Thunderbird resorts

Creating Extraordinary Experiences

2009 Annual Report

CONTENTS

Thunderbird Resorts Inc.

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

Cautionary Note with regard to "forward-looking statements"

This Annual Report contains certain forward-looking statements within the meaning of the securities laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential revenue 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") 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 2009. This Annual Report is intended to comply with the rules and regulations for the Euronext Amsterdam.

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

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 Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. Our external auditors for 2009 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.

SUMMARY OF SELECTED FINANCIAL DATA

The selected financial data below has been derived from Thunderbird Resorts Inc.'s audited consolidated statement of financial postion and consolidated statement of comprehensive income 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. The financial results for both 2009 and 2008 reflect the pending sale of our Panama operations and the proposed sale of four of our hotels in Peru (one of which closed in 2010) as assets held for sale. (See chapter 4 for results of both continuing and discountinued operations). In addition, our Panama operations are disclosed as discontinued operations on our statement of comprehensive income. All monetary amounts are in United States Dollars.

(In thousands, except per share data)		2009		2008
Statement of comprehensive income data:				
Net gaming wins	$	99,967	$	87,806
Food, beverage and hospitality sales		22,084		23,297
Total revenue		122,051		111,103
Cost of goods sold		(43,745)		(37,691)
Gross profit		78,306		73,412
Other operating costs				
Operating, general and administrative		(56,358)		(52,886)
Project development		(891)		(7,518)
Depreciation and amortization		(16,603)		(14,061)
Other gains and losses [1]		(8,336)		(7,665)
Operating profit		(3,882)		(8,718)
Financing				
Foreign exchange gain / (loss)		4,182		(10,192)
Financing costs		(19,223)		(16,028)
Financing income		1,608		1,024
Finance costs, net		(13,433)		(25,196)
Loss before tax		(17,315)		(33,914)
Income taxes expense (Note 8)				
Current		(2,380)		(3,332)
Deferred		880		2,159
Taxation		(1,500)		(1,173)
Loss for the period from continuing operations	$	(18,815)	$	(35,087)
Loss for the period from discontinued operations [2]		(1,586)		1,582
Loss for the period	$	(20,401)	$	(33,505)
Other comprehensive income				
Currency translation reserve	$	1,967	$	4,139
Other comprehensive income for the period		1,967		4,139
Total comprehensive income for the period	**$**	**(18,434)**	**$**	**(29,366)**

(In thousands, except per share data)		2009		2008
Loss for the period attributable to:				
Owners of the parent		(20,757)		(32,794)
Minority interest		356		(711)
	$	(20,401)	$	(33,505)
Total comprehensive income attributable to:				
Owners of the parent		(18,790)		(28,655)
Minority interest		356		(711)
	$	(18,434)	$	(29,366)
Basic and diluted loss per share (in $) (3)		(1.05)		(1.67)
Basis shares outstanding (000's)		19,708		19,586
Diluted shares outstanding (000's)		-		-

(1) The amounts included in "Other gains and losses" for 2009 and 2008 include non-recurring costs of the Euronext Amsterdam listing, stock compensation costs, gains from asset sales, impairment write offs, and Group reserves on assets.
(2) Loss from discontinued operations includes the effect of the sale of our Panama operations. The subsequent sale of our Hotel Pardo in Peru and three other hotels held for sale are less than an entire business segment and are reported within continuing operations. (See chapter 4 for more information).
(3) Dilutive effects on EPS are not shown when there is a loss for that period.

