTROL

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

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

AMENDMENT AND TERMINATION

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

PREVIOUS EQUITY INCENTIVE PLANS

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

Pursuant to stock options granted under our 2005 Stock Option Plan, we have 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. Our Board of Directors resolved that no further securities will be granted under the 2005 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire). During 2010 and through March 31, 2011, 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 our Board of Directors. Under this program, which terminates on December 31, 2012, unless extended, we will pay certain members of our Management team an aggregate annual incentive fee equal to 10% of the amount by which our After Tax Cash Flow ("ATCF") in each fiscal year exceeds a 20%, non-compounding hurdle amount. The hurdle amount is calculated annually based on our total "invested capital," which is defined as the sum of the weighted average gross proceeds per share of all ordinary share issuances to the date of measurement (with each issuance weighted by both the number of shares, as applicable, issued in such offering and the number of days that such issued shares or units were outstanding during the fiscal year). For this purpose, ATCF is generally defined as our net income (computed in accordance with IFRS) plus certain non-cash items, such as depreciation and amortization.

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

EMPLOYMENT AGREEMENTS

In November of 2007, we entered into employment agreements with certain of our senior Management, effective December 1, 2007. The terms and conditions of these agreements are fully described below. Messrs. Mitchell, Atallah, Fox, Monaldo, R. Sueiro, and A. Sueiro have agreed to waive any contractual rights each had related to CPI-U (defined below) adjustments called for under the employment contracts commencing November 2010 through November 2011.

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

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

Mr. Mitchell is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. Mitchell with a car allowance of $1,000 per month, three weeks of vacation per year, term-life insurance policies, an offshore housing allowance of $3,000 per month adjusted annually for CPI-U increases, reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. Mitchell's employment is terminated for our convenience or by non-renewal at our option, or if he terminates his employment for "Good Reason," as that term is defined in the agreement, he is entitled to receive (i) all accrued and unpaid base compensation and bonuses, vacation, reimbursable business expenses, and car and housing allowances, (ii) a pro-rated share of his annual long-term incentive plan bonuses and any other executive bonuses that may be in place at that time, (iii) severance compensation of 2.99 times his base salary plus his bonuses (using the higher of (a) the average annual executive cash bonuses and long-term incentive plan bonuses over the previous three years or (b) the current target long-term incentive plan bonuses and any other executive cash bonuses payable for that year), (iv) continuation of medical and health insurance benefits for 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. Mitchell's employment agreement), Mr. Mitchell will be paid the severance compensation described above whether or not his employment is terminated. Mr. Mitchell's employment agreement also provides for the "gross up" of any excise tax payable pursuant to Section 280G of the Code. Code Section 280G applies to "excess parachute payments" made to executives that are triggered by the consummation of certain change in control transactions. To the extent it applies, Code Section 280G denies a deduction to the employer that makes the excess parachute payments and Code Section 4999 imposes a corresponding 20% excise tax upon the executive who receives the payments. Code Section 280G treats as excess parachute payments certain compensation, including bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term equity incentive plans, that exceeds three times an executive's "base amount," or the amount of the executive's average annual taxable income from the employer over the five-year period preceding the change on control. If Code Section 280G is triggered, its provisions apply to all payments in excess of one times the executive's base amount.

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

In June of 2011, Jack Mitchell relocated his principal residence from Panama to the Philippines to serve the best interests of the Company. The Company's Compensation Committee approved funding of moving costs, including transportation and miscellaneous relocation fees (special work visas).

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 2011 under the agreement was $225,000, which amount is adjusted each year based on any increase in the CPI-U.

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

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

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

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

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 2011 under the agreement was $220,000, 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 Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In addition, the agreement provides Mr. LeSar with three weeks of vacation per year, term-life insurance policies, and reimbursement for reasonable business expenses and participation in our benefit plans.

If Mr. 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 2011 under the agreement was $325,000, which amount is adjusted each year based on any increase in the CPI-U.

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

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

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

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

We have also entered into a consulting services agreement with Mr. Monaldo's law firm since 2007, which provides a payment of $52,000 per year for consulting and legal services, adjusted annually for increases based on the CPI-U. The term of the consulting agreement is 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 $12,500 per month.

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

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

2011 PERFORMANCE BONUSES

No performance bonuses were paid to senior executives during 2011.

Chapter 8:
Investor Relations, Shares & Dividends

The following table sets forth information regarding the beneficial ownership of our common shares as of December 31, 2011 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 our Directors and executive officers as a group (including those that are no longer executive officers as of December 31, 2011).

All holders of our common stock have the same voting rights. Beneficial ownership generally includes any interest over which a person exercises sole or shared voting or investment power.

Name of Beneficial Owner	Beneficial Ownership Number (1)	Percent
Mitchell, Jack (2)	1,345,213	5.87%
Guggenheim, Salomon (3)	276,674	1.21%
Atallah, Albert (4)	227,728	0.99%
Monaldo, Tino (5)	223,980	0.98%
Fox, Michael (6)	209,477	0.91%
Sueiro, Raul (7)	152,537	0.67%
Sueiro, Angel (8)	131,697	0.57%
Lesar, Peter (9)	128,716	0.56%
de Ocampo, Roberto	32,448	0.14%
Vicari, Douglas	32,448	0.14%
Winkler, Franz	29,115	0.13%
All directors and officers as a group	**2,790,033**	**12.17%**

(1) Includes restricted common shares granted under our 2007 equity incentive plan.
See Chapter 12 “Management—2007 Equity Incentive Plan.”
(2) Includes 1,163,547 common and 181,666 common shares issuable upon exercise of vested options.
(3) Includes 238,342 common shares and 38,332 common shares issuable upon exercise of vested options.
(4) Includes 142,645 common shares and 85,083 common shares issuable upon exercise of vested options.
(5) Includes 158,897 common shares and 65,083 common shares issuable upon exercise of vested options.
(6) Includes 151,145 common shares and 58,332 common shares issuable upon exercise of vested options.
(7) Includes 139,204 common shares and 13,333 common shares issuable upon exercise of vested options.
(8) Includes 86,698 common shares and 13,333 common shares issuable upon exercise of vested options.
(9) Includes 118,716 common shares and 10,000 common shares issuable upon exercise of vested options.

Conflicts of Interest

See “Related Party Transactions” below.

Related Party Transactions

Below are the related party transactions involving Officers and Directors.

Jack Mitchell (Director, CEO and President). Mr. Mitchell’s brother, Bob Mitchell, is employed as a project manager. We paid him total compensation of $99,450 in 2011, $103,228 in 2010, and $114,075 in 2009. He is an at-will employee who is employed under the same terms and conditions as our other employees.

Mr. Mitchell’s brother-in-law, Lorenzo Hincapie, was employed through December 31, 2010 as our Latin American Regional Counsel. We paid him total compensation of $72,000 in 2011 in consulting fees, $144,798 in 2010 as an employee, and $97,165 in 2009 as an employee, plus a severance amount of $43,854 that was paid in 12 monthly installments.

We employ Mr. Mitchell’s brother-in-law, Ricardo Hincapie, as General Manager and Legal Representative for our Peruvian operations. We paid him total compensation of $161,684 in 2011, $157,950 in 2010, and $152,606 in 2009. He is an at-will employee who is employed under the same terms and conditions as our other employees.

We employ Mr. Mitchell’s daughter, Amy Mitchell, as a Measurement and Coordination Analyst. We paid her total compensation of $93,709 in 2011, $93,709 in 2010 and $84,886 in 2009. Ms. Mitchell is an at-will employee who is employed under the same terms and conditions as our other employees.

Jack Mitchell serves as a member of the Board of Directors of our Costa Rican, Indian, Nicaraguan, Peruvian, and Philippines entities. In such capacity, he received aggregate Director Fees of $nil in 2011, $nil in 2010, and $nil in 2009.

Mr. Mitchell’s daughters have loaned funds to our projects. The outstanding balance of this loan was nil as of December 31, 2011, $68,835 as of December 31, 2010 and $93,058 as of December 31, 2009. The interest paid as a result of this loan was $11,301 in 2010, $12,648 in 2009, and $6,716 in 2008.

The Group paid to Mitzim Properties a President's related company, $168,649 in 2011 and $19,610 in 2010 according to a lease agreement for San Diego offices.

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

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 2011, $nil in 2010, $nil in 2009.

Tino Monaldo (Vice President, Corporate Development). We paid Mr. Monaldo total consulting fees of $52,000 in 2011, $52,000 in 2010, and $55,596 in 2009. He pays his own health, life, disability and dental insurance, and other professional fees and expenses.

Albert Atallah (Director, General Counsel, and Vice President). Mr. Atallah served as an advisor to our Panamanian joint venture. In such capacity, he received aggregate advisor fees of $nil in 2011, $nil in 2010, and $nil in 2009.

Salomon Guggenheim (Director). A Director serves as an advisor to the Group. In such capacity, he received aggregate advisor fees of $78,000 in 2011; $78,000 in 2010 and $78,000 in 2009. In addition, he is a director and not a beneficial owner in a company called India Ltd. The group paid India Ltd. broker commissions for the successful securitization of financing of $265,000 in 2010 and $130,000 in 2009, of which a director received a 10% administrative fee of total broker commissions paid by the Group to India Ltd. in 2010 and 2009.

Mr. Guggenheim and his mother have loaned funds to our projects. The outstanding balances of those loans were $nil in 2011, $173,768 in 2010 and $314,343in 2009. The interest and dividends paid as a result of those loans were $3,025 in 2011, $25,277 in 2010, and $26,520 in 2009.

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 our operating entities, see Note 23 to our consolidated financial statements for the year ended December 31, 2011, 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. Our common shares are listed on NYSE Euronext Amsterdam under the symbol "TBIRD."

COMMON SHARES AND OPTIONS

As of December 31, 2011, we had 22,541,577 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 our Board of Directors has resolved not to issue any more securities); and (iii) common shares available for future issuances under our 2007 equity incentive plan equal to 5% of issued an outstanding shares. As of December 31, 2011, we have existing options outstanding to purchase 572,655 shares; the Group's common shares do not have conversion features. However, a holder of an option or warrant who wants to exercise such option or warrant will notify the Group during the exercise period, pay the strike price, whereupon they will receive the applicable number of shares.

In the first quarter of 2010, 200,000 warrants exercisable into 200,000 additional shares of common stock were issued to two entities arising out of a $1 million interest only five-year loan made to the Group. During 2010 and 2011, these warrants were exercised and as a result, the Group issued 200,000 additional shares of common stock in exchange for $160,000. As of April 2012, we have 22,920,073 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, 2011.

Thunderbird Resorts Inc. Stock Options Outstanding as of December 31, 2011

Grant Date	Unexercised	Unvested	Exercisable
8/17/2005	200,664		200,664
1/17/2007	41,666		41,666
7/25/2007	330,325		330,325
Total	**572,655**		**572,655**

Exercise Price	Unexercised	Unvested	Exercisable
1.92	8,333		8,333
2.1	200,664		200,664
3.3	33,333		33,333
4.98	330,325		330,325
Total	**572,655**		**572,655**

Expiration Date	Unexercised	Unvested	Exercisable
1/17/2012	11,111		11,111
1/31/2012	17,332		17,332
7/25/2012	87,527		87,527
8/17/2012	36,332		36,332
1/17/2013	11,111		11,111
7/25/2013	60,699		60,699
8/17/2013	36,332		36,332
1/17/2014	11,111		11,111
7/25/2014	60,699		60,699
8/17/2014	39,666		39,666
7/25/2015	60,698		60,698
8/17/2015	39,666		39,666
7/25/2016	60,702		60,702
8/17/2016	39,669		39,669
Total	**572,655**		**572,655**

Organizational Documents

Our organizational documents consist of our Memorandum of Association and our 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 our Board of Directors from time to time may determine. Upon our liquidation, holders of common shares are entitled to an equal share in the distribution of surplus assets. Our common shares are not entitled to preemptive rights and are not subject to conversion into any other class of shares. We may purchase, redeem, or otherwise acquire any of our own shares for fair value. However, no purchase, redemption, or other acquisition of shares can be made unless the Directors determine that, immediately after the acquisition, the value of our assets will exceed our liabilities, and we will be able to pay our debts as they fall due.

- Preferred shares may be issued in one or more series, and our Board of Directors is authorized to provide for the issuance of preferred shares in series, to establish the number of shares to be included in each series, to fix the rights, designation, preferences and powers of the shares of each series and its qualifications, limitations and restrictions.

