Annual Report 2008

"Our mission is to be the most successful recreational property developer and operator in each of our markets. We define success as creating genuine value for the community and for our employees and shareholders. We achieve our mission by offering customers dynamic, themed and integrated venues anchored by casinos"

Thunderbird resorts

CONTENTS

Thunderbird Resorts Inc.

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

Cautionary Note with regard to "forward-looking statements"

This release 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 and future plans and objectives of the Thunderbird Resorts Inc. (the "Group" or the "Company") are forward-looking statements that involve risk and uncertainties. There can be no assurances that such statements will prove to be accurate and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Group's forward-looking statements include competitive pressures, unfavorable changes in regulatory structures, and general risks associated with business, all of which are disclosed under the heading "Risk Factors" and elsewhere in the Group's documents filed from time-to-time with the Euronext Amsterdam by NYSE ("Euronext Amsterdam"), the Canadian National Stock Exchange ("CNSX") and other regulatory authorities.

CHAPTER 1 – INTRODUCTION AND FINANCIAL HIGHLIGHTS

This is Thunderbird Resorts Inc.'s Annual Report for the financial year ended 31 December 2008. Since Thunderbird Resorts Inc. is now a designated foreign issuer with respect to Canadian securities regulations, this Annual Report is intended to comply with the rules and regulations for the Euronext Amsterdam and CNSX.

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

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

Our existing common shares are traded on the Euronext Amsterdam under the symbol TBIRD and on the CNSX stock exchange under the symbol TBI.U, and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. Our external auditors for 2008 are Grant Thornton UK LLP.

Our corporate information

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

No civil liability will attach to us solely on the basis of this summary, including any translations of this summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Annual Report. Where a claim relating to the information contained in this Annual Report is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of such Member State, be required to bear the costs of translating this Annual Report before legal proceedings are initiated.

SUMMARY OF SELECTED FINANCIAL DATA

The selected financial data below has been derived from Thunderbird Resorts Inc.'s audited consolidated financial statements and the related notes included in Chapter 8 of this report. Thunderbird Resorts Inc. has acquired and/or commenced operations of companies and businesses during the past several years which limit the comparability of some of its year-end year figures. All monetary amounts are in USD.

(In thousands, except per share data)	**2008**	**2007**
Income statement data:		
Net gaming wins	$ 144,415	$ 88,193
Food, beverage and hospitality sales	27,428	11,582
Cost of goods sold	(57,624)	(36,885)
Gross profit	114,219	62,890
Other operating costs		
Operating, general and administrative	(82,097)	(40,127)
Project development	(7,518)	(2,482)
Depreciation and amortization	(20,964)	(10,244)
Other gains and losses(1)	(7,665)	(6,421)
Operating (loss) / profit	(4,025)	3,616
Financing		
Foreign exchange (loss)/profit	(10,192)	5,255
Financing (costs)	(18,215)	(10,458)
Financing income	1,144	464
Finance costs, net	(27,263)	(4,739)
Share of losses of associates	-	(190)
(Loss) before tax	(31,288)	(1,313)
Income taxes expense	(2,217)	(2,913)
(Loss) for the year	$ (33,505)	$ (4,226)
(Loss) / profit attributable to:		
Equity holders of the parent	(32,794)	(6,508)
Non-controlling interest	(711)	2,282
	$ (33,505)	$ (4,226)
Basic and diluted (loss) per share ($)	(1.67)	(0.66)
Basic shares outstanding (000's)	19,586	9,929
Diluted shares outstanding (000's)	20,030	10,184

(1) The amounts included in "Other gains and losses" for 2008 and 2007 include non-recurring costs of the Euronext Amsterdam listing, stock compensation costs, gains from asset sales, and write offs or Group reserves on assets. 2007 costs also included certain management bonuses.
(2) Dilutive effects are not shown for a period when there is a loss for that period.

(In thousands)		2008		2007
Other financial data:				
Net cash (used) / generated by operating activities	$	(13,526)	$	14,810
Net cash used in investing activities		(100,164)		(81,598)
Net cash provided by financing activities		59,694		133,474
Property EBITDA (1)		47,488		28,962
Adjusted EBITDA (2)		35,139		22,763
Balance sheet data:				
Restricted cash and cash equivalents	$	21,783	$	76,901
Total assets		258,542		215,300
Total liabilities		(209,429)		(135,471)
Total equity		(49,113)		(79,829)

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

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

CHAPTER 2 – FROM THE CEO

Dear readers,

As the world was experiencing economic upheaval, 2008 was both a transitional and transformational year for the Group. The Group set out to deepen its footprint in existing markets through both new properties and expansions, and to open new markets with market leading flagship properties. We saw our total number of gaming positions rise to over 7,400, our hotel room inventory reach 760, our food and beverage seats exceed 1,500, all served by our highly skilled and valued employees whom now total over 5,700.

We believe we successfully executed on many of our goals for 2008, including:

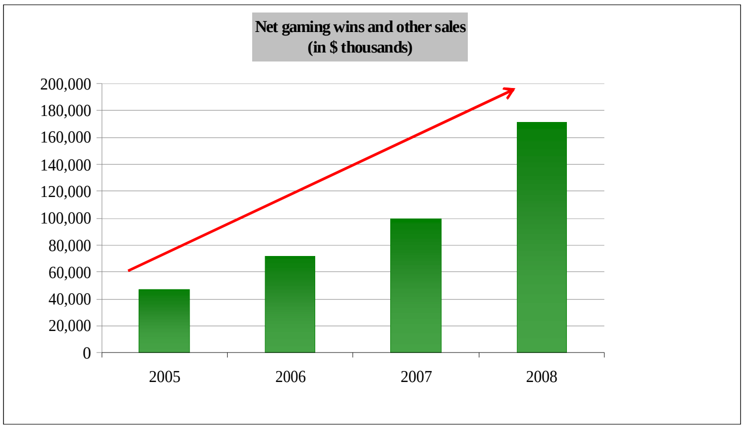
- Successfully listing our common shares in October 2008 on the Euronext Amsterdam.
- Substantially completed a $10 million renovation program of our six hotels in Lima, Peru; while our stunning flagship Fiesta Casino in Lima opened in September 2008.
- Acquired five slot parlors in Peru during July 2008 and have since consolidated to four locations. Our current plans call for an expansion of the four slot parlors that will add 120 new slot machines and 40 replacement machines at a total projected investment of $2.5 million.
- Opened a 36 room hotel and golf course at Poro Point in the Philippines in April 2008 and in the third quarter of 2008 commenced the expansion of the casino at Poro Point to create an additional 1,000 square meters of gaming space that will offer 50 new slot machines and 28 new table positions along with expanded food and beverage operations.
- Commenced our expansion project in Rizal in eastern Manila, Philippines in the third quarter of 2008, which will include an event center, additional food and beverage areas, and gaming areas offering 110 new slot positions and 28 new table positions.
- Opened an expansion of our existing Hotel Soloy Fiesta Casino in Panama in March 2009, with 117 new slot machines and a new Beach bar and restaurant.
- Commenced construction in 2008 in Daman, India of our 177 room, five star hotel-entertainment complex and subject to financing, plan to open in late 2009.
- Implemented cost cutting measures in the fourth quarter of 2008 and the first quarter of 2009 at both the corporate and country levels, which we anticipate will yield approximately $3.0 million in annual savings. We anticipate 2009 corporate operating costs of approximately $9.5 million compared with $12.9 million for 2008.

In 2008, we posted solid Property EBITDA of $47.5 million and adjusted EBITDA of $35.1 million; however, our consolidated financial statements did reflect a net loss attributable to the equity holders of the parent of approximately $32.8 million. The key components of this loss are both non-cash items and generally non-recurring items. The effect these items had on the profitability of the Group is depicted in the table below:

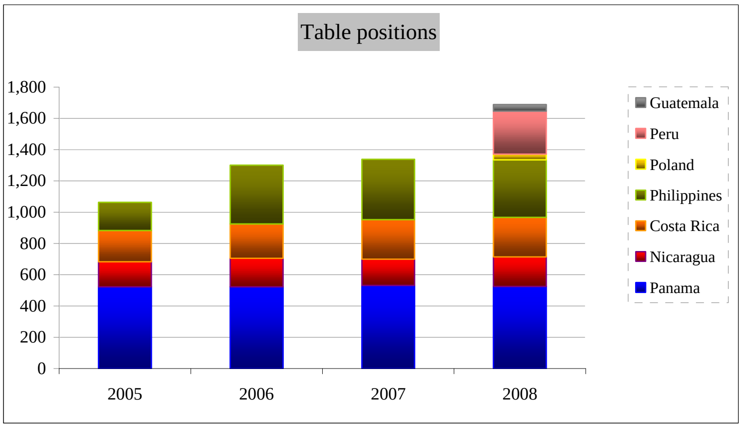
(In thousands)	**Twelve months of**		%
	2008	2007	change
Net (loss) for the period attributable to the equity holder of the parent	**$ (32,794)**	$ (6,508)	404%
Depreciation and amortization	**20,964**	10,244	105%
Foreign exchange loss / (gain)	**10,192**	(5,255)	-294%
Project development	**7,518**	2,482	203%
Other losses	**5,917**	3,696	60%
Stock-based compensation	**2,712**	1,034	162%
Derivative financial instrument	**(964)**	1,881	-151%
Adjusted net earnings	**$ 13,545**	$ 7,574	79%

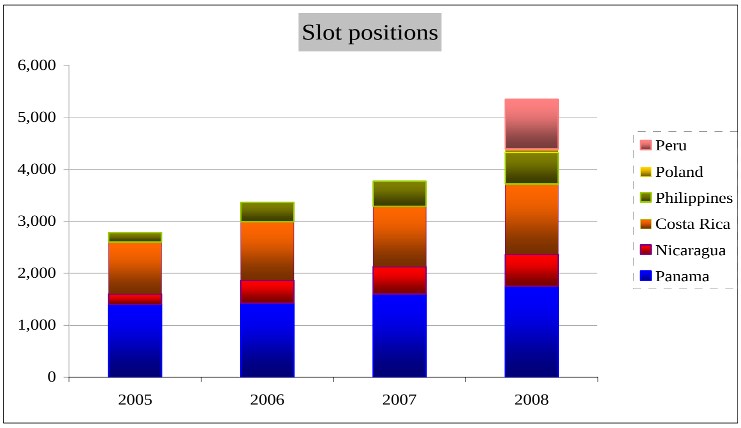
Our cash used by operating activities was $13.5 million and was impacted by operations opened and acquired during 2008 and the high financing costs associated with these operations. Specifically, our operating cash flows in our Peru casino operations were a negative $8.0 million primarily due to the ramp up of operations at the new flagship Fiesta Casino that opened in September 2008 and the financing costs associated with the hotels and slot parlor acquisition. The operating cash flows of our new Poro Point hotel and golf course were a negative $6.4 million as the facility opened in April 2008 and the ramp up of operations has been slower than expected. The operating cash flow of our new operation in Guatemala, the Gran Plaza Fiesta Casino, which opened in July 2008, was a negative $3.0 million due to poor performance from lack of patronage. These uses of cash were offset by a net gain in our other operations of $3.9 million. We expect these operations to improve during the 2009 year with the exception of the Gran Plaza location, which we will evaluate to determine the viability of this location. These new operations and our expansions in our other operations have led to tremendous growth over the last four years as our revenues have grown from $47.4 million in 2005 to $171.8 million in 2008. This growth was fueled by short term, high interest debt that we are repaying using significant portions of our operating cash flows as evidenced by our payments on loans and leases payable of approximately $35.1 million in 2008 and our net financing costs of $17.1 million. In addition, historically we have invested heavily in development which has driven our significant revenue growth. In light of the current difficulty to obtain new project financing our development in 2009 we will not be as aggressive as in past years as we focus more on the fundamentals of our existing business.

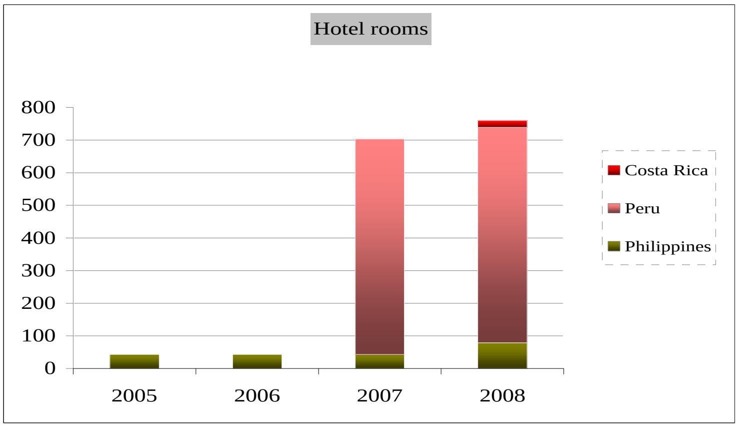
As the following charts display, the Group has accomplished significant net gaming wins and sales growth over the last four years.



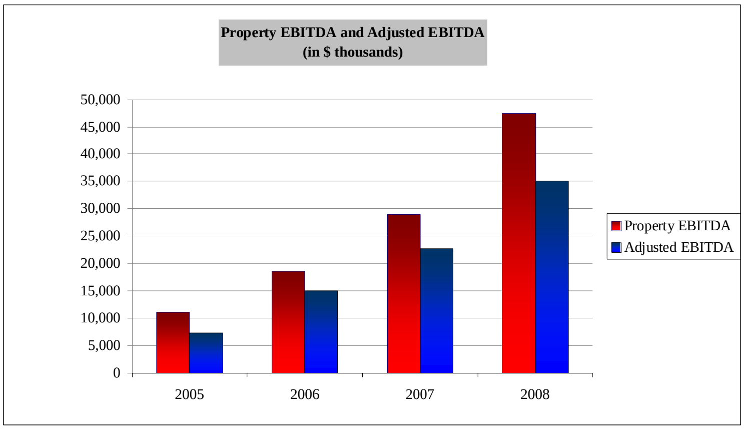
Our success in obtaining additional gaming licenses in new markets has allowed us to expand and increase our gaming footprint, driving the growth of our gaming positions and hotel rooms.







As our gaming positions have grown, the resulting Property EBITDA and Adjusted EBITDA have also grown significantly as evidenced by the charts below:



Nevertheless, what will be most remembered about 2008 and likely 2009 will be the serious world economic crisis and how it affected our Group. The recession continues and we have adapted our business strategy to meet the challenges of the rapidly changing economic realities we are facing.

These difficult economic times are creating unique challenges and opportunities for the Group. Our most important near-term challenge is to refine our business model to generate cash in light of the tightened capital markets, which have essentially made outside capital very expensive for us and for our competitors. The Group has shifted its business strategy towards a concerted effort to grow our gaming platform in emerging markets using as little of our capital as possible. The goal of this strategy is to establish relationships with strong local partners where we will not be required to fund the development in its entirety, but will instead focus on our core competencies which include obtaining gaming licenses and designing, operating and marketing gaming and entertainment venues. We believe that this strategy for our newer properties, at least in the near-term, will allow the Group to maximize our return on invested capital.

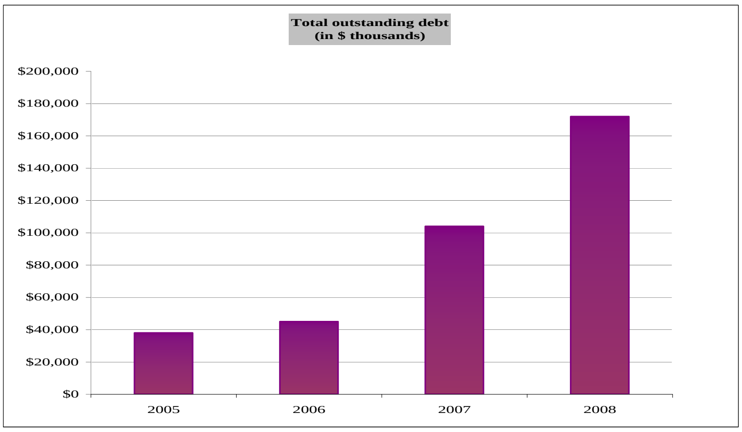
In response to the slowdown in the economy and the possible negative impact on revenues, the Group is currently reviewing its debt financing. While we were successful in securing approximately $95 million in new debt in 2008, we are challenged in 2009 to secure additional funding to support the completion of the expansions of our two Philippine casinos, as well as continue to fund the exciting new expansion into India. In addition, in light of our high short term principal debt payments and the desire to fund these ongoing projects, we will seek to renegotiate principal debt repayment terms with certain of our lenders to extend loan periods to free up cash flow that will allow us to fund operations and continue these expansions on schedule. We do expect any such negotiations to be mutually beneficial to both us and our lenders. We have already successfully negotiated a deferment of principal payments on certain of our private debt, which will free up approximately $3.0 million of cash over the next 12 months.

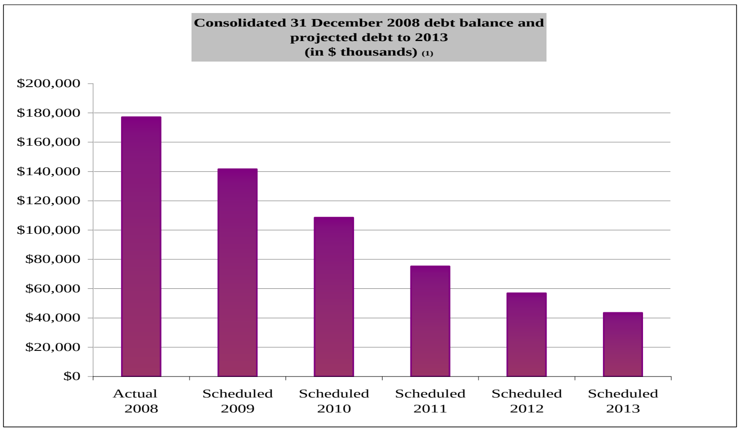
As we shift our strategy to adapt to the current economic climate, we have not lost sight of several of our ongoing projects. While preservation of capital and higher “return on investment” initiatives are central to our near-term strategy, we continue to progress in the development of several of our larger projects, previously announced, including India, Costa Rica and the Philippines. These projects are key to our long-term branding and growth initiatives. We will continue to seek joint venture partners whose financial strength and local ties are more suited to real estate in those larger markets where participation in a hotel development is necessary to secure a gaming license or to position the casino with access to such large markets. Additionally, we will continue to seek to expand in countries where our brand is already established with facilities that do not require much in the way of real estate development or as we seek partners as mentioned. For example, in the first quarter of 2009, the Group received a gaming license to install a casino in an existing hotel in Santiago, Panama. The casino could be as large as 1,600 square meters of usable space with 70 table positions and 125 slot machines with the potential to grow to 200 slot machines as the success of the operation allows. Management believes that once the financing and the lease are obtained, the construction and opening could occur within nine months. Santiago is the capital and economic center of the Veraguas Province with a population of about 225 thousand as of the end of 2007 with very limited gaming competition.

We expect our near-term strategy will provide consistent growth at higher returns on investments and position the Group to take advantage of new development opportunities as they present themselves when the capital markets return to normal.

Our business model is unique in that it mandates a higher level of return on investment than does a normal casino company. We are often required to amortize principal to our lenders over a four to five year term which imposes a high level of discipline on management and creates an environment where managers focus on cash flows. Consequently, the cash generated by our operations is currently dedicated to paying down principal and interest on our debt. This aggressive pay down of debt builds equity along the way and has helped the Group avoid the trap that many companies in our industry have experienced, which is the crushing amount of interest only debt that is now very difficult to refinance. The upside to this model is management’s ability to access capital in this current market; the downside is that it hinders our returns due to the high cost of capital and the large principal payments made while new locations are ramping up their operations. However, as the principal payments are made over the next several years, we will build equity in the Group as we expect to generate cash flow that can be retained by the Group.

The tables below reflect our current debt levels and our projected debt balances based on scheduled principal repayments in 2009 to 2013 based on existing loans.





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

While management adjusts to the difficulties caused by the world economic crisis, we find there is available but more difficult to obtain financing for our gaming projects that are not dominated by the capital-intensive real estate components of the projects. These gaming only assets can and do return the investment within our internally-required three to five year period. It is also critical that the gaming project components have positive operational cash flow from day one.

As we focus on our core business of gaming positions, we believe the Group is in a unique position to manage its challenges during the financial crisis that is negatively impacting many of our potential competitors and governments that are experiencing greatly reduced tax receipts due to slowing economies. We also believe that there will be a reduced level of competition for select projects that fit our investment criteria as many of our potential competitors address capital needs instead of growth opportunities. Further, we believe that as additional governments look to gaming as a new source of revenue, such will potentially create additional opportunities for the Group to grow in new jurisdictions.

Although we are prepared for a continued challenging economic environment, we believe Thunderbird is well situated to maintain a leading position in its respective markets and grow into new ones. We have created a culture that is focused on providing the best product and service to our customers, while at the same time creating strong returns on our investments. Our long-term goal remains unchanged – to create one of the leading international casino entertainment companies in the world and long-term value for our shareholders.

Sincerely,

Jack R Mitchell

President and Chief Executive Officer
Thunderbird Resorts Inc.
30 April 2009
Panama City, Panama

CHAPTER 3 – REPORT OF BOARD OF MANAGEMENT ON THE COURSE OF AFFAIRS OF THE GROUP IN 2008

Overview

We are an international provider of branded casino and hospitality services, focused on markets in Central America, South America, southeast Asia, India and eastern Europe. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our employees and our shareholders. We seek to achieve this by offering dynamic, themed and integrated resort venues, typically anchored by full-service casinos. As of 31 December 2008, we had 32 operating gaming facilities, one slot machine route, nine hotels and one nine-hole golf course, including seven gaming facilities (two in Poland, five in Peru) acquired or opened in the third quarter of 2008. At 31 December 2008, we had over 7,400 gaming positions in over 20,000 square meters of gaming space worldwide, 760 hotel rooms in Peru, Costa Rica and the Philippines all attended to by our more than 5,700 highly trained and valued employees. In addition, we are developing additional facilities and are expanding existing facilities in Panama, Costa Rica, Philippines, Peru and India.

We believe that opportunities exist around the world to create more modern gaming, entertainment and hospitality properties in mid-sized markets similar to our existing markets. Our mission is to bring our specific expertise to bear in exploiting those opportunities by catering to local and regional patrons seeking integrated gaming, dining and other entertainment experiences. We plan to expand our operations in our existing markets, both through new developments and expansions of existing facilities, and to extend our strategy to other markets as opportunities and resources permit.

Our properties are intended to provide entertainment opportunities predominantly to the local populations. Many gaming-friendly locations with relatively large populations remain underserved. We believe that our product, which emphasizes an entertainment aspect fully integrated with the gaming experience, provides the local and regional population with a more attractive entertainment product than a casino-only experience. We believe that our management team has a successful track record of identifying, developing, acquiring and operating gaming and hospitality facilities in the U.S., Latin American, eastern Europe and southeast Asian markets, including significant experience dealing with Latin American and Asian gaming regulatory issues.

Our objective and business strategies

Our primary business objective is to become a leading recreational property developer and operator in our existing markets, as well as in new markets. We have developed and intend to pursue the following business strategies:

- **Focus on profitability and cash generation.** In recent years we were focused on development and growth through opening new markets and new facilities in existing markets. As we have now built what we believe to be a solid fundamental business with over 7,400 gaming positions, we will focus on attaining profitability for the Group through improving operational efficiencies and enhancing revenues in existing facilities wherever possible. Our expansion efforts will be focused on capital investments that result in new gaming positions while minimizing the investment in real estate.

- **Be a first mover in new mid-sized markets.** We search for opportunities to acquire, construct, expand or improve casinos that can provide the first truly major market-style experience or casino-anchored recreational venue in each new market or region we evaluate for expansion.

- **Use a "hub and spoke" growth strategy.** From our hub in Panama City, we have grown throughout Panama, Costa Rica, Guatemala and Nicaragua, and intend to grow further throughout Central America. From our hub in Manila, Philippines, we have grown further into the Philippines and also intend to grow into southeast Asia and India. We intend to grow within South America from our hub in Lima, Peru, and are using Poland as our European hub.

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

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

- **Implement and expand player tracking measures.** We have implemented (in certain of our properties) sophisticated customer service programs to promote greater visitation frequency and length of stay, including our player tracking and cash club systems.

- **Maintain quality standards at our facilities.** We strive to continually improve and renovate our facilities to improve the "customer experience" so that our patrons are excited to return and to provide positive word of mouth to new customers. Key elements of this strategy include regular updates to our facilities' décor designed by our in-house architects, frequent updates to gaming positions, new food and beverage products and services, new and updated layouts, and increased frequency and variety of our live shows.

Our competitive strengths

We believe that our competitive strengths include the following:

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

- **Brand identity.** We feel that our brand has a unique and recognizable identity in many of our markets, while still conforming to local market tastes, including the Fiesta and Pharaoh's casino brands, the Salsa's and Pirate's bar brands and our Thunderbird Hotel brands.

- **Diversity of locations.** We currently have facilities operating in seven countries on four continents. This diversity provides us with a number of potential "hubs" for our "hub and spoke" approach to expansion and, unlike many single jurisdiction gaming companies, significantly reduces our exposure to the political and economic risk of any particular country.

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

- **Fully-integrated project development, completion and operation teams.** Our operations encompass not only property operation and management, but also project sourcing and analysis and design, architecture and construction management. We feel that our expertise and experience in these areas allow us to apply a fully-integrated approach to quickly evaluate potential projects and execute projects that we decide to develop or expand.

General business context in 2008

Since 1997, we have been working to strategically position our Group for greater success by expanding our operations through development of new facilities in our existing markets, expansions of our existing facilities and acquisitions and development in new markets. We are currently focused on expansion projects at a number of our properties, such as our Panama, Philippines and Peru locations, as well as several new projects, such as our Costa Rica projects and our recent expansion into India. We are also continuing to explore and obtain financing when appropriate for our projects in the ordinary course of business.

We regularly investigate and pursue additional expansion opportunities in our existing markets, as well as in markets where gaming is currently permitted or where we expect it to be permitted in the near-term. These potential expansions will be affected by and determined by several key factors, including:

- the outcome of any license selection processes;
- identification of and agreement with appropriate local partners, if any;
- availability of acceptable financing; and
- the expected risk-adjusted return on our investment.

Any such project may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which investments and costs we may fund through cash flow from operations only after careful consideration. To the extent such source of funds is insufficient, we may also seek to raise such additional funds through public or private equity or debt financings, at the project level, country level or at the parent level. Any such additional financing may not be available on favorable terms, or at all. In addition, we have renegotiated deferment of principal payments with certain private lenders and are seeking similar arrangements with other lenders.

Project development in 2008

India. The Group entered the Indian market in 2008. Our first project is in the city of Daman, which is adjacent to Maharashtra State whose capital is Mumbai (formerly Bombay). Daman is a 2-hour drive from Mumbai which, along with its neighboring suburbs of Navi and Thane, has a population exceeding 19 million, making it the world's fifth most populous metropolitan area. Daman also borders Gujarat State, whose population has the highest average GDP per capita in India. Daman is within a five-hour drive of 50 million people and within a three-hour flight of one billion people. We believe that India will provide additional opportunities for expansion in the future.

- Construction continues on the Group's five-star hotel/hospitality complex in Daman, India, announced originally in March 2008. Over 90 percent of the civil works are complete. The Group and its 50 percent local partner have contributed, respectively, cash equity of approximately $10 million collectively ($9 million by the Group) through 31 March 2009 while the partner contributed free and clear land valued at approximately $6.5 million towards the development of this 177-room, five-star resort which includes: a) 2,700 square meter indoor event and meeting areas; b) 6,500 square meters of outdoor pools and event areas for up to 2,000 people; b) three bars, including a branded Salsa's Bar, a cutting edge bar/disco, and a high-end lounge bar, all with facilities for live music; c) four restaurants, including one Vegas-style buffet, one high-end Szechuan restaurant, a pool bar and one cafe near the event center; d) a 450 square meter Zaphira Spa; e) 200 square meter gym for guests and club members; f) 750 square meter shopping area; and g) and a 5,700 square meter world class casino and entertainment venue.
- As of 30 April 2009, our India joint venture entity received commitments and/or funding of approximately $4.8 million from third parties as part of an approximately $15 million fully convertible debenture offering issued by our jointly-owned India corporation, Daman Hospitality Private Limited ("DHPL"). In addition, DHPL is seeking approximately $25 million in senior secured financing, which together with the debenture offering will fund the completion of the construction and opening of the hotel and hospitality complex. The recent terror attacks in Mumbai were tragic and we have taken precautions to secure our construction site; however, we do not anticipate at this time any negative effect to our project, which is located about two hours from Mumbai by car. We will own and operate the hotel with our India partner while the India partner will own and operate the Casino.

Costa Rica. We entered the Costa Rica market in 2003 and operate all but one of our nine casinos and one slot route with our joint venture partner. We have over 1,100 slots and 250 gaming positions. In addition to our ongoing projects in this market, we believe that Costa Rica will provide additional opportunities for expansion of existing prospects and new prospects in the future. We previously announced in 2008 that we intended to acquire and install 340 slot machines at various existing locations during the remainder of 2008 and early 2009. The implementation of that plan was completed by the first quarter of 2009.

- *New Gaming Decree:* The executive branch of the Costa Rica government issued a decree limiting hours of operations to 12 hours per day, and to limit new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, which has caused the Group to change plans with respect to future development in Costa Rica. We now intend to minimize the amount we will invest in the Tres Rios hotel and attempt to maximize third party investments. The Costa Rica executive branch announced a delay until 1 May 2009 to implement the section of the new gaming decree concerning hours of operation; however, the other portion of the decree concerning slot machine/hotel room ratio limit (limiting new casinos to one slot machine per room and one table game per ten rooms of the hotel portion of the project) is now in effect. The government has announced it is studying the operating hour limitation in light of well publicized concerns that the limitation to 12 hours of operation will have an adverse effect on the job market in San Jose.
- *Hotel Zeledon:* In the second quarter of 2008, we acquired the 21-room hotel in which our Perez Zeledon slot parlor is located. We renamed the hotel "Hotel Thunderbird Resorts," which hotel was acquired for $2.0 million, 75 percent of which was financed with a 12-year loan from Banco National in Costa Rica, a government-owned bank.
- *Holiday Inn Express:* In August 2008, the Group closed on a stock purchase agreement and acquired a controlling interest of the total issued and outstanding shares in Thunderbird Gran Entretenimiento S.A. ("TGE"), a Costa Rican affiliate. TGE owns and operates the Fiesta Casino at the *Holiday Inn Express,* formerly known as Garden Court, which is the Group's flagship operation in Costa Rica. The purchase price for the additional 12.34 percent acquisition was approximately $1.7 million and we now own 54 percent of the Fiesta Casino Holiday Inn. We now consolidate 100 percent of revenue, costs, assets and liabilities of this subsidiary while recognizing a non-controlling interest expense and a liability for the minority interests held by shareholders remaining in the entity.
- *Tres Rios:* The Group began construction on a resort project in the eastern suburbs of San Jose. As of 31 March 2009 we have invested approximately $14.7 million for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. We had anticipated receiving additional loans to complete the infrastructure, the hotel and the shell for the casino. However, for financial reasons unrelated to this project, a government-owned bank that had previously made a conditional financing commitment to the project has temporarily suspended the granting of new loans of this magnitude. We are currently pursuing other financing options. Since the Tres Rios hotel will require more rooms for the associated casino to have the number of rooms and tables originally intended, we are also still considering other financing structures, including additional financial investors in the hotel and/or converting the hotel into a "condo hotel" with the Group acting as manager of the hotel. While these options are being pursued, the "on-site" construction at Tres Rios was suspended during the fourth quarter of 2008 until these options have been successfully implemented, of which there can be no certainty. We are seeking buyers for the commercial lots on the Tres Rios real estate. In February 2009, our Costa Rica joint venture entity acquired for approximately $1.2 million the interests of certain shareholders in King Lion Networks, S.A., which owns our Tres Rios real estate. This transaction was financed over a three year term primarily by the selling shareholders which resulted in our Costa Rican joint venture entity now owning approximately 71 percent.
- *Escazu:* We acquired land in the southwestern suburb of San Jose (the "Escazu project") where we plan to build a new hotel and casino project. We are seeking the debt financing required for the project. However, as a result of the new executive decree mentioned above, we are developing a structure to advance whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica at Escazu can be transferred to a third-party, which will financially commit to construct a 100 - 200 room hotel or condo-hotel within a given time frame. Land for the casino will be retained by our affiliate for the associated casino. Due to these changed circumstances, we do not currently project an opening date for either Tres Rios or Escazu. The developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities.

Guatemala. We entered the Guatemalan market in 1997 and we now own and operate three video lottery parlors in Guatemala City with over 480 video lottery terminals. Guatemala limits legal gaming to video lottery parlors and we expect that any further expansion in this country will be limited to these types of locations as the market conditions have worsened in general and the security situation in the country has deteriorated in the last several months.

- *Gran Plaza*: A location was opened at Gran Plaza on 6 June 2008, with 140 video gaming machines. The Gran Plaza Video Lottery is located in a shopping center in a high-end suburban community in the outskirts of Guatemala City and has a stage for music acts, a dance floor, a restaurant and a themed bar. We believe this is the first high-end gaming and entertainment facility in Guatemala. Currently, the Gran Plaza property is performing below management's expectations. During the year the Group wrote off property, plant and equipment and other assets of $2.1 million following the fire at the premises. In addition, $1.6 million of assets were impaired as a result of the performance described above.
- *Intercontinental Hotel:* The expansion of our existing facilities located at Intercontinental Hotel was inaugurated on 29 November 2008. The expansion added 540 square meters of gaming space and an additional 114 video lottery positions.
- *Coatepeque:* On 15 February 2009, the small property of Coatepeque (total of 107 positions) was closed due to poor performance and management's decision to focus on the larger markets such as the city center in Guatemala City, where management believes an operation of a similar size will generate significantly more revenues. The video lottery machines were relocated at the other Guatemalan facilities.

Nicaragua. We entered the Nicaraguan market in 2000, and operate four casinos in Nicaragua, all under the Pharaohs brand, with over 600 slot machines and 180 table positions. Generally, we believe that Nicaragua will provide limited opportunities for additional expansion, due in part to the scope of our existing operations in that country, as well as due to its relatively small population. As Nicaragua has a smaller population base than our other locations, our facilities there are correspondingly smaller. We do focus on our customer relationships and local marketing as in our other countries. For example, our casinos are the only ones in Nicaragua with a player tracking and cash club system; however, we do not yet have entertainment and recreation facilities fully integrated with our casinos.

- *Carretera Masaya Project:* The Group previously reported that its Nicaragua subsidiary began preparations for a major market-style casino in downtown Managua on land purchased by the Group. With the current economic climate, the Group is re-evaluating the merits and timing of the development of this facility which had been scheduled to start in the fourth quarter of 2008. While we own the necessary land in a premium location and have preliminary construction plans, we will not move forward with this project in the immediate future and have not invested in the project other than the cost of the land and the preliminary plans.
- *Zona Pharaohs:* In June 2008, we opened an additional slot parlor in a suburb of Managua called "Bello Horizonte" that is located in a high-traffic shopping mall named Multicentro de las Americas. The new facility, named Zona Pharaohs, has 800 square meters, 112 slot machines, 21 table positions, a 60 seat sports-themed restaurant and a sports book. Zona Pharaohs and the Ringside restaurant are a continuation of the effort to provide upscale entertainment to the adult public in Managua.

Panama. We entered this market in 1998 and now operate six casinos with our local partner. We have over 1,700 slots and 500 table positions. We intend to increase our gaming revenue in Panama by expanding our existing facilities, increasing our gaming square footage and gaming positions.

- *Stock purchase:* In January of 2008 and September of 2008, we acquired an additional 11.36 percent and 2.27 percent of the shares, respectively, of International Thunderbird Gaming (Panama) Corporation. Additionally, we have entered into a stock purchase agreement to acquire an additional 4.55 percent of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corporation from minority selling shareholders. The closing is contingent on the Group receiving approval from the Panama regulatory authorities and adequate financing. If the contingencies are met, assuming the 4.55 percent acquisition is consummated, we will own 68.18 percent of International Thunderbird Gaming (Panama) Corporation.
- *Expansion projects:* Our Hotel Washington casino expansion in Colon, Panama was completed ahead of schedule on 17 May 2008 with 60 new slot machines. The expansion added 750 square meters of gaming space. Additionally, 73 slot machines were added at our Hotel Nacional in David, Chiriqui, along with a new Pirates Bar and Grill as part of an 883 square meter expansion that opened in August of 2008. We have also installed 60 other slot machines in various other Panama locations, 40 of which were originally planned for Colon and 20 of which were originally planned for David.
- On 13 February 2009, the Group's Panama subsidiary had a soft opening for the expansion of its existing Soloy casino, with 117 new slots machines and a new Beach bar and restaurant. The grand opening took place on March 20, 2009. The Soloy expansion project cost was approximately $5.3 million, of which approximately $3 million was from local bank and private financing and $2.3 million was from internal funds of the Group's Panama subsidiary.

- During the first quarter of 2009, the Group received a gaming license to install a casino in a hotel in Santiago, Panama. The casino could be as large as 1,600 square meters of usable space with 70 table positions and 125 slot machines with the potential to grow to 200 slot machines as the success of the operation allows. Management believes that once the financing and the lease are obtained, the construction and opening could occur within nine months. Santiago is the capital and economic center of the Veraguas Province with a population of about 225 thousand as of the end of 2007.

Peru. We entered Peru in July 2007 when we acquired the Hoteles Las Americas properties located in Lima for $43.5 million. The six hotels under this brand, which include a resort/convention center, have 660 rooms and 14 restaurants, bars and entertainment venues. Based on the number of rooms, this is the largest hotel chain in Lima, as well as the second largest in Peru. Four of the hotels are located in the Miraflores commercial and financial area of Lima and cater to business and foreign leisure/tourist travelers. During the fourth quarter of 2008, the Group substantially completed a $10 million renovation program of the six hotels in Lima while our flagship Fiesta Casino in Lima opened in September 2008. There are over 1,500 hotels in Lima, relatively few of which we consider to be high-end hotels. We believe that our hotel properties provide a strategic footprint in the area, which should allow us to develop gaming and other entertainment products for the local and regional population. Where possible, we also intend to use Peru as our "hub" for further expansion into South America.

- *Las Americas Suites & Casino—Thunderbird Hotels:* This property is located at the Plaza Benavides commercial center, which we consider prime real estate in the Miraflores district. All of its rooms are duplexes and include a kitchenette, sitting and dining room, office and terrace. The hotel has historically catered to high- and medium-budget business travelers. The property also has 3,750 square meters of office space, a shopping center with 5,000 square meters and 308 parking spaces. The land area occupied by these two structures is 2,798 square meters. In the third quarter of 2008, we completed our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites and it opened on 19 September 2008, as an approximately 5,740 square meter casino, with approximately 414 slot machines and 188 table positions. This flagship Fiesta Casino required a capital investment of approximately $21.2 million, which included budgeted pre-opening costs and working capital of $4.5 million.
- *Sun Nippon Acquisition:* On 9 July 2008, we purchased 100 percent of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.5 million, subject to working capital adjustments. The five properties owned by these two companies have been consolidated to four locations and as of 31 March 2009 have approximately 492 slot positions and we intend to upgrade current slots and add slot positions based on demand and performance of the existing slot positions. Our current plans call for an expansion of the four slot parlors, which will add approximately 120 new slot machines and 40 replacement machines at a total projected investment of $2.5 million with a projected completion date of fourth quarter 2009. In February, 2009, the Group obtained approximately $1.2 million of four year financing and is in negotiations with a local bank for the balance of the financing necessary to complete the expansion. We are currently evaluating other slot parlor opportunities in and around Lima.

Philippines. We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos with over 500 slots and 380 table positions, as well as two hotels and a nine-hole golf course in the Philippines. We are expanding our facilities with multi-stage projects ongoing for each property. The Group previously announced that the expansions of the Fiesta Casino and Resort at Rizal and the Fiesta Casino at Poro Point would be completed in the first quarter of 2009. Due to delays in securing the complete financing for each of the projects, the completion date for both is now scheduled for the third quarter of 2009 as more specifically described below, subject to financing. In addition to these projects, we believe that the Philippines will provide additional opportunities for expansion in the future, as well as serving as our "hub" for further expansion into Asia.