(in thousands)		2009		2008
Other financial data:				
Net cash generated by operating activities	$	18,344	$	4,689
Net cash (used) in investing activities		(12,151)		(100,164)
Net cash (used)/generated by financing activities		(16,980)		41,479
Property EBITDA (1)		27,116		28,880
Adjusted EBITDA (2)		18,570		16,521
Balance sheet data:				
Restricted cash and cash equivalent	$	10,898	$	21,783
Total assets		241,217		258,542
Total Liabilities		(210,516)		(209,429)
Total equity		(30,701)		(49,113)

(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,

2009 was a challenging year for the Group as the worldwide economy went through an unprecedented period of upheaval. In spite of that uncertain environment, the Group is reporting a 9.9 percent increase in revenues and a 12.4 percent increase in adjusted EBITDA from our continuing operations. Our financial results for 2009 and 2008 reflect our Panama operations and four of our Peru hotels as assets held for sale as the result of our decision to sell these assets. In addition, our Panama operations are disclosed as discontinued operations in our statement of comprehensive income, since we have signed a definitive agreement to sell our Panama interests. Our loss for the period from continuing operations for 2009 was $18.8 million, which is compared to a loss of $35.1 million for 2008. The 2009 loss includes a one-time $4.7 million impairment loss we recorded in relation to fully impairing our Guatemala and Poland operations. While we did not achieve positive earnings for 2009, nonetheless we are proud of our revenue growth in a period when many in our industry sector delivered negative trends. In addition, we believe we are on the right path towards positive net earnings as we move forward.

Like many other companies in the gaming industry, the Group's growth over the past five years was largely fueled through debt leverage. As with many of our industry peers, leverage became our challenge. While we finished 2009 with total debt of approximately $169 million (including assets held for resale), we feel that the sale of our Panama business will allow us to repay a significant portion of this debt and improve our cash flows in spite of the high amortizing and short-term nature of our debt.

In response to the challenges facing the Group, we set four key strategies in 2009 that we believe will yield material results in 2010 and beyond:

1. Strengthen our balance sheet by deleveraging certain of our real estate assets.
2. Restructure debt to improve cash flow.
3. Focus on organic growth in our existing markets while also lowering operating and corporate level expenses to increase operating margins.
4. Complete delayed projects under construction to free up construction in progress investment and increase revenues, while at the same time eliminating our historical high investment in new project development.

Below we identify our recent track record in each of these areas. We hope you will see what we see: a company that is working hard to position itself smartly for 2010 and beyond!

Our recent track record

Pursuing our four revised strategies has produced the following results:

1. We implemented cost savings measures that reduced corporate operating costs from $12.9 million in 2008 to $8.9 million in 2009, and are on schedule to reduce them further to an approximate run rate of $6.0 million in 2010.

2. Subsequent to 31 December 2009, we completed the financing required for our hotel and entertainment project in Daman, India. This project is the first major land based casino for the entire country, and the completion of hotel financing frees up approximately $8 million of construction already in progress. The Group holds a 50 percent position in the hotel operating company, which in turn owns a 176-room luxury hotel on 10 acres of land, as well as a significant lease agreement with a 5,700 square meter casino owned by Indian investors. We anticipate a soft opening in fourth quarter of 2010.

3. In the Philippines we doubled the lease term to 50-years for our original 25-year lease of 65 hectares of land that houses our our Poro Point Hotel and Fiesta Casino. The final regulatory approval was received in the first quarter of 2010. The lease extension to the year 2055 should facilitate the Group's ability to attract real estate

partners who can commit resources and expertise to our development in a way that contributes substantially to our investment commitments and increases traffic to our existing hotel, casino and food and beverage outlets.

4. Subsequent to 31 December 2009, we sold the first of our four hotels that are for sale in Lima, Peru. This transaction enabled us to pay down a portion of the senior bank debt to its current approximate balance of $19 million. Our efforts to sell three of the remaining five hotels continue, as does a parallel effort to issue a private equity offering under which our entire hotel, casino and slot parlor operations will be structured under a "to be formed" holding company entity, and a minority stake in this company may be sold to a third party.

5. Subsequent to 31 December 2009, we entered into definitive agreements to sell our 63.63 percent stake in our six Panama casinos to Alta Cordillera, S.A. and Powelton Company, Inc., affiliates of Codere, S.A. (a Spanish gaming company with gaming holdings in Panama). The sale is subject to certain conditions to closing. The completion of the sale will provide the Group with an opportunity to repay certain Panamanian sourced debt and to improve the Group's balance sheet.