- If our common or preferred shares are divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the shares of that class) may be changed only with the consent in writing of the holders of a majority of the issued shares of that class or series and of the holders of a majority of the issued shares of any other class or series of shares which may be affected by such variation.

- Dividend policy: We have never paid any cash dividends on the Group's common shares, and we do not expect to declare or pay any cash or other dividends in the foreseeable future. We may enter into credit agreements or other borrowing arrangements in the future that restrict our ability to declare cash dividends on our common shares. If our Board of Directors ever elects to declare a dividend, such dividend will be paid to shareholders of record out of legally available funds, and may be paid annually, semi-annually or quarterly, as determined by our Board of Directors. Any such declaration of dividends and any other payments by us, as determined by our Board of Directors, will be announced by us in a national daily newspaper distributed throughout the Netherlands, and in the Official Daily List of NYSE Euronext.

- Compulsory Transfer of Shares: Our Board of Directors has the ability under certain circumstances to force a transfer of common shares in the manner described below, provided, however, that such forced transfer (including any change to the Company's register of members) would occur at the direction of the Group without interference with the purchase, sale, or settlement of the Company's common shares on NYSE Euronext Amsterdam or without interference with the settlement of such shares through any settlement system, including Euroclear Nederland and Euroclear Bank (for the sake of clarity, as a result of the foregoing there will be no null and void trades on NYSE Euronext Amsterdam or settlement of such trades through Euroclear Nederland and/or Euroclear Bank). If it comes to the notice of our Board of Directors that any common shares:

  a) are or may be owned or held directly or beneficially by any person in breach of any law, rule, regulation or requirement applicable to us of any jurisdiction in which we operate or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board of Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the board to be relevant) would in the reasonable opinion of the Board of Directors, cause a significant pecuniary disadvantage to us which we might not otherwise have suffered or incurred; or

  b) are or may be owned or held directly or beneficially by any person that is an "employee benefit plan" subject to the fiduciary provisions of Title I of ERISA, a plan subject to the prohibited transaction provisions of Section 4975 of the Code, a person or entity whose assets include the assets of any such "employee benefit plan" or "plan" by reason of the DOL Plan Asset Regulations or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section

4975 of the Code and their ownership of the shares means that the investor is a Benefit Plan Investor as that term is defined by the U.S. DOL Plan Asset Regulations and the investor's interest is "significant" under those Regulations, or will result in a non-exempt "prohibited transaction" as defined in ERISA or section 4975 of the Code, the Board of Directors may serve written notice (a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 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 our Board of Directors, would not fall within paragraphs (a) or (b) above (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise. If, within 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 our officers or employees to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee. An instrument of transfer executed by that person will be as effective as if it had been executed by the holder of or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of our costs of the sale, shall be received by us, and receipt shall be a good discharge for the purchase moneys, and shall belong to us and, upon their receipt, we shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to us. We are deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and we are not required to account for money earned on it. The amount may be employed in our business or as we think fit. We may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto. A person who becomes aware that he falls within any of paragraphs (a) or (b) above shall forthwith, unless he has already received a Transfer Notice either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates. Subject to the provisions of our Articles of Association, our Board of Directors will, unless any Director has reason to believe otherwise, be entitled to assume without inquiry that none of the shares are held in such a way as to entitle the Board of Directors to serve a Transfer Notice in respect thereof. The Board of Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 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 our common shares. There are no laws, decrees, statutes or other provisions of the laws of the British Virgin Islands which would operate to prohibit or regulate the remittance of dividends, interest and other payments to nonresident holders of common shares.

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

CANADIAN LAW

Prior to July 1, 2009, our common shares were listed on the CNSX (formerly the CNQ). Effective July 1, 2009 and thereafter, and at the request of the company, our shares have been delisted from the CNSX. Though delisted, we continue to be a "reporting issuer" subject to securities laws of British Columbia, Ontario, and the Yukon Territory due to the number of our existing Canadian shareholders. Among other things, those laws require any 10% 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 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 our affairs. Thereafter, any sale by that holder of common shares would be deemed under provincial law to be a distribution, requiring the filing of a prospectus and compliance with other securities disclosure laws.

In addition, if a person or entity acquires 20% or more of our common shares, it will be deemed under provincial securities laws to have made a "take-over bid" and, accordingly, unless it can obtain an exemption, that holder would be required to comply with detailed rules governing bids. 20% 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, our financial reporting requirements can be met by filing on SEDAR the same financial information we provide to and file with the NYSE Euronext Amsterdam. Since January 1, 2009, our 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 our annual report pursuant to (i) the relevant European directives as implemented in Dutch financial and company law, and (ii) the public securities laws of other countries in the preceding 12 months.

DUTCH TAKEOVER ACT

On 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 our shares unless an offer document has been approved by the AFM and has subsequently been published. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the holders of our securities, that the holders of our securities will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. The provisions in the Dutch Takeover Act regarding mandatory takeover bids will not be applicable to us.

MARKET ABUSE REGIME

The market abuse regime set out in the Financial Supervision Act, which implements the European Union Market Abuse Directive (2003/6/EC), is applicable to us, our Directors, officers, other key employees, our insiders and persons performing or conducting transactions in our securities. Certain important market abuse rules set out in the Financial Supervision Act that are relevant for investors are described hereunder.

We make public price-sensitive information, which is information that is concrete and that directly concerns us which information has not been publicly disclosed and whose public disclosure might significantly affect the price of the shares or derivative securities, such as the options and warrants. We must also provide the AFM with this information at the time of publishing the Prospectus. Further, we must immediately publish the information on our website and keep it available on our website for at least one year.

DISCLOSURE OF HOLDINGS

The following provisions apply to us and to our shareholders:

- Any person who, directly or indirectly, acquires or disposes of an interest, whether shares or options and warrants, in our capital or voting rights must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75%, and 95%.

- In addition, annually within four weeks from December 31 at midnight, every holder of an interest in our capital or voting rights of 5% or more must notify the AFM of any changes in the composition of this interest.

- We are required to notify the AFM of any changes in our outstanding share capital, including in the case of redemption of shares, and any amendment to our Articles of Association regarding voting rights. The AFM will publish any notification in a public registry. If, as a result of such change, a person's interest in our capital or voting rights passively reaches or crosses the thresholds mentioned in the above paragraph, the person in question must immediately give written notice to the AFM no later than the 4th trading day after the AFM has published our notification.

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

TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar for our common shares is Computershare, Inc., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

PAYING AGENT

ING Bank, N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are incorporated under the laws of the British Virgin Islands. Certain members of our Board of Directors are not residents of the United States, and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for our shareholders to effect service of process in the United States on persons who are not U.S. residents or to enforce in the United States judgments obtained in the United States against us or persons who are not U.S. residents based on the civil liability provisions of the U.S. securities laws. We have been advised by our British Virgin Islands counsel, O'Neal Webster, that there is doubt as to the direct enforceability in the British Virgin Islands of civil liabilities predicated upon the securities laws of other foreign jurisdictions.

AVAILABILITY OF DOCUMENTS

This Annual Report may also be inspected through the 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 our local paying agent ING Bank N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands (tel: +31 20 7979 398, fax: +31 20 7979 607, email: iss.pas@mail.ing.nl):

(a) This Annual Report and our Memorandum and Articles of Association.

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

Chapter 9:
2011 Consolidated Financial Statements & Report of the Independent Auditors

Audit Report

GrantThornton

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 2011 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).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Management's Responsibility Statement set out on page 63, 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 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with 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 24 to the consolidated financial statements which describes the uncertainties relating to developments in Regulatory and Tax Legislation pertaining to gambling, and related activities, in the jurisdictions within which the Group operates.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 26 April 2012

Financials Statement

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of United States dollars)
For the year ended 31 December 2011

	2011	2010
Assets		
Non-current assets		
Property, plant and equipment (Note 11)	$ 102,515	$ 134,856
Intangible assets (Note 9)	13,184	14,079
Investments in associates (Note 10)	-	-
Deferred tax asset (Note 8)	2,466	4,504
Trade and other receivables (Note 13)	5,442	6,672
Total non-current assets	123,607	160,111
Current assets		
Trade and other receivables (Note 13)	21,146	18,512
Inventories (Note 14)	1,564	2,318
Restricted cash (Note 15)	4,044	3,703
Cash and cash equivalents (Note 15)	3,994	6,312
Total current assets	30,748	30,845
Assets classified as held for sale (Note 12)	-	13,631
Total assets	**$ 154,355**	**$ 204,587**

- 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 31 December 2011

	2011	2010
Equity and liabilities		
Capital and reserves		
Share capital (Note 20)	$ 105,850	$ 101,005
Reserves - share commitments	9,116	9,100
Retained earnings	(80,635)	(67,835)
Translation reserve	1,996	645
Equity attributable to equity holders of the parent	36,327	42,915
Non-controlling interest	8,221	7,968
Total equity	44,548	50,883
Non-current liabilities		
Borrowings (Note 17)	58,350	80,461
Obligations under leases and hire purchase contracts (Note 23)	8,152	10,454
Derivative financial instruments (Note 27)	848	128
Other financial liabilities	213	1,454
Deferred tax liabilities (Note 8)	374	532
Provisions (Note 18)	3,331	3,653
Due to related parties (Note 22)	2,666	103
Other liabilities	3,329	1,470
Total non-current liabilities	77,263	98,255
Current liabilities		
Trade and other payables (Note 16)	13,007	14,067
Due to related parties (Note 22)	1,158	1,390
Borrowings (Note 17)	7,237	23,917
Obligations under leases and hire purchase contracts (Note 23)	3,323	2,957
Other financial liabilities	2,991	4,860
Current tax liabilities	2,984	2,621
Provisions (Note 18)	1,844	2,191
Total current liabilities	32,544	52,003
Liabilities associated with assets classified as held for sale (Note 12)	-	3,446
Total liabilities	109,807	153,704
Total equity and liabilities	**$ 154,355**	**$ 204,587**

The consolidated Financial Statements were approved by the Board of Directors on 26 April 2012.

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in thousands of United States dollars)
For the year ended 31 December 2011

	2011	2010
Net gaming wins	$ 97,978	$ 99,772
Food, beverage and hospitality sales	20,925	26,623
Total revenue	118,903	126,395
Cost of goods sold	(45,853)	(45,916)
Gross profit	73,050	80,479
Other operating costs		
Operating, general and administrative	(53,300)	(52,775)
Project development	(453)	(2,110)
Depreciation and amortization (Note 9 and 11)	(15,099)	(14,876)
Other gains and (losses) (Note 5)	(186)	1,734
Operating profit	4,012	12,452
Financing		
Foreign exchange gain	113	4,134
Financing costs (Note 7)	(11,487)	(18,060)
Financing income (Note 7)	2,070	2,085
Other interest	(473)	-
Finance costs, net	(9,777)	(11,841)
(Loss) / profit before tax	(5,765)	611
Income taxes expense (Note 8)		
Current	(1,981)	(2,848)
Deferred	(2,017)	480
Income taxes expense (Note 8)	(3,998)	(2,368)
Loss for the year from continuing operations	**$ (9,763)**	**$ (1,757)**
(Loss) / profit for the year from discontinued operations	(2,716)	18,030
(Loss) / profit for the year	**$ (12,479)**	**$ 16,273**
Other comprehensive income		
Exchange differences arising on the translation of foreign operations	$ 585	$ 1,693
Other comprehensive income for the year	585	1,693
Total comprehensive (loss) / income for the year	**$ (11,894)**	**$ 17,966**
(Loss) / profit for the year attributable to:		
Owners of the parent	(12,861)	15,804
Non-controlling interest	382	469
	$ (12,479)	$ 16,273
Total comprehensive (loss) / income attributable to:		
Owners of the parent	(12,276)	17,497
Non-controlling interest	382	469
	$ (11,894)	$ 17,966
Basic (loss) / earnings per share (in $) : (Note 21)		
Loss from continuing operations	(0.45)	(0.11)
(Loss) / earnings from discontinued operations	(0.12)	0.87
Total	(0.57)	0.76
Diluted (loss) / earnings per share: (Note 21)		
Loss from continuing operations	(0.45)	(0.11)
(Loss) / earnings from discontinued operations	(0.12)	0.87
Total	(0.57)	0.76

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of United States dollars)
For the year ended 31 December 2011