- *Thunderbird Resorts—Rizal:* This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 43 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 163 new slot positions and 49 new table positions. The total investment is projected to be $13.2 million of which approximately $4.8 million has been raised through a Philippine private debt offering of

$9.5 million. Until additional funds are raised, there is no certainty that the expansion will be completed within the revised times.

- *Thunderbird Resorts—Poro Point:* This Fiesta casino is located in San Fernando, on Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. In 2005, we obtained a 25-year lease on this 130 acre-tract, on which the existing resort and planned expansions are located. San Fernando, in the province of La Union, is a six-hour drive, or a one-hour flight, from Manila. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point which completed Phase I of our expansion. We commenced the expansion of the existing casino at Poro Point in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 75 new slot machines and 42 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 raised through a Philippine private debt offering of $7.4 million. In addition, in order to complete construction, the Group has made arrangements for a 36 month, $3 million construction loan, which has not yet been funded. Until an additional portion of private debt offering and the construction loan are fully funded, there is no certainty that the expansion will be completed within this revised timeline. At a later unspecified date, we would like to expand the facilities to include an 18-hole golf course.

Poland *– Casino Centrum Agreements and Acquisitions:* In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through two Cyprus subsidiaries. Through those two subsidiaries we, together with our local partner, collectively own 71.26 percent of all of the shares Casino Centrum Sp.z.o.o. We also have a shareholders agreement with our local partner that requires distributions to be made 66.67 percent to our affiliates and 33.3 percent to our local partner. Through other agreements, we have voting control over 50.6 percent of the Casino Centrum shares until the acquisition by the Group of additional shares in Casino Centrum becomes effective (and we own 66.67 percent). Our two Polish casinos are located in the central part of Lodz, Poland and operate under one casino license and one slot license. The gaming area of the casino locations is approximately 370 square meters in the aggregate with approximately 74 slot positions and 49 table positions. We have put on hold any expansion plans in Poland due to the performance of these properties in this economic downturn and need for third party financing. See “Legal proceedings”.

Colombia. The Group continues to believe that Colombia is a “gaming friendly” environment with a relatively large population that remains underserved by the type of product offered by the Fiesta and Salsa brands. However, the Group elected in November 2008 to close its development office in Bogota and to continue the pre-development efforts with staff located in nearby Panama.

Abandoned projects

We had previously announced certain projects in Costa Rica and the Philippines. We are no longer pursuing our plans in Costa Rica on the Desamparados project. Additionally, we had signed a letter of intent, but were unable to consummate the acquisition of an additional 25 percent interest in one of our Costa Rican operations due to our inability to reach a final agreement with the seller, and we are no longer pursuing the equity acquisition at this time. Additionally, we will no longer pursue a project known as Cavite, in the Philippines, because of delays in securing the gaming license. Costs associated with abandoned projects have been expensed as project development costs during previous periods and there are no ongoing costs at this time. Also, we have not accrued any additional costs from the abandoned projects described in this section. In Nicaragua, management is expecting increased competition in Managua beginning in the second quarter of 2009 due the opening of a new casino in close proximity to the Pharaohs Holiday Inn property. The Group previously reported that its Nicaragua subsidiary began preparations for a major market-style casino in downtown Managua (Masaya) on land purchased by the Group. With the current economic climate the Group is re-evaluating the merits and timing of the development of this facility which had been scheduled to start in the fourth quarter of 2008. While we own the necessary land and have preliminary construction plans, we will not move forward with this project in the immediate future. Also, until local financing is more available and market conditions improve, we have no immediate plans to place any new casino in our existing hotels in Lima, Peru.

Marketing

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

We spend significant amounts (approximately $5.8 million in 2008 and approximately $2.6 million during 2007) 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. The year over year variance is due to the 100 percent consolidation of the Panama operation in 2008 accounting for $1.1 million, the increase in our new Peru operations of $1.0 million, Philippines increase of $0.3 million and the remainder of the variance spread out among our other operating companies.

We also support our local communities in many ways. For example, we were a sponsor of Panama's 2006 national soccer team and the main sponsor of Bernabe Concepcion, a local Philippines boxer who recently won the North American Boxing Federation super bantamweight world professional title. Additionally, we and our employees provide financial support and service to a number of local community and charitable organizations. For example, in Panama, we have instituted the "Fiesta Te Da La Mano Program", which is a cooperative program that facilitates the donation of volunteers' time and services to disadvantaged communities throughout Panama by matching up volunteers with needy communities, as well as by providing financial backing to various charitable programs. In the Philippines, we participate in the "Lend a Hand" program, a series of medical and dental missions organized by Thunderbird Resorts - Philippines. The outreach program is conducted in partnership with the Rizal provincial government under the supervision of the Provincial Health Office. Each month, we provide free pediatric consultations, medical and dental checkups, physical therapy and medicines for the underprivileged residents in the neighboring towns of Rizal. An average of 800 residents in each town benefit from this monthly activity.

Other events

The Group previously announced that its Canadian GAAP consolidated financial statements were being reviewed by the British Columbia Securities Commission ("BCSC") for its presentation of its outstanding warrants as a liability within the Group's consolidated financial statements filed in Canada. The Group reviewed the presentation of the warrants under Canadian GAAP and amended the presentation to include the warrants within equity and filed restated Canadian GAAP consolidated financial statements for the 31 December 2007 period in Canada. This restatement does not affect the financial reporting under IFRS.

The Group was placed on an "Issuer In Default List" in July 2008 by the BCSC for failure to timely file a Business Acquisition Report related to the purchase of our six hotels in Peru. We filed the requisite papers and were removed from the list during the fourth quarter of 2008.

The Group announced on 12 January 2009 a Board Resolution authorizing action be taken to implement a normal course exempt issuer bid to potentially repurchase up to an aggregate of 333,333 of its issued and outstanding common shares over the subsequent twelve month period ending December 2009 for a price not in excess of $3.00 per share and not in excess of an aggregate of $1 million in value of common shares. No shares were purchased under the plan. In a Board Resolution dated 23 April 2009, the Group has elected to terminate the plan effective 8 May 2009.

The Group's President and CEO transferred beneficial ownership of 868,484 shares of the company owned by him (representing approximately 4 percent of the outstanding common shares) to a family trust.

Recent material contracts and financings

In 2008 we entered into a listing agreement with Friedman, Billings, Ramsey International Ltd. in connection with our application for listing and trading on Euronext Amsterdam. In addition, we entered into material contracts for the acquisitions completed during 2008 (note 12 to the consolidated financial statements) and have entered into several financing agreements during 2008 (note 17 to the consolidated financial statements) and during 2009 (note 32 to the consolidated financial statements).

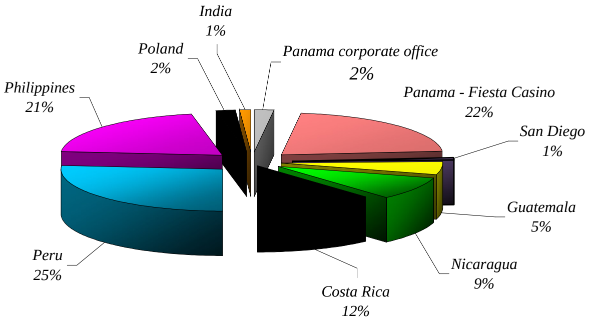
Employees

As of 31 December 2008, we had approximately 5,754 employees, including approximately 1,327 in Panama, 1,228 in the Philippines, 490 in Nicaragua, 277 in Guatemala, 1,621 in Peru, 105 in Poland and 679 in Costa Rica, 21 in India and 6 elsewhere. None of our employees are represented by a labor union, and we believe our relations with our employees to be good. We had 4,621 employees as of 31 December 2007. We do not, and historically have not, employed a significant number of temporary employees.

Labor laws in Latin America are generally more protective of employees than employers. Most countries in Latin America have laws protecting employees from having their employment terminated without proper cause or without paying such employees severance compensation in established statutory amounts and, in some Latin American countries, the law establishes a minimum number of vacation days.

In 2008, we focused on initiatives that supported the reality that our success as a corporation is based on an overall contribution from our employees. We have improved our training programs. A better analysis, understanding and approach to employee training and wellness have become primary goals for the Human Resources Group. Training initiatives are created according to technical, behavioral and managerial skills based in a particular area. 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. In many locations, we offer wellness programs and recreational activities such as sports leagues, family day, discounts at gym facilities or for fitness programs. In some locations, we have implemented an award for the Employee of the Month. We also provide a set of uniforms to our operation employees, so they can exemplify our brand.

Global Headcount per Country/Subsidiary
As of December 2008



Insurance

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

Legal proceedings

The Group has ongoing legal proceedings that are disclosed in its financial statements. Pursuant to the Group's litigation provision policies it has provided for its NAFTA Dispute and the Brannon vs. International Thunderbird Gaming Corporation and Entertainmens De Mexico, S.A lawsuit as described in note 18 to the Group's Financial Statements. In addition, the Group has disclosed as contingent liabilities the Canada Tax Dispute, Philippines Tax Dispute, a Canadian tax assessment on the Group's wholly owned non-operating subsidiary Thunderbird Gaming, Inc., Pardini & Asociados, Chile litigation, and the Poland Dispute under note 25 of our Group consolidated financial statements. In addition to the litigation described above, we are subject to legal proceedings arising in the ordinary course of business or related to our discontinued business operations. In our management's opinion, the disposition of these matters will not materially adversely affect our financial condition, results of operations or cash flows. Other than as described above, there are not and have not been any governmental, legal or arbitration proceedings, nor are we aware of such proceedings threatening or pending, which may have or have had in the 12 months before the date of this Annual Report, significant effects on our financial position or profitability.

Incorporation and trading market

Prior to 2005, we were a company formed under the laws of British Columbia, Canada. In 2005, we converted our corporate form to that of a company formed under the laws of the Yukon, Canada. Effective October 2006, we filed "discontinuation documents" with the Yukon Registrar and continued the charter of Thunderbird Resorts Inc. to the British Virgin Islands. We do not carry on business nor have any material assets in Canada and we do not plan to commence business operations in Canada in the future.

Our existing common shares are traded on the Euronext Amsterdam under the symbol TBIRD, on the CNSX stock exchange under the symbol TBI.U, on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. The Regulated Unofficial Market of the Frankfurt Stock Exchange does not qualify as a regulated market as defined in the Markets in Financial Instruments Directive (MIFID).

Chapter 4 - BUSINESS PERFORMANCE IN 2008

Revenues and earnings of the Group

The following tables set forth selected financial data, which data is derived from our audited consolidated financial statements for the years ended 31 December 2008 and 2007 and was prepared in accordance with IFRS.

(In thousands)	Twelve months of		%
	2008	2007	change
Net gaming wins	**$ 144,415**	$ 88,193	64%
Food and beverage sales	**12,886**	6,120	111%
Hospitality and other sales	**14,542**	5,462	166%
Sales	**171,843**	99,775	72%
Promotional allowances	**4,356**	2,827	54%
Property, marketing and administration	**119,999**	67,986	77%
Property EBITDA	**47,488**	28,962	64%
Corporate expenses	**12,349**	6,199	99%
Adjusted EBITDA	**35,139**	22,763	54%
Adjusted EBITDA as a percentage of revenues	**20%**	23%	
Depreciation and amortization	**20,964**	10,244	105%
Interest and financing costs, net	**17,071**	9,994	71%
Non-controlling interest	**(711)**	2,282	-131%
Management fee attributable to minority interest	**3,017**	-	-
Project development	**7,518**	2,482	203%
Stock-based compensation	**2,712**	1,034	162%
Foreign exchange loss / (gain)	**10,192**	(5,255)	-294%
Other losses	**5,917**	3,696	60%
Derivative financial instrument	**(964)**	1,881	-151%
Income taxes	**2,217**	2,913	-24%
Net (loss) for the period attributable to the equity holder of the parent	**(32,794)**	$ (6,508)	404%
Loss per common share (in $):			
Basic	**$ (1.67)**	$ (0.66)	
Weighted average number of common shares (in thousands):			
Basic	**19,586**	**9,929**	
Diluted	**20,030**	**10,184**	

(1) Dilutive effects are not shown for a period when there is a loss for that period.

Basic shares outstanding is the weighted average number of shares outstanding for the year as of 31 December 2008. Total basic shares outstanding as of 31 December 2008 was 19,653,081. Total actual shares outstanding as of 31 December 2008 was 19,653,081. 31 December 2007 basic loss per share has been adjusted for the one-for-three reverse stock split that occurred in November 2007. Prior to the year ended 31 December 2006, we reported our consolidated financial results in accordance with accounting principles generally accepted in Canada, or Canadian GAAP.

CONSOLIDATED OPERATING AND FINANCIAL REVIEW

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

(In thousands)	Twelve months of **2008**	2007	% change
SALES BY COUNTRY			
Panama	**$ 60,740**	$ 28,121	116%
Guatemala	**4,478**	3,426	31%
Nicaragua	**14,232**	12,871	11%
Costa Rica	**19,464**	13,535	44%
Philippines	**44,098**	34,464	28%
Peru	**26,027**	7,056	269%
Poland	**2,296**	-	-
Other	**508**	302	68%
Total sales	**$ 171,843**	$ 99,775	72%
PROPERTY EBITDA BY COUNTRY			
Panama	**$ 18,608**	$ 8,767	112%
Guatemala	**(1,111)**	91	-1,323%
Nicaragua	**3,230**	3,202	1%
Costa Rica	**8,144**	5,554	47%
Philippines	**12,089**	9,246	31%
Peru	**6,443**	2,102	207%
Poland	**85**	-	-
Property EBITDA	**$ 47,488**	$ 28,962	64%
Property EBITDA as a percentage of revenues	**28%**	**29%**	
Other (corporate expenses)	**(12,349)**	(6,199)	99%
Adjusted EBITDA	**$ 35,139**	$ 22,763	54%
Adjusted EBITDA as a percentage of revenues	**20%**	**23%**	

Below is a table that reflects key balance sheet data:

Working capital	$ (12,963)	$ 47,128
Total assets	258,542	215,300
Borrowings and obligations under leases	172,280	104,261
Total liabilities	209,429	135,471
Share capital	49,113	79,829
Translation reserve	(3,015)	1,124
Deficit	(62,882)	(30,088)

Below is a reconciliation of EBITDA, Property EBITDA and Adjusted EBITDA.

(In thousands)	**2008**	**2007**
Net (loss) for the period attributable to the equity holder of the parent	$ (32,794)	$ (6,508)
Income tax expense	2,217	2,913
Net interest expense	17,071	9,994
Depreciation and amortization	20,964	10,244
EBITDA	7,458	16,643
Other losses and derivative financial instruments	4,953	5,577
Project development	7,518	2,482
Non-controlling interest (gain) / loss	(711)	2,282
Management fee attributable to minority interest	3,017	-
Stock based compensation	2,712	1,034
Foreign exchange loss / (gain)	10,192	(5,255)
Adjusted EBITDA	35,139	22,763
Corporate and other	12,349	6,199
Property EBITDA	47,488	28,962

During the twelve month period ended 31 December 2008, we generated revenues of $171.8 million as compared to $99.8 million for the same period in 2007, a 72 percent increase. The increase in sales of $72.1 million for 2008 was comprised of three variables, the consolidation of 100 percent of the Panama operation as compared to the proportional consolidation during the same period last year which accounts for 39.02 percent of the increase or $28.1 million, the consolidation of 100 percent of the Costa Rican flagship casino operation as compared to the proportional consolidation during the same period last year which accounts for 3.43 percent of the increase or $2.5 million, new operations that generated an increase of $12.4 million or 17.15 percent of the total, and existing operations increased $29.1 million or 40.40 percent of the total. As previously described, the Group purchased an additional 11.36 percent of the Panama operations in January 2008 and 2.27 percent in the third quarter of 2008 which gave the Group a controlling interest in the entity, hence changing the consolidation of the entity from proportional consolidation, where only 50 percent of the operation was consolidated in 2007 to consolidating 100 percent of the operation and recognizing minority interests. In addition, in the third quarter of 2008 the Group acquired controlling interest in the Costa Rica flagship Fiesta Casino entity. The increase from new operations was primarily due to the addition of the Peru casino operation which was $7.8 million of the $12.4 million increase with the new Poland operation accounting for $2.3 million, a new Nicaragua property contributing $1.6 million, a new Costa Rica property adding $0.3 million and, a new Guatemala property adding $0.4 million. The increase in revenue for existing operations of $29.1 million was primarily comprised of the Peru hotel operation being operational for a full year as opposed to five months in 2007 accounting for $11.2 million of the increase, the Philippines posting a $9.8 million increase, Panama posting a $4.5 million increase, Costa Rica posting an increase of $3.1 million, Guatemala adding $0.7 million, while Nicaragua existing properties decreased by $0.2 million.

Property EBITDA increased 64 percent to $47.5 million for 2008 as compared to $29.0 million for 2007. The increase of $18.5 million is focused in three areas:

- the Panama consolidation and Costa Rica flagship casino consolidation added $8.8 million and $1.0 million respectively;
- the new operations generated a loss of $0.2 million which was comprised of $0.4 million of gain from new casinos in Peru, $0.2 million of gain from new properties in Nicaragua and Poland, offset by losses of $0.7 million in new Guatemala operations and $0.1 million loss in Costa Rica; and
- the existing operations added $8.7 million, led by the Peru hotels in operation for a full year contributing $3.8 million, the Philippines with an increase of $2.8 million, while Costa Rica contributed $1.7 million to the increase, Panama contributed $1.1 million, Nicaragua contributed $0.1 million, and Guatemala contributed a $0.5 million loss.

During 2008, Property EBITDA decreased as a percentage of sales to 28 percent compared to 29 percent for the same period last year. This decrease was primarily due to the effect of opening new operations in Peru and the losses incurred by the Guatemala operation.

Adjusted EBITDA for 2008 increased to $35.0 million from $22.8 million for the same period in 2007. As a percentage of sales adjusted EBITDA decreased to 20 percent as compared to 23 percent for the same period in 2007. This decrease was due primarily to the increase in costs associated with the execution of the project pipeline and ramp-up of corporate staff in anticipation of new facilities coming on line and the requirements of listing and trading on the Euronext.

Net loss for 2008 attributable to the equity holders of the parent increased to a loss of $32.8 million from a net loss of $6.5 million for 2007. The net loss 2008 contains an unrealized foreign exchange loss of $10.2 million that was recorded in association with the large USD loans and intercompany payables outstanding in Peru and the Philippines. The depreciation and amortization expense for the period was $21.0 million. The net loss for the year was also impacted by project development and pre-opening costs of $7.5 million, NYSE Euronext listing costs $1.9 million, Guatemala loss resulting from a fire at the Gran Plaza property of $3.9 million, non-cash items such as stock based compensation of $2.7 million and gain on derivative financial instrument of $1.0 million. The net loss of $32.8 million would have been $9.5 million in net loss after adding the foreign exchange loss, the project development, the Guatemala loss and other mentioned non-cash items. The $9.5 million of remaining losses is due primarily to the new operations that were started during the year that included the Peru casino operations of $6.2 million, Philippines Poro Point golf course and hotel of $1.4 million, the Gran Plaza casino in Guatemala of $0.8 million, while the remaining $1.1 million was spread across other corporate operating costs. With the exception of the Gran Plaza in Guatemala, we expect these operations to improve in 2009 once their operations stabilize. We are currently evaluating the restructuring of the Guatemalan operations that may include the closing of the Gran Plaza location and the move of its video lottery positions to other locations in Guatemala.

Discussions of items excluded from property and adjusted EBITDA

Items excluded from Property and Adjusted EBITDA are discussed below on a consolidated basis.

Depreciation and amortization

For 2008, depreciation and amortization was $21.0 million as compared to $10.2 million for 2007, an increase of $10.8 million. Of the total increase $6.5 million is related to the Peru acquisition and $3.5 million is related to the full consolidation of the Panama operation. The remaining increase of $0.8 million is due to the additional depreciation of the new equipment expansions in the existing operations.

Stock based compensation

On 16 January 2008, the Group granted 500,000 stock grants that vest over a three year period beginning 20 November 2008. The price of the Group's stock on the day of the grant was $7.00 per share, and the amortized expense recognized for the stock grants, as well as the vesting of outstanding options was recognized at $2.7 million for 2008 compared to $1.0 million for 2007. These grants and options vest on various dates and the valuation of the options is calculated using the Black Scholes method.

Project development costs

Project development costs were $7.5 million for 2008 as compared to $2.5 million for 2007. The development costs were generated by the non-recurring, pre-opening costs associated with the flagship casino in Peru which were $3.8 million and were comprised of pre-opening costs related to employee training and marketing. The other costs were comprised of $0.6 million for the opening of the Philippines hotel and golf course at Poro Point, $1.2 million for Poland development, $0.5 million for the Cortright Wellness Center in Peru, $0.4 million for India, $0.5 million for Nicaragua, and $0.5 million for Costa Rica.

Interest and financing costs

Interest and financing costs, net increased to $17.1 million during 2008 from $10.0 million in 2007 due to higher debt levels associated with the Group's acquisition of its Peru hotel operation and the consolidation of the Panama operation during 2008 as compared to the 50 percent consolidation in the same period in the prior year.

Non-controlling interests

For 2008 the non-controlling interests in the Group's operational losses were $0.7 million compared with non-controlling interests in the Groups operational profits of $2.3 million during the same period of 2007. The non-controlling interests consisted of $0.8 million for the 36.67 percent minority interest in the net income of the Panama operation, ($1.5) million for the 48 percent minority interests in the losses of the Poro Point, Philippines operation, ($0.1) million for the 45.4 percent share in the losses recognized by the Nicaragua business, and $0.1 million share in the income by both the Costa Rica and Poland non-controlling interests combined.

Foreign exchange

As of 31 December 2008, the unrealized foreign exchange expense increased significantly to a $10.2 million expense from the $5.3 million of income (gain) reported during 2007, an increase of $15.5 million. For the 24 month period ended 31 December 2008, the cumulative net unrealized foreign exchange expense was $4.9 million. This increase for 2008 over 2007 is due to the strengthening of the USD against the local currencies in Peru, the Philippines and Costa Rica as of 31 December 2008 as the Group carries significant USD debt levels in Peru and the Philippines.

An unrealized foreign exchange gain or expense is a non-cash item and recognized when the carrying balances of the loans and other debts, which are recorded in the functional currency of the subsidiary, are adjusted according to the current exchange rate at the end of the period. The expense for 2008 is primarily due to the Philippines and Peru. In the Philippines the foreign exchange gain decreased from a gain of $2.6 million in 2007 to an expense of $3.8 million on an average USD debt balance of $41.2 million, due to the value of the Philippine Peso weakening against the USD from 41.40 as of 31 December 2007, to 47.49 as of 31 December 2008. In Peru, the foreign exchange gain of $2.7 million in 2007 was an expense of $4.4 million in 2008 on an average USD debt balance of $69.3 million, due to the value of the Peruvian Soles weakening against the USD from 3.00 as of 31 December 2007 to 3.14 as of 31 December 2008. The other $2 million increase in 2008 over 2007 was attributable to our USD debt in Costa Rica due to the Costa Rican Colones weakening against the USD from 500.97 at 31 December 2007 to 560.85 at 31 December 2008. The balance of the increase in expense is attributable to our operations in Nicaragua and Guatemala.

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

Other expenses (gains)

For 2008 other expenses totalled $7.7 million, which included a gain of $1.0 million for the change in value associated with the derivative instrument as disclosed in notes 5 and 20 to the consolidated financial statements, $1.9 million in costs related to the NYSE Euronext application incurred through 2008, $3.9 million related to the write off and impairment of assets in Guatemala, $2.1 million in stock compensation costs, $0.3 million for the impairment of goodwill in Poland, and a gain of $0.2 million for the write off of debt in the Philippines.

Income taxes

For 2008, income tax expense decreased to $2.2 million from the $2.9 million recorded for prior year, primarily due to the net loss before income taxes incurred in the Peru operations which resulted in an increase in the deferred tax asset of $0.4 million which is recorded as a gain. In addition, the Costa Rican operation recorded lower income tax expense of $0.3 million for 2008 as compared to 2007. The Philippines is primarily exempt from income taxes.

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

Results by country for the twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007 follows:

Panama

We entered this market in 1998 and now operate six casinos. In January 2008, we acquired controlling interest in the operations and now own 64 percent, thereby consolidating 100 percent of the revenues and costs. In our six locations, we now offer 1,675 slot machines and 500 table positions and are the market leader in full service casinos. We intend to increase our gaming revenue in Panama by expanding our existing facilities, increasing our gaming square footage and gaming positions.

Panama (1) - Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007
(table information in thousands except for number of gaming positions)

	2008	2007(1)	% change
Average table positions	530	528	0%
Average slot positions	1,691	1,503	13%
(In thousands)			
Table hold	$ 17,355	$ 8,420	106%
Slot win	39,254	18,002	118%
Net gaming wins	56,609	26,422	114%
Food and beverage and other sales	4,131	1,698	143%
Sales	**$ 60,740**	**$ 28,121**	**116%**
Promotional allowances	1,344	543	148%
Property, marketing and administration	40,788	18,811	117%
Property EBITDA	18,608	8,766	112%
as a percent of sales	31%	31%	

(1) During the first quarter of 2008, we acquired an additional 11.36 percent and during the third quarter of 2008 another 2.27 percent of the total outstanding shares in this operation resulting in Thunderbird ownership of 63.63 percent. This purchase has resulted in the Group effectively having controlling interest in the operation; therefore the Group now consolidates the operation at 100 percent

versus the proportional consolidation of 50 percent reported in periods prior to the first quarter of 2008. The 2007 results are reflected in the table on an as reported basis.

The full year 2008 results for the Group's Panama operations increased over the same period in the previous year on an as adjusted basis driven by the effects of the Group's expansion of existing properties carried out in 2008. On an as reported basis, full year revenues increased by 116 percent while property EBITDA increased by 112 percent. During 2008, the Group added 190 new slot positions.

Revenues

Revenues increased to $60.7 million during 2008 versus the $28.1 million reported for 2007, an increase of $32.6 million or 116 percent. The primary reason for the increase is the full consolidation of the Panama operation, which accounted for $28.1 million of the increase. The balance of the increase of $4.5 million was the result of an increase in visitation and associated increase in drop. The increase in number of slot positions to 1,675 at 31 December 2008 from 1,485 at 31 December 2007 accounted for the majority of this increase.

Expenses and promotional allowances

Property, marketing and administration expenses increased to $40.8 million from $18.8 million, a $ $22.0 million annual increase. $18.8 million of this increase is attributable to the consolidation of 100 percent of the entity, and the remaining $3.2 million is an increase in the actual costs for the period. As a percentage of sales the property, marketing and administrative expenses increased to 67 percent for 2008 compared to the 66 percent reported for the in 2007. Promotional allowances increased to $1.3 million for 2008 as compared to $0.5 million for 2007. $0.5 million of the increase was due to the 100 percent consolidation of the operation in 2008 while the increase of $0.3 million was caused by increased promotional activities in the casinos related to the opening of new expansions.

Property EBITDA

Property EBITDA increased to $18.6 million from the $8.8 million as reported for 2007, a 112 percent increase. On an as adjusted basis property EBITDA for 2008 increased by $1.1 million as compared to 2007. The primary cause was the increase in revenues, as property EBITDA as a percentage of sales remained the same at 31 percent period over period.

Panamá properties include: Fiesta Casino – Hotel El Panamá, Panamá City; Fiesta Casino – Hotel El Soloy, Panamá City; Fiesta Casino – Hotel Nacional, David; Fiesta Casino – Hotel Washington, Colon; Fiesta Casino – Hotel Guayacanes, Chitré; Fiesta Casino – Hotel & Resort Decamerón, Fallaron.

Costa Rica

We entered the Costa Rica market in 2003 and operate nine casinos, one slot route location and one hotel. We have over 1,100 slots and 250 gaming positions. In addition to our ongoing projects in this market, we believe that Costa Rica will provide additional opportunities for expansion of existing prospects and new prospects in the future.

Costa Rica (1) - Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	2007[1]	% change
Average table positions	253	235	8%
Average slot positions	1,439	1,250	15%
(In thousands)			
Table hold	$ 4,891	$ 4,054	21%
Slot win	13,116	8,571	53%
Net gaming wins	18,007	12,625	43%
Room revenue	136	-	-
Food and beverage and other sales	1,321	910	45%
Sales	**$ 19,464**	**$ 13,535**	**44%**
Promotional allowances	657	617	6%
Property, marketing and administration	10,663	7,364	45%
Property EBITDA	8,144	5,554	47%
as a percent of sales	42%	41%	

[1]During the third quarter of 2008, the Group acquired a controlling interest in the entity that holds the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation, as a result began consolidating that operation at 100 percent beginning 1 September 2008. The balance of the Costa Rican operation is a joint venture of the Group and its results of operations are proportionally consolidated into the consolidated financial statements, therefore the tables above and below represent the Group's 50 percent share in all the operations other than the Holiday Inn Express property which is reported at 100 percent as indicated above.

Full year 2008 results, when compared to 2007, improved primarily due to increased gaming positions country-wide and the favorable results of the flagship Fiesta Casino Holiday Inn Express (formerly Garden Court Hotel), and the Hotel Presidente Fiesta Casino.

Revenues

Revenues increased to $19.5 million during 2008 from $13.5 million reported for the same period last year, a 44 percent or $5.9 million for the period. This is due primarily to an increase caused by the 100 percent consolidation of the Fiesta Casino Holiday Inn Express (formerly the Garden Court casino) which resulted in $2.5 million of the increase. In addition, existing operations generated new revenues of $3.1 million led by the Herradura casino which was operated for the full year 2008 as compared to a partial year of 2007 resulting in $1.0 million of the increase, the Lucky's Casinos which increased $1.1 million, Fiesta Casino Holiday Inn Express property which increased $0.6 million on an as adjusted basis, $0.3 million for the Heredia casino and $0.4 million for the Hotel Presidente casino.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $10.7 million during 2008 from $7.4 million reported for the same period last year, a 45 percent or $3.3 million increase. The increase is due to an increase caused by the 100 percent consolidation of the Holiday Inn Express property and general increases associated with the increase in the size of the operations, new locations and the increase in staffing to support the ongoing development within the country. Promotional allowances were $0.7 million for 2008 as compared to $0.6 million for 2007. The increase was due to the 100 percent consolidation of the Fiesta Casino Holiday Inn Express operation for four months in 2008.

Property EBITDA

Property EBITDA increased as a percentage of sales to 42 percent in the 2008 compared to 41 percent for 2007. This can primarily be attributed to the increase in table and slot revenues driven by the revenue increases overall in the country. Property EBITDA increased to $8.1 million for 2008 from the $5.6 million reported for 2007, an increase of $2.6 million or 47 percent. $1.0 million of the increase was generated by the 100 percent consolidation of the Holiday Inn Express property while $1.6 million of the increase was created increased performance in the Hotel Presidente property of $0.5 million, the Lucky's Casinos for $0.5 million and the balance of the properties accounting for the additional $0.6 million.

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

Philippines

We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos with over 500 slots and 380 table positions, as well as two hotels and a nine-hole golf course in the Philippines. We are expanding our facilities with multi-stage expansion projects ongoing for each property.

Philippines - Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	2007	% change
Average table positions	381	377	1%
Average slot positions	537	430	25%
Average rooms	55	43	28%
(In thousands)			
Table hold	$ 18,793	$ 15,651	20%
Slot win	23,548	17,726	33%
Net gaming wins	42,341	33,377	27%
Room revenue	857	323	165%
Food and beverage and other sales	900	764	18%
Sales	**$ 44,098**	**$ 34,464**	**28%**
Promotional allowances	525	776	-32%
Property, marketing and administration	31,484	24,442	29%
Property EBITDA	12,089	9,246	31%
as a percent of sales	27%	27%	

Full year 2008 revenues increased 28 percent when compared to 2007 as a result of new gaming positions added in both Philippines properties and increased visitation. Property EBITDA margins were 27 percent for both 2008 and 2007 which is attributable to the increased revenues and margins related to gaming being offset by losses incurred by the new hotel and golf course at the Poro Point property.

Revenues

Revenues increased to $44.1 million during 2008 from the $34.5 million reported for the same period last year, a 28 percent or $9.6 million increase period over period. This increase is primarily due to both the increased drop and increased number of slot machines in the Rizal and the Poro Point locations, as play in both properties has increased due to increased traffic from nearby communities. Slot win increased $5.8 million in 2008 over 2007 driven by the addition of 121 new slot machines from 2007 to 2008. Table revenue increased to $18.8 million during 2008 over the $15.7 million reported, a $3.1 million increase 2008 to 2007. The increase was attributable to the increase in the table win per position and the increase in drop experienced at both casinos. The remaining increase of $0.1 million was attributable to increases in food and beverage sales due to increased visitation.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $31.5 for 2008 from the $24.4 million reported for 2007, a 29 percent or $7.0 million increase period over period. The increases are due to the increased size of the operations and increase in administrative overhead to continue the development of the Poro Point and Rizal resorts. Promotional allowances decreased to $0.5 million for 2008 as compared to $0.8 million for 2007. The decrease was due to the successful marketing efforts in 2007 resulting in increased visitation which was sustained during 2008.

Property EBITDA

Property EBITDA increased to $12.1 milllion, a 33 percent or $2.9 million increase over the $9.2 million reported for 2007. As a percentage of sales, property EBITDA held steady at 27 percent for both 2008 and 2007.

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

Peru

We entered Peru in July 2007, when we acquired the Hoteles Las Americas properties located in Lima for $43.5 million. The six hotels under this brand, which include a resort/convention center, have 660 rooms and 14 restaurants, bars and entertainment venues. During the fourth quarter of 2008, the Group substantially completed a $10 million renovation program of the six hotels in Lima, Peru, while our flagship Fiesta Casino in Lima opened in September 2008 in the Thunderbird Hotel Las Americas Suites with approximately 414 slot machines and 188 table positions. This flagship Fiesta Casino required a capital investment of approximately $21.2 million, which included budgeted pre-opening costs and working capital of $4.5 million.

Peru Hotel- Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	2007	% change
Average rooms	660	660	0%
(In thousands)			
Room revenue	$ 12,086	$ 4,185	189%
Food and beverage and banquet sales	5,370	2,250	139%
Other Revenues	803	621	29%
Sales	**$ 18,259**	**$ 7,056**	**159%**
Promotional allowances	-	-	-
Property, marketing and administration	12,386	4,954	150%
Property EBITDA	5,873	2,102	179%
as a percent of sales	32%	30%	

The Group acquired six hotels in Peru with a total of 660 rooms on 27 July 2007; therefore, the operation has only seven months of comparable data from 2007. However, 2008 results, when compared to the same months of operations in 2007 during our ownership, did improve due to higher room rates and occupancies.

Revenues

The revenues for the full year 2008 were $18.3 million as compared to $7.1 million reported in 2007 from 27 July 2007 through 31 December 2007.

Expenses and promotional allowances

Property, marketing and administration expenses were $12.4 million for the full year 2008 and $5.0 million for the partial year 2007. These expenses as a percentage of sales were 68 percent in 2008 and 70 percent in 2007. Promotional allowances are not separately reported for the hotel operation.

Property EBITDA

Property EBITDA was $5.9 million for 2008. As a percentage of revenues property EBITDA was 32 percent for 2008 compared to 30 percent for 2007.

Peru casinos

During the third quarter of 2008, the Group acquired five slot parlor locations (one of which was consolidated after the acquisition) that produced strong results which were offset slightly by the ramp up associated with the Fiesta Benavides flagship property that opened in late September 2008.

Peru Casino- Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	2007	% change
Average table positions	275	-	-
Average slot positions	807	-	-
(In thousands)			
Table hold	$ 1,188	$ -	-
Slot hold	6,418	-	-
Net gaming wins	7,606	-	-
Food and beverage and other sales	162	-	-
Sales	**$ 7,768**	**$ -**	-
Promotional allowances	644	-	-
Property, marketing and administration	6,554	-	-
Property EBITDA	570	-	-
as a percent of sales	7%	-	-

Revenues

On 9 July 2008, we purchased 100 percent of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.5 million, subject to working capital adjustments. During approximately six months of operations, the slot parlors produced $4.1 million of revenue. The five properties owned by these two companies have been consolidated into four locations and offer approximately 492 slot positions as of 31 March 2009.

Our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites was completed and we opened on 19 September 2008 with 414 of slot machines and 188 table positions. This flagship Fiesta Casino generated $3.7 million of revenue during approximately three months of operation in 2008 and is currently performing to management's expectations.

Expenses and promotional allowances

Property, marketing and administration expenses were $6.6 million for 2008 while there is no comparable data for 2007. These expenses include $4.0 million of operating costs associated with the flagship casino from the date it opened in September 2008 to the end of the year. The remaining $2.6 million of the expenses related to the slot parlors acquired in July 2008. Promotional allowances were $0.6 million for 2008 of which $0.5 million related to the slot parlor operations and $0.1 million related to the new flagship casino.

Property EBITDA

Property EBITDA was $0.6 million for 2008, which consists of a loss of ($0.4) million for the flagship Fiesta Casino Benavides property as it ramps up offset by positive results of $1.0 million generated by the slot parlor locations.

Peru properties include: Hotel Las Americas Miraflores – Lima; Hotel Las Americas Suites & Casino Miraflores – Lima; Hotel Las Americas Pardo – Lima; Hotel Las Americas Bellavista – Lima; Hotel Las Americas Carrera – Lima; El Pueblo Resort & Convention Center – Lima; Fiesta Casino Benavides in the Hotel Las Americas Suites Miraflores – Lima; Luxor Casino – Lima; Mystic Slot – Cuzco; El Dorado Slot – Iquitos; Luxor Casino – Tacna.

Guatemala

We entered the Guatemalan market in 1997 and we now operate three video lottery parlors in Guatemala City with over 480 video lottery terminals. The full year 2008 results for the Group's Guatemala operation reflect higher revenues and lower Property EBITDA than in the 2007 full year results due to losses incurred in all of the properties. During 2008, the Group replaced the management team, implemented a new cost control program and is in the process of rebuilding its market presence. 2008 results reflect losses driven by the slow ramp up of revenues and profitability related to the new Gran Plaza property that opened in June 2008. The Group elected to close its Coatepeque property in November 2008 and to utilize the gaming machines from this property in other properties around the country. Management is closely evaluating market conditions in Guatemala to determine the viability of the Gran Plaza location as security issues pose challenges, directly effecting the visitation of clientele in this location.

Guatemala – Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

		2008		2007	% change
Average table positions		-		-	-
Average slot positions		451		330	37%
(In thousands)					
Video lottery terminals win	$	3,929	$	3,003	31%
Food and beverage and other sales		549		423	30%
Sales	**$**	**4,478**	**$**	**3,426**	**31%**
Promotional allowances		-		-	-
Property, marketing and administration		5,589		3,335	68%
Property EBITDA		(1,111)		91	-1319%
as a percent of sales		-25%		3%	

Revenues

Revenues increased to $4.5 million during the 2008 from the $3.4 million reported for 2007, an increase of $1.1 million or 31 percent. The increase is primarily due to the new Intercontinental operation which opened in May of 2007 and was operational for a full year during 2008 and the new Gran Plaza property which opened in July 2008. During the first quarter of 2007, the Camino Real location was closed and the Intercontinental was not operational; therefore, for approximately four months in 2007, the Guatemala operation did not have an anchor video lottery operation, whereas the Intercontinental was in operation for the full year of 2008.

Expenses

Property, marketing and administration expenses increased to $5.6 million from the $3.3 million reported for 2007, a 68 percent increase. The increase is primarily due to the Intercontinental operations being in place for the entirety of 2008 versus the lack of an anchor operation for approximately four months in 2007 and the opening of the new Gran Plaza property in July 2008 which incurred $1.1 million of expenses during the period.

Property EBITDA

Property EBITDA decreased to a loss of $1.1 million compared to the gain of $0.1 million reported for the full year of 2007. The decrease is due primarily to the loss of $0.8 million incurred by the Gran Plaza property as it ramps up.

Guatemala properties include: Video Lotería Fiesta – Hotel Intercontinental, Guatemala City; Video Loteria Mazatenango – Mazatenango; Gran Plaza Shopping Center, Guatemala City.

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos, all under the Pharaoh's brand, and currently offer approximately 600 slot machines and 180 table positions.

Nicaragua (1) – Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	2007	% change
Average table positions	180	174	4%
Average slot positions	583	446	31%
(In thousands)			
Table hold	$ 3,450	$ 4,233	-19%
Slot win	10,211	8,537	20%
Net gaming wins	13,661	12,770	7%
Food and beverage and other sales	571	101	465%
Sales	**$ 14,232**	**$ 12,871**	**11%**
Promotional allowances	1,186	891	33%
Property, marketing and administration	9,816	8,778	12%
Property EBITDA	3,230	3,202	1%
as a percent of sales	23%	25%	

(1) The Group indirectly owns 55 percent of the Nicaraguan operation. 100 percent of the operation is consolidated within the consolidated financial statements and non-controlling interest is calculated to reflect the portion of net assets attributable to the minority shareholders.

Revenues

Revenues increased to $14.2 million during 2008 from the $12.9 million reported for the same period last year, an increase of $1.3 million or 11 percent. The increase comprised of new revenues of $1.2 million related to the opening of the Bello Horizonte facility and increased revenues of $0.5 million from the new Masaya property and sports book revenues offset by decreases of $0.6 million in the Camino Real property. The table holds for the country decreased by 19 percent primarily due to increased competition in the Managua area.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $9.8 million for 2008, a 12 percent increase from the $8.8 million reported for 2007. The increase is primarily due to the opening of the new Bello Horizonte and slightly increased costs across all properties as the Group invested in marketing programs to support customer visitation in the face of new competition. Promotional allowances increased to $1.2 million for 2008 as compared to $0.9 million for 2007 driven by the opening of the new Bello Horizonte property.

Property EBITDA

Property EBITDA for the full year 2008 was $3.2 million compared to the $3.2 million reported in 2007. This flat result in spite of increased revenues was due to the general effect of increased competition and the ramping up of the new Bello Horizonte property. As a percentage of sales, property EBITDA was 23 percent for 2008 compared to 25 percent for 2007.

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

Poland

In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through two Cyprus subsidiaries. The acquisition included a small casino and a slot parlor in Lodz, Poland. The properties currently have 71 slot machines and 37 table positions. Lodz is located in the center of Poland and is the second most populated city in the country with approximately a 1.8 million population within the city and its 50 mile radius. Since the facilities were not owned until 2008, there is no comparison with 2007. Poland is currently not performing up to management expectations and as a result the goodwill has been impaired by $0.3 million associated with the acquisition of the Casino Centrum entity, while it develops new market strategies and is implementing cost cutting measures.

Poland - Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

	2008	**2007**	**% change**
Average table positions	41	-	-
Average slot positions	71	-	-
(In thousands)			
Table hold	$ 811	$ -	-
Slot win	1,452	-	-
Net gaming wins	2,263	-	-
Food and beverage and other sales	33	-	-
Sales	**$ 2,296**	**$ -**	-
Promotional allowances	-	-	-
Property, marketing and administration	2,211	-	-
Property EBITDA	85	-	-
as a percent of sales	4%	-	-

Revenues

Revenues in the two properties during the seven months of operation in 2008 were $2.3 million, $1.4 million for the small full service casino and $0.9 million for the slot parlor.

Expenses and promotional allowances

Property, marketing and administrative expenses were $2.2 million for 2008, $1.7 million for the small full service casino and $0.5 million for the slot parlor.

Property EBITDA

Property EBITDA was $0.1 million for 2008 resulting from a loss of $0.3 million in the full casino Casino Centrum property as it ramps up offset by positive results of $0.4 million generated by the slot parlor operation.

Corporate and Other – Twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007

(In thousands)	Twelve months of **2008**	2007	% change
Net gaming wins	**$ -**	$ -	-
Food and beverage sales	**-**	-	-
Hospitality and other sales	**508**	302	68%
Sales	**508**	302	68%
Promotional allowances	**-**	-	-
Property, marketing and administration	**12,857**	6,501	98%
Adjusted EBITDA	**$ (12,349)**	$ (6,199)	99%

Expenses

Net corporate expenses for the full year 2008 increased to $12.3 million as compared to $6.2 million for the full year 2007 due to the increased size of the corporate and development staffing and headquarters costs that have been necessary to expand the operation to its current levels and to also manage the existing operations. In addition, since the Group has listed on NYSE Euronext, it has been necessary to increase staff size and recruit experienced professionals from the United States and other parts of the world to move to the Panama headquarters, thereby increasing costs. In response to the world economic crisis, the Group implemented a cost savings program in the fourth quarter of 2008 whereby the development staff and the internal architectural and design groups were significantly reduced for an annual savings of approximately $1.0 million. In addition, other cost cutting measures were implemented regarding external consulting services, travel costs and certain general administration costs which the Group believes will result in savings of approximately $2.0 million per year.

Capital resources and liquidity

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

As we have historically pursued growth, we continually monitored the capital resources available to us to meet our future financial obligations and planned capital expenditures. Our future success in growing our operations will be highly dependent on capital resources available to us as well as our success in acquiring and expanding additional properties. We actively review acquisition opportunities on an ongoing basis. If we were to make significant additional acquisitions for cash, we would need to obtain additional debt or equity financing. In light of the worldwide trends of tightening credit and capital markets, we expect that any future debt financing instruments will impose covenants that would restrict our ability to obtain additional debt financing as we anticipate paying our obligations with cash flow generated from operations. Based upon our current expectations for 2009 and 2010, we anticipate that our available cash balances, our cash flow from operations and available borrowing capacity under our existing credit arrangements will be sufficient to fund our liquidity requirements for the next 12 months. However, as we have indicated in this Annual Report and in previous communications, we have experienced stoppages to certain material projects as a result of the lack of available of financing. In addition, we are facing significant debt service payments over the next 12 months and as a result, have renegotiated deferment of principal payments with certain private lenders and are seeking similar arrangements with other lenders. Although we believe that the fundamentals of our underlying gaming business are strong, the debt related to our hotel properties in Peru and the Philippines Poro Point property has resulted in a tightening of our free cash flows. We are seeking to refinance under better terms the debt related to the capital intensive hotel properties in Peru and the Philippines, however there can be no certainty as to the success of those efforts.

On 20 November 2007, the Group closed an $85.5 million private placement (the "Private Placement") of 9,500,000 shares of Thunderbird Resorts Inc. common stock at a purchase price per share of $9.00 following the one-for-three reverse stock split that occurred prior to the opening of trading on 20 November 2007. The Group received approximately $77.1 million after expenses incurred in connection with the Private Placement. With the funds raised in the Private Placement, the Group repaid certain existing debt and expanded operations in certain existing markets, both through new developments and expansions of existing facilities. In addition the Group plans to extend operations in other markets as opportunities and planning permit.

While the funds raised in the Private Placement partially satisfied the capital requirements to construct and open the projects described in the development discussions above, the Group continues to be required to seek additional sources of debt financing to complete these projects. This debt financing we are seeking will be a combination of in-country bank financing and private debt financing. While the Group believes it will be successful in securing the debt financing required to complete the identified projects, it cannot predict worldwide capital market conditions and the effect such events or conditions may have on the markets where it operates and the Group's ability to raise the funds necessary to complete the projects.

In response to the slowdown in the economy and the possible negative impact on revenues, the Group is currently seeking alternative debt financing. While we were successful in securing approximately $95 million in new debt in 2008, we are challenged in 2009 to secure the funding necessary to complete the expansions of our two Philippine casinos, as well as continue to fund the exciting new expansion into India. In addition, in light of our high short term principal debt payments and the desire to fund these ongoing projects, we will seek to renegotiate principal debt repayment terms with certain of our lenders to extend amortization periods which in turn will free up cash flow that will allow us to fund operations and continue these expansions. We do expect any such negotiations to be mutually beneficial to both us and our lenders. We have recently successfully negotiated a deferment of principal payments on certain of our private debt, which will free up approximately $3.0 million of cash over the next 12 months.

During 2008, the Group successfully raised approximately $95 million of debt. Of that amount $51.1 million was raised by the parent company of which $30.4 million was used for the purchase of gaming equipment, expansions or acquisitions by subsidiary companies, $6.7 million to retire debt, $12.8 million for the acquisition of the controlling interest in the Panama operation and $1.2 million to purchase an office building in Panama. In addition, we raised $10.2 million in Peru for the hotel improvements and the purchase of slot machines, $8.4 million in Philippines for the expansion of the properties, $16.9 million in Panama operations for various casino expansion projects, $5.8 million in Costa Rica for casino expansion, $1.7 million in Poland for casino improvements and $0.7 million in Guatemala. As of 30 April 2009, $7.5 million of new financing has been added as disclosed in note 29 to the consolidated financial statements. As of 30 April 2009, the Group has $11.7 million in open private debt offerings. If such financing is obtained, it will be used to fund the ongoing projects described in the project development section. For a list of material financing please refer to note 17 to the consolidated financial statements.

Comparative cash flows and going concern

Year ended 31 December 2008 compared to year ended 31 December 2007

Net cash used by operating activities for the year ended 31 December 2008 was $13.5 million, a decrease of $28.3 million when compared to the $14.8 million generated for the year ended 31 December 2007. The decrease was primarily due to the new operations opened and acquired during 2008 and the high financing costs associated with these operations. Specifically, our operating cash flows in our Peru casino operations were a negative $8.0 million primarily due to the ramp up of operations of the Fiesta Casino Benavides that opened in September of 2008 and the high financing costs associated with the hotels and slot parlor acquisition (Sun Nippon and Interstate Gaming). The operating cash flows of our new Poro Point hotel and golf course operations were a negative $6.4 million as the facility opened in April of 2008 and the ramp up of operations has been slower than expected. The operating cash flow of our new operation in Guatemala, the Gran Plaza Casino, which opened in July of 2008, was a negative $3.0 million due to poor performance from lack of patronage. We expect these operations to improve during the 2009 year with the exception of the Gran Plaza Casino, which we will restructure in some form in 2009. The remaining use of cash was attributable to a reduction in accounts payable and accrued liabilities of $10.1 million as compared to the increase of $8.8 million for the same period last year. Our working capital decreased by $60.1 million to a negative $13.0 million in the year ended 31 December 2008 over the year ended 31 December 2007 due primarily to the reduction in cash that was received at the end of 2007 primarily used for the expansion of the Group in its Peru casinos, acquisition of additional Panama interests, Costa Rica interests, operations in Poland and the India project. Total borrowings and obligations under leases at 31 December 2007 were $104.0 million and increased to $172.3 million at 31 December 2008. The increase was due to additional debt brought into the Group for its continued expansions.

Other information

Our assets at 31 December 2008 were $258.5 million as compared to $215.3 million at 31 December 2007. Our total liabilities at 31 December 2008 were $209.4 million as compared to $135.5 million at 31 December 2007. The increase in both assets and liabilities is attributable to the debt funding raised for the expansion of the Group's operations and the corresponding increase in capital assets acquired during the quarter for the existing locations, resulting in an increase in property, plant and equipment, net from $114.5 million at 31 December 2007 to $174.5 million at 31 December 2008. Cash and cash equivalents, including restricted cash, decreased to $21.8 million at 31 December 2008 from $76.9 million at 31 December 2007. This decrease is due to principal payments on debt of $33.8 million, $8.7 million used as cash collateral to secure loans, the acquisition of the additional 13.63 percent of our Panama operations for $13.0 million, the acquisition of the additional 4.5 percent of the Fiesta Casino Garden Court operations for $1.7, an equity investment of $9 million in our India hotel project, and total capital expenditures of $74.4 million.

As of 31 December 2008, we had outstanding share options exercisable for up to 834,143 common shares at prices ranging from $0.96 to $5.00 per share. If all share options are exercised, to which no assurance can be given, 834,143 common shares would be issued generating proceeds of approximately $2.7 million.

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 for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc. The Directors have also considered the current global economic downturn together with the unprecedented markets for global debt and equity financing at this time. The Directors have considered all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time. The Directors have considered the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 June 2010 have been subjected to various sensitivity analyses and show that the Group is forecast to have headroom within that period. Thunderbird's executive management have considerable experience of balancing short term operating cash flows with long term capital projects to deliver stakeholder value over the longer term. To improve liquidity further, the Directors anticipate having reasonable success in the next twelve months in their financing and re-financing efforts undertaken in the ordinary course of business. Historically the Group has sought to pay off its debt swiftly, over a four to five year term and on this basis the Group has paid principal debt service payments of approximately $35.1 million in 2008. The slowdown in the economy and the attendant revenue impact, has led the Directors to approve that management seek to negotiate modified terms and/or to re-finance certain existing debt agreements resulting in a reduction in principal payments over the short term. As a result, the Group has already recently negotiated a deferment of principal debt payments with certain private lenders and will seek similar arrangements with other private lenders if necessary. If conventional debt financing is not available on acceptable terms, management will consider issuing new shares for equity.

The Group was successful in raising approximately $95 million in new debt in 2008. It is the Directors' desire to continue funding the ongoing expansions at the two Philippine casinos, as well as to continue to fund the exciting new project in India out of existing projected cash flows. However should the Group require additional investment for construction costs management have a number of options available to them including taking action to reduce costs of day to day operations, reducing current debt service costs or even delaying capital expenditure. During the remainder of 2009, the Group intends to seek better terms for certain existing debt agreements and to extend loan periods which in turn will create free cash flow to further support these expansions to continue on schedule. The Group is not in default on its indebtedness and does not expect to be. It expects all debt negotiations with lenders to be mutually beneficial.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in Chapter 3 on pages 12 to 21. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in Chapter 4 on pages 22 to 42 and in Note 17 and 28 to the consolidated financial statements.

Indebtedness and contractual obligations

Our total long-term indebtedness and other known contractual obligations are summarized below as of 31 December 2008. The contractual obligations for short- and long-term debt reflect our historical debt level and do not reflect the debt repayments that will actually be due under our capital structure as of the date of this Annual Report.

Contractual obligations	**Less than Six months**	**Six to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
			(in thousands)		
Borrowings, including interest and current maturities	$ 26,071	$ 22,692	$ 125,079	$ 42,428	**$ 216,270**
Obligations under leases and hire purchase contracts	3,580	2,748	25,069	13,672	**45,069**
Operating Leases	3,917	3,917	37,756	46,855	**92,445**
Total contractual obligations	**$ 33,568**	**$ 29,357**	**$ 187,904**	**$ 102,955**	**$ 353,784**

Peru cash flow interest description

In connection with our acquisition of the Hoteles Las Americas properties in July 2007, we borrowed approximately $53.9 million from three groups of lenders, some of whom are local partners of ours in other countries. We repaid $5.0 million of those borrowings in November 2007 with proceeds of our Private Placement. In connection with those borrowings, we granted to one lending group (who loaned $18.6 million of the total amount) the right to 80 percent of

"Available Cash Flow" generated by the Hoteles Las Americas properties for each year until the principal and interest for such year was paid. After the outstanding principal and interest are repaid in full, the lender retains a residual interest relating to the Hoteles Las America properties pursuant to which that lending group retains, after all principal and interest is repaid in full with respect to the $18.6 million loan, (1) the right to 14 percent of the "Available Cash Flow" with respect to the operations of the Hoteles Las Americas properties, including any of our casinos installed on those properties and (2) the right to 14 percent of the proceeds of a sale of the Hoteles Las Americas properties after the payment of all costs and expenses associated with such sale. "Available Cash Flow" for this purpose means cash available from the revenues generated by the Hoteles Las Americas casinos and hotels, after deducting all costs associated with the ownership, leasing and operations of those facilities, including senior debt service costs as well as operation, repair and maintenance costs, management fees, taxes, capital expenditures, reasonable cash reserves and all other reasonable costs normal and customary to the ownership and operation of those facilities. The profits participation is revalued at each year end using the present value of projected cash flows attributable to the liability and discounting those cash flows at the effective interest rate calculated at the inception of the loan. If the present value of the cash flows is higher than the present value of the cash flows at the inception of the loan, the amount of the loan would be increased to reflect the higher value and the difference would be adjusted through the income statement.

Subsidiary debt arrangements and debt

Our joint ventures and operating subsidiaries typically finance their projects with indebtedness, either borrowed from us or from third party lenders. As of 31 December 2008, our joint ventures owed us an aggregate of $4.3 million.

See Note 23 of the consolidated financial statements for details of subsidiary debt.

Quantitative and qualitative disclosures about market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is exchange rate risk associated with the currencies of the jurisdictions in which we operate. Foreign currency translation gains and losses were material to our results of operations for the twelve months ended 31 December 2008 and may continue to be material in future periods. We do not currently hedge our exposure to foreign currency, however, since we operate in countries that are subject to local currency fluctuations against the dollar, we are exposed to market risks from changes in foreign currency exchange rates, and we may engage in hedging transactions in the future.

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

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

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

Off balance sheet arrangements and commitments

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

Inflation

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

Post balance sheet events

Except as described in Chapter 3 “Project development in 2008,” “Abandoned projects,” “Other events,” “Legal proceedings,” “Recent material contracts and financing,” Chapter 4 “Business performance in 2008,” and Chapter 5 “Regulatory environment,” there has been no significant change in the financial position of the Group or its affiliates since 31 December 2008, being last day of the financial period in respect of which the most recent interim financial information has been prepared (and included herein).

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.

Panama

The Panamanian Gaming Control Board ("Junta de Control de Juegos") regulates gaming. This entity reports to the Ministry of Finance and Economics. The gaming activities are regulated by Law Decree N°2, adopted in 1998. Upon receipt of an administrative contract with the Gaming Control Board, any private company can operate casinos or slot machine venues in Panama. Our Panamanian operations received such an administrative contract in 1998 for a payment of $3.6 million. The initial term of that contract extends through 2018, and is renewable at that time. The renewal fee has not yet been fixed by the Gaming Control Board.

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 Panama. In addition, we pay a gaming tax of 10 percent of "net win," which means gaming wins (that is, cash wagered and lost by patrons) less gaming losses (cash won by patrons).

Article 81 of Decree Law No. 2 of 10 February 1998 indicates that any person that controls 10 percent or more of the shares of a licensed company must obtain a good standing certificate from the Gaming Control Board. While this legal requirement has historically been interpreted to require good standing certificates from certain Officers of Thunderbird Resorts Inc., which controls 50 percent of the licensed company that owns and operates our Panamanian facilities, it is possible that in the future the Gaming Control Board could require certificates of good standing from a common shareholder of ours. In such a situation it is possible that the Gaming Control Board would require significant information about that shareholder and its assets and operations and, if the Gaming Control Board 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.

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. In addition, we pay a gaming tax of 3,000 Costa Rican colones ($5.35 based on an exchange rate at 31 December 2008 of 560.85) per slot machine per month, approximately 50,000 colones ($890.15 based on an exchange rate at 31 December 2008 of 560.85) per gaming table per month, and 10 percent of net win less table game revenue, table game direct costs and indirect and administrative costs.

Currently our casinos in Costa Rica are generally open 24 hours a day, 7 days a week. Effective 1 May 2009, in accordance with a recent executive decree, hours will be limited to twelve hours per day or from 6:00 p.m. to 6:00 a.m. The government is studying a revision to this decree to allow hours of operation greater than 12 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. It is expected that the legality or constitutionality of this decree will be challenged by various business associations and/or operators, but there are no assurances that casinos in Costa Rica would be permitted to remain open 24 hours per day during any such period of legal challenges to the decree. Curtailed hours may have a material impact on our operations in Costa Rica.

Philippines

Philippine Amusement and Gaming Corporation, (PAGCOR), regulates gaming facilities in the Philippines. We have licenses covering our Rizal and Poro Point properties through agreements with PAGCOR. The Rizal license is issued through an agreement between us, PAGCOR, and Eastbay Resorts Inc. (the "Rizal Operating Entity"), the Philippines entity that owns the Rizal hotel and casino. The license is a grant of authority to us and the Rizal Operating Entity to operate the casino. 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 is prohibited unless approved in writing by PAGCOR. Management'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. The PAGCOR Charter was extended for 25 years effective July 2008. Moreover, the Group has been advised by PAGCOR through letters dated 7 April 2009 that PAGCOR is "confident" that each of the licenses for the Group's casinos at Rizal and at Poro will be renewed subject to the Group's compliance with the investment commitment referenced below.

In consideration for the Rizal license, we are required to invest at least an additional 1.48 billion Philippine Pesos (2.520 billion Philippine Pesos less 1,036 million Philippine Pesos spent through 31 December 2008) ($31.2 million based on an exchange ratio of 44.485, calculated as of 31 December 2008) over a seven year period to establish the Rizal property as a "world class" tourist and convention destination. That investment, may be divided into two phases, the first of which must be completed by 2009 and the second of which must be completed by 2012, both subject to (i) the renewal or extension of PAGCOR's charter and its authority to grant licenses to operate a private casino within special economic zones, and (ii) its granting to us and the Rizal Operating Entity of an extension of the authority to operate the Rizal property. With each phase, we are required to deposit into escrow, on a staggered basis, amounts adding up to the entire required capital investment. We have also agreed, along with the Rizal Operating Entity, to fund the required capital investment from sources external to the Philippines and the completion of these investment commitments is subject to financing.

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 in writing, 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.

In consideration for the Poro Point license, we have agreed to invest at least an additional 4.34 billion pesos (5.2 billion less 858.9 million spent through 31 December 2008) ($91.4 million based on an exchange ratio of 47.485) in the Poro Point property, through an escrow account jointly controlled by PAGCOR and the Poro Operating Entity, in five phases. That investment must be funded entirely from sources external to the Philippines and the completion of these investment commitments is subject to financing. The five phases must each be completed within a certain time period, with the later phases being dependent on the renewal of PAGCOR's charter.

Under the license, the Poro Point Operating Entity must pay to PAGCOR 25 percent of the monthly aggregate gross casino revenue, or a monthly minimum guarantee or $75,000 for the first six months of operation, whichever is higher. The monthly minimum guarantee is to be increased to $125,000 for the next six month period, and then increased by 5 percent per year on the start of the second year of operation and every year thereafter. The Poro Point Operating Entity has posted a cash bond in favor of PAGCOR in the amount of 10 million pesos ($0.2 million based on an exchange ratio of 41.87) to ensure its prompt and punctual performance under the license agreement

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

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. Except as permitted 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

Peru

In Peru, casino games and slot machines are regulated by Laws 27153 and 27796. The National Office of Tourism ("Dirección Nacional de Turismo") is charged with approving gaming licenses, as well as controlling and imposing penalties. The National Office of Tourism reports to the Ministry of Foreign Trade and Tourism. The final authority in all administrative procedures relating to slot machines and casino games is the office of the Vice Minister of Tourism. In addition, the Dirección de Juegos de Casino y Maquinas Tragamonedas—DGJCMT (General Agency of Casino, Gaming and Slot Machines) administers compliance with gaming industry regulations. DGJCMT's main objectives are to (a) warrant that all games are operated legally in an honest, transparent and fair manner; (b) establish protective measures towards vulnerable groups in the population; and (c) warrant that the exploitation of gaming is not used for illegal purposes.

Gaming activities are subject to a special tax of 11.76 percent of the gross profits generated by the gaming halls, which is paid on a monthly basis to the Superintendency of the National Tax Administration ("SUNAT").

In addition, under Peruvian law, any licensed company must submit to Peruvian regulators the names of all persons that control 2 percent or more of the shares of that licensed company. While this legal requirement has historically been interpreted in a manner that would require disclosure of the identities of Officers of Thunderbird Resorts Inc., which controls 100 percent of the licensed company that owns and operates our Peruvian facilities, including the casinos that we are currently developing, it is possible that in the future the Peruvian regulators could require disclosure from a common shareholder of ours. In such a situation it is possible that the Peruvian 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.

Nicaragua

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

The Nicaraguan government applies specific gaming taxes as well as a corporate income tax, which apply to our operations as follows:

- municipal tax of 1 percent of gross revenue, payable monthly;
- gaming tax of $200 per table and 1 percent of net win on table games;
- gaming tax of $20 per slot machine and 1 percent of net win on slot machines; and
- income tax of 30 percent of taxable net income, payable annually, which is reduced by the amounts paid as monthly municipal and gaming taxes.

In addition, we must pay the annual "matricula" tax to the municipal government for our operating licenses, which is 2.1 percent of the average monthly revenue for the months of October, November and December.

Guatemala

Guatemalan law historically has prohibited full casinos and the operation of table games. The only legal form of gaming in Guatemala is video lottery, for which "Video Lottery" licenses are granted to operate mechanical and video devices. The Guatemalan government grants "Video Lottery" licenses to charitable organizations, which then typically sublicense those licenses to third parties. In November 2006, we entered into a sublicense and management agreement issued to Confederación Deportiva Autónoma de Guatemala ("Confede"), which funds youth sports activities throughout Guatemala, which agreement extends through 2026. The gaming requirements and methods of taxation under this license are very specific, governing, for example, the installation of new gaming equipment and the systems required to monitor and calculate taxation. Under this sublicense arrangement, we pay Confede 15 percent (within Guatemala City) and 10 percent (outside of Guatemala City) of our gross annual gaming revenues as a sublicense fee. Prior to November 2006, we held our video lottery sublicense through a different charity licenseholder, under which we were required to pay 35 percent of our gross gaming revenues.

Poland

The Gaming Act of 1992 regulates all aspects of casino operations in Poland, while the Ministry of Finance supervises the sector's operations. License terms are for 6 years and are renewable as long as licensees are in compliance. One casino is permitted for each municipal population of 250,000 people or a fraction thereof, with an additional license granted for each additional fraction of 250,000 people in the city. The equivalent figure for slot machine arcades is a population of 100,000. The gaming tax is equal to 45 percent of the net win for casinos and slot parlors and the corporate income tax is 19 percent.

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.

Our local partners and ownership structures

Panama

We own our interests in the Panama properties through International Thunderbird Gaming (Panama) Corporation (the "Panama Operating Entity"), a Panamanian entity in which we own approximately 64 percent and our local partners own approximately 36 percent. Our local partners in Panama are companies headed by sophisticated, highly educated and experienced Panamanian businessmen, who are involved in the retail, wholesale and banking businesses. The Panama Operating Entity is managed by its three-person Board of Directors, of which we have the right to elect two Board members. All shares that are intended to be sold in the Panama Operating Entity are subject to a right of first refusal in favor of the other non-selling shareholders. Unless agreed by all shareholders, future capital expenditures by the Panama Operating Entity will be funded through debt and no future equity will be issued by that entity. The Panama Operating Entity pays Thunderbird Resorts Inc. $0.2 million per month in management fees. Thunderbird Resorts Inc. is a party to an agreement with an unaffiliated third party relating to our shares in International Thunderbird Gaming (Panama) Corporation, our Panama company, pursuant to which, among other things, we must first offer our shares in that Panama company to that third party 30 days before offering to any other person and, before we may agree to sell those Panama shares to any other person, we must give that third party a 30-day right of first refusal with respect to those Panama shares. These obligations will extend until 30 November 2010.

Costa Rica

Thunderbird owns 50 percent of Grupo Thunderbird de Costa Rica S.A. (the "Costa Rica Operating Entity"), a Costa Rica entity that owns 100 percent all of our existing Costa Rica facilities other than Thunderbird Gran Entretenimiento, S.A which owns and operates the Fiesta Casino Garden Court ("TGE"). Our local partners own the other 50 percent of the Costa Rica Operating Entity. The local partners in Costa Rica are entrepreneurs who helped us develop the Costa Rican market opportunity into a functioning business, including location, selection, licensing, project cost analysis, staffing, market demographics, scheduling, budget management, and marketing programs. Currently, the Costa Rica Operating Entity is managed by a four-person Board of Directors, of which Thunderbird Resorts Inc. has the right to elect two Board members. Neither we nor our local partners are permitted to transfer our interests in the Costa Rica Operating Entity without receiving unanimous approval from the Board and the other shareholders. Unless agreed by all shareholders, future capital expenditures by the Costa Rica Operating Entity will be funded through debt and we do not expect any future equity will be issued by that entity.

- Thunderbird Resorts, Inc. owns a 54 percent interest in TGE and its Costa Rica local partner group and third party investors owns the remaining 46 percent. TGE is managed by a five member Board of which Thunderbird has the right to elect three members.

- Through Thunderbird Resorts, Inc.'s ownership of 50 percent of the Costa Rican Operating Entity, we own 50 percent of 71 percent of King Lion Network S.A. (the "Tres Rios Property Owner"), a Costa Rican entity that owns the real estate property on which our new Tres Rios project is being developed. In connection with the formation of this entity, certain of the local partners contributed land and $3.0 million cash in exchange for their interests. In February 2009, the Costa Rica Operating Entity purchased for $1.2 million approximately 21 percent of the shares in Tres Rios Property Owner, with the sellers of those shares providing their won financing by the way of promissory notes. The Tres Rios Property Owner is managed by its seven-person Board of Directors, of which the Costa Rica Operating Entity has the right to elect four Board members; however, a supermajority vote is required on all major decisions by the Board until the contributing local partners have received cash distributions of at least $3.0 million, part of which now is payable to the Tres Rios Operating Entity due to this purchase of shares in the Tres Rios Land Owner. Neither we nor our local partners are permitted to transfer interests in the Tres Rios Property Owner without receiving unanimous approval from the other shareholders. In addition, certain of our local partners have a right of first refusal on all transfers of equity in the Tres Rios Property Owner. Unless agreed by all shareholders, the Tres Rios Property Owner is not permitted to make additional capital calls, and may not accept additional capital increases.

- The Costa Rica Operating Entity intended to form a subsidiary company called Tres Rios Hotel Company S.A. (the "Tres Rios Hotel Company"), a Costa Rican entity that will own and operate a resort hotel on the Tres Rios property owned 50 percent by Thunderbird Resorts, Inc., 25 percent by the Tres Rios Property Owner. In connection with the formation of this entity, certain of the local partners contributed land and $3.0 million cash in exchange for their interests. The Tres Rios Hotel Company is managed by its seven-person Board of Directors, of which we have the right to elect four Board members; however, a supermajority vote is required on all major decisions by the Board until the contributing local partners have received cash distributions of at least $3.0 million. Neither we nor our local partners are permitted to transfer interests in the Tres Rios Hotel Company without receiving unanimous approval from the other shareholders. In addition, we have a right of first refusal on all transfers of equity in the Tres Rios Hotel Company. Unless agreed by all shareholders, the Tres Rios Hotel Company is not permitted to make additional capital calls, and may not accept additional capital increases.

- Thunderbird Resorts, Inc., through wholly-owned subsidiaries, has also entered into marketing and administration agreements and a licensing agreement with the Costa Rica Operating Entity. Under the marketing and administration agreements, Thunderbird Resorts, Inc. provides marketing and administration services for approximately $1.0 million per year. This agreement automatically renews on 30 September of each year unless we or the Costa Rica Operating Entity terminate the agreement. Under the licensing agreement, we permit the Costa Rica Operating Entity to use the Fiesta casino trademark and logo for approximately $0.7 million per year. This agreement automatically renews on 30 September of each year unless we or the Costa Rica Operating Entity terminate the agreement. In addition to our pro rata share of cash flow, the Costa Rica Operating Entity pays us $15,000 per month in management fees.

Philippines

When initially formed, we owned 60 percent of the Rizal Operating Entity. Third parties owned a non-voting equity interest that reduces our economic interest to 51 percent. In 2008, the Group announced that its existing local shareholder in its Thunderbird Resorts-Rizal property agreed to sell a 21 percent position to a new local shareholder. In conjunction with this transaction, Thunderbird Resorts, Inc. achieved a revised management agreement that allowed it to effectively report 81 percent of the property's Profits/losses. In addition, the Group entered into an agreement with another local Filipino group in which the Group agreed to issue the local group new shares that would effectively give the local group 20 percent of the company and dilute the existing shareholders by 20 percent. In addition, in March 2009, the Group approved another transaction in which its existing local shareholder in its Thunderbird Resorts-Rizal property agreed to sell a 5 percent position to a the same new local shareholder. "PAGCOR" is currently evaluating this new ownership structure and final approval is expected soon.

We own 40 percent of Eastbay Property & Development, Inc. (the "Rizal Property Owner"), a Philippines company that owns the real estate under the Rizal facilities. The Rizal Property Owner is currently governed by a seven-person Board of Directors, of which we have the right to elect four Directors. Neither we nor our local partners are permitted to transfer interests in the Rizal Property Owner without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Rizal Property Owner is not permitted to make additional capital calls, and may not accept additional capital increases. The governing documents of the Rizal Operating Entity and the Rizal Property Owner were renegotiated during 2008 and provide that the Rizal Property Owner receives a property lease payment in the amount $30,000 per month or the equivalent of 3.25 percent of the gross revenue (after any applicable PAGCOR tax), whichever is higher, derived from businesses within the properties of the Rizal Property Owner.

Our local partners in the Rizal Operating Entity and the Rizal Property Owner are local property owners with business experience, including local lawyers, accountants and retired Philippines military Officers and government officials.

When initially formed, we owned 61% of the Poro Point Operating Entity. Third parties owned a non-voting equity interest that reduces our economic interest to 52 percent. The Poro Point Operating Entity is governed by a seven-person Board of Directors, of which we have the right to elect four Directors. Neither we nor our local partners are permitted to transfer interests in the Poro Point Operating Entity without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Poro Point Operating Entity is not permitted to make additional capital calls, and may not accept additional capital increases. As consideration for our management of the Poro Point casino, the governing documents of the Poro Point Operating Entity provide that we receive a management fee of (1) 3 percent of that entity's net win and (2) 6 percent of that entity's EBITDA. Our local partners receive an aggregate management fee of 2 percent of net gaming revenues before gaming taxes. In March 2009, one of the Group's existing local shareholders in its Thunderbird Resorts-Poro property agreed to sell a 10.5 percent position to a new local shareholder. In conjunction with this transaction, Thunderbird achieved a revised management agreement that allowed it to effectively report 72.5 percent of the property's profit/losses. "PAGCOR" is currently evaluating this new ownership structure and final approval is expected soon. Our local partners in the Poro Point Operating Entity are property developers and business from the Poro Point area.

Nicaragua

We own our interests in Nicaragua through Buena Esperanza Limitada, S.A. (the "Nicaragua Operating Entity"), a Nicaraguan entity in which we own approximately 55 percent and our local partners own approximately 45 percent. The Nicaragua Operating Entity is managed by its five-person Board of Directors, of which we have the right to elect three Board members. Neither we nor our local partners are permitted to transfer our interests in the Nicaragua Operating Entity without receiving unanimous approval from the Board and the other shareholders. Unless agreed by all shareholders, future capital expenditures by the Nicaragua Operating Entity will be funded through debt and no future equity will be issued by that entity. The Nicaragua Operating Entity pays us $5,000 per month in management fees.

Our Panamanian local partners are also equity investors in the Nicaragua Operating Entity. In addition, the Nicaragua Operating Entity also is partially owned by two local Nicaraguan businessmen, with significant experience in Latin American business.

India

We entered into a series of agreements in March 2008, with a local Indian group to construct and own a luxury resort in Daman, India that will include at minimum a five-star hotel, an event center and restaurants and bars, all to be operated by a Thunderbird affiliate under a long-term management contract and will lease space to a third-party casino operator. Thunderbird owns 50 percent of Daman Hospitality Private Limited ("DHPL"), a company incorporated under the laws of India that owns the land and the operations mentioned above. The Thunderbird affiliate will operate the hotel and related facilities on a day to day basis under a management agreement. The Shareholders Agreement for DHPL provides a right of first refusal to the non-selling shareholders of DHPL should any of the DHPL shareholders desire to sell their stock.

Current Indian gaming law prevents Thunderbird Resorts Inc., as a non-Indian national, from owning or operating a casino in India. The casino operation will be owned by a group of Indian nationals which will lease space from DHPL under a comprehensive lease arrangement described below.

DHPL will build and lease, on a long term basis, facilities to an Indian owned and operated company that is eligible to operate the area's first gaming license under the 1976 Gambling Act of Goa, Daman & Diu. The lease is intended to compensate DHPL for the build-out of a shell structure and for the provision of normal and customary non-gaming services, such as general security, parking, entertainment, food and beverage, cleaning and maintenance of infrastructure, and other non-gaming related services or activities.

Our partners in India are local business persons. Under a convertible debenture structure offered by DHPL, a holder of each $1,000,000 of debentures may after 40 months convert the debenture into 1.334 percent of non-voting common shares of DHPL, with certain rights to "put" those shares back to DHPL at a price yielding a debenture holder a 22 percent aggregate return. A notice to exercise this "put right" must occur after month 40, but before the end of month 64, since all "puts" must be consummated before the end of month 70 with a six month notice required. These debentures automatically convert after month 70 into non-voting commons shares of DHPL.

Poland

We own an interest in Casino Centrum Sp.z.o.o. (the "Poland Operating Entity"), a Polish corporation, through two Cyprus subsidiaries. Through those two subsidiaries we, together with our local partner, collectively own 71.26 percent of all of the shares of the Poland Operating Entity and we, together with our local partner are attempting to acquire the remaining 28.74 percent of the Poland Operating Entity. A preliminary purchase agreement for such remaining 28.74

percent of the Poland Operating Entity shares was executed in August 2008. The preliminary purchase agreement is subject to approval by the Ministry of Finance for Poland. If approved, we will acquire further shares and own (through our Cyprus subsidiaries) 66.67 percent, and our local partner will own 33.33 percent of the shares of the Poland Operating Entity. Through other agreements we have voting control over 50.6 percent of the Poland Operating Entity until the acquisition of additional shares in the Poland Operating Entity becomes effective. We may have a dispute with our local partner over matters in the Shareholder's Agreement which may include our local partner challenging our ownership of about 12 percent of our ownership in Casino Centrum. The forum for any dispute resolution would be arbitration (in Warsaw, Poland) pursuant to the rules of the International Chamber of Commerce.

The Gaming Act of 1992 regulates all aspects of casino operations in Poland, while the Ministry of Finance supervises the sector's operations. License terms are for six years and are renewable as long as licensees are in compliance. A casino is permitted for each municipal population of 250,000 people or a fraction thereof. For example, a city with one to 249,000 people would be eligible for one casino, while a city with 250,001 people would already be eligible for two. The equivalent figure for slot machine parlors is a population of 100,000 or a fraction thereof.

Real estate

Panama. The Panama Operating Entity leases space for all of our casinos in Panama from the applicable hotel owner, all of which expire in 2018. The new lease for the Santiago facility is under review. We do not own any hotel properties in Panama, or any of the real estate under our Panamanian casinos. There are no encumbrances against our leasehold interests in Panama. The Panama Operating Entity owns certain administrative property in Panama, which is pledged to support certain indebtedness of the Panama Operating Entity.

Costa Rica. The Costa Rica Operating Entity leases space for all of our existing casinos in Costa Rica (other than at the Hotel Zeledon, which we own), from the applicable hotel owners, all of which are long term leases. There are no encumbrances against the Costa Rica Operating Entity's leasehold interests.

The real estate under the Tres Rios projects is owned by King Lion Network S.A. which will lease those properties to the Costa Rica Operating Entity or its subsidiaries. Under the terms of those leases, the Tres Rios Property Owner is required to complete the land planning and lot divisions, along with the engineering for basic infrastructure developments, and the Costa Rica Operating Entity will be required to make certain lease payments to the Tres Rios Property Owner, including, with respect to the Fiesta casino to be built on that property, a monthly amount equal to the greater of 6 percent of its monthly gross revenue or $25,000. The Tres Rios Hotel Company is expected to lease its hotel space from the Tres Rios Property Owner; however, the terms of that lease have not yet been finalized. The Tres Rios property is subject to a lien in favor of a Costa Rican bank in support of the loan facility incurred by the Tres Rios Property Owner in connection with the development of the property.

Philippines. The Rizal Property Owner owns the real property under the Rizal facilities and leases that property, for $30,000 per month or the equivalent of 3.25 percent of the gross revenue (after applicable PAGCOR tax, whichever is higher), to the Rizal Operating Entity for a term that expires in 2028. According to the terms of the lease, the Rizal Property Owner must cooperate with the lessee in taking all necessary actions to maintain a valid license or licenses and/or permits for the property for the duration of the lease, while the Rizal Operating Entity is required to pay all taxes corresponding to the license. There are no encumbrances against the real estate property or the leasehold interest.

The real estate associated with the existing and planned Poro Point facilities is leased from the Philippines Base Conversion Development Authority ("BCDA") by the Poro Point Operating Entity, which lease extends until 2030 and is renewable thereafter for successive 25 year terms. The aggregate monthly rent for the property is 1.4 million pesos ($32,946 based on an exchange rate of 41.87), for the first two years of the lease. Beginning with the third year after 2008, the rents are subject to an annual increase, starting with a 1 percent increase in year three, and rising to a 7 percent increase in year nine, but remaining the same as year nine for year ten and each year thereafter until the 25th year of the lease.