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

	Attributable to equity holders of parent						
	Share capital	Reserves - share commitments	Currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance at 1 January 2011	$ 101,005	$ 9,100	$ 645	$ (67,835)	$ 42,915	$ 7,968	$ 50,883
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 year	-	-	585	(12,861)	(12,276)	382	(11,894)
Balance at 31 December 2011	$ 105,850	$ 9,116	$ 1,996	$ (80,635)	$ 36,327	$ 8,221	$ 44,548

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of United States dollars)
For the year ended 31 December 2011

	2011	2010
Cash flow from operating activities		
(Loss) / profit for the year	$ (12,479)	$ 16,273
Items not involving cash:		
Depreciation and amortization	15,099	14,876
Loss on disposal of property, plant and equipment	24	(15,076)
Unrealized foreign exchange	(514)	(4,521)
India translation reserve	766	
(Decrease) / Increase in provision	(669)	640
Bad debt expense	192	
Gain on sale of Peru hotels	(5,114)	-
Loss on disposal of India investment	1,346	-
Impairment loss	5,172	-
Gain on derivative financial instruments	(128)	22
Share based compensation	(1)	1,389
Non-controlling interest	(382)	(469)
Finance income	(2,070)	(2,085)
Finance cost	11,487	18,060
Other interests	473	-
Tax expenses	3,998	2,368
Net change in non-cash working capital items		
(Increase) / decrease in trade, prepaid and other receivables	(1,737)	(1,901)
(Increase) / decrease in inventory	754	(1,354)
Increase in trade payables and accrued liabilities	3,243	5,453
Cash generated from operations	19,460	33,675
Total tax paid	(1,618)	(2,329)
Net cash generated by operating activities	**$ 17,842**	**$ 31,346**

- 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 31 December 2011

Cash flow from investing activities				
Expenditure on property, plant and equipment	$	(9,336)	$	(29,023)
Proceeds on sale of Peru Hotels		18,000		13,721
Proceeds on disposal of India (Note 12)		347		-
Investment in other companies		-		107
Interest received		178		2,086
Net cash used from investing activities	**$**	**9,189**	**$**	**(13,109)**
Cash flow from financing activities				
Proceeds from issuance of common shares		94		689
Proceeds from issuance of new loans		6,325		23,139
Proceeds from issuance of new finance leases		1,131		2,152
Repayment of loans and leases payable		(28,146)		(28,773)
Interest paid		(7,205)		(14,341)
Net cash used from financing activities	**$**	**(27,801)**	**$**	**(17,134)**
Change in cash and cash equivalents from continuing operations		(770)		1,103
Net cash used from discontinued operations		(24)		(308)
Net change in cash and cash equivalents durings the year		(794)		795
Cash and cash equivalents, beginning of year		10,015		10,898
Cash disposed through India sale		(474)		-
Cash and cash equivalents, end of the year		8,747		11,693
Effect of foreign exchange adjustment		(709)		(1,678)
Adjusted cash and cash equivalents, end of the year	**$**	**8,038**	**$**	**10,015**

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 at least the next 12 months. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group up to December 31, 2013 in light of the financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt funding anticipated to reduce over time. The model incorporates future cash flows from existing projects under construction following their projected opening dates, but assumes no new construction projects during the forecast period. The model assumes a stable regulatory environment in all countries with existing operations. Sensitivities have been applied to this model in relation to delayed project opening dates and revenues not achieving anticipated levels.

The Directors have considered the: 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.

In consideration of management's options over further funding:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

These consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual consolidated financial statements for the year to 31 December 2010 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 2011:

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

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 2011 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)
- 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)
- 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)

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.

	Note	Judgment
Recoverability of deferred tax assets	3.3 c	Recognition of deferred tax asset
Litigation provisions and contingent liabilities	3.3 e	Judgments on probability of payment as a result of disputes
Accounting for investments in associates	3.3g	Ability to exert significant influence
Provisions	3.3 j	Judgment on probability that a liability will arise
Financial liabilities	3.3 k	Assessment of significance of debt modifications
Assets classified as held for sale	3.3 v	Recognition criteria being met
	Note	Estimate
Estimated economic lives and residual values	3.3 a	Depreciable lives of assets
Carrying value of assets and potential impairments	3.3 b	Future operating results and discount factor applied
Stock options	3.3 d	Valuation model used

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 asset is not depreciated until such time that the assets are completed and available for use. Transfers are made from the construction in progress category to the appropriate property, plant and equipment asset categories when the construction of the asset has been substantially completed.

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2011 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.

Share-based compensation

The Group recognizes compensation expense for stock options granted in profit or loss using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instrument was granted, for all options issued on or after 7 November 2002. Any cash paid by the employee on the exercise of stock options is added to the stated value of common shares. The expenses for options and grants are recognized on a straight line basis over the vesting period based on the Group's estimate of participants eligible to receive shares at the point of vesting. The Group records the corresponding credit entry as reserves - share commitments within equity.

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 31 December 2011 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.

(c) Investments in associates

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

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

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. Where the lessor has offered an incentive to the Group or imposed a price escalation clause within the lease agreement, the effect of these items is deferred and amortized on a straight line basis over the period of the lease.

j. Provisions

(a) Other

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the 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 the Statement of Comprehensive Income over the vesting period, with the corresponding credit to the profit and loss 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. 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.

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 other liabilities.

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.

v. Assets classified as held for sale

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

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

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

4. SEGMENTAL INFORMATION

In identifying its operating segments, management generally follows the Group's geographic country lines, which represent the primary 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. No asymmetrical allocations have been applied between segments.

Operating segments

	Costa Rica		Nicaragua		Philippines		Peru	
	2011	2010	2011	2010	2011	2010	2011	2010
Continuing operations								
Total revenue	19,826	21,533	12,291	11,894	49,113	49,620	37,466	43,103
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	6,042	6,726	2,061	2,285	11,016	15,121	6,411	9,330
Project development	(188)	(244)	(128)	(118)	(59)	(11)	(6)	-
Depreciation and amortization	(2,373)	(2,277)	(575)	(731)	(5,521)	(5,427)	(6,335)	(5,958)
Other gains and (losses)	(81)	123	(98)	(183)	(2)	22	5,125	3,733
Segments result	3,400	4,328	1,260	1,253	5,434	9,705	5,195	7,105
Foreign exchange gain / (loss)	1	1,856	(210)	(265)	75	1,277	475	1,172
Finance costs	(747)	(1,009)	(149)	(190)	(2,229)	(2,376)	(3,134)	(6,992)
Finance income	1	2	10	16	16	20	148	464
Other interest	-	-	-	-	-	-	(320)	-
Management fees - intercompany charges	(1,547)	(3,156)	(527)	(565)	(3,376)	(3,959)	326	-
Profit / (loss) before taxation	1,108	2,021	384	249	(80)	4,667	2,690	1,749
Taxation	(549)	(688)	(254)	(375)	(65)	(55)	(2,693)	50
Profit / (loss) for the year-continuing operations	559	1,333	130	(126)	(145)	4,612	(3)	1,799
Profit / (loss) for the year-discontinued operations	-	-	-	-	-	-	-	-
Profit / (loss) for the year	559	1,333	130	(126)	(145)	4,612	(3)	1,799
Currency translation reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the year	559	1,333	130	(126)	(145)	4,612	(3)	1,799
Non-controlling interest	220	350	58	(56)	104	482	-	-
Total comprehensive income attributable to owners of the parent	339	983	72	(70)	(249)	4,130	(3)	1,799
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	173	306	49	47	-	-	806	881
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	20,239	19,730	5,114	5,797	37,316	37,826	38,917	41,803
Other segment assets (including cash)	8,073	6,629	(50)	3	19,437	18,474	30,687	30,891
Total segment assets - continuing operations	30,993	29,173	6,500	7,234	60,654	60,201	74,687	77,852
Assets classified as held for sale	-	-	-	-	-	-	-	13,369
Total assets	30,993	29,173	6,500	7,234	60,654	60,201	74,687	91,221
Total segment liabilities - continuing operations	13,596	11,460	2,861	3,613	39,567	39,362	38,285	44,796
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	3,158
Total liabilities	13,596	11,460	2,861	3,613	39,567	39,362	38,285	47,954
Net assets / (liabilities)	17,397	17,713	3,639	3,621	21,087	20,839	36,402	43,267
Non-controlling interest	5,127	5,041	1,203	1,146	1,555	1,446	-	-
Other segment items - continuing operations								
Capital expenditure	2,656	868	312	692	5,048	6,409	2,195	2,692
Depreciation and amortization	2,373	2,277	575	731	5,521	5,427	6,335	5,958
Impairment losses	-	-	-	-	-	-	-	-
Share based compensation	-	-	-	-	-	-	-	-

- continued -

	Total Operations 2011	Total Operations 2010	Corporate and non-allocated 2011	Corporate and non-allocated 2010	Total 2011	Total 2010
Continuing operations						
Total revenue	118,696	126,150	207	245	118,903	126,395
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	25,530	33,462	(6,379)	(6,544)	19,151	26,918
Project development	(381)	(373)	(72)	(1,737)	(453)	(2,110)
Depreciation and amortization	(14,804)	(14,393)	(295)	(483)	(15,099)	(14,876)
Other gains and (losses)	4,944	3,695	(5,130)	(1,961)	(186)	1,734
Segments result	15,289	22,391	(11,876)	(10,725)	3,413	11,666
Foreign exchange gain / (loss)	341	4,040	(228)	94	113	4,134
Finance costs	(6,259)	(10,567)	(5,228)	(7,493)	(11,487)	(18,060)
Finance income	175	502	1,895	1,583	2,070	2,085
Other interest	(320)	-	(153)	-	(473)	-
Management fees - intercompany charges	(5,124)	(7,680)	5,723	8,466	599	786
Profit / (loss) before taxation	4,102	8,686	(9,867)	(8,075)	(5,765)	611
Taxation	(3,561)	(1,068)	(437)	(1,300)	(3,998)	(2,368)
Profit / (loss) for the year-continuing operations	541	7,618	(10,304)	(9,375)	(9,763)	(1,757)
Profit / (loss) for the year-discontinued operations	-	-	(2,716)	18,030	(2,716)	18,030
Profit / (loss) for the year	541	7,618	(13,020)	8,655	(12,479)	16,273
Currency translation reserve	-	-	585	1,693	585	1,693
Total comprehensive income for the year	541	7,618	(12,435)	10,348	(11,894)	17,966
Non-controlling interest	382	776	-	(307)	382	469
Total comprehensive income attributable to owners of the parent	159	6,842	(12,435)	10,655	(12,276)	17,497
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	12,073	12,073	-	750	12,073	12,823
Intangible assets with finite useful lives	1,028	1,234	83	22	1,111	1,256
Financial assets - investments	-	-	-	-	-	-
Segment assets:					-	
Property, plant and equipment	101,586	105,156	929	29,700	102,515	134,856
Other segment assets (including cash)	58,147	55,997	(19,491)	(13,976)	38,656	42,021
Total segment assets - continuing operations	172,834	174,460	(18,479)	16,496	154,355	190,956
Assets classified as held for sale	-	13,369	-	262	-	13,631
Total assets	172,834	187,829	(18,479)	16,758	154,355	204,587
Total segment liabilities - continuing operations	94,309	99,231	15,498	51,027	109,807	150,258
Liabilities associated with assets held for sale	-	3,158	-	288	-	3,446
Total liabilities	94,309	102,389	15,498	51,315	109,807	153,704
Net assets / (liabilities)	78,525	85,440	(33,977)	(34,557)	44,548	50,883
Non-controlling interest	7,885	7,633	336	335	8,221	7,968
Other segment items - continuing operations						
Capital expenditure	10,211	10,661	2,202	18,362	12,413	29,023
Depreciation and amortization	14,804	14,393	295	483	15,099	14,876
Impairment losses	-	-	5,172	-	5,172	-
Share based compensation	-	-	(1)	1,389	(1)	1,389

(1) Includes non-operating entities

Other supplementary information:

	Gaming		Hotel		Corporate and non-allocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Continuing operations								
Total revenue	100,309	103,522	18,387	22,628	207	245	118,903	126,395
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses (Adjusted EBITDA)	26,017	31,071	(487)	2,391	(6,379)	(6,544)	19,151	26,918
Project development	(381)	(373)	-	-	(72)	(1,737)	(453)	(2,110)
Depreciation and amortization	(11,974)	(10,798)	(2,830)	(3,595)	(295)	(483)	(15,099)	(14,876)
Other gains and (losses)	92	(388)	4,852	4,083	(5,130)	(1,961)	(186)	1,734
Segments result	13,754	19,512	1,535	2,879	(11,876)	(10,725)	3,413	11,666
Foreign exchange gain / (loss)	398	3,214	(57)	826	(228)	94	113	4,134
Finance costs	(3,578)	(2,746)	(2,681)	(7,821)	(5,228)	(7,493)	(11,487)	(18,060)
Finance income	32	395	143	107	1,895	1,583	2,070	2,085
Other interest	-	-	(320)	-	(153)	-	(473)	-
Management fees - intercompany charges	(5,655)	(7,669)	531	(11)	5,723	8,466	599	786
Profit / (loss) before taxation	4,950	12,706	(848)	(4,020)	(9,867)	(8,075)	(5,765)	611
Taxation	(1,716)	(1,892)	(1,845)	824	(437)	(1,300)	(3,998)	(2,368)
Profit / (loss) for the year-continuing operations	3,234	10,814	(2,693)	(3,196)	(10,304)	(9,375)	(9,763)	(1,757)
Profit / (loss) for the year-discontinued operations	-	-	-	-	(2,716)	18,030	(2,716)	18,030
Profit / (loss) for the year	3,234	10,814	(2,693)	(3,196)	(13,020)	8,655	(12,479)	16,273
Currency translation reserve	-	-	-	-	585	1,693	585	1,693
Total comprehensive income for the year	3,234	10,814	(2,693)	(3,196)	(12,435)	10,348	(11,894)	17,966
Non-controlling interest	382	776	-	-	-	(307)	382	469
Total comprehensive income attributable to owners of the parent	2,852	10,038	(2,693)	(3,196)	(12,435)	10,655	(12,276)	17,497
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	12,059	12,059	14	14	-	750	12,073	12,823
Intangible assets with finite useful lives	343	488	685	746	83	22	1,111	1,256
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	53,047	56,039	48,539	49,117	929	29,700	102,515	134,856
Other segment assets (including cash)	29,389	28,101	28,758	27,896	(19,491)	(13,976)	38,656	42,021
Total segment assets - continuing operations	94,838	96,687	77,996	77,773	(18,479)	16,496	154,355	190,956
Assets classified as held for sale	-	(1)	-	13,370	-	262	-	13,631
Total assets	94,838	96,686	77,996	91,143	(18,479)	16,758	154,355	204,587
Total segment liabilities - continuing operations	57,337	41,209	36,972	58,022	15,498	51,027	109,807	150,258
Liabilities associated with assets held for sale	-	-	-	3,158	-	288	-	3,446
Total liabilities	57,337	41,209	36,972	61,180	15,498	51,315	109,807	153,704
Net assets / (liabilities)	37,500	55,477	41,025	29,963	(33,977)	(34,557)	44,548	50,883
Non-controlling interest	7,885	7,633	-	-	336	335	8,221	7,968
Other segment items - continuing operations								
Capital expenditure	10,211	9,122	-	1,539	2,202	18,362	12,413	29,023
Depreciation and amortization	11,974	10,798	2,830	3,595	295	483	15,099	14,876
Impairment losses	-	-	-	-	5,172	-	5,172	-
Share based compensation	-	-	-	-	(1)	1,389	(1)	1,389

(1) Includes non-operating entities

5. OTHER GAINS AND (LOSSES)

	2011	2010
Other gains and (losses)		
Share based compensation	$ 1	$ (1,389)
Prospectus cost	-	(114)
Other write off of assets	(24)	(514)
Gain from assets held for sale	5,114	4,213
Gain on Guatemala sale	116	-
India Impairment	(5,172)	-
Fair value adjustment for financial derivative contracts	128	(128)
Other	(349)	(334)
Total	**$ (186)**	**$ 1,734**

a. Share based compensation

The 2010 IFRS 2 charge above arises from the following transactions:

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

The 2011 net gain relates to gains in reserve balances of $39,000 due to employee forfeitures partially offset by current year reserve valuation adjustments of $38,000.

b. Euronext listing and prospectus costs

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

c. Other write off of assets

Certain trade receivables in Corporate, Nicaragua, Costa Rica, and Peru were determined to be uncollectable and an expense of $193,000 (2010 - $147,000) has been recorded. In addition, losses were recognized on dispositions, abandonments or obsolescence of property, plant and equipment totaling $137,000 (2010 -$695,000) which offset with a gain of $306,000 (2010 -$328,000) coming from the reversal of a provision in our Peru casino operation related to one of the Group's gaming equipment vendors.

d. Gain from asset held for sale

In the fourth quarter of 2009, management decided to sell four of our six hotels in Peru to pay off some debts and to improve the Group's statement of financial position. Two of the four hotels were sold during 2010 resulting in an aggregate gain on sale of $4,213,000. As of 30 April 2011, the two remaining hotels held for sale were sold and the Group recognized a gain from asset held for sale of $5,114,000.

e. 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 and related interest payment. At the date of disposal the fair value of the consideration received was $Nil.

During 2011 the Group received interest payments totaling $116,000 which have been recorded within other gains and losses.

f. India impairment

Following the partial disposal of the Group's investment in DHPL on 12 May 2011, the Group retained a remaining interest of 23% of the share capital of DHPL. This remaining interest was initially considered to represent a significant influence on Indian operations, and therefore classified within Investments in associates.

However, as the project continues to face delays in licensing and cost overruns, combined with the fact that Delta has not responded to the Group's request for updated financial information, the Group believes that at 31 December 2011 it no longer holds a significant influence over the key financial and operating decisions of DHPL.

The Group has therefore ceased to account for its investment in DHPL under the equity method as described in IAS 28, and now 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 has been recorded to reduce the Group's investment in DHPL to its fair value.

g. Fair value adjustments for financial derivative contracts

The adjustment for the fair value of financial derivative contracts is derived from the revaluation of 781,667 outstanding warrants granted at 31 December 2002, of which 666,666 were exercised on 4 June 2007, with a further 58,470 being issued under the same agreement leaving 173,471 outstanding and during 2010 the final warrants outstanding were exercised and cancelled. In January 2010, 200,000 warrants were issued of which 100,000 were exercised in April 2010, leaving 100,000 warrants outstanding as of 31 December 2010 (2009 – 173,471). During 2011 the final warrants outstanding were exercised and cancelled leaving no outstanding warrants as of 31 December 2011.

6. COMPENSATION OF KEY PERSONNEL

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

	2011	2010
Salaries and bonuses	$ 1,950	$ 2,093
Short-term benefits	270	194
Other long-term benefits	-	851
Share-based payments	-	1,389
	$ 2,220	$ 4,527

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 reporting periods presented:

	2011	2010		
Finance cost	**Continuing operations**	**Continuing operations**	**Discontinued operations**	**Total**
Bank loans	$ 527	$ 1,086	-	$ 1,086
Other loans	9,421	12,502	25	12,527
Related party loans	106	6	-	6
Finance charges payable under finance leases and hire purchase contracts	406	2,897	-	2,897
Amortization of borrowing costs	1,027	1,569	-	1,569
Total finance costs (on a historical cost basis)	**$ 11,487**	**$ 18,060**	**$ 25**	**$ 18,085**
Finance revenue				
Bank interest receivable	178	2,085	298	2,383
Gain on loan refinancing	1,892	-	-	-
Total finance revenue (on a historical cost basis)	**$ 2,070**	**$ 2,085**	**$ 298**	**$ 2,383**
Other Interest				
Other interest	473	-	-	-
Total Other Interest	**$ 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

	2011			2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Current Income Tax						
Foreign tax	$ 1,981	$ -	$ 1,981	$ 2,848	$ 3,976	$ 6,824
Total current income tax	1,981	-	1,981	2,848	3,976	6,824
Deferred Tax						
Origination and reversal of temporary differences	2,017	-	2,017	(480)	-	(480)
Total deferred tax	2,017	-	2,017	(480)	-	(480)
Tax charged in the statement of comprehensive income	**$ 3,998**	**$ -**	**$ 3,998**	**$ 2,368**	**$ 3,976**	**$ 6,344**
Taxes allocated to:						
Loss for the period	3,998	-	3,998	2,368	3,976	6,344
Totals	**$ 3,998**	**$ -**	**$ 3,998**	**$ 2,368**	**$ 3,976**	**$ 6,344**

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:

	2011			2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Accounting (loss) / profit before income tax	$ (5,765)	$ -	$ (5,765)	$ 611	$ 18,376	$ 18,987
Effect of different tax rates on overseas earnings	3,998	-	3,998	2,368	3,976	6,344
Total tax expense reported in the statement of income	$ 3,998	$ -	$ 3,998	$ 2,368	$ 3,976	$ 6,344
Deferred income tax assets:						
Deferred income tax assets	$ 2,466	$ -	$ 2,466	$ 4,504	$ 18	$ 4,522
Deferred income tax liabilities:						
Other assets - net book value in excess of unamortized tax	-	-	-	-	5	5
Withholding tax on repatriation of retained earnings from foreign subsidiaries	320	-	320	477	-	477
Dividend tax accrual	51	-	51	51	-	51
Other	3	-	3	4	-	4
Total deferred tax liabilities	**$ 374**	**$ -**	**$ 374**	**$ 532**	**$ 5**	**$ 537**

At 31 December 2011, the Group has unrecognized United States income tax net operating losses of $27,713,000 (2010 - $25,836,000). These operating losses expire at various dates beginning in 2011 and ending in 2030. The potential income tax benefits related to United States loss carry forwards have not been reflected in the accounts as the Group does not anticipate future United States net income.

The Group has recorded a deferred tax asset primarily for its Peruvian operation in the amount of $2,466,000 (2010 - $4,504,000), attributable to losses and book reserves. The Peruvian losses will be offset against future net income.

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

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

9. INTANGIBLE ASSETS

	2011				2010			
	Gaming licenses	Goodwill	Others (Software and license)	Total	Gaming licenses	Goodwill	Others (Software and license)	Total
Cost								
Balance at beginning of year	$ 1,476	$ 13,216	$ 3,108	$ 17,800	$ 1,476	$ 27,371	$ 2,083	$ 30,930
Additions	-	-	384	384	-	-	1,025	1,025
Panama sale transaction	-	-	-	-	-	(11,685)	-	(11,685)
India sale transaction	-	(750)	-	(750)	-	-	-	-
Reclasification to assets held for sale	-	-	-	-	-	(2,470)	-	(2,470)
Balance at end of year	1,476	12,466	3,492	17,434	1,476	13,216	3,108	17,800
Accumulated amortization and impairment								
Balance at beginning of year	1,376	393	1,952	3,721	1,376	2,470	762	4,608
Additions	-	-	529	529	-	-	1,190	1,190
Las Palmas Holding	-	-	-	-	-	393	-	393
Reclasification to assets held for sale	-	-	-	-	-	(2,470)	-	(2,470)
Balance at end of year	1,376	393	2,481	4,250	1,376	393	1,952	3,721
Carrying amount								
At beginning of year	100	12,823	1,156	14,079	100	24,901	1,320	26,321
At end of year	**$ 100**	**$ 12,073**	**$ 1,011**	**$ 13,184**	**$ 100**	**$ 12,823**	**$ 1,156**	**$ 14,079**

The Peru license has an unamortized balance of $100,000 as of 31 December 2011(2010- $100,000). The decrease in goodwill for 2011 to $12,072,735 (2010 - $12,823,000) is due to the partial disposal of the Group's interest in its Indian investment, Daman Hospitality Private Limited.

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.

Key assumptions used in the value in use calculations

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 of 4.5% on revenues and 3% on costs are used for a 5 year period, with 2% growth applied thereafter to perpetuity for each cash-generating unit.

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 31 December 2011 the goodwill recorded in respect of the Nicaragua operations is $1,387,000 (2010 - $1,387,000) related to its 55.9% holding in the entity.

In Nicaragua, as of 31 December 2011, 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 17.6%, exceeded the carrying value by $3.1 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 $1.9 million each year, the value in use would equal the carrying value of the cash-generating unit.

Peru

As of 31 December 2011, the Group holds total goodwill in respect of its two 100% owned subsidiaries, Sun Nippon and Interstate Gaming, of $4,276,000 (2010 - $4,276,000), which has been allocated to the Group's Peru cash generating unit.

In Peru as of 31 December 2011, 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 11%, exceeded the carrying value by $9.6 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 $1.4 million each year, the value in use would equal the carrying value of the cash-generating unit.