In addition to this guaranteed lease payment, the lease also requires payment of a percentage of gross gaming revenue, which is defined as the amount of revenue generated by the casino each month before deducting any taxes, expenses and all other similar charges. This percentage starts out at 1 percent for the first five years and increases 1 percent every five years, up to 5 percent in years 21-25. We were entitled to a grace period on six months of rentals for certain portions of the property and 24 months for certain other portions, beginning on the 2005 effective date of the lease agreement. Under the terms of the lease, we were also required to furnish BCDA with a 27.7 million peso ($0.7 million based on an exchange rate of 41.87) bond as part of our investment commitment, and to invest a total of 378.7 million pesos ($9.0 million based on an exchange rate of 41.87) in the first two phases of the development of the Poro Point facilities. BCDA is also entitled to 5 percent of all gross revenues of any third party subleases on the Poro Point property.

The Poro Point Operating Entity is the master lessee of the 25 year lease. The initial lease is in Thunderbird Resorts name as lessee. Thunderbird Resorts assigned the lease to the Poro Point Operating Company. The Poro Point Operating company subleased all of the land except the casino portion to a wholly owned company called Thunderbird Poro Ventures, which agreed to give our Poro partner 25 percent of its profits. Thunderbird Poro Ventures initially developed and owned the hotel, golf course, vacation ownership, beach area structures, etc., but after we could not obtain regulatory approval on the sublease, the hotel, golf course assets and related business were assigned to the Poro Point Operating Entity. Thunderbird Poro Ventures continues to be engaged in the sale of golf shares and beach club shares but nothing else. There are no encumbrances against this leasehold interest.

Peru. In July 2007, we acquired the Hoteles Las Americas chain of hotels in Lima, Peru. These properties are subject to a mortgage that secures a $20.0 million bank loan, which was incurred to finance part of the purchase price for these properties. In July 2008, we purchased 100 percent of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A; these two companies lease five properties with an aggregate 492 slot positions.

Nicaragua. The Nicaragua Operating Entity leases space for all of our existing facilities in Nicaragua from the applicable hotel owners, all of which are long term leases. Nicaragua Operating Entity owns the real estate for the Masaya project, which is subject to a lien supporting indebtedness incurred by the Nicaraguan Operating Entity in connection with the acquisition of that property. The Nicaragua Operating Entity also owns additional real estate in Managua, including an undeveloped parcel and certain warehouse and administrative properties, all of which are pledged to support certain indebtedness of the Nicaragua Operating Entity.

Guatemala. We lease space for all of our facilities in Guatemala from the applicable hotel or property owner, all of which are long term leases. There are no encumbrances against our leasehold interests in Guatemala.

India. The India Operating Entity owns the land and operations for our luxury resort in Daman, India that will include at minimum a five-star hotel, an event center and restaurants and bars.

Poland. The Polish Operating Entity will lease space for our two Casino Centrum gaming facilities.

CHAPTER 6 – REPORT OF THE BOARD OF DIRECTORS, CORPORATE GOVERNANCE AND REMUNERATION

Senior Management, Directors and Director Nominees

The following table sets forth certain information about the persons who serve 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, Panama City, Panama.

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

Name	Age	Position
Jack Mitchell	53	President, CEO and Director
Albert Atallah	53	Vice President, General Counsel and Director
Michael Fox	54	Chief Financial Officer
Tino Monaldo	50	Vice President—Corporate Development
Raul Sueiro	44	Vice President—Asian and European Operations
Angel Sueiro	37	Vice President—Design and Construction
Salomon Guggenheim	49	Director
Jean Duval	57	Director
Joaquin Daly	52	Director
Roberto de Ocampo	63	Director
Douglas Vicari	49	Director

Senior Management

Jack Mitchell. Mr. Mitchell has been our Chairman, President and Chief Executive Officer and a Director since 1997. Mr. Mitchell 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. Mr. Mitchell 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. Mr. Atallah has been our Vice President 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, and Skola. Mr. Atallah is admitted to the California and Michigan bars and the U.S. District Courts of California and Michigan; the U.S. Tax Court; and the U.S. Supreme Court. Mr. Atallah 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 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.

Michael Fox. Mr. Fox joined us in 2003 as the financial manager of our Costa Rican operations. Mr. Fox was responsible for executing the Group's standards and for managing the construction of the Group's flagship Costa Rican property in late 2004 and early 2005, and became our Chief Financial Officer in June 2005. From 2001 to 2003, Mr. Fox was a principal in the UnoVision Consulting Group, which provided consulting services for various projects in Costa Rica, and from July 2002 to October 2003, Mr. Fox was also a financial Director at Apuestas Continentales, S.A., an operator of slot routes and casinos. From 1999 to 2001, Mr. Fox was a principal in Central America Online, S.A., an Internet services provider. Mr. Fox has over 25 years of experience in business, including spending eleven years with Devcon International Corp, a NASDAQ-listed company, nine years of which he served as the Controller and CFO. Mr. Fox received a Bachelor of Science degree in Accounting from the College of Steubenville in Steubenville, Ohio, in 1976.

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

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

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

Board of Directors

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

Jean Duval. Mr. Duval joined us in 2002 as a Director. Since 2001, he has served as a partner in the Logistic Group at the STCH. Inc. Group of Co., a distribution, warehousing and integrated logistics firm located in Montreal, Canada. Mr. Duval received a college degree in transport and distribution from “Ministere de l’Education du Quebec” in 1974 and a CITT (Logistics) degree (Canadian Institute of Traffic Transport) in 1985 from the University of Quebec in Montreal.

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 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.

Joaquín L. Daly. Mr. Daly joined us as a Director in 2007 and is a Managing Director and Senior Partner in the Peru Office of Provicapital, which position he has held since 2006. Previously, he was with The Value Group as a Director Business Development from 2001 to 2005, and from 1994 to 1999 a Consultant as Central America Representative for Salomon Brothers. From 1999 to 2001, Mr. Daly served as Vice President and later as Director for Latin America Investment Banking at Citigroup. Mr. Daly also serves as a consultant to the Carter Center in Atlanta, for which he has acted as an election observer in a number of Central American countries, Panama and Mexico. From 1981 to 1991 Mr. Daly held different positions at the Organization of American States (Washington D.C.), having served from 1988 to 1991 as Political Advisor for the Secretary General. He worked in Tagus Investments (Miami) from 1991 to 1994 as an Advisor for Brazilian Investors. Mr. Daly attended Daeman College (Buffalo, NY) from 1976 to 1978, and studied hotel management at Lewis International School (Washington D.C.) in 1989.

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.

Douglas Vicari. Mr. Vicari joined us as a Director in 2007 and most recently served as Executive Vice President and Chief Financial Officer of Highland Hospitality Corporation, a NYSE-listed company, from September 2003 until July 2007. Previously, Mr. Vicari served as Senior Vice President and Chief Financial Officer of Prime Hospitality Corporation, a NYSE-listed company, from 1998 to 2003. Prior to his appointment to CFO, he served as Vice President and Treasurer of Prime Hospitality from 1991 to 1998. Mr. Vicari earned a B.S. in Accounting from the College of New Jersey and received his M.B.A. in Finance from Fairleigh Dickinson University.

Further Information on the Board of Directors and Senior Management

None of the members of our Board of Directors or our Senior Management has been convicted of any fraudulent offences, served as an Officer or Director of any company subject to an insolvency proceeding, receivership or liquidation, been the subject of sanctions by a regulatory authority or been disqualified by any court of competent jurisdiction 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.

Board of Directors - Governance

General

Our Board of Directors consists of seven Directors (elected each year at the annual shareholders meeting), of whom five (Messrs. Guggenheim, Duval, Daly, de Ocampo and Vicari) are independent. Independence determinations were made by our Board of Directors using the current guidelines of the New York Stock Exchange 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.

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 five Directors and is composed exclusively of Directors which are independent.

Audit Committee

Our Audit Committee consists of Messrs. Guggenheim, Duval, Daly, de Ocampo and Vicari. Mr. Vicari is the chairman of our Audit Committee and is an "Audit Committee financial expert," as that term is defined by the U. S. Securities and Exchange Commission. 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, Duval, Daly, de Ocampo and Vicari. Mr. Guggenheim is the chairman of this committee, which reviews and approves, or makes recommendations to the Board of Directors with respect to Senior Management's and Directors' (who are not employees) compensation, and our long-term incentive compensation program and equity incentive plans.

Nominating and Governance Committee

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

Vacancies on our Board of Directors

Our charter provides that any and all vacancies on our Board of Directors may be filled only by the affirmative vote of a majority of the remaining Directors in office, even if the remaining Directors do not constitute a quorum, and any Director elected to fill a vacancy shall serve for the remainder of the full term of the Directorship in which such vacancy occurred and until a successor is elected and qualified.

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

Senior Management compensation

The following table sets forth the compensation of each of our Senior Management for 2008. For a discussion of the compensation of certain of our Senior Management going forward, see "Employment agreements".

	Salary	Value of stock grants	Aggregate other compensation	Total compensation
Jack Mitchell (1)	**$ 600,000**	**$ 518,963**	**$ 115,287**	**$ 1,234,250**
Albert Atallah (2)	**225,000**	**79,285**	**53,005**	**357,290**
Michael Fox (3)	**325,000**	**432,472**	**24,000**	**781,472**
Raul Sueiro	**180,000**	**288,317**	**--**	**468,317**
Alberto Loaiza (4)	**69,509**	**14,421**	**--**	**83,930**
Angel Sueiro	**140,548**	**216,237**	**--**	**356,785**
Stefano Piroli (5)	**116,000**	**--**	**--**	**116,000**
Peter LeSar (6)	**180,000**	**--**	**18,000**	**198,000**
Tino Monaldo (7)	**325,000**	**439,679**	**52,000**	**816,679**

1) Aggregate other compensation includes life insurance ($17,467), a car allowance ($18,066) and a housing and personal security allowance ($79,754).

(2) Aggregate other compensation includes life insurance ($1,755), commissions ($46,250) and Director's fees ($5,000).

(3) Aggregate other compensation includes a car allowance ($6,000) and a housing allowance ($18,000).

(4) Effective as of 2 June 2008, Mr. Loaiza, while still employed was no longer an Officer of the Group.

(5) Effective as of 5 November 2008, Mr. Piroli is no longer an employee of the Group.

(6) Mr. LeSar is not an Officer of the Group.

(7) Aggregate salary and other compensation consist of professional fees paid to Mr. Monaldo's firm. Mr. Monaldo is responsible to pay for his health, life, disability and dental insurance and other professional fees and costs.

Board of Director compensation

Directors employed by us are not entitled to receive additional cash compensation for serving on the Board of Directors nor upon their termination as Directors. Each member of the Board of Directors who is not a member of Senior Management (Messrs. Guggenheim, Duval, Daly, de Ocampo and Vicari, who we refer to as "Non-Senior Management Directors") receives a retainer of $4,000 per month. We also reimburse all of our Directors for their travel, hotel and other expenses incurred in the performance with their duties as Directors, including expenses incurred in attending Board of Directors meetings, Committee meetings and shareholder meetings. Directors do not receive additional compensation for Committee service, except that the chairman of each Board of Directors Committee will receive additional compensation for such service. Our Non-Senior Management Directors were also granted 3,333 common shares in connection with the closing of our November 2007 private placement and some were awarded additional restricted common shares, subject to vesting schedules. See "—2007 Equity Incentive Plan—Restricted Stock and Restricted Stock Units."

We do not have any pension programs for our Board of Directors, Senior Management or other employees. However, as of 31 December 2008 a total of $4.6 million was reserved (in accordance with local law) by the certain of our operating subsidiaries for severance and retirement benefit obligations.

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 reserved 1.1 million common shares for the issuance of awards under the Equity Plan of which 0.5 million have been issued and 0.6 million are available for issuance.

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 granted to employees, Directors and, in some cases, consultants ("Participants"), provided that incentive stock options may be granted only to employees. 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").

Options

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

Restricted Stock and Restricted Stock Units

The Administrator may award actual common shares ("Restricted Stock") or hypothetical common share units having a value equal to the fair market value of an identical number of common shares ("Restricted Stock Units"), which award may, but need not, provide that such Restricted Stock or Restricted Stock Units may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of an obligation or for any other purpose for such period (the "Restricted Period") as the Administrator shall determine. Subject to the restrictions set forth in the Award, Participants who are granted Restricted Stock generally will have the rights and privileges of a stockholder as to such restricted stock, including the right to vote such restricted stock.

The following Restricted Stock awards were granted in 2007 and became effective in January 2008 when our shareholders adopted our 2007 Equity Incentive Plan.

Director/Employee	Total Number of Shares	Vested Shares	Unvested Shares
Jack Mitchell	120,000	40,000	80,000
Tino Monaldo	101,667	33,889	67,778
Michael Fox	100,000	33,334	66,666
Raul Sueiro	66,667	22,223	44,444
Angel Sueiro	50,000	16,667	33,333
Albert Atallah	18,333	6,111	12,222
Alberto Loaiza (1)	3,334	1,112	2,222
Salomon Guggenheim	3,333	1,111	2,222
Jean Duval	3,333	1,111	2,222
Joaquin Daly	3,333	1,111	2,222
Roberto De Ocampo	3,333	1,111	2,222
Douglas Vicari	3,333	1,111	2,222
Other non-executive employees	23,334	7,779	15,555
Total	500,000	166,670	333,330

(1) Effective as of 2 June 2008, Mr. Loaiza, was no longer a member of our Senior Management.

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

Performance compensation awards

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

Stock appreciation rights

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

Change in control

In the event of a change in control (as defined in the Equity Plan) of us, unless otherwise provided in an Award agreement, all options and stock appreciation rights will become immediately exercisable with respect to 100 percent of the shares subject to such option or stock appreciation rights, and the restrictions will expire immediately with respect to 100 percent of such shares of Restricted Stock or Restricted Stock Units subject to such Award (including a waiver of any applicable performance goals). Further, in the event of a change in control, the Administrator may in its discretion and upon advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or shares, or any combination thereof, the value of such Awards based upon the price per common share received or to be received by other of our shareholders in the event.

Amendment and termination

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

Previous equity incentive plans

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

Pursuant to stock options granted under our 2005 Stock Option Plan, we have reserved 0.7 million common shares for issuance upon exercise. All of such options were granted with an exercise price equal to or greater than the market value of a common share at the time of grant. Our Board of Directors resolved that no further securities will be granted under the 2005 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire). During 2008 and through March 31, 2009, 344,408 stock options were exercised and new issued stock delivered to the exerciser of those options.

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

Long-term incentive compensation program

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

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

Employment agreements

In November of 2007, we entered into employment agreements with certain of our Senior Management, effective 1 December 2007. The terms and conditions of these agreements are fully described in the Group's filing of its' listing prospectus with Euronext Amsterdam. Messrs. Mitchell, Atallah, Fox, Monaldo, R. Sueiro, and A. Sueiro have agreed to waive any contractual rights each had related to cost of living adjustments called for under the employment contracts from November 2008 to November 2009. Otherwise, all terms and conditions have remained unchanged other than noted below.

CHAPTER 7 – 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. In 1997, when Panama privatized its gaming industry, our management (together with other successful bidders) met with the Panamanian regulatory authorities to help design a comprehensive regulatory environment for the gaming industry. With our (and others') input, Panama created a regulatory regime based on the controls and procedures standards instituted by the Nevada gaming authorities, which resulted in Panama establishing what we believe was at the time the highest-caliber gaming regulatory regime in Latin America. We have operated our Panamanian properties in accordance with those regulations from the beginning of our Panamanian operations, and have instituted similar controls in our other properties as well, even where the local regulations were much less stringent. For example, we employ:

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

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

Risk management

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

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

Management's Responsibility Statement

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

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

- the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group's consolidated companies;
- the additional management information disclosed in the Annual Report gives a true and fair view of the Group as at 31 December 2008 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.

30 April 2009
Panama City, Panama

Jack Mitchell, President, CEO and Director
Albert Atallah, Vice President, General Counsel and Director
Michael Fox, Chief Financial Officer
Tino Monaldo, Vice President - Corporate Development
Salomon Guggenheim, Director
Jean Duval, Director
Joaquin Daly, Director
Roberto de Ocampo, Director
Douglas Vicari, Director

CHAPTER 8 – CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the consolidated financial statements of Thunderbird Resorts Inc. (the Group) for the year ended 31 December 2008 as set out on pages 65 to 142. These consolidated financial statements comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated cash flow statement and notes 1 to 32. These consolidated financial statements have been prepared under the accounting policies set out therein.

Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance International Financial Reporting Standards (IFRSs) are set out in the Management's' Responsibility Statement on page 61. Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and whether the consolidated financial statements have been properly prepared in accordance with IFRS and Article 4 of the IAS Regulation.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by BVI law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited consolidated financial statements. The other information comprises only the Introduction and Financial Highlights, From the CEO, Report of the Board of Management on the Course of Affairs of the Group in 2008, Business Performance in 2008, Regulatory Environment, Report of the Board of Directors, Corporate Governance and Remuneration, Management Compliance Statement, Investor Relations, Shares and Dividends, and Risk Factors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion
In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended; and
- the consolidated financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
30 APRIL 2009

THUNDERBIRD RESORTS INC.
CONSOLIDATED BALANCE SHEET
(Expressed in thousands of United States dollars)
AS AT 31 DECEMBER 2008

Assets	**2008**	**2007**
Non-current assets		
Property, plant and equipment (Note 11)	$ 174,497	$ 114,525
Intangible assets (Note 9)	26,615	2,637
Investments in associates (Note 10)	276	1,187
Deferred tax asset (Note 8)	2,782	293
Trade and other receivables (Note 13)	10,083	7,492
Total non-current assets	214,253	126,134
Current assets		
Trade and other receivables (Note 13)	18,052	9,419
Inventories (Note 14)	4,454	2,846
Restricted cash (Note 15)	6,710	5,245
Cash and cash equivalents (Note 15)	15,073	71,656
Total current assets	44,289	89,166
Total assets	$ 258,542	$ 215,300

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

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THUNDERBIRD RESORTS INC.
CONSOLIDATED BALANCE SHEET
(Expressed in thousands of United States dollars)
AS AT 31 DECEMBER 2008

Equity and liabilities	**2008**	**2007**
Equity		
Share capital (Note 20)	$ 99,265	$ 98,962
Reserves - share commitments	7,450	4,738
Retained earnings	(62,882)	(30,088)
Translation reserve	(3,015)	1,124
Equity attributable to equity holders of the parent	40,818	74,736
Minority interest	8,295	5,093
Total equity	49,113	79,829
Non-current liabilities		
Borrowings (Note 17)	112,592	66,354
Obligations under leases and hire purchase contracts (Note 24)	26,621	19,726
Derivative financial instruments (Note 20)	232	1,196
Other financial liabilities	34	82
Deferred tax liabilities (Note 8)	2,125	1,006
Provisions (Note 18)	4,203	3,500
Due to related parties (Note 23)	1,039	881
Other liabilities	5,332	688
Total non-current liabilities	152,178	93,433
Current liabilities		
Trade and other payables (Note 16)	14,386	19,942
Due to related parties (Note 23)	4,374	860
Borrowings (Note 17)	29,443	15,426
Obligations under leases and hire purchase contracts (Note 24)	3,625	2,755
Other financial liabilities	118	51
Current tax liabilities	2,826	1,525
Provisions (Note 18)	2,479	1,479
Total current liabilities	57,251	42,038
Total liabilities	209,429	135,471
Total equity and liabilities	$ 258,542	$ 215,300

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

THUNDERBIRD RESORTS INC.
CONSOLIDATED INCOME STATEMENT
(Expressed in thousands of United States dollars)
YEAR ENDED 31 DECEMBER 2008

	2008			2007		
	Before exceptional items	**Exceptional items (note 5)**	**Total**	**Before exceptional items**	**Exceptional items (note 5)**	**Total**
Net gaming wins	$ 144,415		$ 144,415	$ 88,193		$ 88,193
Food, beverage and hospitality sales	27,428		27,428	11,582		11,582
Cost of goods sold	(57,624)		(57,624)	(36,885)		(36,885)
Gross profit	114,219	-	114,219	62,890	-	62,890
Other operating costs						
Operating, general and administrative	(82,097)		(82,097)	(40,127)		(40,127)
Project development	(7,518)		(7,518)	(2,482)		(2,482)
Depreciation and amortization (Note 9 and 11)	(20,964)		(20,964)	(10,244)		(10,244)
Other gains and losses	-	(7,665)	(7,665)	-	(6,421)	(6,421)
Operating (loss)/profit	3,640	(7,665)	(4,025)	10,037	(6,421)	3,616
Financing						
Foreign exchange losses	(10,192)		(10,192)	5,255		5,255
Financing costs (Note 7)	(18,215)		(18,215)	(10,458)		(10,458)
Financing income (Note 7)	1,144		1,144	464		464
	(27,263)		(27,263)	(4,739)		(4,739)
Share of losses of associates	-		-	(190)		(190)
(Loss)/profit before tax	(23,623)	(7,665)	(31,288)	5,108	(6,421)	(1,313)
Tax expense (Note 8)						
Current	(4,376)		(4,376)	(1,910)		(1,910)
Deferred	2,159		2,159	(1,003)		(1,003)
Taxation	(2,217)	-	(2,217)	(2,913)	-	(2,913)
(Loss)/profit for the year	$ (25,840)	$ (7,665)	$ (33,505)	$ 2,195	$ (6,421)	$ (4,226)
Attributable to:						
Equity holders of the parent			(32,794)			(6,508)
Minority interest			(711)			2,282
			$ (33,505)			$ (4,226)
Basic and diluted (loss)/earnings per share (Note 21)			(1.67)			(0.66)

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

THUNDERBIRD RESORTS INC.
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE
(Expressed in thousands of United States dollars)
YEAR ENDED 31 DECEMBER 2008

	2008	2007
Loss for the year attributable the equity holders of the parent	$ (32,794)	$ (6,508)
Currency translation	4,139	1,920
Total recognized loss for the year	$ (28,655)	$ (4,588)

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

THUNDERBIRD RESORTS INC.
CONSOLIDATED CASH FLOW STATEMENT
(Expressed in thousands of United States dollars)
YEAR ENDED 31 DECEMBER 2008

	2008	2007
Cash flows from operating activities		
Loss for the year	$ (33,505)	$ (4,226)
As adjustmented for:		
Depreciation and amortization	20,964	10,244
Impairment losses	1,935	-
Increase in provisions	1,703	1,056
Decrease in fair value of derivative financial instruments	(964)	1,881
Share of post tax profits in associates	-	190
Loss on disposal of other assets	2,054	226
Euronext listing costs	1,928	-
Stock-based compensation	2,712	1,034
Finance income	(1,144)	(464)
Finance costs	18,215	10,458
Tax expense	2,217	2,913
Foreign exchange	2,352	(1,044)
Changes in non-cash working capital items:		
Increase in trade, other receivables	(5,998)	(3,207)
Increase in inventories	(1,608)	(1,374)
(Decrease)/increase in accounts payable and accrued liabilities	(4,329)	9,970
Cash generated from operations	6,532	27,657
Taxes paid	(1,843)	(2,389)
Interest paid	(18,215)	(10,458)
Net cash (used in)\generated by operating activities	(13,526)	14,810
Cash flows from investing activities		
Loans receivable	-	79
Expenditures on property plant and equipment	(75,848)	(75,918)
Investments in subsidiaries	(22,654)	(4,612)
Advances to joint ventures	(2,806)	(1,240)
Investment in and advances to associates	-	(371)
Interest received	1,144	464
Net cash used in investing activities	(100,164)	(81,598)
Cash flows from financing activities		
Proceeds from issuance of common shares	303	77,378
Proceeds from issuance of debt	108,759	73,207
Funding of cash deposits to secure debt	(14,635)	-
Proceeds from minority interests	320	-
Repayment of loans and leases payable	(35,053)	(17,111)
Net cash provided by financing activities	59,694	133,474
Effect of foreign exchange on cash and cash equivalents	(1,122)	(317)
Change in cash and cash equivalents during the year	(55,118)	66,369
Cash and cash equivalents, beginning of year	76,901	10,532
Cash and cash equivalents, end of year	$ 21,783	$ 76,901

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

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). as issued by the 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 for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc. The Directors have also considered the current global economic downturn together with the unprecedented markets for global debt and equity financing at this time. The Directors have considered all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time. The Directors have considered the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 June 2010 have been subjected to various sensitivity analyses and show that the Group is forecast to have headroom within that period. Thunderbird's executive management have considerable experience of balancing short term operating cash flows with long term capital projects to deliver stakeholder value over the longer term.

To improve liquidity further, the Directors anticipate having reasonable success in the next twelve months in their financing and re-financing efforts undertaken in the ordinary course of business. Historically the Group has sought to pay off its debt swiftly, over a four to five year term and on this basis the Group has paid principal debt service payments of approximately $35.1 million in 2008. The slowdown in the economy and the attendant revenue impact, has led the Directors to approve that management seek to negotiate modified terms and/or to re-finance certain existing debt agreements resulting in a reduction in principal payments over the short term. As a result, the Group has already recently negotiated a deferment of principal debt payments with certain private lenders and will seek similar arrangements with other private lenders if necessary. If conventional debt financing is not available on acceptable terms, management will consider issuing new shares for equity.

The Group was successful in raising approximately $95 million in new debt in 2008. It is the Directors' desire to continue funding the ongoing expansions at the two Philippine casinos, as well as to continue to fund the exciting new project in India out of existing projected cash flows. However should the Group require additional investment for construction costs management have a number of options available to them including taking action to reduce costs of day to day operations, reducing current debt service costs or even delaying capital expenditure. During the remainder of 2009, the Group intends to seek better terms for certain existing debt agreements and to extend loan periods which in turn will create free cash flow to further support these expansions to continue on schedule. The Group is not in default on its indebtedness and does not expect to be. It expects all debt negotiations with lenders to be mutually beneficial.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Critical accounting estimates and judgments (cont'd)

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	Estimate/Judgment
Estimated economic lives and residual values	3.2 a	Depreciable lives of assets
Carrying value of assets and potential impairments	3.2 b	Goodwill and Intangibles
Recoverability of deferred tax assets	3.2 c	Potential use of asset
Retirement benefits	3.2 d	Actuarial analysis
Litigation provisions and contingent liabilities	3.2 e	Judgments on legal cases
Stock options	3.2 d	Valuation model

3.2 Summary of significant accounting policies

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

a. Property, plant and equipment

All property, plant and equipment are 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.

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

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	3 – 10 years
-leasehold improvements	over the lease term

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, borrowing cost 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.

Pre-opening costs associated with the set up of a new casino or other operations are expensed to the income statement as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

If an impairment loss is recognized, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount or zero. An impairment loss is recognized as an expense in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognized as income in the income statement.

Goodwill is allocated the 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 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 balance sheet 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.

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'.

3.2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Employee benefits (cont'd)

Philippines:

The Group is in the process of setting up a formal retirement plan, it did not have a plan established for the years ended 2007 or 2008. However, it accrues the estimated retirement costs in accordance with Republic Act No. 7641 or the New Retirement Law (RA 7641), a form of defined benefit plan. Retirement cost accruals include normal cost and past service cost, which is amortized over a period of ten years.

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 legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated for a long term benefit fund, as well as qualifying insurance policies. The Group's retirement cost accrual covers all regular full-time employees.

The liability recognized in the balance sheet for defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximation to the terms of the related pension liability.

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

Share-based compensation

The Group recognizes compensation expense for stock options granted in the consolidated income statement 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 over the vesting period. The Group records the corresponding credit entry as an other reserve within share capital. The value of the charge is adjusted to reflect expected and actual levels of awards vesting.

e. Litigation provisions

The Group provides in full against various litigation proceedings once judgments are rendered against it. The award amount is used as the directors' best estimate of the potential liability, even if the Group is appealing the judgment. The Group recognizes provisions in the instances no judgment is provided, when the Group:

(i) has a present obligation (legal or constructive) as a result of a past event;
(ii) believes it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(iii) can make a reliable estimate for the amount of the obligation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 U.S. dollars, which is the Parent Company's functional and presentational currency.

(b) Transactions and balances

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

Exchange differences arising on consolidation of the net investment in subsidiaries, joint ventures, and associates are taken directly to equity via the statement of recognized income and expense.

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet. The closing rates against the U.S. dollar applicable for the 31 December 2008 and 2007 balance sheet are as follows:

	2008	2007
Canadian Dollar	1.22	0.98
Chilean Peso	648.00	497.70
Costa Rican Colon	560.85	500.97
Guatemalan Quetzal	7.78	7.63
Nicaraguan Cordoba	19.85	18.90
Philippine Peso	47.49	41.40
Peruvian Sole	3.14	3.00
Polish Zloty	2.95	2.45
Colombian Peso	2,243.59	2,044.20
Indian Rupee	49.72	-----

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) income and expenses for each income statement 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. The average country rates against the U.S. dollar for the years ended 31 December 2008 and 2007, are as follows:

	2008	2007
Canadian Dollar	1.07	1.07
Chilean Peso	523.92	522.37
Costa Rican Colon	530.30	518.74
Guatemalan Quetzal	7.56	7.67
Nicaraguan Cordoba	19.37	18.45
Philippine Peso	44.45	46.22
Peruvian Sole	2.93	3.06
Polish Zloty	2.41	2.46
Colombian Peso	1,975.58	2,119.62
Indian Rupee	43.81	-----

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale. 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 2008 and its comparatives.

(a) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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 minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets for the subsidiary acquired, the difference is recognized directly in the income statement. The acquisition of a subsidiary is consolidated from the date of the acquisition.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Consolidation (cont'd)

Accounting policies as applied to the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority 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 balance sheet, from parent shareholders' equity.

(b) Joint ventures

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

Investments in joint ventures are accounted for by the proportional 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 income statement, and the assets controlled by the Group and its share of the assets and liabilities are recognized in the balance sheet.

(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 balance sheet 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 cost of a business combination over the fair value of the Group's share of the new 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Intangible Assets (cont'd)

Goodwill is allocated to the relevant cash-generating unit or group of cash-generating units for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets that is monitored by management.

(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.

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 two 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 on other long term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

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

j. Provisions

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

Also, 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, or where there is a past practice that has created a constructive obligation.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Provisions (cont'd)

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 provision under Costa Rican law and is not a pension scheme.

Panama

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 a provision under Panamanian law and is not a pension scheme.

Guatemala

The Republic of Guatemala's Labor Code requires employers to pay employees in case of unjustified dismissal, or to their survivors, in case of death, the equivalent of a month's salary for each year served. Compensation is accrued in favor of the Group's employees, according to the service term and the Republic of Guatemala Labor Code. The Group recognizes 8.33% of labor compensation paid to the employees as an estimate of the possible disbursements. As of 31 December 2008, the Group has recorded a provision amounting to $211,000, which represents management's best estimate of the liability. This is a provision under Guatemalan 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 2008, the Group has recorded a provision amounting to $464,000, which represents management's best estimate of the liability. This is a provision under Nicaraguan law and is not a pension scheme.

k. Financial instruments

Financial assets

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Financial Instruments (cont'd)

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

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

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

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 flows.

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

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorized at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognized immediately in the income statement. 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 remeasured at each reporting date at fair value, with changes in fair value being recognized in the income statement. 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 income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Net realizable value is determined as estimated selling price less all costs incurred in selling and distribution.

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 with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Restricted cash includes the casino's bankroll and hopper loads in Panama, Nicaragua, Costa Rica, Guatemala, Peru, Poland 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.

n. Borrowings and borrowing costs

Borrowings are recognized at "cost", which is materially the same as the fair value, net of borrowing costs incurred. Any difference between proceeds and redemption value is recognized in the income statement using the effective interest method.

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, or assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which 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 is included in equity attributable to the Group's equity holders.

p. Share based payments

Where shares are issued, any component that creates a financial liability of the Group is presented as a liability in the balance sheet, measured initially at fair market value net of transaction cost and thereafter amortized cost until extinguished. The corresponding dividends are charged as interest expense in the income statement.

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 reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q. Compound financial instruments

When equity instruments are issued, any component that creates a financial liability of the Group as defined in IAS 32, is presented as a liability in the balance sheet. These liabilities are carried in the balance sheet at fair value with gains and losses recognized in the income statement.

r. Revenue recognition

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

(a) Net gaming wins – Casino revenues represent the net wins (losses) from gaming activities, which is, for slot machines and video lottery machines, the difference between coins and currencies deposited into the machines and the payments to customers and, for other (table and sportsbook) games, the difference between gaming wins and losses. Net gaming wins are recognized when they occur.
(a) Sale of food, beverage, hospitality and other – Revenue is recognized at the point of sale or upon the actual rendering of service.
(b) Interest income – Revenue is recognized as the interest is accrued (taking into account the effective yield on the asset).

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

s. Segmental reporting

Management has identified geographical segments as its primary reporting segments and business segments as its secondary reporting segments. A geographical segment is engaged in providing products and services in a particular economic environment that is subject to risks and returns different from those of a segment operating in other economic environments. A business segment is defined as a group of assets and operations engaged in providing products and services that are subject to risks and returns different from those of the other business segments.

Segment assets and liabilities are the result of segmental operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment revenue is revenue from operating activities directly attributable to a segment and the relevant portion of enterprise revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the same enterprise.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments of the same enterprise.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t. Exceptional items

The Group presents as exceptional items on the face of the income statement those material items of income and expense, which because of their nature, size and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

u. Earnings per share

Basic earnings per share are calculated using the weighted-average number of shares outstanding during the year. 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.

v. Project development and pre-opening costs

Project development costs incurred in an effort to identify and develop new gaming locations are expensed as incurred. Pre-opening costs for new projects that are not recoverable from third parties are expensed as incurred.

3.3 Standards and interpretations not applied

New standards and interpretations currently in issue but **not** effective for accounting periods commencing on 1 January 2008 are:

IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective 1 July 2009)
Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
IFRS 8 Operating Segments (effective 1 January 2009)
IFRIC 13 Customer Loyalty Programmes (IASB effective date 1 July 2008)
IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Standards and interpretations not applied (cont'd)

IFRS 8 "Operating Segments" was issued in November of 2006, it requires the identification of operating segments based on internal reporting to the chief operating decision maker and extends the scope and disclosure requirements of IAS 14 "Segmental Reporting". It is effective for annual periods beginning on or after 1 January 2009.

A revised IAS 1 "Presentation of Financial Statements" was issued in September of 2007. It revised the presentation of non-owner changes in equity and introduces a statement of comprehensive income. It is effective for annual periods beginning on or after 1 January 2009.

The directors are of the opinion that, unless explicitly stated, the above amendments will not have an impact upon the Group's financial statements.

3.4 Standards and interpretations adopted early

IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)

On 29 March 2007, the IASB issued a revised IAS 23 Borrowing Costs. The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such assets.

The Group adopted the alternative treatment under IAS 23, which is equivalent to the treatment under IAS 23 revised. Consequently the Directors are of the opinion that the adoption of the above standard will not have an impact on the Group's financial statements.

4. SEGMENTAL INFORMATION

The primary segment reporting format is determined to be geographic segments as the Group's risks and rates of return are affected predominately by differences in the geographical areas where it operates. The operating businesses are organized and managed separately accordingly to the nature of each geographical area with each segment representing a geographic business unit that offers similar services in different markets. The accounting policies of the segments are the same as those described in Note 3 of the consolidated financial statements.

The Group's primary geographic segments are Panama, Guatemala, Costa Rica, Nicaragua, Poland, Philippines, and Peru.

The Group believes that the secondary segment format is by business segment, which consists of gaming and hotel services.

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

4. SEGMENTAL INFORMATION (cont'd)

Geographical segments:

	Panama 2008	Panama 2007	Guatemala 2008	Guatemala 2007	Costa Rica 2008	Costa Rica 2007	Nicaragua 2008	Nicaragua 2007
Segment revenue	60,740	28,121	4,478	3,426	19,464	13,535	14,232	12,871
Operating profit /(loss) before exceptional items	11,705	5,678	(1,630)	(207)	6,321	4,410	1,949	2,505
Exceptional operating profit /(costs)	-	305	(3,891)	-	-	-	-	-
Segment result	11,705	5,983	(5,521)	(207)	6,321	4,410	1,949	2,505
Foreign exchange costs	-	-	146	(10)	1,040	(395)	304	267
Finance costs	2,187	972	605	515	809	616	281	407
Finance income	(128)	(53)	(149)	(5)	(13)	(19)	-	-
Management fees - intercompany charges	6,381	2,413	761	-	4,397	2,222	1,138	1,018
(Loss)/profit before taxation	3,265	2,651	(6,884)	(707)	88	1,986	226	813
Taxation	1,043	720	192	150	312	538	326	380
(Loss)/profit for the year	2,222	1,931	(7,075)	(857)	(224)	1,448	(100)	433
Minority interests	806	-	-	-	112	140	(81)	197
(Loss)/profit after minority interests	1,416	1,931	(7,075)	(857)	(336)	1,308	(19)	236
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	11,826	-	-	-	1,665	124	1,246	1,387
Intangible assets with finite useful lives	1,642	909	-	-	-	-	-	-
Financial assets - investments	-	-	-	-	-	-	-	95
Segment assets:								
Property, plant and equipment	33,992	13,368	4,520	4,353	21,330	11,888	7,393	6,547
Other segment assets (including cash)	2,669	4,829	(2,209)	952	1,772	2,763	4	1,153
Total segment assets	50,129	19,106	2,311	5,305	24,767	14,775	8,643	9,182
Total segment liabilities	31,393	11,860	11,926	5,386	18,290	9,846	5,179	5,133
Net assets	18,736	7,246	(9,615)	(81)	6,477	4,929	3,464	4,049
Minority interest	2,461	-	-	-	2,864	1,875	1,252	1,263
Other segment items								
Capital expenditure	13,976	4,146	2,290	1,733	10,086	5,449	1,996	835
Depreciation and amortization	6,903	3,089	504	294	1,388	798	928	696
Impairment losses	-	-	1,599	-	-	-	-	-
Share based compensation	-	-	-	-	-	-	-	-

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

4. SEGMENTAL INFORMATION (cont'd)

Geographical segments (cont'd):

	Philippines 2008	Philippines 2007	Peru 2008	Peru 2007	Poland 2008	Poland 2007
Segment revenue	44,098	34,464	26,027	7,056	2,296	-
Operating profit /(loss) before exceptional items	7,388	6,128	(3,990)	(1,133)	(1,510)	-
Exceptional operating profit /(costs)	-	-			(336)	-
Segment result	7,388	6,128	(3,990)	(1,133)	(1,846)	-
Foreign exchange costs	3,870	(2,651)	4,408	(2,637)	(56)	
Finance costs	3,019	2,490	6,594	3,151	-	-
Finance income	(59)	(64)	(282)	(75)	(19)	-
Share of losses of associates	-	190	-	-	-	-
Management fees - intercompany charges	3,887	1,793	403	250	6	-
(Loss)/profit before taxation	(3,329)	4,370	(15,113)	(1,822)	(1,777)	-
Taxation	14	54	(1,371)	(293)	(48)	-
(Loss)/profit for the year	(3,343)	4,316	(13,742)	(1,529)	(1,729)	-
Minority interests	(1,326)	1,945	-	-	(222)	-
(Loss)/profit after minority interests	(2,017)	2,371	(13,742)	(1,529)	(1,507)	-
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	3,025	92	6,361	-	-	-
Intangible assets with finite useful lives	-	125	100	-	-	-
Financial assets - investments	-	-	-	-	-	-
Segment assets:						
Property, plant and equipment	34,025	26,297	63,760	51,267	1,222	-
Other segment assets (including cash)	20,115	10,287	33,325	15,988	3,883	-
Total segment assets	57,165	36,801	103,546	67,255	5,105	-
Total liabilites	44,185	33,554	75,219	52,717	1,324	-
Net assets	12,980	3,247	28,327	14,538	3,781	-
Minority interest	630	1,955	-	-	1,088	-
Other segment items						
Capital expenditure	18,127	10,844	27,459	52,425	1,678	-
Depreciation and amortization	4,359	2,863	6,449	2,347	97	-
Impairment losses	-	-		-	336	

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4. SEGMENTAL INFORMATION (cont'd)

Geographical segments (cont'd):

	Total Operations 2008	Total Operations 2007	Corporate Non-allocated 2008	Corporate Non-allocated 2007	Total 2008	Total 2007
Segment revenue	171,335	99,473	508	302	171,843	99,775
Operating profit /(loss) before exceptional items	20,233	17,381	(16,593)	(8,378)	3,640	9,003
Exceptional operating profit /(costs)	(4,227)	305	(3,438)	(5,692)	(7,665)	(5,387)
Segment result	16,006	17,686	(20,031)	(14,070)	(4,025)	3,616
Foreign exchange costs	9,712	(5,426)	480	171	10,192	(5,255)
Finance costs	13,495	8,151	4,720	2,307	18,215	10,458
Finance income	(649)	(216)	(495)	(248)	(1,144)	(464)
Share of losses of associates	-	190	-	-	-	190
Management fees - intercompany charges	16,973	7,696	(16,973)	(7,696)	-	-
(Loss)/profit before taxation	(23,525)	7,291	(7,763)	(8,604)	(31,288)	(1,313)
Taxation	468	1,549	1,749	1,364	2,217	2,913
(Loss)/profit for the year	(23,993)	5,742	(9,512)	(9,968)	(33,505)	(4,226)
Minority interests	(711)	2,282	-	-	(711)	2,282
(Loss)/profit after minority interests	(23,282)	3,460	(9,512)	(9,968)	(32,794)	(6,508)
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	24,123	1,603	750	-	24,873	1,603
Intangible assets with finite useful lives	1,742	1,034	-	-	1,742	1,034
Financial assets - investments	-	95	276	1,187	276	1,282
Segment assets:						
Property, plant and equipment	166,242	113,720	8,255	805	174,497	114,525
Other segment assets (including cash)	59,559	35,972	(2,405)	60,884	57,154	96,856
Total segment assets	251,666	152,424	6,876	62,876	258,542	215,300
Total liabilites	187,516	118,496	21,913	16,975	209,429	135,471
Net assets	64,150	33,928	(15,037)	45,901	49,113	79,829
	-	-			-	-
Minority interest	8,295	5,093	-	-	8,295	5,093
Other segment items						
Capital expenditure	75,612	75,432	236	486	75,848	75,918
Depreciation and amortization	20,627	10,087	337	157	20,964	10,244
Impairment losses	1,935	-	-		1,935	-
Share based compensation	-	-	2,712	1,034	2,712	1,034

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4. SEGMENTAL INFORMATION (cont'd)

Business segments:

	Gaming 2008	Gaming 2007	Hotel 2008	Hotel 2007	Corporate Non-allocated 2008	Corporate Non-allocated 2007	Total 2008	Total 2007
Segment revenue	151,580	92,094	19,755	7,379	508	302	171,843	99,775
Operating profit /(loss) before exceptional items	21,562	18,719	(1,329)	(1,338)	(16,593)	(8,378)	3,640	9,003
Exceptional operating profit /(costs)	(4,227)	305	-	-	(3,438)	(5,692)	(7,665)	(5,387)
Segment result	17,335	19,024	(1,329)	(1,338)	(20,031)	(14,070)	(4,025)	3,616
Foreign exchange costs	7,365	(2,584)	2,347	(2,842)	480	171	10,192	(5,255)
Finance costs	7,270	5,000	6,225	3,151	4,720	2,307	18,215	10,458
Finance income	(509)	(141)	(140)	(75)	(495)	(248)	(1,144)	(464)
Management fees - intercompany charges	16,547	7,446	426	250	(16,973)	(7,696)	-	-
(Loss)/profit before taxation	(13,338)	9,303	(10,187)	(1,822)	(7,763)	(8,604)	(31,288)	(1,123)
Taxation	465	1,842	3	(293)	1,749	1,364	2,217	2,913
(Loss)/profit for the year	(13,803)	7,271	(10,190)	(1,529)	(9,512)	(9,968)	(33,505)	(4,226)
Minority interests	(711)	2,282	-	-	-	-	(711)	2,282
(Loss)/profit after minority interests	(13,092)	4,989	(10,190)	(1,529)	(9,512)	(9,968)	(32,794)	(6,508)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	24,123	1,603		-	750	-	24,873	1,603
Intangible assets with finite useful lives	(4,629)	1,034	6,371	-	-	-	1,742	1,034
Financial assets - investments	-	95	-	-	276	1,187	276	1,282
Segment assets:								
Property, plant and equipment	116,028	62,453	50,214	51,267	8,255	805	174,497	114,525
Other segment assets (including cash)	47,891	19,984	11,668	15,988	(2,405)	60,884	57,154	96,856
Total segment assets	183,413	85,169	68,253	67,255	6,876	62,876	258,542	215,300
					-	-	-	-
Total liabilites	129,869	65,779	57,647	52,717	21,913	16,975	209,429	135,471
Net assets	53,544	19,390	10,606	14,538	(15,037)	45,901	49,113	79,829
					-	-	-	-
Minority interest	8,295	5,093	-	-	-	-	8,295	5,093
Other segment items								
Capital expenditure	64,024	23,007	11,588	52,425	236	486	75,848	75,918
Depreciation and amortization	15,622	7,740	5,005	2,347	337	157	20,964	10,244

There are no discontinued operations.