Costa Rica

At 31 December 2011 the Group holds goodwill of $2,508,000 (2010 - $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 31 December 2011, 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 12.4%, 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 $4.4 million each year, the value in use would equal the carrying value of the cash-generating unit.

Philippines

At 31 December 2011, the Group holds goodwill in respect of Eastbay Resorts Limited of $3,857,000 (2010: $3,857,000) and in respect of Thunderbird Pilipinas Hotels and Resorts, Inc. of $45,000 (2010 - $45,000).

In the Philippines, as of 31 December 2011, 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 13.3%, exceeded the carrying value by $63.4 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $10.1 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 $331,000 (2010 - $95,000) 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	2011	2010
Eastbay Property and Development, Inc.	Owns and Leases Real Estate to East Bay Resorts, Inc.	Philippines	40%	$ (331)	$ (95)
Total				$ (331)	$ (95)

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

	2011	2010
Total assets	$ 2,403	$ 2,218
Total liabilities	(721)	(523)
Net assets	1,682	1,695
Group's share of associates' net assets	$ 673	$ 678
Total revenue	$ 588	$ 584
Total (loss) / profit for the year	(48)	17
Share of associates' (loss) / profit for the year	$ (19)	$ 7

	2011	2010
Beginning of year	$ (95)	$ 107
Fees due from shareholders	679	444
Share of (losses) / profit	(19)	7
Fees due to associates	(833)	(598)
Foreign exchange adjustments	(63)	(55)
Total	$ (331)	$ (95)
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 1 January 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 31 December 2011	74,039	9,612	45,620	28,926	11,799	169,996
Depreciation						
As of 1 January 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 31 December 2011	11,922	2,577	33,461	19,143	378	67,481
Net book value as of 1 January 2011	**59,019**	**7,020**	**16,296**	**9,919**	**42,602**	**134,856**
Net book value as of 31 December 2011	**$ 62,117**	**$ 7,035**	**$ 12,159**	**$ 9,783**	**$ 11,421**	**$ 102,515**

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

Assets pledged as security

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

	2011	2010
Property	$ 21,057	$ 46,553
Gaming equipment	2,855	4,617
Equipment	158	-
Total	**$ 24,070**	**$ 51,170**

The carrying value of assets held under finance leases and hire purchase contracts at 2011 was $25,054,000 (2010 - $22,998,000).

12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

a. Assets classified as held for sale

The carrying amounts of assets and liabilities may be summarized as follows, with assets and liabilities held for sale in 2010 comprising of the Poland operations and the two Peruvian hotels. On 20 March 2011, the Group announced that it was shutting down its Polish operations, with assets and liabilities to be abandoned reclassified out of assets held for sale on this date. On 7 April 2011, the two Peruvian hotels were sold for consideration of $18,000,000, with the Group recognizing a gain from assets held for sale of $5,114,000 following the settlement of related liabilities. Carrying values of assets and liabilities held for sale at 31 December 2011 are $Nil.

	2011	2010
Non-current assets		
Property, plant and equipment	$ -	$ 13,372
Intangible assets	-	22
Deferred tax asset	-	17
Trade and other receivables	-	-
Current assets		
Trade and other receivables	-	109
Inventories	-	18
Restricted cash	-	82
Cash and bank balances	-	11
Asset classified as held for sale	$ -	$ 13,631
Non-current liabilities		
Borrowings	$ -	$ -
Obligations under leases and hire purchase contracts	-	2,733
Other financial liabilities	-	-
Deferred tax liabilities	-	5
Provisions	-	-
Other non current liabilities	-	-
Current liabilities		
Trade and other payables	-	187
Borrowings	-	-
Obligations under leases and hire purchase contracts	-	425
Other financial liabilities	-	-
Current tax liabilities	-	16
Provisions	-	80
Liabilities classified as held for sale	$ -	$ 3,446

b. Discontinued operations

On 12 May 2011, the Group sold shares representing 27% of the share capital of Daman Hospitality Private Limited "DHPL" to Delta Corporation "Delta", for consideration of $347,000, resulting in a consolidated loss on disposal of $1,346,000.

Revenues and expenses, gains and losses relating to India 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”).

	2011	2010
Net gaming wins	$ -	$ 2,083
Food, beverage and hospitality sales	-	62
Total revenue	-	2,145
Cost of goods sold	-	(1,083)
Gross profit	-	1,062
Other operating costs		
Operating, general and administrative	-	(1,692)
Project Development	(557)	-
Depreciation and amortization	(45)	-
Other gains and (losses)	(1,344)	18,377
Operating profit	(1,946)	17,747
Financing		
Foreign Exchange	(778)	-
Financing costs	(7)	(15)
Financing income	15	298
Finance income (costs), net	(770)	283
(Loss) / profit for the year from discontinued operations	$ (2,716)	$ 18,030

Cash flows generated by India operations (2010: Panama, Guatemala and India) for the reporting period can be summarized as follows:

	2011	2010
Operating activities	1,355	22,133
Investing activities	(2,041)	12,108
Financing activities	662	(34,549)
Cash flows from discontinued operations	$ (24)	$ (308)

The fair values of the identifiable assets and liabilities of the Group's Indian investment partially disposed of are estimated as follows:

		India
Property, plant and equipment	$	30,814
Godwill		750
Trade and other receivables		116
Other assets		1,418
Cash and cash equivalents		474
Borrowing		(22,010)
Trade and other payables		(930)
Other financial liabilities		(3,265)
Tax liabilities		(26)
Provisions		(476)
Net assets disposed		**6,865**
Consideration in cash		347
Remaining investment in associate		5,172
		5,519
Loss on disposal	**$**	**(1,346)**

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Trade and other receivables (Non-current)		**2011**		**2010**
Severance funds for employees	$	74	$	77
Receivable from joint venture		67		311
Cash bond to secure PAGCOR gaming license in Philipines		814		623
Deposits for rental, land and equipment		1,068		1,108
Recoverable value added tax		2,922		4,056
Related party receivables (Note 22)		497		497
Trade and other receivables (non-current)	$	5,442	$	6,672
Trade and other receivables (Current)		**2011**		**2010**
Trade and other receivables	$	4,517	$	3,656
Receivables from joint ventures		43		669
Prepaid expense		4,951		4,490
Value added tax and employee receivables		536		944
Deposits for rentals, land and equipment		2,807		2,128
Related party receivables (Note 22)		8,292		6,625
Trade and other receivables (current)	$	21,146	$	18,512

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 $122,000 (2010 - $243,000) has been recorded accordingly.

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

	2011	2010
Not more than 3 months	$ 3,523	$ 2,852
More than 3 months but not more than 6 months	994	804
Total	$ 4,517	$ 3,656

Receivables from joint ventures and related party receivables

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

14. INVENTORIES

	2011	2010
Food and beverage supplies	$ 374	$ 335
Casino goods and promotional items	393	396
Hotel food service and room supplies	119	201
Uniform and operational supplies	349	983
Gaming machine parts	329	47
Real Estate goods	-	356
Total	$ 1,564	$ 2,318

Cost of goods sold within cost of sales was $5,498,000 for the year ended 31 December 2011 and $5,705,000 for the year ended 31 December 2010. There were no inventory write downs other than disposals in our Peru subsidiary Thunderbird Hoteles Las Americas, totaling $397,000.

15. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2011 and 31 December 2010:

	2011	2010
Cash at banks and on hand	$ 3,994	$ 6,312
Restricted cash	4,044	3,703
	$ 8,038	$ 10,015

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 $3,994,000 as of 31 December 2011 (2010 - $6,312,000).

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 $4,044,000 at 31 December 2011 (2010 - $3,703,000).

16. TRADE AND OTHER PAYABLES

	2011	2010
Trade payables	$ 8,355	$ 10,403
Other accrued liabilities	4,652	3,664
Total trade and other payables (current)	$ 13,007	$ 14,067

Terms and conditions of the above financial liabilities:
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							
	2012	2013	2014	2015	2016	Thereafter	Unamortized premiums, dicsounts &, issuance costs	Total
Interest Rate[1]:								
>15%	$ 246	$ 1,286	$ 168	$ 136	$ -	$ -	$ (101)	$ 1,735
13% to 14%	1,276	775	538	2,628	102	18	(78)	5,259
11% to 12%[2]	2,897	2,722	3,919	12,125	9,356	1,687	(2,563)	30,143
<10%	3,607	5,135	8,837	6,729	768	3,719	(345)	28,450
Total principal repayments	**$ 8,026**	**$ 9,918**	**$ 13,462**	**$ 21,618**	**$ 10,226**	**$ 5,424**	**$ (3,087)**	**$ 65,587**

1. Floating rate loans are calculated as of the effective rate on 31 December 2011
2. Includes $6,031,000 of convertible loan notes with an embedded derivative of $848,000 (Note 28). For detailed loan terms please see (i) below.

	2012	2013	2014	2015	2016	Thereafter	Unamortized Issuance costs	Total
Country:								
Corporate [3]	$ 2,929	$ 4,682	$ 3,585	$ 9,505	$ 9,502	$ 3,736	$ (1,890)	$ 32,049
Costa Rica	1,908	1,367	1,139	2,495	464	1,356	(348)	8,381
Nicaragua	310	674	44	49	54	35	(11)	1,155
Philippines	2,402	2,174	1,981	5,569	206	297	(705)	11,924
Peru	477	1,021	6,713	4,000	-	-	(133)	12,078
Total principal repayments	**$ 8,026**	**$ 9,918**	**$ 13,462**	**$ 21,618**	**$ 10,226**	**$ 5,424**	**$ (3,087)**	**$ 65,587**

3. The Group's parent entity (Corporate) assumed outstanding debt balances of our Guatemala and Poland entities. The balances outstanding at 31 December 2011 for Guatemala and Poland were $1,106,000 and $1,438,000, respectively.

	Borrowing summary	
	2011	**2010**
Total borrowing	$ 65,587	$ 104,378
Less current portion of borrowings	(7,237)	(23,917)
Borrowing non-current	**$ 58,350**	**$ 80,461**

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):

	2012	2013	2014	2015	2016	Thereafter	Unamortized premiums, dicsounts & issuance costs	Total
Country:								
Corporate	$ 156	$ 1,581	$ 1,383	$ 7,156	$ 146	$ 300	$ (1,198)	$ 9,524
Costa Rica	130	-	-	-	-	-	-	130
Philippines	516	467	343	-	-	-	-	1,326
Peru	2,127	2,634	1,859	2,349	9,356	3,436	(692)	21,069
Total principal repayments	**$ 2,929**	**$ 4,682**	**$ 3,585**	**$ 9,505**	**$ 9,502**	**$ 3,736**	**$ (1,890)**	**$ 32,049**

During 2011, the Group has obtained new borrowings detailed as follows:

	Additions	Balance 31 Dec 2011	Collateral	Interest rate	Maturity date
The Company and wholly owned subsidiaries					
Loans with non-financial entities	$ 300	$ 309		13%	Sept-2014
Costa Rica					
Loans with non-financial entities	3,314	3,027	Gaming Machines	10%, 11% 12%, 15%	Sept-2011 to Dec-2015
Peru					
Loans with financial entities	307	307	-	8.5%	Renewable upto Dec-2014
Philippines					
Loans with financial entities	2,527	2,181	Property, plant and equipment	4.79% to 7.38%	Jun-2015, Jul-2015
Total	**$ 6,448**	**$ 5,824**			

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

	Balance 31 Dec 2010	Additions	Refinancing Additions	Refinancing Extinguishments	Repayments	Disposals	Unamortized premiums dicsounts & issuance Costs	Balance 31 Dec 2011
Loans with financial entities	$ 13,150	$ 2,834	$ 1,406	$ -	$ (6,836)	$ -	$ (179)	$ 10,375
Loans with non-financial entities	79,489	3,614	8,638	(15,978)	(16,529)	(7,929)	(2,557)	48,748
Convertible loan notes with non financial entities	13,390	-	7,663	(848)	-	(13,390)	(351)	6,464
Total Additions	**$ 106,029**	**$ 6,448**	**$ 17,707**	**$ (16,826)**	**$ (23,365)**	**$ (21,319)**	**$ (3,087)**	**$ 65,587**