Other includes corporate costs that are not a part of the revenue generating subsidiaries.

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5. EXCEPTIONAL ITEMS

	2008	2007
Management bonuses	$ -	$ (3,280)
Share based compensation	(2,712)	(1,034)
Euronext listing costs	(1,928)	-
Guatemalan fire loss and Mexico litigation	(2,054)	(188)
Impairment of goodwill - Poland (Note 9)	(336)	-
Impairment of assets - Guatemala Gran Plaza (Note 9)	(1,599)	-
Fair value adjustment for financial derivative contracts	964	(1,881)
Gain from sale of Panama administration building	-	304
Settlements - employee and consulting agreements	-	(342)
Total	$ (7,665)	$ (6,421)

a. Management bonuses
The Group's Board of Directors declared a special one time incentive bonus to management to reward for past performance and to provide incentive to fulfill the growth strategy associated with the Group's 2007 capital infusion.

b. Share based compensation
The Group's Board of Directors declared a stock grant to management for past performance and to provide incentive to fulfill the growth strategy associated with the Group's 2007 capital infusion.

c. Euronext listing costs
A requirement of the private placement that was completed in November of 2007 was for the Board of Directors to list the Group on a recognized stock exchange. To comply with this requirement the Group was listed on the Euronext Amsterdam exchange on 27 October 2008.

d. Guatemalan fire loss and Mexico litigation
The Guatemalan fire loss includes write offs of property, plant and equipment, and other assets that were written-off due to a fire in the Group's Guatemalan facilities and non recoverable portion of insurance claims during the 2008 year. Also, the Group, during 2007, had litigation expenditures for the NAFTA case in Mexico (Note 18).

e. 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 as of 31 December 2008.

f. Proceeds from the sale of the Panama administration building
During September of 2007 the property that was used as the administrative offices of the Panama gaming operation was acquired by Zero Degrees, Inc. for $1,900,000. A gain of $304,000, included in other gains and losses on the Group's income statement, has been recognized on the sale of the asset.

g. Employee and consulting settlement agreements
During the year ended 31 December 2007 the Group negotiated a settlement with one of its former employees, who had moved into a consulting agreement during the year. The agreement provided for a settlement amount of $300,000 plus the forgiveness of $42,000 in certain amounts owed to the Group by the employee.

(Expressed in United States dollars)
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6. COMPENSATION OF KEY PERSONNEL

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

	2008	2007
Salaries and bonuses	$ 2,265	$ 5,455
Short-term benefits	140	41
Other long-term benefits	19	14
Share-based payments	1,989	331
	$ 4,413	$ 5,841

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 REVENUE

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

Finance costs	2008	2007
Bank loans	$ 2,046	$ 1,007
Other loans	11,935	7,473
Related party loans	295	235
Finance charges payable under finance leases and hire purchase contracts	2,640	878
Amortization of borrowing costs	1,299	865
Total finance costs (on a historical cost basis)	$ 18,215	$ 10,458

Finance revenue	2008	2007
Bank interest receivable	$ 1,144	$ 464
Total finance revenue (on a historical cost basis)	$ 1,144	$ 464

8. INCOME TAXES AND DEFERRED TAX LIABILITY

Tax charged in the income statement

	2008	2007
Current income tax		
Foreign tax	$ 4,376	$ 1,910
Total current income tax	$ 4,376	$ 1,910
Deferred tax		
Origination and reversal of temporary differences	$ (2,159)	$ 1,003
Total deferred tax	(2,159)	1,003
Tax charge in the income statement	$ 2,217	$ 2,913

(Expressed in United States dollars)
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8. INCOME TAXES AND DEFERRED TAX LIABILITY (cont'd)

b) Reconciliation of the total tax charge

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

	2008	2007
Accounting loss before income tax	$ (31,288)	$ (1,313)
Accounting loss multiplied by the tax rate of 0%		
Higher taxes on overseas earnings	2,217	2,913
Total tax expense reported in the income statement	$ 2,217	$ 2,913

	2008	2007
Deferred income tax assets:		
Non-capital loss carry forwards	$ 30,500	$ 17,847
Total deferred tax assets	30,500	17,847
Valuation allowance	(27,718)	(17,554)
Deferred income tax assets, net of allowance	$ 2,782	$ 293
Deferred income tax liabilities:		
Property and equipment - net book value in excess of unamortized capital cost	1,322	546
Other assets - net book value in excess of unamortized tax	502	273
Withholding tax on repatriation of retained earnings from foreign subsidiaries	216	170
Other	85	17
Total deferred tax liabilities	$ 2,125	$ 1,006

Potential deferred tax benefits

At 31 December 2008, the Group has United States tax trading losses of approximately $27,717,000. These operating losses expire at various dates prior to 2014 and 2024, respectively. The potential income tax benefits related to these loss carry forwards have not been reflected in the accounts. The Group has recorded a deferred tax asset for its Peruvian operation in the amount of $2,782,000 (2007 - $293,000), attributable to losses. The losses will be offset against future net income.

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9. INTANGIBLE ASSETS

Goodwill and other intangible assets

	2008			2007		
	Gaming licenses	**Goodwill**	**Total**	**Gaming licenses**	**Goodwill**	**Total**
Cost						
Balance at beginning of year	$ 2,259	$ 1,603	$ 3,862	$ 2,259	$ 1,306	$ 3,565
Additions - acquisitions:			-			
Panama	2,356	11,826	14,182	-	-	-
Peru	100	6,361	6,461	-	-	-
Costa Rica	-	1,448	1,448	-	-	-
India	-	750	750	-	-	-
Poland	-	336	336	-	-	-
Philippinies	-	3,025	3,025	-	-	-
Adjustment - Panama interest in Nicaragua	-	(140)	(140)	-	297	297
Balance at end of year	4,715	25,209	29,924	2,259	1,603	3,862
Accumulated amortization						
Balance at beginning of year	1,225	-	1,225	962	-	962
Additions - Panama acquisition	1,445	-	1,445	-	-	-
Additions	303	-	303	263	-	263
Impairments - Poland	-	336	336	-	-	-
Balance at end of year	2,973	336	3,309	1,225	-	1,225
Carrying amount						
At beginning of year	1,034	1,603	2,637	1,297	1,306	2,603
At end of year	$ 1,742	$ 24,873	$ 26,615	$ 1,034	$ 1,603	$ 2,637

The gaming licenses consist of costs associated with the acquisition of gaming licenses in Panama and the Philippines; both are amortized over the remaining term of the gaming license. The amortized balance of the Panama licenses is $1,642,000 as of 31 December 2008 (2007 - $909,000) and is amortized over 20 years. The Philippines amortized balance is $Nil as of 31 December 2008 (2007 - $125,000) and is amortized over 3 years. The Peru license amortized balance is $100,000 as of 31, December 2008 (2007 - $Nil).

Impairment review:

Each of the Group's individual operations are treated as a single cash-generating unit and are tested for impairment on that basis. The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Board for the next financial year, along with projections for the following four years from the Group's strategic plan, which was also approved by the Board. The pre-tax discount rate applied to the cash flow projections is 12%.

9. INTANGIBLE ASSETS (cont'd)

Impairment review: (cont'd)

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:
- customer drop,
- net win margins, and
- discount rates.

Customer drop is based on monies placed by customers for the sportsbook and gaming 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. Discount rates reflect management's estimate of the Group's pre-tax average cost of debt in Nicaragua as there is no equity funding directly attributable to that group of assets.

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, and
- terminal values may be affected by a decrease in demand for the properties due to changes in legislation to the gaming industry.

Impairment review by acquisition:

Nicaragua

In October 2004, the Group acquired control of its Nicaraguan investment by purchasing an additional 32% of the issued and outstanding shares of Buena Esparanza Limitada, for total current ownership of 52.6%. The purchase price for the additional shares was approximately $1,600,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $1,306,000. During February of 2007, the Group acquired 2% from its minority shareholders in Nicaragua for $96,000 and recorded additional goodwill of $81,000. Due to the full consolidation of the Panama entity and its investment in Nicaragua the goodwill of Nicaragua was reduced by $140,000 for Panama's share of the investment. The total goodwill recorded for Nicaragua is $1,2477,000 as a result of both acquisitions.

In Nicaragua, as of 31 December 2008, management does not believe that the carrying value of the Nicaragua goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $1,841,000 (2007 – $1,900,000).

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $2,342,000 each year, the value in use would equal the carrying value of the cash-generating unit.

9. INTANGIBLE ASSETS (cont'd)

Impairment review by acquisition (cont'd):

Panama

In January 2008, the Group acquired control of its Panama investment by purchasing an additional 11.36% of the issued and outstanding shares of International Thunderbird Gaming (Panama) Corporation, for total current ownership of 61.36%. The purchase price for the additional shares was approximately $10,700,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $9,611,000. During August of 2008, the Group acquired 2.273% from its minority shareholders in Panama for $2,164,000 and recorded additional goodwill of $2,074,000. The total goodwill recorded for Panama is $11,826,000 as a result of both acquisitions.

In Panama, as of 31 December 2008, management does not believe that the carrying value of the Panama goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $9,917,000.

<u>Sensitivity to changes in assumptions</u>

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $10,208,000 each year, the value in use would equal the carrying value of the cash-generating unit.

India

The Group entered into a joint venture with a local Indian group to jointly own a luxury resort in Daman, India that will include at minimum a 5-star hotel, an event center, restaurants and bars, all to be operated by the Group under a long-term management contract. The Group will own 50% of Daman Hospitality Private Limited ("DHPL"), a company incorporated under the laws of India that will own the land and the operations mentioned above. The local Indian partner will contribute contiguous, undeveloped lots in Daman comprising over 40,000 square meters that are appraised at approximately $6,500,000 and the Group contributed $8,000,000. The joint venture will be proportionally consolidated on the Group's financial statements and the Group will recognize $750,000 in goodwill for the joint venture.

In India, as of 31 December 2008, management does not believe that the carrying value of the goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $2,321,000 million.

<u>Sensitivity to changes in assumptions</u>

The value of the goodwill was generated from the value of the land, any decrease in the value of the land would and its significant improvements would lead to an impairment of goodwill.

Peru – Sun Nippon and Interstate Gaming

In July 2008, the Group acquired 100% of the issued and outstanding shares of two Companies, Sun Nippon and Interstate Gaming that own five slot parlors in Peru. The purchase price for the shares was approximately $12,694,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $6,361,000.

In Peru for the Sun Nippon and Interstate Gaming operations, as of 31 December 2008, management does not believe that the carrying value of the goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $1,187,000.

9. INTANGIBLE ASSETS (cont'd)

Impairment review by acquisition (cont'd):

Peru – Sun Nippon and Interstate Gaming (cont'd)

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 $621,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Poland

In July 2008, the Group acquired 37.94% of the issued and outstanding shares of Casino Centrum sp. z.o.o. that own three slot parlors in Poland. The purchase price for the shares was approximately $791,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $336,000.

In Poland for the Casino Centrum operations, as of 31 December 2008, management impaired the carrying value of the goodwill, as the value in use was lower than the carrying value of goodwill by ($297,000).

Costa Rica – Thunderbird Gran Entretenimiento

In September 2008, the Group acquired control of its Costa Rican Thunderbird Gran Entretenimiento (TGE) entity by purchasing an additional 12.34% of the issued and outstanding shares of TGE. In February of 2007 the Group purchased 2.5% of TGE, recording goodwill of $124,000 The purchase price for the additional 12.34% shares was approximately $1,661,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $1,374,000. The total goodwill reported for TGE is $1,498,000.

In TGE, as of 31 December 2008, management does not believe that the carrying value of the TGE goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $5,650,000 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $5,230,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Philippines – Eastbay Resorts

In December 2008, the Group acquired an additional interest of its Philippine Eastbay Resorts, Inc. (Eastbay) entity by purchasing an additional 21% of the issued and outstanding shares of Eastbay. In February of 2007, the Group purchased 1% of Eastbay, recording goodwill of $48,000. The purchase price for the additional 21% shares was approximately $3,025,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $3,025,000. The total goodwill reported for Eastbay is $3,073,000.

In Eastbay, as of 31 December 2008, management does not believe that the carrying value of the Eastbay goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $2,114,000 million.

9. INTANGIBLE ASSETS (cont'd)

Impairment review by acquisition (cont'd):

Philippines - Eastbay Resorts, Inc. (cont'd)

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $2,788,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Philippines – Poro Point

In February 2007, the Group acquired an additional interest of its Philippine Thunderbird Pilippinas (Poro Point) entity by purchasing an additional 1% of the issued and outstanding shares of Poro Point. The purchase price for the additional 1% shares was approximately $48,000 in cash. The acquisition has been accounted for using the purchase method of accounting and the results of operations have been consolidated since the date of acquisition. As a result of this purchase, the Group recorded goodwill in the amount of $44,000.

In Poro Point, as of 31 December 2008, management does not believe that the carrying value of the Poro Point goodwill was impaired, as the value in use exceeded the carrying value of goodwill by $6,464,000 million.

Sensitivity to changes in assumptions

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $2,350,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Guatemala – Gran Plaza video lottery location

At 31 December 2008 the Group reviewed its new video lottery operation at the Gran Plaza. The operation has not been performing up to expectations; therefore management has assessed the carrying value of the assets associated with the Gran Plaza video lottery location totaling $2,791,000 and has been impaired by $1,599,000.

10. INVESTMENTS IN ASSOCIATES

Through its equity investments, the Group managed operations prior to 2006 in various skill game locations in Mexico (Note 10a) and the Group has a 40% equity interest in a property and development company in the Philippines (Note 10b). The equity investments of the Group and the Group's share of income (loss) from these investments are as follows:

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

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

a) In Mexico, as at 31 December, 2007, the Group had a 37% equity interest in the operation located in Matamoros, a 33% equity interest in the operation located in Nuevo Laredo, and a 40% equity interest in the operation located in Reynosa, which was opened during 2001.

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

10. INVESTMENTS IN ASSOCIATES (cont'd)

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

Name of associate	Principal activities	Place of incorporation and operation	Owner interest 2008	Published fair value 2008	Published fair value 2007
Eastbay Property and Development, Inc.	Owns and leases real estate to East Bay Resorts, Inc.	Philippines	40%	$ 276	$ 1,187
Entertainmens de Mexico (Matamoros)	Skill games	Mexico	37%	-	-
Entertainmens de Mexico (Laredo)	Skill games	Mexico	33%	-	-
Entertainmens de Mexico (Reynosa)	Skill games	Mexico	40%	-	-
Total				$ 276	$ 1,187

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

	Year ended 31-Dec-2008	Year ended 31-Dec-2007	Year ended 31-Dec-2006
Total assets	$ 2,034	$ 1,703	$ 1,485
Total liabilities	(304)	(288)	(277)
Net assets	1,730	1,415	1,208
Group's share of associates' net assets	$ 692	$ 566	$ 483
Total revenue	$ 553	$ 60	$ 60,175
Total profit for the period	(63)	(475)	350
Share of associates' profit for the period	$ (25)	$ (190)	$ 141

	2008	2007
Beginning of year	$ 1,187	$ 816
Transfer of investment and coorsponding liablity to majority shareholder	(572)	-
Share of (losses)/profits	(25)	(190)
Fees due (to)/from associates	(225)	629
Transfer of assets to fully consolidated subsidary	-	(138)
Foreign exchange adjustments	(89)	70
Total	$ 276	$ 1,187

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

11. PROPERTY, PLANT AND EQUIPMENT

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of 1 January 2008	$ 57,933	$ 14,203	$ 27,650	$ 20,689	$ 20,929	$ 141,404
Foreign Exchange adjustments	(3,950)	(1,472)	1,784	3,709	(4,426)	(4,355)
Additions	16,298	6,088	23,995	12,459	17,008	75,848
Additions from Panama acquisition	-	536	(495)	593	8,245	8,879
Additions from India acquisition	2,651	46	-	74	-	2,771
Additions from Poland acquisition	-	183	323	119	-	625
Additions from Peru acquisition	55	141	4,597	521	74	5,388
Additions from Costa Rica acquisition	865	(42)	(29)	356	98	1,248
Disposals	(6)	(1,332)	(1,127)	(261)	(265)	(2,991)
Transfers	-	9,614	2,910	198	(12,722)	-
As of 31 December 2008	73,846	27,965	59,608	38,457	28,941	228,817
Depreciation						
As of 1 January 2008	1,933	3,891	12,125	8,930	-	26,879
Foreign Exchange adjustments	(439)	2,567	2,204	849	-	5,181
Additions	2,433	1,754	9,327	7,147	-	20,661
Impairments Guatemala	-	-	835	764	-	1,599
As of 31 December 2008	3,927	8,212	24,491	17,690	-	54,320
Net book value as of 1 January 2008	56,000	10,312	15,525	11,759	20,929	114,525
Net book value as of 31 December 2008	**$ 69,919**	**$ 19,753**	**$ 35,117**	**$ 20,767**	**$ 28,941**	**$ 174,497**

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

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

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
Cost						
As of 1 January 2007	$ 11,364	$ 12,155	$ 20,035	$ 9,966	$ 4,909	$ 58,429
Foreign exchange adjustments	2,126	298	1,328	2,247	1,259	7,258
Additions	1,194	686	3,457	3,256	21,756	30,349
Additions from Panama acquisition	40,861	-	-	4,614	-	45,475
Capitalized Interest	-	-	-	-	94	94
Disposals	-	(6)	(9)	(186)	-	(201)
Transfers	2,388	1,070	2,839	792	(7,089)	-
As of 31 December 2007	57,933	14,203	27,650	20,689	20,929	141,404
Depreciation						
As of 1 January 2007	755	2,803	7,752	4,095	-	15,405
Foreign exchange Adjustments	109	32	331	1,074	-	1,546
Additions	1,069	1,056	4,051	3,805	-	9,981
Disposals	-	-	(9)	(44)	-	(53)
As of 31 December 2007	1,933	3,891	12,125	8,930	-	26,879
Net book value as of 1 January 2007	10,609	9,352	12,283	5,871	4,909	43,024
Net book value as of 31 December 2007	**$ 56,000**	**$ 10,312**	**$ 15,525**	**$ 11,759**	**$ 20,929**	**$ 114,525**

Assets pledged as security

Assets with the following carrying amounts have been pledged to secure borrowings of the Group (Note 17 and 24).

	2008	**2007**
Property	$ 7,258	$ 5,903
Gaming machines	16,773	13,118
Trade receivables	478	8,284
	$ 24,509	$ 27,305

The carrying value of assets held under finance leases and hire purchase contracts at 31 December 2008 was $43,564,000. As of 31 December 2007, the carrying value of assets held under finance leases and hire purchase contacts was $44,282,000 and additions during the year amounted to $2,218,000.

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12. PURCHASES AND ACQUISITIONS

Costa Rica (Thunderbird Gran Entretenimiento)

On 27 May 2008, the Group started the process to acquire shares from a Costa Rican subsidiary, Thunderbird Gran Entretenimiento S.A. (TGE), which was a subsidiary of the Group's Costa Rican joint venture prior to its spin-off to the existing shareholders. In May of 2008, 4.255% was purchased for $573,000 and on September 2008 another 8.089% was acquired for $1,088,000. The purchase of the 12.34% increased the Group's total ownership of TGE to 53.97%, this increase coupled with a new shareholders agreement gave the Group control of TGE, thus TGE has been fully consolidated within these consolidated financial statements. The purchase price was $1,661,216 for a net of assets of $290,909. The acquisition price was paid with existing cash. There were no fair value adjustments to the assets of the TGE entity as the entity holds no real estate property and the book value of the property and equipment represented its fair value.

The goodwill represents the benefits of increased presence in operating markets.

From the date of acquisition 1 September 2008, the Group contributed net income of $236,000 to the net loss of the Group. If the acquisition had taken place at the beginning of 2008 the net loss attributable to the equity holders of the parent would have been $32,378,000 and the revenue from continuing operations would have been $177,084,000.

Poland (Casino Centrum)

On 30 June 2008, the Group acquired 37.94% of Casino Centrum that operates three slot parlors in Lodz, Poland. In addition, the Group acquired an additional 12.66% of Casino Centrum from its partner without consideration and was granted a power of attorney to vote the remaining 20.67% of the Group's partner's interest in Casino Centrum, which gave the Group control of the operation. The results of the Casino Centrum operations have been included in the consolidated financial statements since 1 July 2008.

The purchase price for the 37.94% was $783,000 plus closing cost of $8,000 for 37.94% of net assets totaling $455,000. The Group has used the net book value as the provisional fair value of the assets acquired. The acquisition was financed through loans payable from a private lender of $1,775,000 (Note 17).

	Acquisition of 37.94%
Current assets	$ 877
Property and equipment	581
Other assets	128
Goodwill	336
Total assets	1,922
Current liabilitites	(231)
Total liabilities	(231)
Non-controlling interest	(744)
Net income at 30 June 2008	(156)
	$ 791

The goodwill represents the benefits of new presence in operating markets.

From the Date of acquisition, 1 July 2008 the Group contributed income of $37,000 against the net loss of the Group. If the acquisition had taken place at the beginning of 2008 the net loss attributable to the equity holders of the parent would have been $32,638,000 and the revenue from continuing operations would have been $173,972,000.

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

12. PURCHASES AND ACQUISITIONS (cont'd)

Peru (Sun Nippon and Interstate Gaming)

On 9 July 2008, The Group acquired 100% of the common shares of Sun Nippon Company S.A. and 100% of the common shares of Interstate Gaming del Peru, S.A. that operate five slot parlors in different locations in the country. The results of these operations have been included in the consolidated financial statement since 10 July 2008. The purchase price was $12,794,000, for a net asset of $5,031,000. The acquisition was financed through loans payable of $12,500,000 (Note 17).

	Book value of assets	Fair value adjustments	Total
Current assets	$ 2,942	$ -	$ 2,942
Property and equipment	2,537	3,866	6,403
Intangible assets	-	100	100
Goodwill	-	6,361	6,361
Total assets	5,479	10,327	15,806
Current liabilities	(2,967)	-	(2,967)
Net income at 9 July 2008	(45)	-	(45)
	$ 2,467	$ 10,327	$ 12,794

The goodwill represents the benefits of new presence in operating markets.

From the date of acquisition, 1 July 2008, the company contributed $561,000 to the net loss of the Group. If the acquisition had taken place at the beginning of 2008 the net loss attributable to the equity holders of the parent would have been $32,749,000 and the revenue from continuing operations would have been $176,430,000.

Panama acquisition

On 15 January 2008, the Group acquired an additional 11.36% of the total outstanding shares in the Panama operation resulting in the Group owning 61.36% of the net assets giving the Group control over Panamanian operations. The Group consolidates 100% of revenue, costs, assets and liabilities of the Panama entity while recognizing a minority interest expense and a liability for the interests held by shareholders remaining in the entity as of the acquisition date. At 31 December, 2007, the Group proportionally consolidated 50% of the Panama entity and did not recognize any minority interests. The acquisition price was $10,695,000 and the excess over net book value of $9,752,000 was recognized as goodwill. During August of 2008, the Group acquired 2.273% from its minority shareholders in Panama for $2,164,000 and recorded additional goodwill of $2,074,000. The total goodwill recorded for Panama is $11,826,000 as a result of both acquisitions.

There were no fair value adjustments to the assets of the Panama entity as the entity holds one building, purchased within 3 months of the acquisition, and the book value of the property and equipment represented its fair value. The acquisition and the corresponding change in control had the following impact on the Group's balance sheet as of 21 December 2008:

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

12. PURCHASES AND ACQUISITIONS

Panama acquisition (cont'd)

	Acquisition of 11.36%	Acquisition of 2.27%	Total
Current assets	$ 1,595	-	1,595
Property and equipment	13,369	-	13,369
Intangible assets	909	-	909
Other assets	923	-	923
Goodwill	9,752	2,074	11,826
Total assets	26,548	2,074	28,622
Current liabilitites	(4,860)	-	(4,860)
Long term debt	(5,456)	-	(5,456)
Deferred tax liability	(819)	-	(819)
Other long term liabilities	(721)	-	(721)
Total liabilities	(11,856)	-	(11,856)
Non-controlling interest	(3,882)	90	(3,792)
Net income at 15 January 2008	(115)	-	(115)
	$ 10,695	$ 2,164	$ 12,859

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The goodwill represents the benefits of increased presence in operating markets.

India joint venture

The Group entered into a joint venture with a local Indian group to jointly own a luxury resort in Daman, India that will include at minimum a five star hotel, an event center, restaurants and bars, all to be operated by the Group under a long-term management contract. The Group will own 50% of Daman Hospitality Private Limited ("DHPL"), a company incorporated under the laws of India that will own the land and the operations mentioned above. The local Indian partner will contribute contiguous, undeveloped lots in Daman comprising over 40,000 square meters that are appraised at approximately $6,500,000 and the Group contributed $8,000,000. The joint venture will be proportionally consolidated on the Group's financial statements and the Group will recognize $750,000 in goodwill for the joint venture.

The goodwill represents the benefits of new presence in operating markets.

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

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Trade and other receivables (current)		**2008**		**2007**
Trade receivables	$	3,714	$	1,978
Value added tax and employee receivables		556		1,086
Receivables from joint ventures		2,845		4,366
Prepaid expenses		6,437		1,240
Related party receivables (Note 23)		3,008		749
Deposits for rentals, land and equipment		1,492		-
Total trade and other receivables (currrent)	$	18,052	$	9,419

Trade and other receivables (non-current)		**2008**		**2007**
Severance funds for employees	$	1,959	$	878
Receivables from joint ventures		1,440		1,240
Prepaid expenses		817		389
Cash bond to secure PAGCOR gaming license in Philippines		391		218
Deposits for rentals, land and equipment		1,465		698
Recoverable value added tax		3,752		3,818
Related party receivables (Note 23)		259		251
Total trade and other receivables (non-current)	$	10,083	$	7,492

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 $853,000 (2007 - $373,000) has been recorded accordingly. The impaired trade receivables are mostly markers due from customers that are experiencing financial difficulties and none of the amounts recorded as at the previous year end have been recovered.

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

		2008		**2007**
Not more than 3 months	$	2,890	$	1,807
More than 3 months but not more than 6 months		824		11
More than 6 months but not more than 1 year		-		74
More than 1 year		-		86
Total	$	3,714	$	1,978

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 financial statements. The related party receivable represents amounts due from the Group's partners in its non-wholly owned subsidiaries. All receivables are non-interest bearing and are due on demand by the Group. The Group has not provided for an allowance against these amounts as these amounts are deemed collectible by the Group.

(Expressed in United States dollars)
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14. INVENTORIES

	2008	2007
Food and beverage supplies	$ 619	$ 432
Casino goods and promotional items	123	583
Hotel food service and room supplies	2,015	1,117
Uniform and operational supplies	1,062	244
Gaming machine parts	635	470
Total	$ 4,454	$ 2,846

Cost of goods sold within cost of sales was $5,994,000 for the year ended 31 December 2008 and $2,906,000 for the year ended 31 December 2007. There were no inventory write downs during either year.

15. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2008 and 31 December 2007.

	2008	2007
Cash at banks and on hand	$ 15,073	$ 71,656
Casino bankroll	6,710	5,245
	$ 21,783	$ 76,901

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 $15,073,000 as of 31 December 2008 (2007 - $71,656,000).

Restricted cash includes the casino's bankroll and hopper loads in Panama, Nicaragua, Costa Rica, Guatemala, Peru, Poland 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 $6,710,000 at 31 December 2008 (2007 - $5,245,000).

16. TRADE AND OTHER PAYABLES

	2008	2007
Trade payables	$ 10,205	$ 6,663
Other accrued liabilities	4,181	13,279
Total trade and other payables (currrent)	$ 14,386	$ 19,942

Terms and conditions of the above financial liabilities:

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

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

17. BORROWINGS

Borrowings consist of loans payable detailed as follows:

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
The Group and wholly owned subsidiaries:									
Loans with financial entities									
Banco Continental, principal of $520,000, principal payments due in monthly installments of $5,000 plus interest, secured by fidelity bond from Company and Panama operation and 50% of real estate	Fidelity bond and real estate	Prime plus 0.5%	Oct-13	350	-	350	403	-	403
Banistmo, semi annual principal payments due of $215,799 and quarterly interest payments.	Shares of Buena Esperanza owned by the company	Bank of Panama Prime plus 4.5%	Oct-09	432	-	432	863	-	863
Caja De Ahorros, principal of $1,180,000, principal payments due in monthly installments of $14,880, secured by property of the Company.	Property	7.75% adjustable by 1% at banks option	Oct-18	1,168	-	1,168	-	-	-
Panama (2007 consolidated at 50%, 2008 consolidated at 100%) Note 12:									
Banco Bilbao Vizcaya Argentaria (Panama), S.A. principal $3,600,000, payments due in monthly installments of $67,501. Loan consists of three loans secured by cash in the amount of $213,046, properties owned by third parties and gaming machines.	Cash, mortgage and gaming machines	9.25%	Sep-13	1,009	-	1,009	689	-	689
Banco Bilbao Vizcaya Argentaria (Panama), S.A. principal $1,685,000, payments due in monthly installments of $33,764.	None	Prime plus 1.0%	Dec-10	691	-	691	556	-	556
Banco Bilbao Vizcaya Argentaria (Panama), S.A. Line of credit $1,133,200.	Property	6.5% and 9.50%		493	-	493	-	-	-
Banco General, S.A., principal $1,000,000, payments due in monthly installments of $32,543.	Gaming machines for $1,457,441	FECI, plus 7.5%	Jan-09	39	-	39	150	-	150
Banistmo, S.A., principal $364,270, payments due in monthly installments of $10,118, secured by properties owned by third parties and guarantee of International Thunderbird Gaming (Panama), S.A.	Properties; and subsidiary guarantee	Prime plus 1.75%	Nov-08	-	-	-	56	-	56
Banistmo, S.A. credit line.	None	8.25%	Aug-09	-	-	-	315	-	315

- continued -

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

17. BORROWINGS (cont'd)

				2008			2007		
	Collateral	Interest rate	Maturity date	Principal	Issuance costs	Total debt	Principal	Issuance costs	Total debt
Primer Banco del Istmo, S.A. principal $1,444,380, payments due in monthly installments of $40,112.	Gaming machines	Prime plus 1.5%	Dec-09	321	-	321	401	-	401
Towerbank, Int'l, Inc. principal $900,000, payments due in monthly installments of $10,715.	Land and buildings	Libor plus 3%	Dec-09	707	-	707	418	-	418
Capital Bank, principal $2,500,000, payments due in monthly installments of $38,600.	None	14.00%	Jan-10	2,483	12	2,471	-	-	-
Cooperativa de Ahorro y Credito Colfi, R.L., principal $500,000, payments due in monthly installments of $41,120.	None	14.00%	Jan-10	493	-	493	443	-	443
Cooperativa de Seguros Multiples de Panama, principal $7,400,000, payments due in monthly installments of $200,981.	Gaming machines	13.00%	Dec-12	6,520	84	6,436	-	-	-
Multicredit Bank (Hemisphere Bank), principal $500,000, payments due in monthly installments of $12,925.	Gaming machines	11.00%	Aug-07	180	-	180	152	-	152
Multicredit Bank, S.A., principal $2,600,000, payments due in monthly installments of $65,942.	Gaming machines for $1,457,441	10.00%	Dec-11	1,756	-	1,756	1,165	-	1,165
Multicredit Bank, S.A., principal $3,400,000, payments due in monthly installments of $64,984.	Gaming machines	10.25%	Sep-12	3,183	31	3,152	-	-	-
Metrobank, S.A., principal $1,500,000, payments due in monthly installments of $38,043.	Gaming machines	10.00%	Dec-11	1,120	-	1,120	720	-	720
Global Bank, S.A., principal $2,000,000, payments due in monthly installments of $50,725.	Gaming machines for $2,2562,358	10.00%	Dec-11	1,448	-	1,448	940	-	940
Costa Rica:									
Multicredit Bank, Inc., principal of $3,500,000, principal payments of $59,000 plus interest due in monthly installments. Secured by the Company's shares in the following Costa Rican entities: Thunderbird Gran Entretenimiento, S.A., Inmobilaria Piedra Dorada.	Shares of Costa Rican subsidiaries	Prime plus 1.75%	Jan-11	1,907	-	1,907	1,278	-	1,278
Banco Nacional de Costa Rica, principal $1,100,000, payments due in monthly installments of $12,242.	Land	7.61%	Mar-19	1,035	13	1,022	1,095	33	1,062

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

17. BORROWINGS (cont'd)

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Banco Nacional de Costa Rica $3,000,000, principal payments due in monthly installments; interest only to October 2008, then payments of principal and interest of $32,427.	Land	7.75%	Apr-19	2,966	36	2,930	1,500	92	1,408
Banco Nacional de Costa Rica $769,500, principal payments due in monthly installments; interest only to October 2008, then payments of principal and interest of $9,148.	Land	9.81%	Apr-20	749	31	718	-	-	-
Banco HSBC, principal of $4,383 , payments due in monthly installments of $150.	Auto	9.75%	Jul-10	2	-	2	4	-	4
Nicaragua:									
Banco de America Central, principal $595,000, payments due in monthly instalments of $16,022.	Machines, equipment and credit card sales	9.50%	Mar-10	224	-	224	384	-	384
Banco de America Central, principal of $2,171,224, principal payments due in monthly installments of $18,094, plus interest.	Land, credit card sales and a company guarantee	10.00%	Nov-13	1,737	31	1,706	1,954	35	1,919
Banco de America Central, principal of $300,000, payments due in monthly installments of $5,558.	Land, furniture and equipment	10.00%	Dec-13	262	-	262	300	-	300
Banistmo Nicaragua S.A., line of credit up to $1,800,000, principal outstanding $800,000, principal payments due in monthly installments of $9,523 plus interest.	Land	Between 9.45% and 10.20%	May-11	-	-	-	177	-	177
Peru:									
Cooperativa de Servicios Multiples de Panama, principal of $2,379,102 secured by $2,379,102 in bonds.	Cash bond	10.00%	Mar-12	-	-	-	-	-	-
Cooperativa de Servicios Multiples de Panama, principal of $11,904,036 secured by $3,204,036 in bonds and $8,700,000 in cash.	Cash and cash bond	10.00%	Mar-12	-	-	-	-	-	-
Cooperativa de Servicios Multiples de Panama, principal of $1,641,936, secured by $441,936 in bonds, payments due in monthly installments of 13,683 (Note 17m)	Gaming machines and cash bond	10.00%	Mar-12	1,200	-	1,200	-	-	-
Total loans with financial institutions				**32,475**	**238**	**32,237**	**13,963**	**160**	**13,803**

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

17. BORROWINGS (cont'd)

				2008			2007		
	Collateral	Interest rate	Maturity date	Principal	Issuance costs	Total debt	Principal	Issuance costs	Total debt
The Group and wholly owned subsidiaries:									
Loans with non-financial entities									
Multiple lenders, principal of $1,281,000, payments due in monthly installments of $19,973.8%, (Note 17b).	None	8.00%	Oct-13	958	-	958	1,114	-	1,114
Langton International Holdings, Ltd., principal of $850,040, payments due in monthly installments of $15,634. Re-negotiated 31 March 2008 (Note 17k)	None	14% (18% upon Default)	Mar-12	486	-	486	618	-	618
Transcom Bank, principal of $200,000, payments due in monthly installments of $6,483.	None	8.25%	Dec-09	78	-	78	78	-	78
Universal Marketing Group, Ltd., principal of $6,000,000, payments due in monthly payments; interest only for the first twelve months, then principal and interest of $163,959, (Note 17g).	Shares of Int'l Thunderbird Gaming Panama, Inc.	14.00%	May-11	-	-	-	5,319	23	5,296
Multiple lenders, principal of $10,000,000, payments due quarterly; interest only for the first four quarters, then principal and interest of $1,004,621.	Equipment of subsidiaries to value of loan and Company guarantee	12.00%	Mar-12	7,970	111	7,859	5,848	18	5,830
Multiple lenders, principal of $5,160,000, payments due quarterly; interest only for the first four quarters, then principal and interest of $518,384.	Equipment of subsidiaries to value of loan and Company guarantee	12.00%	Sep-12	5,160	146	5,014	-		-
Langton International Holdings, Ltd., principal of $1,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $25,546. Re-negotiated 31 March 2008 (Note 17k)	None	14% (18% upon Default)	Mar-12	794	16	778	1,000	-	1,000
Langton International Holdings, Ltd., principal of $600,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $12,159. Re-negotiated 31 March 2008 (Note 17k)	None	14% (18% upon default)	Mar-12	378	-	378	488	-	488

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

17. BORROWINGS (cont'd)

				2008			2007		
	Collateral	Interest rate	Maturity date	Principal	Issuance costs	Total debt	Principal	Issuance costs	Total debt
Langton International Holdings, Ltd., principal of $350,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $7,093. Re-negotiated 31 March 2008 (Note 17k)	None	14% (18% upon default)	Mar-08	221	-	221	285	-	285
Langton International Holdings, Ltd., principal of $1,000,000, interest only for the first six months, then monthly payments of principal and interest of $27,447. Re-negotiated 31 March 2008 (Note 17k)	None	14% (18% upon default)	Mar-12	854	-	854	-	-	-
Private lender, principal of $1,250,000, interest only for the first twelve months, then monthly payments of principal and interest of $42,722.	None	14.00%	Aug-12	1,250	33	1,217	1,000	-	1,000
Private lender, principal of $1,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $34,178.	None	14.00%	Aug-11	908	25	883	1,000	44	956
Langton International Holdings, Ltd., principal of $440,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $11,527. Funds used to purchase shares in subsidiaries 5.25% Thunderbird Gran Entretenimiento.	Shares of subsidiaries purchased with loan proceeds	14.00%	Mar-12	358	7	351	440	7	433
Langton International Holdings, Ltd, principal of $2,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $54,894. Re-negotiated 31 March 2008. (Note 17k)	None	14.00%	Mar-12	1,707	34	1,673	2,000		1,940
Langton International Holdings, Ltd, principal of $2,000,000, monthly payments of principal and interest of $55,041.	None	14.00%	Mar-12	1,712	69	1,643	-	-	-
Ikleston Associates, principal of $5,300,000, interest only for the first thirty-five months, then principal payment of $4,500,000, followed by twenty months interest and $800,000 principal due 31 March 2008. (Note 17m)	Equipment of subsidiaries to value of loan and Company guarantee	13.00%	Aug-13	5,300	221	5,079	-	-	-
Capital International Assets Corp, Line of credit upto $20,000,000, principal outstanding $12,831,000. Interest only for 18 months then monthly principal and interest payments of $315,099. (Note 17l)	None	13.00%	Nov-14	12,830	559	12,271	-	-	-
Grupo Mundial Tenedora, S.A., principal of $19,500,000, payments due quarterly averaging $808,324 principal plus interest, secured by company's stock interst in ITGCP and equity interest in GFN (Note 17n)	Stock pledge in ITGCP and equity interest in GFN	9.50%	Nov-17	18,646	1,457	17,189	-	-	-

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

17. BORROWINGS (cont'd)

				2008			2007		
	Collateral	Interest rate	Maturity date	Principal	Issuance costs	Total debt	Principal	Issuance costs	Total debt
Multiple lenders, principal of $1,700,000, payments due monthly installments of $58,102.	None	14.00%	Aug-12	1,116	12	1,104	867	-	867
PDS Gaming, Inc., principal of $872,862, payments due in monthly installments of $22,502.	Gaming machines and Company guarantee	10.00%	Feb-10	296	4	292	523	6	517
PDS Gaming, Inc., principal of $581,134, payments due in monthly installments of $15,306.	Gaming machines and Company guarantee	10.00%	Jan-10	188	2	186	345	5	340
Multiple Lenders, principal of $1,800,000, payments due monthly installments of $54,492, (Note 17i).	None	14.00%	Jan-13	1,626	44	1,582	1,700	46	1,654
Panama (2007 consolidated at 50%, 2008 consolidated at 100%) Note 12:									
AGM Holding Corporation, principal $100,000, payments due in monthly installments of $2,536.	None	10.00%	Oct-09	23	-	23	25	-	25
Costa Rica:									
Multiple lenders, principal of $700,000, payments due in monthly installments of $23,900 (Note 17c).	None	14.00%	Oct-08	-	-	-	225	-	225
Multiple lenders, principal of $1,250,000, payments due in monthly installments of $42,500, (Note 17d).	None	14.00%	May-10	548	11	537	932	-	932
Langton International Holdings, principal $250,000, due in monthly installments of $3,615 including interest plus $0.38 per day per machine up to 166 machines. Re-negotiated March 31, 2008 (Note 17k)	Gaming machines	14.00%	Mar-12	109	-	109	86	-	86
PDS Gaming Corporation, principal $2,233,561 payments due in monthly payments of $61,386.	Gaming machines and Company guarantee	from 10% to 14%	Apr-09 and Oct-12	1,622	27	1,595	952	12	940
Table Trac Inc., principal $261,148, payments due in monthly installments of $40,000.	Gaming machines and Company guarantee	8.00%	Jan-09 and July-09	204	-	204	-	-	-

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

17. BORROWINGS (cont'd)

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Private lender, principal $2,175,000 interest only for the first twelve months, then due in monthly payments of principal and interest of $74,336.	None	14.00%	Aug-12	2,175	111	2,064	-	-	-
Philippines:									
Multiple lenders, principal $3,465,000, payments due in monthly installments of $118,425 (Note 17a).	None	14.00%	Oct-08	77	-	77	1,279	30	1,249
Multiple lenders, principal $3,850,000, payments due in monthly installments of $103,310 (Note 17e).	None	14.00%	Aug-10	1,258	21	1,237	2,435	69	2,366
R & S Investments, principal of $1,500,000, payments due in monthly installments of $43,913.	Gaming machines	12.00%	Aug-09	336	3	333	792	18	774
PDS Gaming Incorporated, principal of $864,625, payments due in monthly installments of $21,981.	Gaming machines and Company guarantee	10.00%	Feb-10	328	3	325	511	10	501
Multiple lenders, principal of $875,000, payments due in monthly installments of $29,905 (Note 17f).	None	14.00%	Feb-10	384	13	371	667	41	626
Multiple lenders, principal of $2,600,000, payments due in monthly installments of $92,802.	None	14.00%	Sep-10	1,615	28	1,587	2,372	39	2,333
Multiple lenders, principal $6,350,000, payments due in monthly installments, interest only for the first twelve months then principal and interest of $173,523 (Note 17h).	None	14.00%	Feb-13	5,673	72	5,601	5,550	228	5,322
Multiple lenders, principal $2,850,000, payments due in monthly installments. Interest only for the first twelve months then principal and interest of $96,720.	None	14.00%	May-12 and Jun-13	2,850	111	2,739	-	-	-
Multiple lenders, principal $2,350,000, payments due in monthly installments. Interest only for the first twelve months then principal and interest of $79,632.	None	14.00%	May-12 and Jul-13	2,350	96	2,254	-	-	-
Private lender, principal $210,593, principal and interest payments due in monthly installments of $24,584.	None	12.00%	Jan-09	48	-	48	-	-	-

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

17. BORROWINGS (cont'd)

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Peru:									
Multiple lenders, principal of $11,336,000, interest only payments due in monthly installments of $42,800, 100% of principal due on maturity.	None	12.00%	Jul-09	4,336	51	4,285	6,336	201	6,135
Private lender, principal of $3,000,000, interest payments only first eight months then principal and interest of $82,835.	None	14.00%	Mar-12	2,548	35	2,513	3,000	95	2,905
Private lender, principal of $1,000,000, interest payments only first 12 months then principal and interest of $39,460.	None	13.50%	Jan-11	841	-	841	1,000	-	1,000
Multiple lenders, principal of $18,590,000, (Note 17j).	None	10.00%	--	18,589	593	17,996	18,590	638	17,952
Poland:									
Multiple lenders, principal of $1,750,000, interest payments only first 12 months then principal and interest of $55,889.	None	14% and 12%	Jul-12 and Sep-13	1,750	75	1,675	-	-	-
Total loans with non-financial institutions				**110,500**	**3,990**	**106,510**	**67,377**	**1,530**	**65,787**
Panama (2007 consoldated at 50%, 2008 consolidated at 100%) Note 12:									
Loans with related parties (Note 23)									
First Federal Financial Corp, principal of $382,646, interest only first twelve months, then payments of principal and interest due in monthly installments of $12,893.	None	13.00%	Jun-11	321	-	321	191	-	191
First Federal Financial Corp, principal of $300,000, payments of principal and interest due in monthly installments of $7,900.	None	12.00%	Jun-12	270	-	270	-	-	-
Ambar Financial, Inc. principal $215,141, interest only first twelve months then payments of principal and interest due in monthly installments of $7,249.	None	13.00%	Apr-11	-	-	-	108	-	108
Ancar Holdings, Corp., principal $100,060, payments due in monthly installments of 2,734.	None	14.00%	Nov-09	26	-	26	26	-	26
Argona Financial, principal of $215,141, interest only first twelve months then payments of principal and interest due in monthly installments of $7,249.	None	13.00%	Apr-11	-	-	-	108	-	108
Atlantic Sales Co. Ltd., principal $400,240, payments due in monthly installments of $10,937.	None	14.00%	Dec-09	122	-	122	114	-	114

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

17. BORROWINGS (cont'd)

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Calimar Valle, S.A., principal $170,060,interest only first twelve months then payments of principal and interest due in monthly installments of $5,093.	None	13% and 14%	Nov-09 and Apr-11	82	-	82	61	-	61
Calimar Valle, S.A., principal $200,000,interest only first twelve months then payments of principal and interest due in monthly installments of $5,093.	None	12.00%	Jun-12	180	-	180	-	-	-
Corporate & Financial Services, principal $782,886, interest only first twelve months then payments due in monthly installments of $23,830.	None	13% and 14%	Mar-10, Apr-11, and Jun-11	-	-	-	317	-	317
Ivan Jurado Abadia, principal $50,030, payments due in monthly installments of $1,367.	None	14.00%	Feb-10	-	-	-	15	-	15
Ivan Jurado Tribaldos, principal $733,440, interest only first twelve months then payments of principal and interest due in monthly installments of $21,867.	None	13% to 14%	Jan-09,Feb-10 to Jul-11	-	-	-	284	-	284
Jorge Jurado Abadia, principal $50,060, payments due in monthly installments of $1,367.	None	14.00%	Feb-10	-	-	-	15	-	15
Standhope Limited, principal $250,000, payments due in monthly installments of $6,707 principal and interest for 48 periods.	None	13.00%	Dec-12	250	13	237	-	-	-
Servicios Electricios, S.A., principal $433,380, interest only first twelve months then payments of principal and interest due in monthly installments of $13,965.	None	13% to 14%	Feb-10 to Dec-11	317	-	317	197	-	197
Servicios Electricios, S.A., principal $500,000 interest only first twelve months then payments of principal and interest due in monthly installments of $13,413.	None	13.00%	Dec-12	500	24	476	-	-	-
Universal Marketing Group, Ltd., principal $749,640, payments due in monthly installments of $20,237.	None	12% to 14%	Nov-09 and Dec-09	-	-	-	409	..	409

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

17. BORROWINGS (cont'd)

	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Nicaragua:									
Inversiones Santa Catarina, principal of $375,000, payments due in monthly installments of $9,601.	None	10.50%	Jan-09	-	-	-	117		117
Philippines:									
Note payable to AGA Group, Ltd., principal $749,640, payments due in monthly installments of $20,237.	None	8.00%	May-13	1,137	-	1,137	-		-
Prime East Properties, Inc, principal $261,303. Principal and interest payments due in monthly installments of $8,432	Land	10.00%	Mar-10	120	-	120	228		228
Total loans with related parties				**3,325**	**37**	**3,288**	**2,190**	**-**	**2,190**

Loan summary	Collateral	Interest rate	Maturity date	2008 Principal	2008 Issuance costs	2008 Total debt	2007 Principal	2007 Issuance costs	2007 Total debt
Loans with financial institutions				$ 32,475	$ 238	$ 32,237	$ 13,963		$ 13,803
Loans with non-financial institutions				110,500	3,990	106,510	67,377	1,530	65,787
Loans with related parties				3,325	37	3,288	2,190	-	2,190
Total loans payable				146,300	4,265	142,035	83,530	1,530	81,780
Less current portion of notes payable						(29,443)			(15,426)
Loans payable non-current						**$ 112,592**			**$ 66,354**

a) 14% term loans:

During the year ended 31 December 2004, the Group raised $5,200,000 and an additional $2,300,000 in 2005 to fund the casino and hotel project in Manila, the Philippines. The $7,500,000 was raised as a debt instrument bearing interest at 14% per annum over 48 months, with the first twelve months as interest only payments, followed by 36 months of principal and interest payments. The debt instrument allows for a 10% non-voting, equity interest in the operations in Manila and is secured by the shares of the corresponding entity. This debt has been accounted for as a compound financial instrument.

In August of 2005, $4,000,000 of this funding was refinanced whereby the interest only payments were extended through 31 August 2006, followed by 36 months of principal and interest payments. In June of 2006, the $4,000,000 of this funding was again refinanced extending the interest only payments through 30 June 2007 followed by 48 months of principal and interest payments.

17. BORROWINGS (cont'd)

b) 8% note payable:

During the year ended 31 December 2005, the Group's Chilean operation raised $1,150,000 to fund additional development costs and deposits to move forward through the bid process in Chile. The $1,150,000 was raised as a debt instrument bearing interest at 12% per annum, with principal and interest due within 120 days of winning casino licenses for the Chile projects. If the Group did not win any Casino licenses, then the loan would be paid directly by the Group with interest at 8% per annum over 84 months. The debt instrument allowed for a 7% equity interest of the Group's and partners share of the Chilean operation. As the Group was unsuccessful in its quest to win a casino license in Chile, the note was converted according to the terms and the accrued interest in the amount of $130,000 was added to the principal portion of the note.

c) 14% note payable:

During the year ended 31 December 2005, the Group's Costa Rican operation raised $1,400,000 ($700,000 is the Group's 50% share) to fund the development of a casino project known as Heredia. The $1,400,000 was raised as a debt instrument bearing interest at 14% per annum over 42 months, with the first six months as interest only payments followed by 36 months of principal and interest payments. The debt instrument allows for a 10% non-voting equity interest in the new casino.

d) 14% note payable:

During the years ended 31 December 2006 and 2005, the Group's Costa Rican operation raised $1,800,000 and $700,000, respectively ($1,250,000 is the Group's 50% share), to fund the development of a new slot parlor project known as Operacion Banshai. The $2,500,000 was raised as a debt instrument bearing interest at 14% per annum over 48 months, with the first twelve months as interest only payments followed by 36 months of principal and interest payments. The debt instrument allows for a 10% non-voting equity interest in the new slot parlor operation. This debt has been accounted for as a compound financial instrument.

e) 14% note payable:

During the years ended 31 December 2006 and 2005, the Group's Philippine operation raised $400,000 and $3,450,000 respectively to fund the development of a new casino project known as Poro Point. The $3,850,000 was raised as a debt instrument bearing interest at 14% per annum over 54 months, with the first twelve months as interest only payments followed by 36 months of principal and interest payments. The remaining $1.0 million was raised as a debt instrument bearing interest at 14% per annum over 42 months, with the first six months as interest only payments followed by 36 months of principal and interest payments. The debt instrument allows for a 10% non-voting equity interest in the new casino. This debt has been accounted for as a compound financial instrument.

f) 14% note payable:

During the year ended 31 December 2006, the Group's Philippine operation raised $875,000 to fund the expansion of its Manila project. The $875,000 was raised as a debt instrument bearing interest at 14% per annum over 48 months, with the first twelve months as interest only payments followed by 36 months of principal and interest payments. The debt instrument allows for a 1.19% profits participation interest in the resort operation.

17. BORROWINGS (cont'd)

g) 14% note payable:

During the year ended 31 December 2006, the Group raised $6,000,000 to fund the Group's development efforts and to refinance the $4 million (Note 17b) in the Group's Philippine operation. The $6,000,000 was raised as a debt instrument bearing interest at 14% per annum over 60 months with the first twelve months as interest only payments followed by 48 months of principal and interest. This note is secured by the Group's 50% interest in the Panama operations. This note was paid in its entirety in January 2008.

h) 14% note payable:

During the year ended 31 December 2007, the Group's Philippine operation raised $5,550,000 to fund the development of a hotel, golf course and resort at its Poro Point location. The $5,550,000 was raised as a debt instrument bearing interest at 14% per annum over 60 months, with the first twelve months as interest only payments followed by 48 months of principal and interest payments. An additional $800,000 were raised during the year ended 31 December 2008, as a debt instrument bearing interest at 14% per annum over 60 months, with the first twelve months as interest only payments followed by 48 months of principal and interest payments. The debt instrument allows for a 10% profits participation interest in the resort operation, as of 31 December 2007, 6.8% was subscribed. The profits participation was revalued at year end using the present value of projected cash flows attributable to the liability and discounting those cash flows at the effective interest rate calculated at the inception of the loan, the revaluation was lower than the net present value of the cash flows at inception; therefore, no adjustment was made to the carrying value of the loan. If the present value of the cash flows was higher than the present value of the cash flows at the inception of the loan, the amount of the loan would be increased to reflect the higher value.

i) 14% note payable:

During the year ended 31 December 2007, the Group's Guatemalan operation raised $1,700,000 to fund the purchase of gaming machines for the expansion of the Guatemalan operation. The $1,200,000 was raised as a debt instrument bearing interest at 14% per annum over 60 months, with the first twelve months as interest only payments followed by 48 months of principal and interest payments. The remaining $500,000 was raised as a debt instrument bearing interest at 13.5% per annum over 42 months, with the first twelve months as interest only payments followed by 30 months of principal and interest payments. During the year ended 31 December 2008 an additional $100,000 was raised as a debt instrument bearing interest at 14% per annum over 60 months, with the first twelve months as interest only payments followed by 48 months of principal and interest payments. The debt instrument allows for a 10% profits participation interest in the Guatemalan operations as of 31 December 2007, 2% was subscribed. The profits participation was revalued at year end using the present value of projected cash flows attributable to the liability and discounting those cash flows at the effective interest rate calculated at the inception of the loan, the revaluation was lower than the net present value of the cash flows at inception; therefore, no adjustment was made to the carrying value of the loan. If the present value of the cash flows was higher than the present value of the cash flows at the inception of the loan, the amount of the loan would be increased to reflect the higher value.

j) 10% note payable:

During the year ended 31 December 2007, the Group raised $18.59 million for a portion of the purchase of the Hoteles Las Americas chain of hotels in Peru. The private funding contained an annual interest rate of 10% and entitled the lenders to 80% of the net cash flow generated by the acquired properties for each year until the principal was paid. Thereafter the lender is entitled to 14% of the net available cash flow generated by the acquired properties. The cash flow participation was revalued at year end using the present value of projected cash flows attributable to the liability and discounting those cash flows at the effective interest rate calculated at the inception of the loan, the revaluation was lower than the net present value of the cash flows at inception; therefore, no adjustment was made to the carrying value of the loan. If the present value of the cash flows was higher than the present value of the cash flows at the inception of the loan, the amount of the loan would be increased to reflect the higher value.

17. BORROWINGS (cont'd)

k) 14% note payable:

During the year ended 31 December 2008, the Group re-negotiated the terms of all notes held with lender Langton International Holdings, Ltd. Previously the notes held expiration dates between February 2010 and November 2011 and interest rates between 13% and 14% per annum. The new terms have all notes expiring 31 March 2012 with interest rates of 14% per annum.

l) 13% note payable

During the year ended 31 December 2008, the Group entered into a loan agreement for $20,000,000 bearing an interest rate of 13% per annum, The borrowed funds are to be used exclusively to purchase stock in two Peruvian corporations Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru, S.A., and refurbish and acquire additional slot machines for their facilities, or provide funds to acquire, develop, build, pay debts, related to facilities of gaming, lodging, food and beverage and/or entertainment related projects, or other related expenditure, so long as the expenditures relate to investments in the country of Peru. The loan was to be disbursed in various parts with interest only payments being made for 18 months from the first disbursement date and subsequently principal and interest payment in 54 monthly installments. As of 31 December 2008 $12,831,000 had been disbursed.

m) 13% note payable

During the year ended 31 December 2008, the Group entered into loan agreements for $6,500,000 to fund the purchase of gaming machines for the company's Peruvian flagship casino, Fiesta Casino Benavides. The $6,500,000 debt instruments bear interest rates of 13% per annum paid monthly over 60 months with principal of $4,500,000 due in month 36 and $2,000,000 due in month 60. The loans are currently guaranteed by the company, however pledge agreements for 395 gaming machines belonging to Fiesta Casino Benavides, must be executed no later than May 19, 2009.

n) 9.5% note payable

During the year ended 31 December 2008, the Group entered into a loan agreement for $19,500,000 to purchase an additional 2.275% equity stock in International Thunderbird Gaming Corporation Panama and fund various projects. The $19,500,000 was raised as a debt instrument bearing interest at 9.50% per annum over 90 months, with principal and interest payments due quarterly. This note is secured by the Group's 61.36% interest in the Panama operations and a debt service reserve account that must always maintain a balance equal to one third of the amounts payable under the Bonds on the next Payment Date.

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

18. PROVISIONS

	Current 2008	Non-current 2008	Current 2007	Non-current 2007
Employee benefits	$ 1,615	$ 2,407	$ 779	$ 1,704
Other	864	-	700	-
Litigation provisions	-	1,796	-	1,796
	$ 2,479	$ 4,203	$ 1,479	$ 3,500

	Employee benefits	Litigation	Other	Total
Balance at 1 January 2007	$ 2,002	$ 1,796	$ 125	$ 3,923
Additional provisions recognized	1,518	-	700	2,218
Reductions arising from payments/other sacrifices of future economic benefits	(918)	-	(125)	(1,043)
Reductions resulting from re-measurements or settlement without cost	(96)	-	-	(96)
Other	(23)	-	-	(23)
Balance at 31 December 2007	$ 2,483	$ 1,796	$ 700	$ 4,979
Additional provisions recognized	5,131	-	864	5,995
Additional provisions from Panama acquisition	1,104	-	-	1,104
Reductions arising from payments/other sacrifices of future economic benefits	(4,804)	-	(700)	(5,504)
Reductions resulting from re-measurements or settlement without cost	143	-	-	143
Other	(35)	-	-	(35)
Balance at 31 December 2008	$ 4,022	$ 1,796	$ 864	$ 6,682

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 described in Note 2.

Former directors and associated companies

Included in other are accrued liabilities owed to former officers and an associated company. The repayment terms were extended to installments of $5,000 per month from 1 January 2003 to 1 June 2004, then $6,500 per month from 1 July 2004 to 1 June 2005 and then $5,000 per month to 1 June 2010.

Employee 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 $654,000. It is expected that these costs will be incurred during the next ten years. Assumptions were based on third party actuarial valuations. Additionally, the other countries that the Group operates 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.

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

18. PROVISIONS (cont'd)

Litigation provision

During 2006, the Group filed a petition with the U.S. District Court to over-turn the NAFTA arbitration decision denying the Group's claim for damages and awarding Mexico with costs and attorney fees. The U.S. District Court approved and upheld the NAFTA tribunal's decision and as a result the Group has made a provision for the $1,250,000 cost and attorney fee award. The Group continued its appeal rights by filing an appeal with the U.S. District Court of Appeals for the District of Columbia and in December 2007 the decision was affirmed. Additionally, the Group provided for a judgment for past consulting fees owed for the Group's Mexican associates operations in the amount of $546,000.

19. RETIREMENT BENEFITS OBLIGATIONS

The amounts of retirement benefit obligation recognized in the balance sheets are determined as follows:

	2008	2007
Present value of the obligation	$ 186	$ 504
Unrecognized actuarial losses	334	(86)
	$ 520	$ 418

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

	2008	2007
Balance at beginning of year	$ 469	$ 519
Actuarial (losses) /gains	(408)	(259)
Current service cost	79	296
Interest cost	52	43
Benefits paid	-	(61)
	$ 192	$ 538

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

	2008	2007
Current service cost	$ 79	$ 296
Interest costs	52	43
Net actuarial losses recognized during the year	1	10
	$ 132	$ 349

For determination of the pension liability in 2008, the following actuarial assumptions were used:

	2008	2007
Discount rates	11.38%	8.2%
Expected rate of salary increases	8.00%	8.0%

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 31.3 years for both males and females.

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

Share capital

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 declared any dividends since incorporation. The Group has not issued preferred shares. The Group's common stock has no par value.

	Number of shares		Amount
Authorized			
500,000,000 common shares without par value			
500,000,000 preferred shares without par value			
Issued			
Balance as at 31 December 2006	8,397,991	$	21,584
Exercise of options	287,347		185
Issued	9,500,000		77,136
Exercise of warrants	666,666		57
Balance as at 31 December 2007	18,852,004		98,962
Exercise of options	301,077		303
Stock Grants Issued	500,000		-
Balance as at 31 December 2008	19,653,081	$	99,265

Warrants

	2008			2007		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	173,471	$	0.10	781,667	$	0.10
Exercised	-		0.10	(666,666)		0.10
Issued	-		0.10	58,470		0.10
Outstanding, end of year	173,471	$	0.10	173,471	$	0.10

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The warrant set out above is classified under non-current liabilities as a derivative financial instrument in accordance with IAS 32 and 39. The fair value of the derivative financial instrument as of 31 December 2008 was $232,000 (2007 - $1,196,000).

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

20. SHARE CAPITAL AND RESERVES (cont'd)

Options

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

<u>Stock option plan I dated 1 July 1997 and Stock option plan II dated 25 June 2005</u>

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.

<u>2007 Equity incentive plan dated 20 November 2007</u>

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

	Number of Shares	Weighted Average Exercise Price
Balance as at 31 December 2006	1,039,911	$ 1.13
Granted	433,311	4.85
Exercised	(287,347)	0.61
Cancelled	(25,825)	0.33
Balance as at 31 December 2007	1,160,050	$ 2.71
Exercised	(301,077)	1.05
Cancelled	(24,830)	4.98
Balance as at 31 December 2008	834,143	$ 3.24
Number of options currently exercisable	537,266	$ 2.83

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

20. SHARE CAPITAL AND RESERVES (cont'd)

The following table summarizes information about the stock options outstanding at 31 December 2008:

Range of exercise prices	Number outstanding	Weighted average remaining life	Weighted average exercise price
$0.61 - $1.00	113,332	0.57 years	$ 0.96
$1.01 - $2.00	53,331	0.58 years	1.34
$2.01 - $3.00	258,996	3.08 years	2.10
$3.01 - $5.00	408,484	3.52 years	4.84
	834,143	2.80 years	$ 3.24

Stock-based compensation

Effective 7 November 2002, the Group recognizes compensation expense for stock options granted in the consolidated statements of operations and deficit using the fair value based method of accounting for all options issued on or after 7 November 2002. During the prior year, the Group granted 433,311 stock options that vested when they were issued with a fair value of $1,034,000, which is included in general and administrative expense. 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 2008 was $2,162,000. The value of stock options vesting as of 31 December 2008 was $550,000. No stock options were granted during 2008.

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

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

20. SHARE CAPITAL AND RESERVES cont'd)

Reserves

Translation reserve

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

Retained earnings

Retained earnings are the accumulated retained losses.

Other reserves

The Group issues equity-settled stock-based payments to certain employees and directors. For all stock-based payment arrangements granted an expense is recognized on the income statement 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 per share:

	2008	2007
Weighted average shares used in computation of basic earnings per share (thousands)	19,586	9,929
Effect of diluted securities:		
Stock options and warrants (thousands)	444	255
Weighted average shares used in computation of diluted earnings per share (thousands)	20,030	10,184
Net loss for the year	$ (32,794)	$ (6,508)
Basic and diluted (loss)/earnings per share	(1.67)	(0.66)

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

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

22. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Atributable to equity holders of parent						
	Share capital	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2007	$ 21,584	$ 490	$ (796)	$ (23,580)	$ (2,302)	$ 2,889	$ 587
Exchange differences arising on translation of foreign operations	-	-	1,920	-	1,920	-	1,920
Loss for the year	-	-	-	(6,508)	(6,508)	2,282	(4,226)
Buy back of subsidiary shares	-	-	-	-	-	(78)	(78)
Recognition of share-based payments	-	1,034	-	-	1,034	-	1,034
Issue of ordinary shares	77,136				77,136	-	77,136
Issue of ordinary shares under warrant agreements	57	3,214	-	-	3,271	-	3,271
Issue of ordinary shares under employee share option plan	185	-	-	-	185	-	185
							-
Balance at 31 December 2007	$ 98,962	$ 4,738	$ 1,124	$ (30,088)	$ 74,736	$ 5,093	$ 79,829
Balance at 1 January 2008	$ 98,962	$ 4,738	$ 1,124	$ (30,088)	$ 74,736	$ 5,093	$ 79,829
Exchange differences arising on translation of foreign operations	-	-	(4,139)	-	(4,139)	-	(4,139)
Loss for the year	-	-	-	(32,794)	(32,794)	(711)	(33,505)
Buy back of subsidiary shares	-	-	-	-	-	3,913	3,913
Recognition of share-based payments	-	2,712	-	-	2,712	-	2,712
Issue of ordinary shares under employee share option plan	303	-	-	-	303	-	303
							-
Balance at 31 December 2008	$ 99,265	$ 7,450	$ (3,015)	$ (62,882)	$ 40,818	$ 8,295	$ 49,113

23. RELATED PARTY TRANSACTIONS

Transactions with joint ventures

Included in trade and other receivables is $Nil (2007 - $2,383,000) due from Thunderbird Panama as the Panama entity has been consolidated at 100% for the current year due to the acquisition of the additional shareholdings by the Group. Also included in trade and other receivables is $4,219,000 (2007 - $3,223,000) due from Thunderbird de Costa Rica S.A, and $66,000 (2007 - $Nil) due from Daman Hospitality Private Limited. These amounts represent the balances due in excess of the Group's proportionate share of the net assets included on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

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

23. RELATED PARTY TRANSACTIONS (cont'd)

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 yet un-paid management fees. Included in loans payable are loans from partners in the Group's operating entities. The loans outstanding are as follows (Note 17):

		2008		2007	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Panama partners	Panama	$ 2,031	$ 265	$ 1,845	$ 203
Philippine Partners	Philippines	1,257	71	228	-
Nicaragua partners	Nicaragua	-	-	117	18
Total		$ 3,288	$ 336	$ 2,190	$ 221

Included in other liabilities are amounts due to the Group's partner in Costa Rica for $2,414,000 as of 31 December, 2008 (2007 - $444,000) for their portion of management fees, which have been fully eliminated in the consolidated income statement. In other liabilities are amounts due to the Group's partner in its Philippines entity East Bay Resorts, Inc., as of 31 December 2008 for $Nil (2007 - $302,000), for amounts due for their expenses associated with the securitization of the gaming license for that facility. Additionally, in other liabilities is $66,000 (2007- $135,000) due to a shareholder of the Nicaraguan operation for a loan due for a small acquisition completed by the entity for Masaya. Included in trade and other payables is $1,926,000 (2007 - $174,000) due to the Group's Panamanian partners for their portion of royalty fees and management fees paid by the Panama entity, and $1,007,000 (2007 - $686,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity.

Included in trade and other receivables is $213,000 as of 31 December 2008 (2007 - $246,000) 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 $1,301,000 (2007 - $125,000) due from the Groups partner in Costa Rica for the capitalization of the Group's King Lion entity that holds the Tres Rios property and amounts due for the purchase of non-controlling interests in the Thunderbird Gran Entretenimiento entity, $825,000 (2007 - $583,000) due from the Group's Philippines Poro Point partner for advances to be offset against future dividends, and $882,000 (2007 - $Nil) for the Group's advances to its Polish partner for the capitalization of the Polish entities.

Transactions with officers and Directors

The receivable amounts are unsecured, non-interest bearing and due on demand. Included in accounts payable is $Nil (2007 - $2,012,000) of bonuses payable to the officers, which represent the unpaid bonuses approved by the board for the closing of the private offering in November 2007.

A Director received compensation under a consulting agreement in the amount of $78,000 for 31 December 2008 (2007 - $78,000), and received commissions from the successful securitization of loans payable, in the amount of $25,000 for 31 December 2008 (2007 - $39,000) in addition to directors fees. In addition, Directors have loaned various amounts to the Group. The outstanding loans are as follows:

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

23. RELATED PARTY TRANSACTIONS (cont'd)

		2008		2007	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Philippines	$ 7	$ 4	$ 44	$ 9
Director	Philippines	39	8	68	11
Director	Corporate	90	8	104	9
Daughters of CEO	Philippines	100	7	-	-
Mother of Director	Philippines	61	11	91	14
Director	Philippines	54	10	80	18
Total		$ 351	$ 48	$ 387	$ 61

The loans to Costa Rica contained an equity interest in the subsidiary Thunderbird Gran Entretenimiento for which the loans benefited. Both the Director and the Director's mother received a 0.04% interest in the entity as a result of their loans. As of 31 December 2008, the Director and the Director's mother received $Nil each related to their ownership interest in this entity (2007 - $3,000 each). The Group acquired the ownership interest from the Director and the Director's mother for $115,000 for both of their interests in this entity.

The Fantasy Group, S.A. receivable is an unsecured promissory note dated 4 June 2003, with 48 monthly payments of principal and interest of $5,200, beginning March 2004. 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 2008 was $46,000 (2007 - $46,000).

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

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

23. RELATED PARTY TRANSACTIONS (cont'd)

Transactions with officers and directors (cont'd)

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

Relation	Position	2008 Salary	2007 Salary (1)
Spouse	Executive Assistant	$ 5	$ 28
Brother-in-law	Regional Counsel	66	82
Brother-in-law	General Manager	154	46
Brother-in-law	General Manager	82	39
Daughter	Assistant Analyst	83	44
Brother	Project Manager	100	78
Total		$ 490	$ 317

(1) Salary includes bonuses and other compensation

24. 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 some video lottery equipment. As at 31 December 2008, future minimum lease payments under finance leases and hire purchase contracts of the Group and the Group's share of minimum payments of joint ventures are as follows:

	Future commitments due			
	2008		**2007**	
Finance lease commitments	**Commitment**	**Present value**	**Commitment**	**Present value**
Not longer than 1 year	$ 6,328	$ 3,700	$ 4,984	$ 3,327
After one year but not more than five years	25,069	17,197	14,212	11,844
After five years	13,672	9,732	14,696	7,802
Sub total	45,069	30,629	33,892	22,973
Less deferred transaction costs	-	(383)	-	(492)
Present value of minimum lease payments	45,069	30,246	33,892	22,481
Obligations under leases and hire purchase contracts current	-	(3,625)	-	(2,755)
Obligations under leases and hire purchase contracts non-current	$ 45,069	$ 26,621	$ 33,892	$ 19,726

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

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

Obligations under finance leases and hire purchase contracts (cont'd)

Assets held under finance leases and hire purchase contracts as of 31 December 2008:

	2008		2007	
	Cost	Amortized cost	Cost	Amortized cost
Autos	$ 1,168	$ 717	$ 247	$ 217
Gaming Machines	2,625	1,393	1,182	940
Buildings	34,511	32,304	34,706	34,024
Land	9,150	9,150	9,101	9,101
Total	$ 47,454	$ 43,564	$ 45,236	$ 44,282

Obligations under operating leases

As at 31 December 2008, minimum operating lease payments of the Group and the Group's share of minimum operating lease payments of joint ventures were as follows:

	Future commitments due
Not longer than 1 year	$ 8,247
After one year but not more than five years	38,348
After five years	46,855
	$ 93,450

In addition to the above, Thunderbird Panama is committed to pay minimum annual rentals for two of the casinos equal to 9% of the net win less the income participation payable to the Government of the Republic of Panama. Operating lease expense for the year ended 31 December 2008 was $4,623,000 (2007 - $4,887,000).

25. COMMITMENTS AND CONTINGENCIES

a) Thunderbird Panama is committed to pay the Government of the Republic of Panama an annual minimum income participation equal to $4,216,000 in the first year, which increases by 2% per year, or 10% of Thunderbird Panama's gross income, whichever is higher. This commitment commenced in August 1998, on the opening of the first casino in the Republic of Panama, and related payments commenced shortly thereafter. Amounts paid under the agreement by Thunderbird Panama were $5,661,000 in 2008 (2007 - $5,312,000).

25. COMMITMENTS AND CONTINGENCIES (cont'd)

b) Thunderbird Panama is committed to pay a 2% profit interest, defined as gross revenue less operating expenses, in the Panamanian operations to a third party. The Group is committed to pay to a third party $6,700 (2007 - $6,700) each month while operations continue in the Republic of Panama commencing July 1999, for a maximum of 10 years. During the year ended 31 December 2004, the Group prepaid half of the remaining balance of this obligation at a discounted rate and is amortizing the payment over the remaining life of the original maximum of 10 years.

c) 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. The Group, upon the advice rendered by PAGCOR, is of the opinion that the tax benefits granted to PAGCOR under its charter inures to the benefit of and extends to corporations, associations, agencies, or individuals with whom PAGCOR has any contractual arrangement in connection with the operation of the casinos. This taxation status of the Group's Philippine operations have come under scrutiny from the local and national Philippine tax authorities due to the recent passing of two laws that challenge the tax incentives offered to PAGCOR and its Franchisees. Republic Act No. 9337 (RA 9337) Section 27(c) removed PAGCOR from the list of government-owned and controlled entities subject to tax exemptions. Additionally, the Philippine Bureau of Internal Revenue (BIR) has consistently taken the position that effective 1 January 2006, under Section 102 for RA 7716 (now section 108 of NIRC of 1997), PAGCOR ceased to qualify for payment of franchise tax in lieu of all other taxes. The BIR ruled that legislative franchises grantees, except only 'electric, gas and water utilities'; have been expressly subjected to the 10% VAT pursuant to this Section 102. Based on the BIR ruling and RA 7716, the Group, as a franchisee of PAGCOR, may be subject to payment of VAT, at its Rizal location, as the Poro Point location is in a special economic zone, and clearly exempt from VAT. The Group has taken the position that the tax issue is being currently contested by PAGCOR and, until the issue is settled or becomes law by way of ruling of the Supreme Court, no accrual for the VAT or any other tax will be made by the Group. The estimated VAT liability arising from the Rizal casino's 2006 activity is approximately $650,000. The Group's position on RA 9337 and the BIR ruling is based on the following:

i. PAGCOR's legal position is fully stated in a Petition filed in the Supreme Court in March 2007 wherein PAGCOR is requesting that the Supreme Court (SC) rule that PAGCOR is exempt from the payment of all local taxes (" … it being adopted that Eastbay is a contractee of PAGCOR:" and exempt as well). In the Petition of March 2007 PAGCOR referred to various precedent including the position taken by the Philippine Department of Justice when it promulgated a resolution in PAGCOR vs. The Bureau of Internal Revenue declaring that PAGCOR is exempt from the payment of all taxes, save for the franchise tax as provided under section 13 of PD 1869, as amended. (OSJ Case No 2004-1 promulgated on 22 December 2006). In addition PAGCOR is relying on the recent Supreme Court ruling on The Commissioner of Internal Revenue verses Acesite Hotel Corporation (Acesite Case).

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25. COMMITMENTS AND CONTINGENCIES (cont'd)

In the Acesite case (regarding payment of VAT by contractors of PAGCOR), dated 16 February 2007, the SC anchored its decision on Section 13 (2) of the PAGCOR Charter which states that "no tax of any kind or form, income or otherwise, as well as fee, charges or levies of whatever nature, whether National or Local, shall be assessed and collected under this Franchise from the Corporation (PAGCOR); nor shall any form of tax or charge attach in any way to the earnings of the Corporation…" The SC interpreted this as a blanket exemption, which does not distinguish whether the taxes are direct or indirect. The SC also noted that by extending the exemption from indirect taxes, considering that such taxes would, by their nature, be otherwise or passed on by said entities or individuals to PAGCOR as the buyer, transferee, or lessee. Thus, not withstanding RA 7716, the SC still invoked PAGCOR's exemption under its Charter. This necessarily implies that PAGCOR's exemption under its Charter continued to remain in full force and effect notwithstanding the affectivity of RA 7716.

ii. The Petition for Certiorari and Prohibition before the Supreme Court filed by PAGCOR in case No. C.R. 172087 dated 17 April 2006. This Petition is supported by the Philippines government's highest level legal department, that being the Office of the Solicitor General, who filed a "Manifestation in Lieu of Comment" dated 25 April 2006. PAGCOR's position that its government corporate body is exempt from all taxes (except the 5% franchise tax), including VAT and income tax, is clearly set forth in this Petition. The Petition and the Manifestation seek to declare Republic Act No. 9337 "NULL AND VOID" as it relates to the tax exemption enjoyed by PAGCOR under section 13(2) of the PAGCOR Charter.