Notes

Additions

a) During 2011, Eastbay Resorts, Inc. obtained financing from Philippines based bank to complete a 950 square meter event center/casino expansion in its Rizal property located on the east side of Manila, Philippines. The construction loan is for approximately $5.9 million (based on exchange rates as of 31 December 2011) to be drawn in tranches and is secured by our real estate and other assets at our existing Rizal location. As of 31 December 2010 three tranches had been drawn totaling approximately $3 million (based on exchange rates on 31 December 2011). Additional tranches have been drawn during the year ended 31 December 2011 totaling approximately $2.5 million (based on exchange rates on 31 December 2011). The loan bears interest at PDST-F + 3%, re-priced and payable quarterly in arrears. Principal payments are to be made in 18 equal quarterly payments commencing nine months after the first drawdown date.

b) During the year ended 31 December 2011 the Group obtained an additional $0.3 million from private lenders. Total amount funded through this offering totals $3.9 million, $0.3 million and $3.6 million secured in 2011 and 2010, respectively. The financing shall be used primarily to finance the expansion of our existing Poro Point Casino located in La Union, Philippines. The funds may also be used to finance corporate working capital, and or other subsidiary projects. The loans are unsecured and have an annual interest rate of 12.5%, interest accrues for three months and is added to principal. Interest only payments shall be made for 45 months based on the adjusted principal amount. Principal and any outstanding interest are due at the end of month 46.

c) During the year ended 31 December 2011, Grupo Thunderbird de Costa Rica, Inc., the Group’s Costa Rican Joint venture obtained financing of $3.9 million (joint venture share $1.95 million) for the purchase of gaming machines from various vendors. The loans are secured by the assets being financed and bear interest between 10% and 15%, principal and interest payment are due monthly in 10 to 44 equal monthly payments.

d) During the year ended 31 December 2011, Grupo Thunderbird de Costa Rica, Inc., the Group’s Costa Rican Joint venture obtained financing of $1.5 million (joint venture share $750 thousand) from private lenders to purchase gaming machines and fund working capital. The loans are unsecured and have an annual interest rate of 14%, principal and interest payment are due monthly in 44 equal installments.

e) During the year ended 31 December 2011, Grupo Thunderbird de Costa Rica, Inc., the Group's Costa Rican Joint venture closed on financing agreements to purchase 3.55% investment interest in Thunderbird Gran Entretenimiento, S.A. held by minority shareholders for $246 thousand (joint venture share $123 thousand). The loans have annual interest rates of 14%, principal and interest payment are due monthly in 4 and 36 equal installments.

f) During the year ended 31 December 2011, Casinos Pajaro Trueno S.A., a company owned by the Group's Costa Rican joint venture Grupo Thunderbird de Costa Rica, Inc., obtained financing of $1 million (joint venture share $500 thousand) from a private lender for the expansion of the Group's Fiesta Casino – El Presidente property located in downtown San Jose, Costa Rica. The loan is secured by gaming machines and bears annual interest of 15%, principal and interest payment are due monthly in 36 equal installments.

g) During the year ended 31 December 2011, Thunderbird Hoteles Las Americas executed a re-financing agreement with a Latin American Bank to refinance approximately $6.7 million in Peru related debt at reduced interest rates. The amended loan includes original principal of $5 million plus accrued interest of $1.4 and additional loan funding of $306 thousand. The amended loan term includes the option to extend the loan in 6 month intervals for up to 36 months. The loan bears interest of 8.5% with principal due in one payment at the end of the loan term.

Refinancing additions with original loan extinguishment

h) During the year ended 31 December 2011, the Group refinanced approximately 12 loans with a private lender. The new loan terms include interest rate reduction between 14% and 7% on approximately $9.5 million (inclusive of joint venture adjustment $8.6 million) of outstanding principal. The loans have stated interest rates of 0% and 7% and are payable in 48 monthly installments with a balloon payment due 31 December 2015 for any outstanding principal or interest remaining.

i) During the ended 31 December 2011, the group executed a refinancing of approximately $9.3 million of principal and accrued interest with 11 lenders into new convertible loan notes in the approximate amount of $7.6 million (collectively the "Convertible Notes") to include a discount of the accrued interest plus the issuance of 481,615 of the Group's common shares at an implied price of $3.09. The conversion terms include: mandatory and automatic conversion into the Group's common stock in tranches at designated price levels. See 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. $6.8 million of the convertible notes have been recorded as borrowings and the remaining $848 thousand have been recorded as derivative liabilities (Note 27).

Disposals

j) On 12 May 2011 the Group de-recognized $21.3 million of borrowings following the partial disposal of DHPL (Note 12).

Other

k) During the year ended 31 December 2011, the Group extinguished approximately 16 loans with private lenders. Loan terms included 8% to 14% interest rates. Approximately $11.2 million of principal and $0.3 million of interests were paid. Approximately $8.8 million of debt was cancelled in the first six months of 2011 in cash. The remaining $2.4 million was canceled through share-based payments to lenders during the fourth quarter of 2011.

l) Effective 31 December 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.

18. PROVISIONS

	Current 2011	Non-Current 2011	Current 2010	Non-Current 2010
Retirement benefits	$ 1,255	$ 1,716	$ 1,550	$ 1,351
Other	396	663	641	1,067
Litigation provisions	193	952	-	1,235
	$ 1,844	**$ 3,331**	**$ 2,191**	**$ 3,653**

	Employee benefits	Litigation	Other	Total
Balance at 1 January 2010	$ 2,482	$ 1,796	$ 895	$ 5,173
Additional provisions recognized	3,520	-	2,048	5,568
Reductions arising from payments/other sacrifices of future economic benefits	(3,338)	(233)	(1,430)	(5,001)
Reductions resulting from re-measurements or settlement without cost	232	(328)	176	80
Other	5	-	19	24
Balance at 31 December 2010	**$ 2,901**	**$ 1,235**	**$ 1,708**	**$ 5,844**
Additional provisions recognized	3,875	9	979	4,863
Reductions arising from payments/other sacrifices of future economic benefits	(3,637)	(99)	(996)	(4,732)
Reductions resulting from re-measurements or settlement without cost	(158)	-	(217)	(375)
Other	(10)	-	(415)	(425)
Balance at 31 December 2011	**$ 2,971**	**$ 1,145**	**$ 1,059**	**$ 5,175**

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 $110,000 for 2011 (2010: $116,000).

Panama

Panama legislation has established that the Group must pay to the Social Security Office 12% of monthly salaries of its employees in Panama. Also, in accordance to the Labor Code, the Group shall establish a provision calculated on the basis of one week of salary for each year worked, which is equivalent to 1.92% of the salaries paid in that year. Law 44 of August 12, 1995 establishes a provision that will be used to pay employees' seniority premium and severance if the employment ceases due to unfair dismissal or justified resignation. This provision will be managed by a service provider that will collect the provision every three months. This provision amounts to 1.92% of the employees' wage and 5% of the monthly quota for severance pay. This is an accrual under Panamanian law and is not a pension scheme.

Nicaragua

The Nicaraguan Labor Code established a severance payment plan for employees in the event of death, retirement or dismissal without just cause. This compensation is determined according to employee length of service. The plan compiles a month of salary for each labor year (for the first three labor years) and twenty days of salary after the fourth labor year, until the compensation reaches a maximum of five months' salary. Compensation cannot be less than one month's salary or more than five months salary.

The Group records a monthly provision as an expense to the respective period to cover any severance payment reimbursement incurred by the Group to terminated employees under this plan. As of 31 December 2011, the Group has recorded provisions amounting to $343,596 (2010 - $100,109), which represents management's best estimate of the liability. This is an accrual under Nicaraguan law and is not a pension scheme.

Retirement benefits

A provision is recognized for the expected liability arising under the defined benefits schemes that are required in the Philippines in the amount of $1,372,000 (2010 - $993,000). 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.

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

Litigation

The following is a summary of any litigation, including actions settled since 1 January 2011 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.

1. *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 31 December 2011 is $1,080,000 (2010- $1,250,000).

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

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

The remaining provision at 31 December 2011 is $65,000 (2010-$155,000).

19. RETIREMENT BENEFITS OBLIGATIONS

Philippines:

The Group is still in the process of setting up a formal retirement plan. It did not have a plan established for the years ended 2011 or 2010. 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:

	2011	2010
Present value of the obligation	$ 1,314	$ 934
Unrecognized actuarial losses	58	59
	$ 1,372	$ 993

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

	2011	2010
Balance at beginning of year	$ 934	$ 332
Actuarial (losses) /gains	(1)	279
Current service cost	307	285
Interest cost	74	38
Transfer	-	-
	$ 1,314	$ 934

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

	2011	2010
Current service cost	$ 307	$ 285
Interest costs	74	38
Net actuarial losses recognized during the year	(1)	(11)
	$ 380	$ 312

For determination of the pension liability in 2011, the following actuarial assumptions were used:

	2011	2010
Discount rates	7.93%	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 ($USD in 000's)
Shares authorized			
500,000,000 common shares without par value			
500,000,000 preferred shares without par value			
Shares issued			
Balance as at 31 December 2009	**19,729,746**	**$**	**99,357**
Exercise of options/warrants	316,804		222
Stock grants issued	452,500		1,014
Share based payments	183,765		412
Balance as at 31 December 2010	**20,682,815**	**$**	**101,005**
Exercise of options/warrants	505,048		1,042
Share based payments	1,361,214		3,820
Shares returned to treasury	(7,500)		(17)
Balance as at 31 December 2011	**22,541,577**	**$**	**105,850**

Warrants

	2011			2010		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	100,000	$	0.80	173,471	$	0.10
Issued	(100,000)		(0.80)	200,000		0.80
Exercised	-		-	(273,471)		(0.48)
Outstanding, end of year	**-**	**$**	**-**	**100,000**	**$**	**0.80**

The warrants set out above are classified under non-current liabilities as a derivative financial instrument in accordance with IAS 32 and 39. The fair value of the derivative financial instrument set out above, as of 31 December 2011 was $Nil (2010 - $128,000).

Options

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

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

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

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

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

The following table provides additional detail of share option exercised and cancelled during 2010 and 2011:

	Number of shares		Weighted average exercise price
Balance as at 31 December 2009	664,650		3.74
Exercised	(43,333)		2.10
Cancelled	(26,997)		4.13
Balance as at 31 December 2010	594,320	$	3.84
Exercised	(6,666)		2.10
Cancelled	(14,999)		4.98
Balance as at 31 December 2011	572,655	$	3.83
Number of options currently exercisable	511,954	$	3.69

The following table summarizes information about the stock options outstanding at 31 December 2011:

Range of exercise prices	Number outstanding Options	Weighted average remaining life		Weighted average exercise price
$1.01 - $2.00	8,333	1.08 years		1.92
$2.01 - $3.00	200,664	3.57 years		2.10
$3.01 - $5.00	363,658	3.28 years		4.83
	572,655	**3.35 years**	**$**	**3.83**

Stock-based compensation

Effective 7 November 2002, the Group recognizes compensation expense for stock granted in the consolidated statement of comprehensive income using the fair value based method of accounting for all shares issued on or after 7 November 2002. On 16 January 2008 500,000 stock grants were awarded to employees at $7.00 per share, the grants vest over a 3 year period, the total value of grants vesting during 2011 was $Nil (2010- $365,000).

The value of stock options vesting as of 31 December 2011 was $Nil (2010 - $1,389,000). No stock options were granted during 2011.

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

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

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

Reserves

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.

Retained earnings / (loss)

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

Reserves – share commitments

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

21. (LOSS) / EARNINGS PER SHARE

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

	Twelve months ended 31 December 2011	Twelve months ended 31 December 2010
Shares used in computation of basic earnings per share (000's)	22,542	20,683
Share options (000's)	-	694
Shares used in computation of diluted earnings per share (000's)	22,542	21,377
(Loss) / profit for the year attributable to the parent	$ (12,861)	$ 15,804
Basic (loss) / earnings per share	**(0.57)**	**0.76**
Diluted (loss) / earnings per share	**(0.57)**	**0.76**

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

As a result of the loss for the year ended 31 December 2011, 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 $5,686,072 (2010 – $3,766,000) 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:

	2011		2010	
	Amount due	Interest paid	Amount due	Interest paid
Country				
Philippines	414	50	677	72
Total	**$ 414**	**$ 50**	**$ 677**	**$ 72**

Included in trade and other receivables is $41,000 (2010 – $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 (2010 – $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, $2,606,000 (2010 - $2,122,000 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 $2,363,000 (2010 - $462,000) for its portion of management fees, which have been fully eliminated in the consolidated statement of comprehensive income. $1,096,000 (2010 - $996,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity, $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 (2010 - $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 2011 and $78,000 in 2010. 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 $20,000 in 2011 and $265,000 in 2010, of which a director received a 10% administrative fee of total broker commissions paid by the Group to India Ltd. in 2011 and 2010.