No output VAT has been paid by PAGCOR since 1 January 1996, nor has there been any payment of income tax for the period 1 November 2005 to 31 December 2008.

d) Lease and PAGCOR investment commitment agreements

i. The Group's casino in Poro Point, Philippines is required by the lease agreement with the Base Conversion Development Authority (BCDA), Poro Point Management Corporation (PPMC), and the Memorandum of Agreement with PAGCOR, to complete a Philippines peso ("PHP") 5,200,000,000, ($100,000,000), investment in phases which are as follows:

Phase	Required completion date	Investment amount	Expected timing of cash outflows: 2005 and 2006	2007	2008 and after
1	2006	PHP 162,300,000	PHP 162,300,000	PHP -	PHP -
2	2008	216,400,000	80,000,000	26,400,000	110,000,000
3	To be determined	193,300,000	-	-	193,300,000
4	To be determined	1,928,000,000	-	-	1,928,000,000
5	To be determined	2,700,000,000	-	-	2,700,000,000
		PHP 5,200,000,000	PHP 242,300,000	PHP 26,400,000	PHP 4,931,300,000

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

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25. COMMITMENTS AND CONTINGENCIES (cont'd)

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.

ii. The Group's casino, in Rizal, Philippines, is required by the addendum to the MOA with PAGCOR dated 18 January 2006 to complete a PHP 2,520,000,000 ($50,000,000), investment in phases which are as follows:

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

The Group committed to complete Phase 1 within a period of 36 months from signing the Addendum to MOA. The fulfillment of the tasks for the years 2008 and thereafter that fall beyond 11 July 2008, which is the expiration of the present franchise of PAGCOR, are contingent on all of the following circumstances that:

- PAGCOR is given a new franchise or its present franchise is extended beyond 11 July 2008.
- The authority of PAGCOR to grant license to operate a private casino within the special economic zones falls within the scope of the new franchise or the extended franchise, whichever is applicable; and,
- PAGCOR grants unto the Group and TRI extension of the authority to operate the Fiesta Hotel and Casino in Rizal.

As of 31 December 2008 the Group spent PHP 1,036 million toward the commitment. As of 31 December, 2007 the Group had already invested PHP 97.6 million and received an extension from PAGCOR for the first six months in 2008 for the remainder of the investment commitment.

e) 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. The PAGCOR Charter was extended for 25 years effective July 2008. Moreover, the Group has been advised by PAGCOR through letters dated 7 April 2009 that PAGCOR is "confident" that each of the licenses for the Group's casinos at Rizal and at Poro will be re-newed subject to the Group's compliance with the investment commitment referenced above.

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

25. COMMITMENTS AND CONTINGENCIES (cont'd)

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) The Group's 1999, 2001, and 2002 Canadian tax returns are under audit by Canada Revenue Agency ("CRA"). On 26 January 2006, the Group received notification of a proposed reassessment from the CRA with respect to its reported income on its 1999, 2001, and 2002 Tax returns. The basis for the proposed re-assessment is twofold: (1) the receipt and payment of management fees the Group charged to its subsidiary operations and (2) the alleged failure to report settlement proceeds from California Indian gaming business. To date, the Group has submitted a vigorous challenge to the re-assessment. In any event, if the Group is not successful in its challenge, the entire re-assessed tax will be offset by the Group's net operating loss ("NOL") in a manner that will reduce the actual tax liability to zero. CRA is also assessing a tax penalty alleging the Group failed to report the Indian settlement proceeds as taxable income and that a tax penalty is not reduced or eliminated by the NOL. The Group is contending that the penalty is without basis in fact and in law. The Group's subsidiary operation, Thunderbird Greeley Inc., properly reported the Indian settlement proceeds. In October of 2006, the Group received an assessment of approximately $880,000 for a tax penalty (including interest). The Group is filing a notice of appeal and is vigorously opposing the assessment of the tax penalty, taking the position that the income was property reported in its United States tax returns upon the advice of its tax preparer.

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

. i) The Group was engaged in a "legal challenge" in its quest to be included as a bidder in the Chile Bid Process. On 5 April 2006, the Santiago Court of Appeals unanimously ruled (3-0) in favor of Thunderbird's petitions against the Chilean Gaming Commission's resolutions that had excluded Thunderbird from the current casino bid process. The Court found that the Gaming Commission's resolutions were arbitrary and illegal. The Commission appealed the decision to the Supreme Court. The Supreme Court ruled against the Group and no further legal challenges are now pending. The Group's Chilean subsidiaries are engaged in litigation in Chile with respect to potential collection of damages from a real estate transaction incurred by the Group's Chilean subsidiary. The Group is not expecting any material impact to its financials as a result of these proceedings, as the Group believes that the Chilean litigation is without merit. The Group does not expect that the parties in Chile will collect if a judgment is made as the Chilean subsidiary is insolvent and therefore there is no accrual in this consolidated financial statements related to this liability.

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25. COMMITMENTS AND CONTINGENCIES (cont'd)

j) As at 31 December 2008, principal payments required under the terms of the loan agreements and their liabilities in each of the next five years are as follows:

Year ended 31 December:	
2009	$ 30,702
2010	27,027
2011	29,543
2012	14,471
2013	9,600
Thereafter	34,957
Subtotal	146,300
Less: Debt Issuance Costs	(4,265)
	$ 142,035

k) The Group would be subject to certain tax liabilities in Canada in connection with emigrating from Canada and continuing its charter under the laws of the British Virgin Islands.

In 2006, the Group filed "discontinuation documents" with the Yukon, Canada Registrar and continued its charter under the laws of the British Virgin Islands. In connection with this change the Group could be subject to certain Canadian tax liabilities associated with the Group's deemed disposition of the assets and a deemed dividend calculated under Canadian tax laws. The Group determined that it had no tax charges associated with its emigration from Canada. Although management believes the position they 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 the Group being subject to additional Canadian taxes.

l) The Group is currently engaged in resolving a potential dispute with our local partner in Poland over matters in the Shareholder's Agreement which may include our local partner challenging our ownership of about 12 percent of our ownership in Casino Centrum. The forum for any dispute resolution would be arbitration (in Warsaw, Poland) pursuant to the rules of the International Chamber of Commerce.

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

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

Foreign currency sensitivity:
Most of the Group's transactions are carried out in the functional currency where the operations reside. Exposures to currency exchange rates arise from the Group's loans payable, intercompany payables and cash balances, which are primarily denominated in US-dollars. The loans, intercompany payables and cash designated at fair value through profit or loss.

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

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

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

		US-dollar amounts	
		2008	**2007**
Nominal amounts	**Country**		
Financial assets			
	Guatemala	$ 220	$ 10
	Costa Rica	1,898	848
	Nicaragua	66	86
	Philippines	1,808	2,510
	Peru	3,430	14,058
	Poland	185	2,000
Financial liabilitites			
	Guatemala	(5,417)	(2,061)
	Costa Rica	(8,421)	(4,072)
	Nicaragua	(1,255)	(2,428)
	Philippines	(12,660)	(14,528)
	Peru	(11,227)	(6,607)
	Poland	(598)	-
	Colombia	(123)	-
	India	(20)	-
Short term exposure		$ (32,114)	$ (10,184)
Financial liabilitites			
	Guatemala	(7,787)	(3,789)
	Costa Rica	(10,491)	(6,666)
	Nicaragua	(2,845)	(2,574)
	Philippines	(1,204)	(291)
	Peru	(62,241)	(48,191)
	Poland	(1,679)	-
Long term exposure		$ (86,247)	$ (61,511)

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 2008 and 2007. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

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

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

	2008		2007	
Country	Percentage change	Net Income for the year	Percentage change	Net Income for the year
Guatemala	3.14%	$ 5,473	2.05%	$ 120
Nicaragua	0.00%	224	0.00%	-
Costa Rica	8.13%	178	3.17%	314
Philippines	5.36%	3,343	6.26%	771
Peru	8.01%	13,718	2.08%	847
Poland	20.93%	2,793	10.75%	(215)
India	12.39%	824	-	-
Colombia	131.41%	653	-	-
Total		$ 27,206		$ 1,837

If the US-dollar has strengthened against the functional currencies according to the percentages below then this would have had the following impact

	2008		2007	
Country	Percentage change	Net Income for the year	Percentage change	Net Income for the year
Guatemala	3.14%	$ (5,473)	2.05%	$ (120)
Nicaragua	0.00%	(224)	0.00%	-
Costa Rica	8.13%	(178)	3.17%	(314)
Philippines	5.36%	(3,343)	6.26%	(771)
Peru	8.01%	(13,718)	2.08%	(847)
Poland	20.93%	(2,493)	10.75%	215
India	12.39%	(824)	-	-
Colombia	131.41%	(653)	-	-
Total		$ (26,906)		$ (1,837)

Interest rate sensitivity:

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2008, the Group is exposed to changes in market interest rates through some of its bank borrowings approximately $20,522,000 as of 31 December 2008 (2007 - $4,100,000), which are subject to variable interest rates. As in 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 +/-0.75% as of 31 December 2008 (2007 - +/-0.75%), with effect from the beginning of the year, would be an increase of $154,000 (2007 - $31,000) or a decrease of $154,000 (2007 - $31,000). 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 balance sheet date. All other variables are held constant.

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27. FINANCIAL INSTRUMENTS BY CATEGORY

Group	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2008			
Assets as per balance sheet			
Trade and other receivables	$ 29,468	$ -	$ 29,468
Other financial assets at fair value through profit and loss	-	4,454	4,454
Cash and cash equivalents	21,781	-	21,781
Total	$ 51,249	$ 4,454	$ 55,703

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per balance sheet			
Borrowings	$ 172,279	$ -	$ 172,279
Derivative financial instruments	-	232	232
Total	$ 172,279	$ 232	$ 172,511

Group	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2007			
Assets as per balance sheet			
Trade and other receivables	$ 16,911	$ -	$ 16,911
Other financial assets at fair value through profit and loss	-	2,846	2,846
Cash and cash equivalents	76,901	-	76,901
Total	$ 93,812	$ 2,846	$ 96,658

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per balance sheet			
Borrowings	$ 104,261	$ -	$ 104,261
Derivative financial instruments	-	1,196	1,196
Total	$ 104,261	$ 1,196	$ 105,457

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28. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

Credit risk analysis:

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

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

None of the Group's financial assets are secured by collateral or other credit enhancements.

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

Liquidity risk analysis;

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

As at 31 December 2008, the Group's liabilities have contractual maturities which are summarized below:

	Current		Non current	
	within 6 months	6 to 12 months	1 to 5 years	later than 5 years
Long-term bank loans	$ 26,071	$ 22,692	$ 125,079	$ 42,428
Finance lease obligations	3,580	2,748	25,069	13,672
Trade payables	10,205	-	-	-
Other short-term financial liabilities	4,181	-	-	-
Derivatives	-	-	232	-
Total	$ 44,037	$ 25,440	$ 150,380	$ 56,100

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28. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd.)

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

	Current		Non current	
	within 6 months	6 to 12 months	1 to 5 years	later than 5 years
Long-term bank loans	$ 16,146	$ 11,036	$ 78,163	$ 37,091
Finance lease obligations	718	4,174	14,212	14,696
Trade payables	6,663	-	-	-
Other short-term financial liabilities	13,279	-	-	-
Derivatives	-	-	1,196	-
Total	$ 36,806	$ 15,210	$ 93,571	$ 51,787

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

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. Net debt is calculated as total borrowings (including 'borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents, less accrued interest and less un-amortized debt issuance costs. EBITDA is calculated as operating profit before exceptional items plus depreciation and amortization.

During 2008, the Group's long term strategy, was to maintain a leverage ratio of 3.0 to 4.0 times in order to secure access to finance at a reasonable cost. Due to the new debt undertaken by the Group to complete certain construction projects the Group's leverage ratio has increased to 5.97 times from 1.14 as of 31 December 2007, primarily due to the new operations and acquisitions that were brought on during the 2008 year that are continuing to ramp up performance. The Group is seeking to refinance its debt during 2009 pursuant to Note 2.

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29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (cont'd)

The leverage ratios at 31 December 2008 and 2007 were as follows:

	2008	2007
Total borrowings and finance lease obligations (Notes 17 and 24)	172,281	103,021
Less: Cash and cash equivalents	(21,783)	(76,901)
Less: Accrued interest	(1,033)	(1,033)
Less: Unamortized debt issuance costs	(4,265)	(1,913)
Net Debt	145,200	23,174
Operating profit from continuing operations before exceptional items	3,553	10,037
Add: Depreciation and amortization	20,846	10,244
EBITDA	24,399	20,281
Leverage ratio	5.95	1.14

The increase in the leverage ratio during 2008 resulted primarily due to the reduction in cash and the acquisition of new debt for expansion of the operations.

30. INVESTMENT IN JOINT VENTURES

The Group has 50% interest in the following joint ventures:

a. Thunderbird de Costa Rica
b. Thunderbird Chile S.A.
c. Hopland Joint Venture
d. Daman Hospitality Private Limited

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

	2008	2007
Current assets	$ 3,024	$ 1,426
Non current assets	18,851	27,467
Current liabilities	2,857	9,451
Non current liabilities	9,618	14,096
Revenue	9,622	41,656
Expenses	10,738	36,844
Net loss before taxes	(1,116)	4,812
Cash flows from operating activities	(1,904)	6,991
Cash flows from financing activities	11,192	4,599
Cash flows from investing activities	(9,005)	(9,209)

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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 year-end. The Group comprises a large number of companies and it is not practical to list all of them below. This list therefore includes those companies which the Directors consider principally affect the results or financial position of the Group. The following is a chart of our organizational structure, including our effective record ownership structure as of 15 April 2009:

Name of Subsidiary	Jurisdiction of formation	Effective ownership interest
International Thunderbird Gaming (Panama) Corp.	Panama	64%(1)
Thunderbird Entertainment, S.A,	Panama	100%
Thunderbird Gran Entretenimiento, S.A.	Costa Rica	54%
King Lion Network, S.A.	Costa Rica	25%
Sun Nippon Company, S.A.C.	Peru	100%
Interstate Gaming Del Peru S.A.	Peru	100%
Thunderbird Hoteles Las Americas S.A.	Peru	100%(2)
Thunderbird Fiesta Casino – Benavides, S.A.	Peru	100%(2)
Thunderbird Frontier Realty	Philippines	100%
South American Entertainment Corp. II Ltd.	Philippines	100%
Thunderbird Poro Development Ventures Inc.	Philippines	100%
Eastbay Resorts Inc.	Philippines	60%(3)
Eastbay Property & Development Inc.	Philippines	40%
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	61%(4)
Diversiones Avanzadas, S.A.	Guatemala	100%
Inversiones ALA, S.A.	Guatemala	100%
Video Suerte S.A.	Guatemala	100%
Buena Esperanza Limitada S.A.	Nicaragua	54.6%
Eastbay Resorts Limited	British Virgin Islands	60%(3)
Thunderbird Poro Point Ltd.	British Virgin Islands	61%(4)
Camino Real (BVI) Investments Ltd.	British Virgin Islands	100%
International Thunderbird (BVI) Ltd.	British Virgin Islands	100%
International Thunderbird Brazil (BVI) Ltd.	British Virgin Islands	100%
Casino Centrum Sp.z.o.o	Poland	37.9%(5)

(1) The Group has entered into a stock purchase agreement to acquire an additional 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corporation from minority selling shareholders. The closing is contingent on the Group receiving approval from the Panama regulatory authorities and acceptable Financing, and assuming the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation.

(2) 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.

(3) Third parties own a non-voting equity interest in this entity, which lowers our economic interest in this entity to 51%.

(4) Third parties own a non-voting equity-interest in this entity, which lowers our economic interest in this entity to 52%.

31. PRINCIPAL SUBSIDIARIES

(5) We have entered into a shareholders agreement with our local partner that calls for distributions of 66.67% to Thunderbird's affiliates and 33.3% to our local partner and through the agreements have voting control over 50.6% of shares until the acquisition of further shares in Casino Centrum becomes effective at which point the Group will own 66.67%.

32. SUBSEQUENT EVENTS

The following events occurred subsequent to 31 December 2008:

a. The Group announced on 12 January 2009 that it intends to make a normal course exempt issuer bid to (potentially) repurchase a portion of its issued and outstanding common shares. The Board of Directors authorized the Group to acquire up to an aggregate of 333,333 of its issued and outstanding common shares over the next twelve month period for a price not in excess of $3.00 per share and not in excess of an aggregate of $1,000,000 in value of common shares. All common shares purchased by the Group under the 2008 Exempt issuer bid will be returned to treasury and cancelled.

b. The Group's President and CEO transferred beneficial ownership of 268,484 common shares of the Group owned by him (representing approximately 1% of the outstanding common shares) on 8 January 2009 to a family trust. Following the transfer, the family trust beneficially owns 868,484 common shares, representing 4% of the outstanding common shares.

c. During the first quarter of 2009, the Group received a gaming license to install a casino in an existing hotel in Santiago, Panama. The casino could be as large as 1,600 sq. meters of usable space with 70 table positions and 125 slot machines with the potential to grow to 200 slot machines as the success of the operation allows. Management believes that once the financing and the lease are obtained, the construction and opening could occur within nine months. Santiago is the capital and economic center of the Veraguas Province with a population of about 225,000 as of the end of 2007 with very limited gaming competition.

d. In Costa Rica the Group previously announced it had suspended construction on our resort hotel/casino project in the eastern suburbs of San Jose. As of 31 March 2009 we have invested approximately $14.7 million for the acquisition of land, infrastructure development (including roads, ramps and a bridge), and the eight commercial lots comprising the Tres Rios property. Since our local financing source did not meet their commitment to fund the project for reasons unrelated to the project itself, we have pursued other financing options. This development, along with a previously announced decree by the executive branch of the Costa Rican government (limiting new casinos to one slot machine per room and one table game per ten rooms at the associated hotel), has caused us to reevaluate this project. We continue to seek a third party developer(s) to construct a hotel or condo-hotel within a given time frame, to enable us to build a casino adjacent to that hotel. Likewise, we continue to seek a joint venture partner for the hotel/casino project at Escazu, in the southwestern section of San Jose, Costa Rica, on land already purchased. Until the options relating to Tres Rios and Escazu have been successfully implemented, of which there can be no certainty, we cannot provide an estimated completion date for either.

32. SUBSEQUENT EVENTS

e. In India, construction continues on the Group's five-star hotel/hospitality complex in Daman, India announced originally in March 2008. Over 80% of the civil works is complete. The Group and its 50 percent local partner have contributed, respectively, cash equity of approximately $10,000,000 collectively ($9,000,000 by the Group) through 31 March 2009 while the partner contributed free and clear land valued at approximately $6,500,000 towards the development of this 177-room, five-star resort which includes: a) 2,700 sq. meters indoor event and meeting areas; b) 6,500 sq. meters of outdoor pools and outdoor event areas for up to 2,000 people; b) three bars, including a branded Salsa's Bar, a cutting edge bar/disco, and a high-end lounge bar, all with facilities for live music; c) four restaurants, including one Vegas-style buffet, one high-end Szechuan restaurant, a pool bar and one cafe near the event center; d) 450 sq. meters Zaphira Spa; e) 200 sq. meters gym for guests and club members; f) 750 sq. meters shopping area; and g) a 5,700 sq. meters of high-energy, high-tech casino and entertainment venue. The complex is located at the nexus of Gujarat and Maharashtra, the two wealthiest states in India. Through 28 February 2009, the Group and its partner have contributed approximately $10,000,000 of combined cash equity to the project, in addition to hectares of free and clear land contributed by the partner. As of 28 February 2009, we received commitments and/or funding of approximately $4 million from third parties as part of an approximately $15 million fully convertible debt offering issued by our jointly-owned India corporation, Daman Hospitality Private Limited ("DHPL"). In addition, DHPL is seeking approximately $25 million in senior financing, which together with the convertible debt offering will fund the completion of the construction and opening of the hospitality complex.

f. In the Philippines, the Group previously announced that the expansion of the Fiesta Casino and Resort at Rizal and the Fiesta Casino and Resort at Poro Point would be completed in the first quarter of 2009. Due to delays in securing the complete financing for each of the projects, the completion date for both is now scheduled for the third quarter of 2009 as more specifically described below, subject to financing. These expansions will add 238 slots and 91 table positions when opened.

g. In February, 2009, the Group obtained approximately $1.2 million of four year financing for its Peru Fiesta Benevides casino, $700,000 and expansions of other operations, $500,000 and is in negotiations with a local bank for the balance of the financing necessary to complete the expansions.

h. On 15 February 2009, the small property of Coatepeque (total of 107 positions) was closed due to poor performance and management's decision to focus on the larger markets such as the city center in Guatemala City, where management believes an operation of a similar size will generate significantly more revenues. The video lottery machines are being relocated at the other Guatemalan facilities.

i. As of the 31 March 2009, the Company closed on the two loans with a private lender totaling $1.2 million. The loan is unsecured and has an annual interest rate of 13 percent , payable in 36 months. Interest payments are due monthly while principal is due once annually.

j. Through 30 April 2009, the Company closed on convertible debt agreements in the amount of $4.8 million with multiple private lenders for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The convertible debt is secured by land, plant, and equipment, and has an annual interest rate of 15 percent. The interest accrues for the first 12 months, then partial interest of 6 percent is paid over 6 months, and interest payments of 15 percent will begin on the18th month after the Funding Date or after month 13 of operations, whichever comes first. The unpaid and underpaid interest during the first 18 months shall accrue and be paid from available cash flow after debt service of the Senior Secured Loan Agreement, taxes and operational expenses, commencing no later than 1 January 2013. The Lender can exercise a put option to the Company at an aggregate 22 percent rate of return or convert to non-voting common stock. The debt converts to stock automatically as of the 70th month.

32. SUBSEQUENT EVENTS (cont'd)

k. As of 10 October 2008, International Thunderbird Gaming (Panama) Corporation acquired a line of credit from a Panama bank to be used for the Soloy Casino Expansion. The line of credit has a limit of $1.1 million, upon which $0.9 million has been drawn. The line bears interest only payments at prime plus 2 percent until it is fully funded at which point it becomes a traditional loan, with principal and interest payments due for 84 months.

l. In April of 2009, the Group has entered into a series of purchase agreements to acquire 21 percent of King Lion Network,S.A. for approximately $1.2 million, $0.7 million of which was financed by the sellers.

m. The Group has entered into several contracts with our Cyprus subsidiaries to acquire our shares in Casino Centrum Sp.z.o.o., including a shareholders' agreement.

n. In April of 2009 the Group negotiated a deferment of principal debt payments with certain private lenders.

CHAPTER 9 – INVESTOR RELATIONS, SHARES AND DIVIDENDS

MAJOR SHAREHOLDERS AND LIQUIDITY MATTERS

The following table sets forth information regarding the beneficial ownership of our common shares as of 23 April 2009 by:

- each person or entity that we know is more than a 5.0 percent beneficial owner;
- each Director or executive Officer who beneficially owns more than 1.0 percent equity interest; and
- all of our Directors and executive Officers as a group.

All holders of our common stock have the same voting rights.

Beneficial ownership generally includes any interest over which a person exercises sole or shared voting or investment power

	Beneficial Ownership(1)	
Name of Beneficial Owner	**Number**	**percent**
Jack Mitchell (2)	1,096,815	5.6%
Albert Atallah(3)	249,783	1.3%
Angel Sueiro(4)	103,332	*
Michael Fox(5)	178,332	*
Tino Monaldo(6)	166,750	*
Raul Sueiro(7)	135,862	*
Salomon Guggenheim(8)	246,530	1.3%
Jean Duval(9)	174,706	*
Joaquin Daly	3,333	*
Roberto de Ocampo	3,333	*
Douglas Vicari	3,333	*
All Directors and Officers as a group	2,362,109	12.0%
Friedman Billings Ramsey Group, Inc.(10)	1,801,309	9.1 %
Prism Partners(11)	1,000,000	5.1 %
Wellington Management Company, LLP(12)	2,820,700	14.3 %

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

(2) 868,484 common shares are held by Inversiones San Gabriel, S.A., a private foundation, in trust for the benefit of Mr. Mitchell's wife and children, 124,331 common shares issuable upon exercise of vested options and 94,000 common shares issuable upon exercise of unvested options.

(3) Includes 46,034 common shares issuable upon exercise of vested options and 39,050 common shares issuable upon exercise of unvested options.

(4) Includes 19,666 common shares issuable upon exercise of vested options and 25,333 common shares issuable upon exercise of unvested options.

(5) Includes 46,666 common shares issuable upon exercise of vested options and 31,666 common shares issuable upon exercise of unvested options.

(6) Includes 34,922 common shares issuable upon exercise of vested options and 30,161 common shares issuable upon exercise of unvested options.

(7) Includes 7,333 common shares issuable upon exercise of vested options and 6,000 common shares issuable upon exercise of unvested options.

(8) Includes 6,666 common shares held by Isabel Guggenheim, Mr. Guggenheim's former wife, 38,666 common shares issuable upon exercise of vested options and 19,666 common shares issuable upon exercise of unvested options.

(9) Includes 6,666 common shares held by Agathe Duval, Mr. Duval's wife, 33,999 common shares issuable upon exercise of vested options and 12,666 common shares issuable upon exercise of unvested options.

(10) Friedman Billings Ramsey Group, Inc.'s address is 1001 Nineteenth Street North, 18th Floor, Arlington, Virginia 22209.

(11) As of November 2007; Prism Partners (and certain affiliates) purchased 1,000,000 shares in our November 2007 private placement. Their address is 44 Montgomery Street, Suite 4100, San Francisco, California, U.S., 94104.

(12) As of November 2007; Wellington Management Company, LLP (and certain affiliates and its investment advisory clients) purchased 2,820,700 shares in our November 2007 private placement. Wellington Management Company, LLP has shared voting authority over 1,798,500 shares and shared dispositive power over 2,820,700. Their address is 75 State Street, 19th Floor, Boston, Massachusetts, 02109.

* less than 1 percent.

Liquidity provider

We have appointed Friedman, Billings, Ramsey International, Ltd. as the liquidity provider (the "Liquidity Provider") for our common shares in order to enhance liquidity in the market of our common shares by giving sale and buy orders for our common shares in its own name and for the accounts held by Friedman, Billings, Ramsey & Co., Inc. The Liquidity Provider will maintain a spread of firm bid and offer prices during the fifteen (15) minutes preceding the market opening and then throughout the trading day. The Liquidity Provider will give quotes and act as counterparty for buyers and sellers of our common shares whereby it will maintain (i) a maximum spread of firm bid and offer prices of 5 percent with a minimum capital amount of $5,000 for a share price above $5.00 and (ii) a maximum spread of firm bid and offer prices of $0.25 with a minimum capital amount of 1,000 common shares for a share price below $5.00.

CONFLICTS OF INTEREST

Related party transactions involving Officers and Directors

Jack Mitchell

During 2008 we employed Mr. Mitchell's wife, Ana Liza Mitchell, as an executive assistant. We paid her total compensation of $5,000 in 2008 and $28,000 in 2007. Mrs. Mitchell's employment ceased effective 29 February 2008.

During 2008 we employed Mr. Mitchell's brother, Bob Mitchell, as a project manager. We paid him total compensation of $100,476 in 2008 and $78,000 in 2007. Mr. Mitchell is an at-will employee, who is employed under the same terms and conditions as our other employees.

During 2008 we employed Mr. Mitchell's brother-in-law, Lorenzo Hincapie, as Regional Counsel. We paid Mr. Hincapie total compensation of $53,000 in 2008 and $82,000 in 2007. Lorenzo Hincapie is an at-will employee who is employed under the same terms and conditions as our other employees.

During 2008 we employed Mr. Mitchell's brother-in-law, Ricardo Hincapie as General Manager and Legal Representative for our Peru operations. We have paid Ricardo Hincapie $154,188 in 2008 and $39,375 in 2007.

During 2008 we employed Mr. Mitchell's brother-in-law, Juan Ramon Hincapie, as Director of Corporate Purchasing and have paid Juan Ramon Hincapie $82,035 in 2008 and $45,963 in 2007.

During 2008 we employed Mr. Mitchell's daughter, Amy Mitchell, as a Measurement and Coordination Analyst. We paid her total compensation of $82,981 in 2008 and $43,833 in 2007. Ms. Mitchell is also a member of the Board of Directors of our Panama and Costa Rica entities and in such capacity she received Director fees of $24,000 during 2008.

Mr. Mitchell serves as a member of the Board of Directors of our Panama, Costa Rica, Nicaragua, Peru, India, Guatemala, Poland and Philippines entities. In such capacity, he received aggregate Director fees of $41,000 during 2007 and $nil during 2008.

Michael Fox

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

Mr. Fox serves as a member of the Board of Directors of our Costa Rica, Peru and Philippines entities. In such capacity, he received aggregate Director fees of $19,000 during 2007 and $nil during 2008.

Tino Monaldo

During 2008, we paid Mr. Monaldo's company, Tino Monaldo Chtd., $52,000 plus travel expenses in consideration for services provided by Mr. Monaldo through 31 December 2008. Mr. Monaldo pays his own health, life, disability and dental insurance and other professional fees and expenses.

Albert Atallah

Mr. Atallah serves as an advisor to our Panama joint venture. In such capacity, he received aggregate advisor fees of $5,000 in 2008 and $11,000 for 2007.

Salomon Guggenheim

Mr. Guggenheim serves as an advisor to Thunderbird Resorts, Inc. In such capacity, he received aggregate advisor fees of $78,000 for 2007 and $78,000 for 2008. In addition, Mr. Guggenheim received fees for the successful securitization of loans payable, as such he received, $25,000 in 2008 and $39,000 in 2007.

Mr. Guggenheim and his mother have loaned funds to our projects. The outstanding balances of those loans were $307,000 in 2007 and $195,820 in 2008. The interest and dividends paid as a result of those loans was $30,117 in 2008 and $52,000 in 2007.

Jean Duval

Mr. Duval has loaned funds to our Philippine project, the outstanding balance of the loan payable was $53,688 in 2008 and $80,000 in 2007. The interest paid as a result of this loan was $9,586 in 2008 and $18,000 in 2007.

Except for the conflicts of interest described above, none of the members of the Board of Directors or Senior Management have any conflicts of interest.

Other Officers and Directors

Other than as described in this section, no other conflicts of interest or potential conflicts of interest exist for the Group's other Officers and Directors, including Messrs. Sueiro, Daly, de Ocampo and Vicari.

RELATED PARTY TRANSACTIONS

See "Conflicts of Interest" above, and note 23 to the consolidated financial statements.

DESCRIPTION OF SECURITIES

General

Thunderbird Resorts Inc. was registered in the British Virgin Islands on 6 October 2006 as a British Virgin Islands Business Company, number 1055634. Prior to such registration, the Group was incorporated under the laws of the Province of British Columbia, Canada, on 4 September 1987 under the name "Winters Gold Hedley Ltd." On 26 August 1993, the Group changed its name to "Regal Gold Corporation." On 23 June 1994, the Group changed its name to "International Thunderbird Gaming Corporation." On 5 February 1999, the Group converted, by continuing its charter documents, from a British Columbia Canadian corporation to a Yukon Canadian corporation. On 12 July 2005, the Group changed its name to "Thunderbird Resorts Inc." On 6 October 2006 the Group 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, Thunderbird has the authority to issue an aggregate of 1.0 billion shares of capital stock, consisting of 500.0 million common shares, no par value, and 500.0 million preferred shares, no par value. The shares are governed by the laws of the British Virgin Islands.

We have approximately 19.6 million common shares outstanding, ISIN VGG885761061. The number of outstanding common shares above excludes (1) approximately 1.0 million common shares issuable upon exercise of outstanding options and warrants, (2) 0.9 million common shares available for future issuances under our previous equity incentive plans (with respect to which our Board has resolved not to issue any more securities), and (3) approximately 0.6 million common shares available for future issuances under our 2007 Equity Incentive Plan.

Our organizational documents consist of our Memorandum of Association and our Articles of Association. The Memorandum of Association loosely resembles the articles of incorporation of a U.S. corporation and the Articles of Association loosely resembles the bylaws of a Delaware corporation. Selected provisions of our organizational documents are summarized below.

Our Memorandum of Association provides that we may engage in any act or activity which is not prohibited by any laws of the British Virgin Islands.

SHARE CAPITAL

Common shares

Holders of common shares are each entitled to cast one vote for each share held at a meeting of the shareholders or on any resolution of the shareholders. We have not provided for cumulative voting for the election of Directors in our Memorandum and Articles of Association. This means that the holders of a majority of the shares voted can elect all of the Directors then standing for election.

The holders of outstanding common shares are entitled to receive an equal share in any dividend paid out of assets legally available for the payment of dividends at the times and in the amounts as our Board of Directors from time to time may determine.

Upon our liquidation, holders of common shares are entitled to an equal share in the distribution of surplus assets.

Our common shares are not entitled to preemptive rights and are not subject to conversion into any other class of shares. We may purchase, redeem or otherwise acquire any of our own shares for fair value. However, no purchase, redemption or other acquisition of shares can be made unless the Directors determine that, immediately after the acquisition, the value of our assets will exceed our liabilities and we will be able to pay our debts as they fall due.

Preferred shares

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

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

Dividend policy

We have never paid any cash dividends on Thunderbird Resorts, Inc. Common shares. We do not expect to declare or pay any cash or other dividends in the foreseeable future on Thunderbird Common shares. 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 Euronext. The CNSX will now allow the Group to file its audited financials for 2008 and thereafter pursuant to IFRS principles.

CERTAIN PROVISIONS OF BRITISH VIRGIN ISLANDS LAW, CANADIAN LAW AND OF OUR GOVERNING DOCUMENTS

Memorandum of Association and Articles of Association

Our governing documents consist of our Memorandum of Association and our Articles of Association. The memorandum of association loosely resembles the articles of incorporation of a U.S. corporation and the articles of association loosely resemble the bylaws of a Delaware corporation. Selected provisions of our organizational documents are summarized below. This summary does not purport to be complete. Copies of our governing documents will be provided upon request. In addition, you should be aware that the summary below does not give full effect to the terms of the provisions of statutory or common law which may affect your rights as a shareholder.

Under Clause Six of our Memorandum of Association, we may carry on or undertake any business or activity or do any act or enter into any transaction which is not prohibited by any laws of the British Virgin

Islands. In addition to the provisions set forth under "Description of Securities," our Memorandum of Association and articles of Association contain provisions to the following effect:

Meetings of shareholders

We will hold annual general meetings of shareholders at least once in each calendar year. Our Board of Directors may call a special meeting of shareholders only upon request by our Directors or the written request of shareholders entitled to exercise 50 percent or more of the voting rights. Special meetings shall be held in the British Virgin Islands or otherwise as determined by the Board.

Any meeting of our shareholders shall be called on no less than ten calendar days' notice. The quorum for a meeting of shareholders is at least two shareholders present in person or by proxy and holding at least 5 percent of the outstanding shares entitled to vote.

Board of Directors

Election. Each member of our Board of Directors is elected at an annual meeting for a one-year term expiring on the date of the next annual meeting. Our Board of Directors will have no less than three and no more than 12 Directors.

Our Board of Directors will be composed of a majority of independent Directors, as such term is defined by the NYSE. A Director need not hold any of our securities.

Removal of Directors. Our Board of Directors or a simple majority of our shareholders may remove any Director for cause, which, under British Virgin Islands law, generally means breach of that Director's fiduciary duty to us or otherwise being ineligible to serve under applicable laws, or our shareholders may remove any Director without cause upon the vote of two-thirds of our outstanding shares entitled to vote.

Directors' Interests. No agreement or transaction between us and one or more of our Directors or any person in which any of our Directors has a financial interest is void or voidable by reason of the presence, vote or consent by the interested Director at the meeting at which the agreement or transaction is approved if the material facts of the interest of each Director are disclosed in good faith or known to the other Directors.

Distributions

We can by ordinary resolution declare distributions, subject to there being profits available for the purpose, but no dividend shall exceed the amount recommended by the Board of Directors.

Distribution of assets on liquidation

The holders of shares in our capital will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

Liability and indemnification of Officers and Directors

In most jurisdictions, majority and controlling shareholders of a company generally have certain "fiduciary" responsibilities to its minority shareholders. Corporate actions taken by majority and controlling shareholders which are patently unreasonable and materially detrimental to minority shareholders may be declared null and void. Minority shareholder protection under British Virgin Island law may not be as protective in all circumstances as the law protecting minority shareholders in some jurisdictions.

While British Virgin Islands law does permit a shareholder of a British Virgin Islands company to sue its Directors derivatively—that is, in the name of, and for the benefit of, our Company—and to sue a

Company and its Directors for his benefit and for the benefit of others similarly situated, the circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of a shareholders of a Company organized in some other jurisdictions.

As in most jurisdictions, the Board of Directors of a British Virgin Islands Company is charged with the management of the affairs of the Company. In most jurisdictions, Directors owe a fiduciary duty to the corporation and its shareholders, including a duty of care, under which Directors must properly apprise themselves of all reasonably available information, and a duty of loyalty, under which they must protect the interests of the corporation and refrain from conduct that injures the corporation or its shareholders or that deprives the corporation or its shareholders of any profit or advantage. Some jurisdictions have enacted various statutory provisions which permit the monetary liability of Directors to be eliminated or limited.

Under British Virgin Islands law, liability of a corporate Director to the corporation is primarily limited to cases of willful malfeasance in the performance of his duties or to cases where the Director has not acted honestly and in good faith and with a view to the best interests of the company. However, under our Articles of Association, we are authorized to indemnify any Director or Officer who is made or threatened to be made a party to a legal or administrative proceeding by virtue of being one of our Directors or Officers, provided such person acted honestly and in good faith and with a view to our best interests and, in the case of a criminal proceeding, such person had no reasonable cause to believe that his conduct was unlawful. Our articles of association also enable us to indemnify any Director or Officer who was successful in such a proceeding against expense and judgments, fines and amounts paid in settlement and reasonably incurred in connection with the proceeding.

Anti-Takeover effects of provisions of British Virgin Islands law and our governing documents

Our governing documents include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our Board of Directors rather than pursue non-negotiated takeover attempts. These provisions include the inability of shareholders to call a shareholder meeting except by delivering to our Board of Directors a written request of holders of more than 50 percent of outstanding common shares and the authorization to our Board of Directors to issue additional preference shares.

Our Board of Directors have the power to take certain actions without shareholder approval, including an amendment of our memorandum of Association or Articles of Association (with some exceptions, including amendments which restrict the rights or power of the shareholders to amend the Memorandum of Association or Articles of Association or any amendments to certain clauses in the Memorandum of Association) or an increase or reduction in our authorized capital, which would require shareholder approval under the laws of many U.S. jurisdictions. In addition, the Directors of a British Virgin Islands Company, subject in certain cases to court approval but without shareholder approval, may, among other things, implement a reorganization, certain mergers or other consolidations with a subsidiary, the sale, transfer, exchange or disposition of any assets, property, part of the business, or securities of the Company, or any combination (provided the assets do not represent more than 50 percent of the total assets of the Company and the sale is not outside of the usual or ordinary course of the Company's business), if they determine it is in the best interests of the Company. The Board of Directors may, by a resolution of the Board of Directors, exercise all powers we may have to borrow money. The Board of Directors' ability to amend our Memorandum of Association and Articles of Association without shareholder approval could have the effect of delaying, deterring or preventing a change in our control without any further action by the shareholders, including a tender offer to purchase our common shares at a premium over then current market prices.

Our Articles of Association provide that special meetings of shareholders may only be called by our Board of Directors upon request by our Board of Directors or the written request of shareholders entitled to exercise 50 percent or more of the voting rights. This provision could have the effect of delaying consideration of a shareholder proposal until the requirements for calling a shareholder meeting can be met.

Our Articles of Association permit shareholders to remove Directors for cause by the affirmative vote of the holders of a majority of the voting power of the shares or without cause by the affirmative vote of the holders of two-thirds of the voting power of the shares. These provisions may restrict the ability of a third party to remove incumbent Directors and simultaneously gain control of our Board of Directors by filling vacancies created by removal with its own nominees.