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

		2011		2010	
	Country	**Amount due**	**Interest paid**	**Amount due**	**Interest paid**
Director	Corporate	$ -	$ 74	$ 74	$ 7
Daughters of CEO	Philippines	-	5	69	11
Mother of Director	Philippines	-	-	-	1
Director	Philippines	-	-	-	1
Director	India	-	5	100	17
	Total	**$ -**	**$ 84**	**$ 243**	**$ 37**

The Group has a receivable from The Fantasy Group; S.A. which is an unsecured promissory note dated 4 June 2003. The obligor under the note is The Fantasy Group, S.A., the president and principal of which were coordinating the Group's pre-2006 efforts to establish operations in Chile. The balance due as of 31 December 2011 is $24,000 (2010 - $24,000). This balance is fully provided in the financial statements.

The CFO of Latin America owns indirectly 10% of Angular Investments S.A., which owns 50% of the Costa Rican holding company which owns 100% of the Costa Rican operating entity, 43.4% of Thunderbird Gran Entretenimiento, S.A., the owner of the flagship property in Costa Rica, 50% of the Tres Rios Casino Entity, 35.5% of the Tres Rios Property owner and 35.5% of the Tres Rios Hotel Company.

The Group paid the Vice President of Corporate Development's company, Tino Monaldo Chtd., total consulting fees and out of pocket expenses, including travel expenses, of $52,000 in 2011, $52,000 in 2010, and $55,596 in 2009.

During 2011the Group paid, Mitzim Properties, a President's related company $184,000 (2010-$19,610) according to a lease agreement for San Diego offices.

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

Relation	Position	2011 Salary (1)	2010 Salary (1)
Brother-in-law	Regional Counsel	$ 67	$ 145
Brother-in-law	General Manager	158	158
Brother-in-law	General Manager	-	44
Daughter	Analyst	103	94
Brother	Project Manager	134	103
Son-in-law	Consultant	6	4
Total		$ 468	$ 548

(1) 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 31 December 2011, 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:

Finance lease commitments	Future commitments due 31 December 2011 Commitment	Future commitments due 31 December 2011 Present value	Future commitments due 31 December 2010 Commitment	Future commitments due 31 December 2010 Present value
Not longer than one year	$ 4,944	$ 3,377	$ 5,518	$ 3,019
After one year but not more than five years	10,843	7,350	11,698	7,362
After five years	1,175	925	4,199	3,269
Sub total	16,962	11,652	21,415	13,650
Less deferred transaction costs	-	(177)	-	(239)
Present value of minimum lease payments	**$ 16,962**	**$ 11,475**	**$ 21,415**	**$ 13,411**
Obligations under leases and hire purchase contracts current		(3,323)		(2,957)
Obligations under leases and hire purchase contracts non-current		**$ 8,152**		**$ 10,454**

Assets held under finance leases and hire purchase contracts as of 31 December 2011 and 31 December 2010:

	2011		2010	
	Cost	**Amortized cost**	**Cost**	**Amortized cost**
Autos	$ 789	$ 309	$ 942	$ 468
Gaming machines	3,165	2,400	3,975	3,364
Property	28,375	22,286	22,557	18,973
Other	178	59	280	193
Total	**$ 32,507**	**$ 25,054**	**$ 27,754**	**$ 22,998**

Obligations under operating leases

As at 31 December 2011, minimum operating lease payments of the Group were as follows:

	Future commitments due
Not longer than one year	$ 3,351
After one year but not more than five years	11,178
After five years	16,842
Total	**$ 31,371**

Operating lease expense for the year ended 31 December 2011 was $4,307,000 (2010 - $3,676,000).

24. COMMITMENTS

a) License and PAGCOR investment commitment agreements

i.) The Group's casino in Poro Point, Philippines is licensed through an agreement between PAGCOR and Thunderbird Philippines Hotels and Resorts, Inc. (the "Poro Point Operating Entity"), the Philippines entity that owns our Poro Point facilities. It is a grant of authority to the Poro Point Operating Entity to establish and operate a casino complex inside the Poro Point Special Economic and Freeport Zone ("PPSEFZ"). In consideration for the grant of license, the Group's casino, PAGCOR approved a revised development and investment schedule as follows:

Phase		Investment commitment requirement		Investment credited per PAGCOR review		Excess investments that are valid/ acceptable to Pagcor		Uncomplied investments		Investment capital expenditures	Proposed Completion Date
1	PHP	162,300,000	PHP	225,937,236	PHP	63,637,236	PHP	-	PHP	473,170,848	
2		216,400,000		225,031,818		8,631,818		-		674,273,139	
3		193,300,000		-		-		193,300,000		56,972,005	Up to 2014*
4		1,928,000,000		-		-		1,928,000,000		-	Up to 2016
5		2,700,000,000		-		-		2,700,000,000		-	Up to 2021
	PHP	5,200,000,000	PHP	450,969,054	PHP	72,269,054	PHP	4,821,300,000	PHP	1,204,415,992	

Note: For the period January to March 2011 the investment commitment submitted to PAGCOR amounted to PHP 8,590,097 while amount still for submission for April to December 2011 amounts to PHP 41,401,227. At 31 December 2011 the exchange rate was PHP 43.928/USD.

On 14 November 2010, the Company submitted a request to PAGCOR for an update on its investment compliance. As of September 2010, the Company has already invested PHP 1.1 billion exceeding the required commitment as of the end of 2010. Of this amount, PHP 909.3 million were already submitted to PAGCOR for review (table above) and the remaining balance will be submitted for review in 2011 The Group's agreements with PAGCOR and PPMC/BCDA requires the Group to make deposits amounting to PHP 5.2 billion ($100,000,000) with local bank acceptable to PAGCOR and PPMC/BCDA. The investment will be funded entirely from sources external to the Philippines. The Group is authorized to draw from such deposit for the construction costs and other fees for the development of the investment commitment. The investment amount shall be exhausted for each phase of the project. As of 31 December 2010 the Group spent PHP 909 million toward the commitment, of which PHP 450 million was approved and credited by PAGCOR, with the remainder subject to further submission of documents and review by PAGCOR. CAVEAT: the column investment capital expenditures, refers to information submitted to PAGCOR and does not reflect the book of accounts for the Poro Point Operating Entity.

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

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

Original Investment Compliance Commitment	Investment Commitment Requirement	Investment Credited per PAGCOR Review	Excess Investments that are valid/ acceptable to PAGCOR	Uncomplied Investments	Investment Capital Expenditures	Revised Investment Commitment
2006	PHP 448,933,333	PHP 449,449,568	PHP 516,235	PHP -	PHP 484,106,451	
2007	524,066,666	357,567,129	-	166,499,537	531,325,238	2010
2008	480,666,667	-	-	480,666,667	373,452,144	2011*
2009	329,933,333	-	-	329,933,333	-	2012
2010	310,800,000	-	-	310,800,000	-	2013
2011	382,200,001	-	-	382,200,001	-	2014
2012	43,400,000	-	-	43,400,000	-	2015
	PHP 2,520,000,000	PHP 807,016,697	PHP 516,235	PHP 1,713,499,538	PHP 1,388,883,833	

Note: For the period January to March 2011 the investment commitment submitted to PAGCOR amounted to PHP 34,311,841 while amount still for submission for April to December 2011 amounts to PHP 81,992,790. At 31 December 2011 the exchange rate was PHP 43.928/USD.

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

b) As at 31 December 2011, principal payments required under the terms of the loan agreements and their liabilities in each for the next five years are as follows:

Year ending 31 December:		
2012	$	8,026
2013		9,918
2014		13,462
2015		21,618
2016		10,226
Thereafter		5,424
Subtotal		68,674
Less: Debt Issuance Costs		(3,087)
	$	65,587

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

Thunderbird's Philippine casino operation is subject to 25% "tax" on gross gaming revenues. As proof of the validity of these contracts the Company's position is that PAGCOR had continually accepted its tax and licensing fee payments from inception of the commencement of operations 2005. Moreover, despite claims that the contracts expired in August 2009, PAGCOR continued to place casino monitoring teams within the Company's premises and has continually treated the facilities as a validly operating casino.

However, on 30 May 2011, PAGCOR asserted that the Company has been operating without license since 2009 and had refused to accept the terms PAGCOR set for its new license. PAGCOR said it would initiate "cessation proceedings" unless by 3 June 2011, the Company and Thunderbird Pilipinas Hotel and Resorts, Inc., (TPHRI) a related party also operating a casino gaming business in Poro Point, La Union, provide a "written unconditional acceptance" of onerous new ATO terms as proposed by PAGCOR.

On 3 June 2011, the Company rebutted PAGCOR's claims of an expired license to operate (since August 2009) and filed a civil case with the Regional Trial Court (RTC) for a protective temporary restraining order (TRO) averting PAGCOR's initiation of the threatened cessation proceedings and writ of preliminary injunction, praying for the formal issuance of the Company's renewal of its ATO. Subsequently on 23 June 2011, upon presentation of the Company, the Philippine Regional Trial Court issued a "Writ of Preliminary Prohibitory Injunction" directing PAGCOR to cease and desist from initiating and completing cessation or other similar proceedings against the Company's business operations. The order protects the Company's contractual right to operate and such right shall remain in full force and effect indefinitely unless modified by the court.

On 4 July 2011, a motion for consignation was filed for the 25% "tax" on gross gaming revenues for PAGCOR, which revenues shares was previously refused receipt by PAGCOR. On 3 September 2011, the Company filed a Motion to Admit Attached Supplemental Complaint claiming for damages to PHP 45 million($1.03 million) with an application for issuance of a writ of preliminary mandatory injunction to compel PAGCOR to act on the Company's pending requests for approval of certain operational matters, and to restore its monitoring team in the casinos. Subsequently on 12 September 2011, the RTC granted the Motion for Consignation and the Company has, to date, been consigning before the RTC, the 25% "tax" on gross gaming revenues.

Finally on 13 October 2011, the RTC issued an Order and Amended Order granting the Company's application for the issuance of a writ of preliminary mandatory injunction which is issued on 18 October 2011 after the Company posted the necessary bond of PHP 0.5 million($0.01 million) and was served upon PAGCOR on the same day. The two injunctions issued by the RTC in 2011 have been appealed by PAGCOR to the Philippine Supreme Court which has not ruled on the two PAGCOR Petitions for Certiorari.

The Company has continued to remit the agreed 25% gross revenue sharing directly to PAGCOR's casino monitoring team situated within the Company's casino site until 4 July 2011 when the PAGCOR 25% share was consigned to the RTC. The RTC set the case for Judicial Dispute Resolution (JDR) on 19 March 2012 and on such date the Company and PAGCOR appeared before the RTC.

However, the JDR was cancelled and rescheduled to a later date at the request of PAGCOR. The RTC order formally approving such request for JDR deferment was issued on 30 March 2012.

b.) Philippines Tax Controversy

Under the PAGCOR charter, PAGCOR is granted an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, or levies, except a 5 percent franchise tax on the gross revenue or earnings derived by PAGCOR from its casino operations. On 25 May 2005, R.A. 9337, amending certain sections of the National Internal Revenue Code ("NIRC") of 1997, was signed into law and became effective on 1 November 2005. Under Section 27(c) of the NIRC, PAGCOR is no longer included in the list of government-owned-and-controlled entities exempt from corporate income tax. On 15 March 2011, the Philippine Supreme Court ruled that 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 is exempt from Value-Added Tax (VAT). According to news reports, as of December 2011, PAGCOR initiated tax calculations of its back taxes from 2004 to 2010, submitted the same and made voluntary income tax payments to the Bureau of Internal Revenue (BIR), which the latter accepted as partial payment of back taxes subject to validation resulting from an on-going tax audit of the BIR of the appropriate amount of tax due from PAGCOR dated from the affectivity of R.A. 9337.

On 29 February 2012, under Revenue Memorandum Circular (RMC) 8-2012, the BIR circularized the SUPREME COURT decision, mentioned in the previous paragraph, enjoining its revenue officers and employees to provide wide publicity of such SUPREME COURT decision. The SUPREME COURT ruling, the subsequent voluntary payment made by PAGCOR, and the circularization of the SUPREME COURT rule by the BIR gave rise to an 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 not probably lead to any significant cash outflows from the Company considering relevant provisions of the SUPREME COURT decision, prior agreements with PAGCOR and protection under the law from possible double taxation.

Accordingly, the financial statements do not include any adjustments to reflect the possible effects on the recoverability and classification of assets or the amount of liabilities that may result from the outcome of this uncertainty.

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 21 November 2011. On 23 March 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 ($2,479,100) for the first group of resolutions, S\.6,490,336 Peruvian Soles ($2,310,550) on tax credit for the second group and S\.6,074,727 Peruvian Soles ($2,162,594) for the third group.

THLA has filed an appeal on the 23 March 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. 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 31 December 2009 and a proposed tax assessment of $0.8 million for the tax year ended 31 December 2010. Additional gaming taxes of $0.2 million were assessed for each tax year ended 31 December 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. 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

Following the partial disposal of the Group's investment in Daman Hospitality Private Limited “DHPL” on 12 May 2011, the Group retained an interest of 23% of the share capital of DHPL. The Group has jointly and severally guaranteed $23 million of senior debt and approximately $9 million of Fully Convertible Debenture – mezzanine financing.

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 has been appealed by the defense.

h.) Philippine Labor Union Case

Philippine Workers Union Matter On 4 June 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 9 August 2010, the Mediator-Arbiter issued a Decision dismissing the Union’s Petition. The Union appealed this Decision to the Labor Secretary. On 26 April 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 8 September 2011. ERI appealed the Labor Secretary’s Decision to the Court of Appeals via a Petition for Certiorari. The Court of Appeals has not made a final ruling the case. Per the Labor Secretary’s Decision dated 26 April 2011, the Election Officer of the Department of Labor proceeded with the conduct of the Certification Election and scheduled the same of on 17 April 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 17 April 2012. As to whether the votes of the casino employees will be included in the tally is a matter to be decided subsequently by the Labor Mediator-Arbiter, pending which the final tally and declaration of winner will be suspended.

The official election results have not yet been finalized as the Department of Labor must resolve the issue on whether the votes of the casino and probationary employees shall be included in the final count. These results will be issued without prejudice to any Decision that the Court of Appeals may issue as to ERI’s Petition for Certiorari. ERI continues to question the legality of its casino employees to be members in a union and intend to continue to object before the Court of Appeals and Supreme Court if required.

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.) Poland Liquidation

On 10 March 2011 the Group shut down its Polish operations. The operations are being liquidated in accordance with the Polish Commercial Companies Law, including certain legal proceedings within the Polish courts.

k.) 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 20 August 2009 and Video Suerte Mazatenango opening on 25 August 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 verses the functional currency the financing of the purchase is short term;

therefore, a decision is made to either finance the equipment or to pay in cash depending on the current value of the US-dollar compared to the functional currency.

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

		US-dollar amounts	
		2011	**2010**
Nominal amounts	**Country**		
Financial assets			
	Costa Rica	$ 850	$ 492
	Nicaragua	450	619
	Philippines	118	871
	Peru	72	378
Financial liabilities			
	Costa Rica	(4,218)	(3,449)
	Nicaragua	(310)	(301)
	Philippines	(1,791)	(979)
	Peru	(2,372)	(9,649)
Short term exposure		**$ (7,201)**	**$ (12,018)**
Financial liabilities			
	Costa Rica	(8,166)	(5,351)
	Nicaragua	(856)	(1,330)
	Philippines	(1,175)	(2,154)
	Peru	(19,789)	(21,084)
Long term exposure		**$ (29,986)**	**$ (29,919)**

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

It assumes a percentage change of the US-dollar against the other currencies for the year ended at 31 December 2011 and 2010. 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:

	2011			2010		
Country	Percentage change	Net income for the year	Net effect on equity	Percentage change	Net income for the year	Net effect on equity
Nicaragua	0.00%	-	-	2.99%	4	(112)
Costa Rica	3.72%	(22)	(672)	9.62%	(142)	(1,884)
Philippines	5.09%	8	(1,132)	6.02%	(296)	(1,336)
Peru	3.53%	-	(1,333)	1.69%	(31)	(744)
Total		(14)	(3,137)		(465)	(4,076)

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:

	2011			2010		
Country	Percentage change	Net income for the year	Net effect on equity	Percentage change	Net income for the year	Net effect on equity
Nicaragua	0.00%	-	-	2.99%	(4)	105
Costa Rica	3.72%	20	624	9.62%	117	1,554
Philippines	5.09%	(7)	1,022	6.02%	262	1,184
Peru	3.53%	-	1,242	1.69%	30	719
Total		13	2,888		405	3,562

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 2011, the Group is exposed to changes in borrowings market interest rates through some of its banks borrowings of approximately $10,388,000 as of 31 December 2011 (2010 - $17,747,000), 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 +/-0.29% as of 31 December 2011 (2010 - +/- 3.49%), with effect from the beginning of the year, would be an increase of $59,973 (2010 - $1,769,000) or a decrease of $59,973 (2010 - $1,769,000). These changes in interest rates are considered to be reasonably possible based on observation of current market conditions.

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

27. FINANCIAL INSTRUMENT BY CATEGORY

	Loans and receivables
Group	
31 December 2011	
Assets as per statement of financial position	
Trade and other receivable	$ 26,588
Cash and cash equivalents	8,038
Total	$ 34,626

	Liabilities at fair value through the profit and loss	Other financial liabitilies	Total
Liabilities as per statement of financial position			
Borrowing	$ -	$ 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

	Loans and receivables	**(Note 12)** Asset Held for Sale	Total
Group			
31 December 2010			
Assets as per statement of financial position			
Trade and other receivable	$ 25,184	$ 109	$ 25,293
Cash and cash equivalents	10,015	93	10,108
Total	$ 35,199	$ 202	$ 35,401

	Liabilities at fair value through the profit and loss	Other financial liabitilies	**(Note 12)** Liability Held for Sale	Total
Liabilities as per statement of financial position				
Borrowing	$ -	$ 117,789	$ 3,158	$ 120,947
Trade and other payables	-	14,067	-	14,067
Other financial liabilities	-	6,314	-	6,314
Derivative financial instruments	128	-	-	128
Total	$ 128	$ 138,170	$ 3,158	$ 141,456

28. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

Credit risk analysis:

The Group continuously monitors defaults of customers and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit rating and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis:

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Management anticipate meeting their liquidity needs over the next 12 months primarily from operational cash flows as set out in Note 2.

As at 31 December 2011, the table set below shows the Group's liabilities maturities per year:

	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
Investment commitments (Note 24)	7,511	7,075	8,701	988	-	-	24,275
Total	**$ 39,341**	**$ 23,619**	**$ 27,735**	**$ 26,914**	**$ 12,823**	**$ 6,783**	**$ 137,215**

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

	2011	2012	2013	2014	2015	Thereafter	Total
Long-term bank loans	$ 33,873	$ 22,383	$ 21,628	$ 23,700	$ 36,978	$ 15,476	$ 154,038
Finance lease obligations	5,518	3,662	2,690	2,677	2,669	4,199	21,415
Trade payables	14,067	-	-	-	-	-	14,067
Due to related parties	1,390	-	-	-	-	-	1,390
Investment commitments (Note 24)	10,952	7,517	7,081	8,708	989	-	35,247
Total	**$ 65,800**	**$ 33,562**	**$ 31,399**	**$ 35,085**	**$ 40,636**	**$ 19,675**	**$ 226,157**

Derivative financial instruments

On 29 December 2011 the group issued 8.5% convertible loan notes due in 2016 (Note 17). Upon initial recognition an embedded derivative of $848,000 was separately measured and recorded within derivative financial instruments. Its fair value remained at $848,000 at 31 December 2011.

Derivative financial instruments at 31 December 2010 were comprised of warrants (Note 20) with a fair value of $128,000. During 2011 the remaining warrants were exercised.

Fair value measurement methods:

The methods and valuation techniques used for the purposes of measuring fair value are unchanged from the previous reporting period. Measurement methods for financial assets and liabilities accounted for at amortized cost are described below.

The carrying amount of trade and other receivables, cash and cash equivalents, and trade and other payables is considered a reasonable approximation of fair value. The fair value of borrowings has been estimated at amortized cost.

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

31 December 2010	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives	-	128	-	128
Net fair value	$ -	$ 128	$ -	$ 128

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 31 December 2011 and 2010 were as follows:

	2011	2010
Total borrowings and finance lease obligations (note 17 and 23)	$ 80,326	$ 119,679
Less: Cash and cash equivalents	(8,038)	(10,015)
Less: Accrued interest	(3,204)	(6,314)
Less: unamortized debt issuance cost	(3,264)	(1,890)
Net Debt	65,820	101,460
Operating profit from continuing operations before other gain and loss items	4,198	10,718
Add: Depreciation and amortization	15,099	14,876
EBITDA	19,297	25,594
Leverage ratio	3.41	3.96

The decreased in the leverage ratio during 2011resulted primarily from decreased in liabilities as a result of some debt payoff due to the sale of two hotels in Peru, disposal and deconsolidation of the India joint venture and debt refinancing efforts by management.

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:

	2011	2010
Current assets	2,630	3,702
Non current assets	20,605	45,355
Current liabilities	8,895	10,778
Non current liabilities	8,156	27,524
Revenue	8,718	9,015
Expenses	7,734	9,976
Net loss before taxes	984	(961)
Cash flows from operating activities	5,132	2,314
Cash flows from financing activities	804	14,964
Cash flows from investing activities	(5,493)	(18,841)

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 31 December 2011:

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%
Interstate Gaming Del Peru S.A.	Peru	100%
Thunderbird Hoteles Las Americas S.A.	Peru	100%(1)
Thunderbird Fiesta Casino – Benavides, S.A	Peru	100%(1)
Thunderbird Frontier Realty	Philippines	100.00%
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 %
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

Peru

The Group executed a Letter of Intent to sell the non-strategic Thunderbird Hotel-El Pueblo (Peru) for approximately $13.6 million, which hotel generated approximately $602 thousand in EBITDA in 2011 or less than 3% of the Group’s total EBITDA. The Group also received $1 million as a non-refundable deposit upon signing of the Letter of Intent.

Other financing developments

The Group executed contracts to restructure certain Group debt owed to Capital International Assets Corp. ("CIA Corp") related to funding of the Group's Peru gaming operations. This debt was restructured as follows: Certain debt commonly known as "Parlor Debt" was paid down by $718 thousand with $476 thousand in cash and 78,317 common shares of Thunderbird Resorts Inc. at an implied price of $3.09 per common share. An additional 96,683 of Thunderbird common shares were used to pay a refinance fee of approximately $300 thousand, equal to approximately 2.5% of the Parlor Debt principal amount, also at an implied price of $3.09 per common share. The remaining Parlor Debt principal balance was amended such that: (i) the interest rate was lowered from 12.1% to 11%; and (ii) payments were reduced from approximately $270 thousand to $160 thousand per month, enhancing cash flow by approximately $1.3 million on an annualized basis effective immediately.

The Group executed a re-financing of approximately $1 million of Peru-related "Original Sweep Note" with a lender in which $500 thousand of principal plus $127 thousand of accrued interest was carved out of the $1 million Sweep note and replaced with a new convertible promissory note in the approximate amount of $627 thousand ("Convertible Loan Notes"). The remaining $500 thousand principal of the Original Sweep Note shall remain "as is", while another $127 thousand of accrued interest was entirely discounted. The conversion terms include: mandatory and automatic conversion into the Group's common stock in tranches at designated price levels. See Chapter 4, Section entitled "Summary of Convertible Loan Notes" for more details on the price, timing and terms for the conversion of the debt into common shares.

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 may have difficulties managing our worldwide operations.
- We rely on technology that may not be secure and may become outdated.
- Customer demand could be adversely affected by changes in customer preferences.
- We may experience losses due to fraudulent activities.
- We may not effectively promote our brands.

- We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.
- Our ownership of real estate subjects us to various risks, including those arising under environmental laws.
- Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.
- We are subject to foreign exchange risk and fluctuations in foreign currency exchange rates may adversely affect our operating results.
- Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Although we believe that the risks set forth above are our material risks, they are not the only risks we face. Additional risks not presently known to us or that we currently deem immaterial may also have an effect on us and the value of our common shares. An investment in our Group may not be suitable for all recipients of our Annual Report.

Risks Associated with our Business: The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify. 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 note 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 29, 2011, 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.

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Frank Winkler, Zurich, Switzerland

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Peter LeSar, CFO
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

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CAPITALIZATION

Common shares issued: 22,920,073
(as of April 26, 2012)

SHARES LISTED

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

WEBSITE

www.thunderbirdresorts.com