Our Board of Directors may also create from time to time further classes of preferred shares, with such rights and preferences as they may determine. The creation of preferred shares may enable our Board of Directors to render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations our Board of Directors were to determine that a takeover proposal is not in our best interest, our Board of Directors could cause preferred shares to be authorized and issued without shareholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent shareholder or shareholder group. In this regard, our governing documents grant our Board of Directors broad power to establish rights and preferences of further classes of preferred shares. The issuance of such further classes of preferred shares, pursuant to our Board of Directors' authority described above could decrease the amount of earnings and assets available for distribution to you. In addition, the issuance of further classes of shares could adversely affect the enjoyment of rights of such holders, including voting rights in the event a particular class of preference shares is given a disproportionately large number of votes per common share, and may have the effect of delaying, deferring or preventing a change in control that may be favored by shareholders.

British Virgin Islands law

The laws of the British Virgin Islands do not contain any limitations on the right of nonresident or foreign owners to hold or vote our common shares. There are no laws, decrees, statutes or other provisions of the laws of the British Virgin Islands which would operate to prohibit or regulate the remittance of dividends, interest and other payments to nonresident holders of common shares.

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

Canadian law

Our common shares are currently listed on the CNSX; accordingly, we are a "reporting issuer" subject to securities laws of British Columbia, Ontario and the Yukon territory. Among other things, those laws require any 10 percent holder of a reporting issuer to file reports disclosing that holder's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. Any person or entity that acquires 10 percent or more of our outstanding common shares will be required to file an "insider report form" within 10 business days from the date its ownership exceeded 10 percent, and then within 10 business days after any trades or other changes in its holdings of common shares. The 10 percent holder would also be required to issue a press release and file a report every time it acquires an additional 2 percent or more of our common shares.

If a person or entity acquires 20 percent or more of our outstanding common shares, it would be a "control person" of ours. As such, it would be deemed to be not only are knowledgeable about our affairs, but to have the ability, by virtue of its significant equity position, to direct our affairs. Thereafter, any sale by that holder of common shares would be deemed under provincial law to be a distribution, requiring the filing of an Annual Report and compliance with other securities disclosure laws.

In addition, if a person or entity acquires 20 percent or more of our common shares, it will be deemed under provincial securities laws to have made a "take-over bid" and, accordingly, unless it can obtain an exemption, that holder would be required to comply with detailed rules governing bids. 20 percent holders are also required to file insider reports within three calendar days versus the normal 10 day requirement that applies to all other parties required to file insider reports. They must also file personal information forms with the applicable securities commissions and Canadian exchange where the shares are posted for trading. The provincial securities commissions and the CNSX have the right to veto the individual or entity from remaining an insider or control person if the individual or entity is deemed unsuitable to be involved in the Canadian public markets.

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 Group's register of members) would occur at the direction of the Group without interference with the purchase, sale, or settlement of the Group's common shares on 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 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 29 C.F.R.2510.3-101, as modified by Section 3(42) of ERISA (as so modified, 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 Internal Revenue Code, the Board of Directors may serve written notice (a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 30 days (or such extended time as in all the circumstances the Board of Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of our Board, 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 Share to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

If within 30 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board of Directors considers reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board of Directors, we may sell the Relevant Shares on behalf of the holder at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board 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 will, unless any Director has reason to believe otherwise, be entitled to assume without inquiry that none of the shares are held in such a way as to entitle the Board of Directors to serve a Transfer Notice in respect thereof. The Board of Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 30 calendar days after service of the notice requiring the same) as may be specified by the Board of Directors in the said notice, the Board of Directors may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

The Board 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.

Dutch Takeover Act

On 28 October 2007, the Dutch Act implementing the European Directive 2004/25/EC of April 2004 relating to public takeover bids (the "Dutch Takeover Act") and the rules promulgated thereunder came into force. In general, under these takeover provisions, it is prohibited to launch a public offer for securities that are admitted to trading on a regulated market, such as our shares following the admission to listing and trading on Euronext Amsterdam, unless an offer document has been approved by, in the case of our Group, the Authority for the Financial Markets ("AFM") and has subsequently been published. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the holders of 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 are 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 must make public price-sensitive information now that we are listed and trading on Euronext Amsterdam. Price-sensitive information 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. Now, we must immediately publish the information on our website and keep it available on our website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands by conducting or effecting a transaction in our securities. Inside information is information that is concrete and that directly or indirectly concerns us or the trade in our shares or other derivative securities which may pertain to us, which information has not been publicly disclosed and whose public disclosure might have a significant influence on the price of the shares, the options and warrants or other derivative securities.

Our insiders within the meaning of Articles 5:60 of the Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the shares, the options and warrants or in other securities of which the value is at least in part determined by the value of the shares. Our insiders within the meaning of Article 5:60 of the Financial Supervision Act are: (1) Directors, (2) persons who have a managerial position with us and in that capacity are authorized to make decisions which have consequences for our future development and prospects and can have access to inside information on a regular basis, (3) spouses, registered partners or life partners of the persons mentioned under (1) and (2), or other persons who live together with these persons as if they were married or as if they had registered their partnership, (4) children of the persons mentioned under (1) and (2) who fall under their authority or children who are placed under the guardianship (*curatele)* of these persons, (5) other relations by blood or marriage of the persons mentioned under (1) and (2) who, on the date of the transaction, have shared a household with these persons for at least one year, and (6) legal entities, trusts within the meaning of Article 1(c) of the Dutch Act on the Supervision of Trust Offices (*Wet toezicht trustkantoren)* (the "Act on the Supervision of Trust Offices"), or partnerships: (a) the managerial responsibility for which lies with a person as referred to under (1) to (5), (b) which are controlled by such a person, (c) which have been incorporated or set up for the benefit of such a person, or (d) whose economic interests are in essence the same as those of such a person.

This notification must be made no later than the fifth week day after the transaction date on a standard form drawn up by the AFM. The notification obligation within the meaning of Article 5:60 of the Financial Supervision Act does not apply to transactions based on a discretionary management agreement as described in Article 8 of the Dutch Market Abuse Decree (*Besluit marktmisbruik).* The notification pursuant to Article 5:60 of the Financial Supervision Act may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out of the persons associated with that person, reach or exceed the amount of €5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions.

Pursuant to the rules against insider trading, we will adopt rules governing the holding of and carrying out of transactions in our securities by members of our Board of Directors and our employees. Further, we have drawn up a list of those persons working for us who could have access to inside information on a regular or incidental basis and have informed the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

Disclosure of holdings

The shares, options and warrants have been admitted to listing and trading on Euronext Amsterdam and 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: 5.0 percent, 10.0 percent, 15.0 percent, 20.0 percent, 25.0 percent, 30.0 percent, 40.0 percent, 50.0 percent, 60.0 percent, 75.0 percent and 95.0 percent.

- In addition, annually within four weeks from 31 December at midnight, every holder of an interest in our capital or voting rights of 5.0 percent 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 fourth trading day after the AFM has published our notification.

- Each person holding an interest in our capital or voting rights of 5.0 percent or more at the time of admission of our shares to listing and trading on Euronext Amsterdam must immediately notify the AFM

Transfer agent and registrar

Our transfer agent and registrar for our common shares is Computershare, Inc.

Listing agent

Our listing agent is Friedman, Billings, Ramsey, International, Ltd., Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB UK.

Paying agent

Our paying agent is ING Bank, N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references in this document to "dollars" or "$" are to the lawful currency of the United States of America and all references to "Euro" or "€" are to the lawful currency of those countries that have adopted the Euro as their currency in accordance with the legislation of the European Union relating to the European Monetary Union.

Percentages in tables have been rounded and accordingly may not add up to 100 percent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

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

AVAILABILITY OF DOCUMENTS

This Annual Report may also be inspected through the website of Euronext (www.euronext.com) by Dutch residents only or through the website of the Netherlands Authority for the Financial Markets (www.afm.nl). This Annual Report may be obtained on the Group's website (www.thunderbirdresorts.com).

In addition, for so long as common shares are listed for trading on Euronext Amsterdam, the following documents (or copies thereof), where applicable, may be obtained free of charge (1) by sending a request in writing to us at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514, Panama City, Panama, (2) by emailing us at the following address info@thunderbirdresorts.com, or (3) at the offices of our local paying agent ING Bank N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands (tel: +31 20 7979 398, fax: + 31 20 7979 607, email: iss.pas@mail.ing.nl),

(a) this Annual Report and our Memorandum and Articles of Association; and

(b) all reports, letters, other documents, historical financial information (such as our 2007, 2006 and 2005 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 10 – RISK FACTORS

SUMMARY OF RISK FACTORS

Prospective investors in our Group should consider the following risks associated with our business and tax risks:

- The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify.
- The development and construction of hotels, casinos and other gaming and entertainment venues, and the expansion of existing properties, are susceptible to delays, cost overruns and other uncertainties, any of which could have an adverse effect on our business, financial condition and results of operations.
- Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.
- Our cash flow from operations and available credit may not be sufficient to meet our planned capital requirements and, as a result, we could be dependent upon future financing, which may not be available on acceptable terms or at all.
- Our business is international; accordingly, it is subject to political and economic risks.
- We are subject to extensive governmental regulation.
- The gaming industry is sensitive to declines in the public acceptance of gaming. Public opinion can negatively affect the gaming industry and our future performance.
- Certain holders of our common shares are subject to certain requirements of the gaming laws of some jurisdictions in which we are licensed.
- If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.
- Many of our properties are owned together with local investors.
- We may not be able to find acceptable local partners, or enter into acceptable arrangements with local partners, which could limit our ability to expand into new markets.
- Conflicts could arise between us and our local partners.
- We depend on the continued services of key managers and employees; accordingly, if we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.
- We may be subject to certain tax liabilities in connection with our Philippine casinos.
- We may be from time to time subject to litigation which, if adversely determined, could cause us to incur substantial losses.
- Our properties are subject to risks relating to acts of God (such as natural disasters), terrorist activity and war. Some damages arising from these risks may be uninsured or underinsured. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.
- We may have difficulties managing our worldwide operations.
- We rely on technology that may not be secure and may become outdated.
- Customer demand could be adversely affected by changes in customer preferences.
- We may experience losses due to fraudulent activities.
- We may not effectively promote our brands.
- We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.

- Our ownership of real estate subjects us to various risks, including those arising under environmental laws.
- Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.
- We are subject to foreign exchange risk and fluctuations in foreign currency exchange rates may adversely affect our operating results.
- Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Although we believe that the risks set forth below 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 of its recipients.

RISKS ASSOCIATED WITH OUR BUSINESS

The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify.

The gaming and hospitality industries are highly competitive. If our competitors operate more successfully than us, if their properties are enhanced or expanded, if their properties offer gaming, lodging, entertainment or other experiences that are perceived to be of better quality and/or value than ours, or if additional gaming or hospitality facilities are established in and around locations in which we conduct business, we may lose market share. In particular, the expansion of casino gaming (especially major market-style gaming) by our competitors in or near any geographic area from which we attract or expect to attract a significant number of our patrons could have a material adverse effect on our business, financial condition and results of operations. Our competitors vary considerably by their size, quality of facilities, number of operations, number of gaming tables and slot machines, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity, and many of our competitors have significantly greater resources than we do. Many international hotel companies are present in the markets where we have hospitality properties. Likewise, many casino operators are present in the markets where we have casinos and other gaming and entertainment venues. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses.

We expect that competition in our existing markets will intensify. The expansion of existing casino and video entertainment properties and the increase in the number of such properties in many of our markets, as well as the aggressive marketing strategies of many of our competitors, have increased the competitive pressures on our operations. If we cannot effectively compete in a market, it will have a material adverse effect on our business, financial position and results of operations.

The gaming and hospitality businesses are subject to significant risks.

Unfavorable changes in general economic conditions, including recession or economic slowdown, or higher fuel or other transportation costs, may reduce disposable income of casino and hotel patrons or result in fewer patrons visiting casinos or hotels, as well as reduced play levels. Because most of our properties are concentrated in Latin America and southeast Asia, we would be especially affected by economic downturns affecting those regions; however, economic difficulties in other regions may affect our expansion plans, as well as our ability to raise capital.

In addition to general economic and business risks, our gaming and hospitality operations are affected by a number of factors beyond our control, including:

- downturn or loss in popularity of the gaming industry in general, and table and slot games in particular;
- the relative popularity of entertainment alternatives to casino gaming;
- the growth and number of legalized gaming jurisdictions;
- local conditions in key gaming markets, including seasonal and weather-related factors;
- increases in taxes or fees;
- the level of new casino construction and renovation schedules of existing casinos;
- competitive conditions in the gaming industry and in particular gaming markets;
- decreases in the level of demand for rooms and related services;
- over-building (cyclical and otherwise) in the hotel industry;
- restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules and regulations;
- the inability to obtain property and liability insurance fully to protect against all losses or to obtain such insurance at reasonable rates;
- changes in travel patterns;
- changes in operating costs, including energy, labor costs (including minimum wage increases and unionization), workers' compensation and health-care related costs and insurance;
- changes in desirability of our existing markets geographic regions; and
- inflation-driven cost increases that cannot be fully offset with revenue increases.

Any of these risks could have a material adverse effect on our business, financial position or results of operations.

The development and construction of hotels, casinos and other gaming and entertainment venues, and the expansion of existing properties, are susceptible to delays, cost overruns and other uncertainties, any of which could have an adverse effect on our business, financial condition and results of operations.

Our business strategy contemplates future development and construction of hotels, casinos and other gaming and entertainment venues, as well as the expansion of our existing properties. All such projects are susceptible to various risks and uncertainties, such as:

- the existence of acceptable market conditions and demand for the completed project;
- the availability of qualified contractors and subcontractors;
- general construction risks, including cost overruns, change orders and plans or specification modifications, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;

- defects in design or construction, or unforeseen engineering, environmental and/or geological problems, that may result in additional costs to remedy or require all or a portion of a property to be closed during the period required to rectify the situation;

- changes and concessions required by governmental or regulatory authorities;

- delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete the project; and

- disruption of our existing operations and facilities.

We have not entered into, and do not expect to enter into, a fixed-price or guaranteed maximum price contract with a construction manager or general contractor for any of our projects. As a result, we will rely heavily on our in-house design group to manage construction costs and coordinate the work of the various trade contractors. The lack of any fixed-price contract with a construction manager or general contractor increases our risk associated with potential cost overruns. If we are unable to manage costs appropriately or if project costs exceed our projections, our business, financial condition and results of operations could be adversely affected.

We cannot assure you that we will complete any development or expansion project, including those currently under development or expansion in Costa Rica, the Philippines, Peru, Guatemala, India, Poland or Nicaragua, in a timely manner or within budget, or that any such project will be profitable. Our failure to complete any new development or expansion project as planned, on schedule and within budget, could have a material adverse effect on our business, financial condition and results of operations. In addition, once a project is completed, we cannot assure you that we will be able to manage that project on a profitable basis or to attract a sufficient number of guests, gaming customers and other visitors to make it profitable.

Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.

As part of our business strategy, we intend to continue to seek to acquire businesses and properties that we believe could complement or expand our business or otherwise offer growth opportunities. Any future acquisitions will involve numerous risks, including:

- difficulties in integrating operations, technologies, services, accounting and personnel;

- difficulties in supporting and transitioning customers of our acquired companies to our technology platforms and business processes;

- diversion of financial and management resources from existing operations;

- difficulties in obtaining regulatory approvals and permits for the acquisition; and

- inability to generate sufficient revenues to offset acquisition or investment costs.

Acquisitions also frequently result in recording of goodwill and other intangible assets, which are subject to potential impairments in the future that could have a material adverse effect on our operating results. Furthermore, the costs of integrating acquired businesses (including restructuring charges associated with the acquisitions, as well as other acquisition costs, such as accounting fees, legal fees and investment banking fees) could significantly impact our operating results.

Although we perform diligence on the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. We may not be able to ascertain the value or understand the potential liabilities of the acquired businesses and their operations until we assume operating control of the assets and operations of these businesses. Once we acquire a business, we are faced with risks, including the following:

- the possibility that we have acquired substantial undisclosed liabilities;
- the need for further regulatory approvals;
- the risks of entering markets in which we have limited or no prior experience; and
- the possibility that we may be unable to recruit additional managers with the necessary skills to supplement the management of the acquired businesses.

If we are unsuccessful in overcoming these risks, our business, financial condition or results of operations could be materially and adversely affected. We also compete for acquisition opportunities with other operators, some of which may have substantially greater financial resources than us. These competitors may generally be able to accept more risk than we can prudently manage. Competition may generally reduce the number of suitable acquisition opportunities offered to us and increase the bargaining power of property owners seeking to sell.

Our cash flow from operations and available credit may not be sufficient to meet our planned capital requirements and, as a result, we could be dependent upon future financing, which may not be available on acceptable terms or at all.

Our businesses are, and our planned growth and expansions will be, capital-intensive. Historically, we have not generated sufficient cash flow from operations to satisfy our capital requirements and have relied upon 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 and results of operations.

Furthermore, an increase in the general levels of interest rates or those rates available to us would make it more expensive to finance our operations and proposed investments. Increases in interest rates could also make it more difficult to locate and consummate investments that meet our profitability requirements. In addition, we will be required to repay borrowings from time to time, which may require such borrowings to be refinanced. Many factors, including circumstances beyond our control, such as changes in interest rates, conditions in the banking market and general economic conditions, may make it difficult for us to obtain such new financing on attractive terms or even at all.

Our business is international; accordingly, it is subject to political and economic risks.

We own and operate, and plan to develop, own and operate, hotels, casinos and other gaming and entertainment venues in Central America, South America, southeast Asia, India and eastern Europe. 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 results of operations and financial condition.

The general economic conditions and policies in these countries could also have a significant impact on our financial prospects. Any slow down 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 and results of operations.

We are subject to extensive governmental regulation.

The gaming industry is highly regulated and we must maintain our licenses, registrations, approvals and permits in order to continue our gaming operations. Most of 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 our results of operations or financial condition.

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. For example, the Costa Rican government has recently issued a decree that includes stricter licensing requirements and a more formal regulatory structure and process. While we expect the legality and constitutionality of this decree to be challenged, this decree is supported by the current Vice President of Costa Rica and effective 1 May 2009, (unless otherwise modified), will limit the hours of operation of new and existing casinos to 12 hours per day, from 6:00 p.m. to 6:00 a.m. Prior to the decree, casinos in Costa Rica could be open for 24 hours per day. The decree also limits the number of gaming tables and slot machines for new casinos, as determined by reference to the number of hotel rooms at a casino. It is too early to determine what impact the ban or a potential change in Costa Rican law may have on our operations, if any. In Panama, a ban on smoking inside of all casinos in the country went into effect 1 May 2008.

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 and 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.

The gaming industry is sensitive to declines in the public acceptance of gaming. Public opinion can negatively affect the gaming industry and our future performance.

If there is a decline in public acceptance of gaming, this may affect our ability to do business in some markets, either through unfavorable legislation affecting the introduction of gaming into emerging markets, or through legislative and regulatory changes in existing gaming markets which may adversely affect our ability to continue to own and operate our gaming operations in those jurisdictions, or through resulting reduced casino patronage. We cannot assure you that the level of support for legalized gaming or the public use of leisure money in gaming activities will not decline.

Certain holders of our common shares are subject to certain requirements of the gaming laws of some jurisdictions in which we are licensed.

Under Panamanian law, any person that controls 10 percent or more of the shares of a licensed company must obtain a good standing certificate from the Panamanian Gaming Control Board. While this legal requirement has historically been interpreted to require good standing certificates from certain Officers of Thunderbird Resorts Inc., which controls 64 percent of the licensed company that owns and operates our Panamanian facilities, it is possible that in the future the Gaming Control Board could require certificates of good standing from a common shareholder of ours. In such a situation it is possible that the Gaming Control Board would require significant information about that shareholder and its assets and operations and, if the Gaming Control Board 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.

Likewise, under Peruvian law, any licensed company must submit to Peruvian regulators the names of all persons that control 2 percent or more of the shares of that licensed company. While this legal requirement has historically been interpreted in a manner that would require disclosure of the identities of Officers of Thunderbird Resorts Inc., which controls 100 percent of the licensed company that owns and operates our Peruvian facilities, including the casinos that we are currently developing, it is possible that in the future the Peruvian regulators could require disclosure from a common shareholder of ours. In such a situation it is possible that the Peruvian regulators would require significant information about that shareholder and its assets and operations and, if the regulators were to determine that that shareholder is unsuitable, it could revoke our gaming license unless that shareholder divested some or all of its common shares.

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

If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.

The Philippine gaming commission ("PAGCOR") regulates gaming facilities in the Philippines. We have licenses covering our Rizal and Poro Point properties through agreements with PAGCOR. The Rizal license is issued through an agreement between us, PAGCOR, and Eastbay Resorts Inc. (the "Rizal Operating Entity"), the Philippines entity that owns the Rizal hotel and casino. The license is a grant of authority to us and the Rizal Operating Entity to operate the casino. In consideration for the Rizal license, we are required to make certain investments over a seven year period to establish the Rizal property as a "world class" tourist and convention destination and we must also pay PAGCOR 25 percent of the casino's monthly gross casino revenue or a monthly minimum guarantee of $250,000, whichever is higher. The monthly minimum guarantee of $250,000 is increased by 5 percent per year.

We have pledged our shares of stock in the Rizal Operating Entity to PAGCOR to secure the performance of our and the Rizal Operating Entity's obligations under the license agreement. If we default on our obligation, PAGCOR could exercise its rights with respect to such shares.

Many of our properties are owned together with local investors.

We own many of our properties through entities that are partly owned by local companies or individuals. For example, we own our Panama operations through a Panamanian corporation in which we own approximately 64 percent of the equity, and we own the majority of our existing Costa Rican and all of our Indian operations through a Costa Rican corporation and Indian entity in which, we own, respectively, 50 percent of the equity. See "Business—Our Local partners and ownership structures." 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 subjection properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our local partners.

We may not be able to find acceptable local partners, or enter into acceptable arrangements with local partners, which could limit our ability to expand into new markets.

Our business strategy contemplates forming and maintaining relationships with local partners. We cannot assure you that we will be able to identify the best local partners or maintain our relationships with existing local partners or enter into new arrangements with other local partners on acceptable terms or at all. The failure to maintain or establish such relationships could have a material adverse effect on our business, financial position or results of operations. In addition, the terms of our local partner agreements are influenced by contract terms offered by our competitors, among other things. We cannot assure you that any of our current arrangements with our local partners will continue, or that we will be able to renew our local partnerships, or enter into new local partnerships, on terms that are as favorable to us as those that exist today.

Conflicts could arise between us and our local partners.

Conflicts may arise between us and our local partners, such as conflicts concerning joint venture governance or economics, or the distribution or reinvestment of profits. Any such disagreement between us and a local partner could result in one or more of the following, each of which could harm our reputation or have a material adverse effect on our business, financial position or results of operations:

- unwillingness on the part of a local partner to pay us amounts or render us services we believe are due to us under our arrangement;
- unwillingness on the part of a local partner to keep us informed regarding the progress of its development and community relationship activities; or
- termination or non-renewal of the relationship.

In addition, certain of our current or future local partners may have the right to terminate the relationship on short notice. Accordingly, in the event of any conflict between the parties, our local partners may elect to terminate the relationship prior to completion of its original term. If a local partnership is terminated, we might not realize the anticipated benefits of the relationship and our reputation in the industry and in the local community may be harmed.

We depend on the continued services of key managers and employees; accordingly, if we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our Senior Management team. However, we cannot assure you that any of these individuals will remain with us, or that we would be able to attract and hire suitable replacements in the event of any such loss of services. The death or loss of the services of any of our Senior Managers or the inability to attract and retain additional Senior Management personnel could have a material adverse effect on our business, including our ability to raise additional capital.

We may be subject to certain tax liabilities in connection with our Philippine casinos.

Our two Philippine casinos were opened under a "Grant of Authority" issued by the Philippine Amusement Gaming Corporation (PAGCOR). PAGCOR is a government owned and controlled corporation. PAGCOR was created to regulate gaming, to raise funds for the government and to boost tourism. Under this "Grant of Authority", we believed that as a franchisee of PAGCOR, we are entitled to certain tax benefits, as authorized by the PAGCOR charter. Recently, however, the taxation status of our Philippine operations has come under scrutiny from the local and national Philippine tax authorities, including the Philippine Bureau of Internal Revenue (BIR), due to the recent passing of two BIR rulings and court decisions that challenge the tax incentives offered to PAGCOR and its franchisees. As a result, as a franchisee of PAGCOR, we may be subject to payment of various local and national taxes. This tax dispute is currently being contested by PAGCOR and until the issue is settled or becomes law by way of ruling of the Philippine Supreme Court, we will not make any accrual for the VAT or any other tax. In the event that this dispute is decided adversely to PAGCOR, the Company will seek a renegotiation of its contract with PAGCOR.

We may be from time to time subject to litigation which, if adversely determined, could cause us to incur substantial losses.

We may be involved in legal and tax claims from time to time. Some of the litigation claims may not be covered under our insurance policies or our insurance carriers may seek to deny coverage. As a result, we might be required to incur significant legal fees, which may have a material adverse impact on our financial position. In addition, because we cannot predict the outcome of any action, it is possible that, as a result of current and/or future litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses. Please see "Legal Procedings" for a description of our current material litigation.

Our properties are subject to risks relating to acts of God (such as natural disasters), terrorist activity and war. Some damages arising from these risks may be uninsured or underinsured. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

Our properties may be affected by acts of God, such as natural disasters, particularly in locations where we own and/or operate significant properties. Some types of losses, such as those from earthquake, hurricane, terrorism and environmental hazards, may be either uninsurable or too expensive to justify insuring against. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Similarly, war (including the potential for war), political unrest, other forms of civil strife, and terrorist activity (including threats of terrorist activity), epidemics (such as SARS and bird flu), travel-related accidents, as well as geopolitical uncertainty and international conflict, which impact domestic and international travel, may cause our results to differ materially from anticipated results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact our business, financial position and results of operations.

Although we have all-risk property insurance for our properties covering damage caused by a casualty loss (such as fire and natural disasters), each such policy has certain exclusions. Our level of insurance coverage for our properties may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, deterioration or corrosion, insect or animal damage and pollution, might not be covered at all under our policies. Therefore, certain acts could expose us to heavy, uninsured losses.

In addition, although we currently have certain insurance coverage for occurrences of terrorist acts and certain losses that could result from these acts, our terrorism coverage is subject to the same risks and deficiencies as those described above for our all risk property coverage. The lack of sufficient insurance for these types of acts could expose us to heavy losses in the event that any damages occur, directly or indirectly, as a result of terrorist attacks, which could have a significant negative impact on our operations.

In addition to the damage caused to our property by a casualty loss (such as fire, natural disasters, acts of war or terrorism), we may suffer disruption of our business as a result of these events or be subject to claims by third parties injured or harmed. While we carry business interruption insurance and general liability insurance, such insurance may not be adequate to cover all losses in such event.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

We may have difficulties managing our worldwide operations.

We derive our revenue from operations located on four continents and expect to further expand our business. As a result of long distances, different time zones, culture, management and language differences, our worldwide operations pose risks to our business. These factors make it more challenging to manage and administer a globally-dispersed business and increase the resources necessary to operate under several different regulatory and legislative regimes.

We rely on technology that may not be secure and may become outdated.

We use sophisticated information technologies and systems that are interconnected through the Internet. Any disaster, disruption or other impairment in our technology capabilities could harm our business. Our information technology system is vulnerable to damage or interruption from:

- earthquakes, fires, typhoons, floods and other natural disasters;
- power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; and
- computer viruses, penetration by individuals seeking to disrupt operations or misappropriate information and other breaches of security.

We rely on this system to perform functions critical to our ability to operate, including our central reservation systems. Accordingly, an extended interruption in the systems' function could significantly curtail, directly and indirectly, our ability to conduct our business and generate revenue. In addition, if a breach of security were to occur, it could cause interruptions in our communications and loss or theft of data. To the extent our activities involve the storage and transmission of information such as credit card numbers, security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies might not be sufficient to reimburse us for losses caused by such security breaches.

Our technologies can be expected to require refinements and there is the risk that our competitors will introduce advanced new technologies. Further, the development and maintenance of these technologies may require significant capital. There can be no assurance that as various systems and technologies become outdated or new technology is required we will be able to replace or introduce them as quickly as our competition or within budgeted costs and timeframes for such technology. Further, there can be no assurance that we will achieve the benefits that may have been anticipated from any new technology or system.

Customer demand could be adversely affected by changes in customer preferences.

Our properties must offer themes, products and services that appeal to potential customers. We may not anticipate or react quickly enough to any significant changes in customer preferences, such as jackpot fatigue (declining play levels on smaller jackpots) or the emergence of a popular gaming option provided by our competitors, or hotel amenities supplied by our competitors. In addition, general changes in consumer behavior, such as redirection of entertainment dollars to other venues or reduced travel activity, could materially affect our business, financial position and results of operations.

We may experience losses due to fraudulent activities.

We incorporate security features into the design of our gaming operations designed to prevent us and our patrons from being defrauded. However, we cannot assure you that such security features will continue to be effective in the future. If our security systems fail to prevent fraud, our business, financial position and results of operations could be adversely affected and our brand could suffer.

We may not effectively promote our brands.

We intend to promote the brands that we own and operate to differentiate ourselves from our competitors and to build goodwill with our customers. These promotional efforts may require substantial expenditures on our part. However, our efforts may be unsuccessful and these brands may not provide the competitive advantage that we anticipate, in which case we would not realize the expected benefits from our expenditures related to our brands.

We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.

We are a holding company with no material business operations of our own. Our only significant asset is the capital stock of our subsidiaries and joint ventures. We conduct virtually all of our business operations through our direct and indirect subsidiaries and joint ventures. Accordingly, our only material sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries and joint ventures and management fees paid to us by certain of our joint ventures, all of which are dependent on the earnings and cash flow generated by the operating properties owned by our subsidiaries and joint ventures. Our subsidiaries and joint ventures might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. In addition, our subsidiaries' and joint ventures' debt instruments and other agreements may from time to time limit or prohibit certain payment of dividends or other distributions to us.

Our ownership of real estate subjects us to various risks, including those arising under environmental laws.

Our business strategy contemplates our ownership of significant amounts of real estate, which investments are subject to varying degrees of risk. Real estate values are affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning, tax and eminent domain laws), interest rate levels and the availability of financing. For example, existing or new real estate, zoning or tax laws can make it more expensive and/or time consuming to develop real estate or expand, modify or renovate hotels.

Governments can, under eminent domain laws, take real estate, sometimes for less compensation than the owner believes the estate is worth. When prevailing interest rates increase, the expense of acquiring, developing, expanding or renovating real estate increases, and values decrease as it becomes more difficult to sell estate because the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire real estate and, because of the diminished number of potential buyers, to sell real estate. Any of these factors could have a material adverse impact on our business, financial position and results of operations.

Ownership of real estate also exposes us to potential environmental liabilities. Environmental laws, ordinances and regulations of various governments regulate our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under, or in estate we currently own or operate or that we previously owned or operated. These laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real estate or to borrow using the real estate as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Other laws, ordinances and regulations could require us to manage, abate or remove lead or asbestos containing materials. Similarly, the operation and closure of storage tanks are often regulated by foreign laws. Certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real estate.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions may be limited. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods and other natural disasters and acts of war or terrorism, which may result in uninsured losses.

We may decide to sell one or more of our properties in the future. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements.

We are subject to foreign exchange risks and fluctuations in foreign currency exchange rates may adversely affect our operating results.

We currently operate in Panama, Costa Rica, the Philippines, Peru, Nicaragua, Guatemala and Poland, and in the future may operate in other jurisdictions including India (where we are developing our operations) and Colombia. Therefore, certain of our expenses and revenues are and will be denominated in local currencies. A significant amount of our debt is denominated in dollars, and the costs associated with servicing and repaying such debt will be denominated in dollars. Additionally, our financial information is, and in the future will be, prepared in dollars. Any target business with which we pursue a business combination may denominate its financial information in a currency other than the dollar or conduct operations in a currency other than the dollar. Our sales in a currency other than dollars may subject us to currency translation risk. Exchange rate volatility could negatively impact our revenues or increase our expenses incurred in connection with operating a target business.

Currency rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by local governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments. We are exposed to market risks from changes in foreign currency exchange rates, and any significant fluctuations in the exchange rates between local currencies against the dollar may have a material adverse effect on our operating results. Furthermore, the portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations. We have not used any forward contracts, futures, swaps or currency borrowings to hedge our exposure to foreign currency risk.

Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

We hold certain of our properties through leasehold interests in the land underlying the buildings and we may acquire additional properties in the future that are subject to similar ground leases. As 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 and 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 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 Euronext Amsterdam, we cannot assure you that we will always do so. In addition, an active trading market for our shares on 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, Euronext Amsterdam, the level of liquidity of your shares may decline. In addition, because a large percentage of 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.

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 Euronext Amsterdam on admission and are currently listed and trading, we cannot assure you that our securities will continue to be listed on Euronext Amsterdam as we might not meet certain continued listing standards. If we are delisted, we may not be able to list on any other exchange that provides sufficient liquidity.

The market price and trading volume of our common shares may be volatile and may be affected by market conditions beyond our control.

Even if an active trading market for our common shares develops, the market price of those securities may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, you may be unable to resell such common shares at or above your purchase price, if at all. We cannot assure you that the market price of our common shares will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common shares or result in fluctuations in the price or trading volume of our common shares include:

- variations in our quarterly operating results;
- failure to meet earnings estimates;
- publication of research reports about us, other companies in our industry or the failure of securities analysts to cover our shares in the future;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preferred or common shares we may issue in the future;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions and dispositions;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations affecting the hotel, casino or gaming industries or enforcement of these laws and regulations, or announcements relating to these matters;
- general market, political and economic conditions and local conditions in the markets in which our properties are located; and
- other risks identified in this Annual Report.

Any market on which our common shares trade will from time to time experience extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common shares, which could cause a decline in the value of your investment. You should also be aware that price volatility may be greater if the public float and trading volume of our common shares are low.

Our outstanding options and warrants may adversely affect the market price of our common shares.

We have existing options and warrants outstanding to purchase 956,284 shares as of 30 April 2009. The potential issuance of additional common shares on exercise of these options and warrants could make us a less attractive investment. This is because exercise of the options and warrants will increase the number of our issued and outstanding common shares and reduce the value of our existing shares. If and to the extent these options and warrants are exercised, shareholders will experience dilution to their holdings.

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 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.

Your percentage 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 Thunderbird Resorts Inc. 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 Thunderbird Resorts Inc. 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 500.0 million preferred shares and to determine the powers, preferences, privileges, rights, including voting rights, qualifications, limitations and restrictions on those shares, without any further vote or action by the shareholders. The rights of the holders of our common shares will be subject to, and may be adversely affected by, the rights of the holders of any preferred shares that may be issued in the future. The issuance of preferred shares could delay, deter or prevent a change in control and could adversely affect the voting power or economic value of your shares.

In addition, provisions of our governing documents and British Virgin Islands law, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors might be willing to pay in the future for our common shares. Among other things, these provisions provide that:

- our Directors may only be removed without cause by the vote of shareholders holding at least a two-thirds of our outstanding common shares; and

- our shareholders may only call a special meeting by delivering to our Board of Directors a request for a special meeting by shareholders holding 50 percent or more of our outstanding common shares.

For a further description of these provisions of our governing documents and British Virgin Islands law, see “Description of securities” and “Certain provisions of British Virgin Islands law, Canadian law and of our governing documents.”

Although we believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics and thereby provide an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some shareholders. Further, these provisions may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our Company, 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 500.0 million preferred shares, 500.0 million common shares, of which approximately 19.6 million common shares are outstanding, approximately 1.0 million common shares are issuable upon the exercise of outstanding stock options and warrants, approximately 0.9 million shares available for issuance under our previous equity incentive plans (which shares our Board of Directors has resolved not to issue), and approximately 0.6 million shares available for issuance under our 2007 Equity Incentive Plan.

We are subject to certain Canadian securities legislation, which may affect our shareholders.

Our common shares are currently listed on the CNSX and we are, and will continue to be, a “reporting issuer” subject to securities laws of British Columbia, Ontario and the Yukon territory even if we elect to delist from the CNSX. Among other things, those laws require any 10 percent holder of a reporting issuer to file reports disclosing that holder’s direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. If they acquire 10 percent or more of our outstanding common shares, they will be required to file an “insider report form” within 10 business days from the date their ownership exceeded 10 percent, and then within 10 business days after any trades or other changes in their holdings of common shares. They would also be required to issue a press release and file a report every time they acquire an additional 2 percent or more of our common shares.

If they acquire 20 percent 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 are 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 percent 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 percent 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. They must also file personal information forms with the applicable securities commissions and Canadian exchange where the shares are posted for trading. The provincial securities commissions and the CNSX have the right to veto the individual or entity from remaining an insider or control person if the individual or entity is deemed unsuitable to be involved in the Canadian public markets.

RISKS ASSOCIATED WITH TAX MATTERS

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common shares.

At any time, the federal, state, local or foreign tax laws or regulations or the administrative or judicial interpretations of those laws or regulations may be changed or amended. We cannot predict when or if any new federal, state, local or foreign tax law, regulation or administrative or judicial interpretation, or any amendment to any existing tax law, regulation or administrative or judicial interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new tax law, regulation or administrative or judicial interpretation.

We may be subject to certain tax liabilities in Canada in connection with our emigration from Canada and continuing our charter under the laws of the British Virgin Islands.

In 2006, we filed “discontinuation documents” with the Yukon, Canada Registrar and continued our charter under the laws of the British Virgin Islands. In connection with this change we could be subject to certain Canadian tax liabilities associated with our deemed disposition of the assets and a deemed dividend calculated by us under Canadian tax laws. We determined we had no tax charges associated with our emigration from Canada. Although we believe the position we have taken in the submitted tax return was appropriate for determining any potential tax liabilities, there is no assurance that the Canadian tax authorities will not challenge the position to calculate the potential tax liability, which could result in us being subject to additional Canadian taxes.

ERISA plan risks may limit our potential investor base.

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4975 of the U.S. Internal Revenue Code prohibit certain transactions that involve (1) certain pension, profit-sharing, employee benefit, or retirement plans or individual retirement accounts (as well as certain entities that hold assets of such arrangements as described below) and (2) any person who is a “party-in-interest” or “disqualified person” with respect to such a plan. Consequently, the fiduciary of a plan contemplating an investment in our common shares should consider whether we, any other person associated with the issuance of our common shares or any of their affiliates is or might become a “party-in-interest” or “disqualified person” with respect to the plan and, if so, whether an exemption from such prohibited transaction rules is applicable. In addition, the DOL 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 following:

- risks associated with the development, construction and expansion of projects;
- risks associated with governmental regulation of our businesses;
- competition within our industries;
- risks associated with our local partnerships;
- political and other risks associated with international operations, such as war or civil unrest, expropriation and nationalization, and changes in political, economic or legal conditions;
- our ability to retain or replace our key members of management;
- legal claims;
- difficulties in integrating future acquisitions;
- risks relating to acts of God (such as natural disasters), terrorist activity and war, some of which may be uninsured or underinsured;
- fraud by our employees or third parties;
- general economic and business risks, as well as specific business risks, such as the relative popularity of the gaming industry in general, and table and slot games in particular, changes in travel patterns, and changes in operating costs, including energy, labor costs (including minimum wage increases and unionization), workers’ compensation and health-care related costs and insurance;
- the risk that we may not be able to obtain future capital on acceptable terms, if at all; and
- other risks identified in this Annual Report.

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.

Thunderbird Resorts Inc. accepts responsibility for the information contained in this Annual Report. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Annual Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in this Annual Report reflects our position at the date of this Annual Report and under no circumstances should the issue and distribution of this Annual Report after the date of its publication be interpreted as implying that the information included herein will continue to be correct and complete at any later date.

CORPORATE OFFICE

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Joaquin Daly, Lima, Peru
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OFFICERS
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Michael G. Fox, CFO and Corp. Secretary
Albert W. Atallah, General Counsel and VP Compliance
Raul Sueiro, Vice President Asian European Operations
Angel Sueiro, Vice President, Design and Construction
Tino Monaldo, Vice President Corporate Development

REGISTERED AND RECORD OFFICE FOR SERVICE IN BRITISH VIRGIN ISLANDS
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CAPITALIZATION
Common shares issued: 19,696,412
(as of 30 April 2009)

SHARES LISTED
NYSE Euronext Amsterdam
Common Stock Symbol: TBIRD
Canadian Network Quotation System
Common Stock Symbol: BIRD.U
Frankfurt Stock Exchange
Common Stock Symbol: 4TR

WEBSITE
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