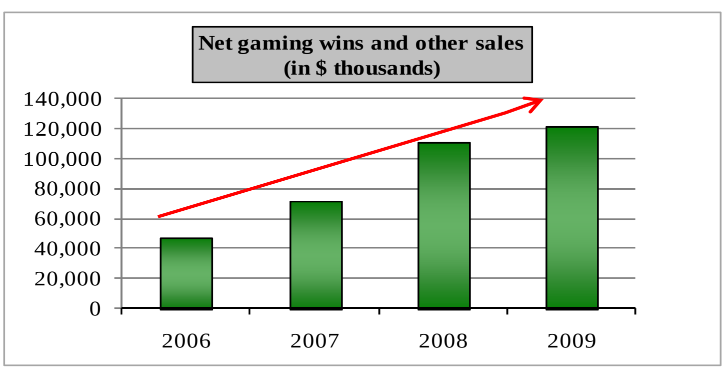
Summary of the 2009 results

Actions taken in 2009 did improve the results compared to 2008, as seen below, but are expected to deliver a 2010 with even more positive trends. The table below reflects our adjusted net earnings effected for non-cash and non-recurring items.

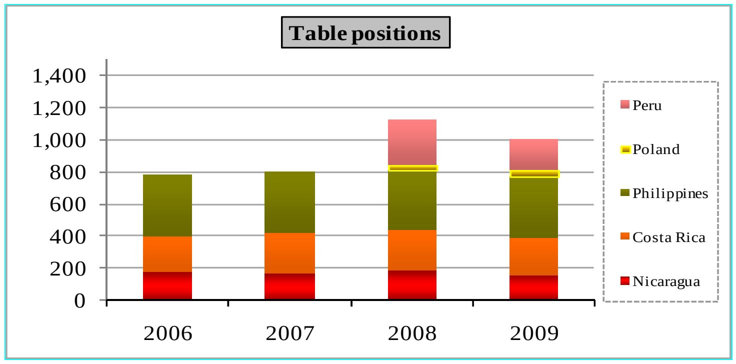
(In thousands)	Twelve months of (1)		%	Twelve months of (2)		%
	As reported	**As reported**		**As adjusted**	**As adjusted**	
	2009	2008	change	**2009**	2008	change
Loss for the period attributable to the owners of the parent	**$ (20,757)**	$ (32,794)	-36.7%	**$ (20,686)**	$ (32,794)	-36.9%
Depreciation and amortization	**16,603**	14,061	18.1%	**24,892**	20,964	18.7%
Foreign exchange (gain)/loss	**(4,182)**	10,192	141.0%	**(4,182)**	10,192	141.0%
Project development	**891**	7,518	-88.1%	**891**	7,518	-88.1%
Other gain and losses	**8,336**	7,665	8.8%	**9,657**	7,665	26.0%
Adjusted net earnings	**$ 891**	$ 6,642	-86.6%	**$ 10,572**	$ 13,545	-22.0%

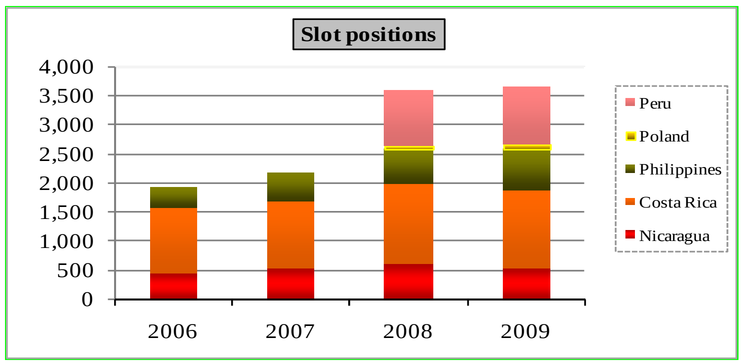
(1) As reported reflects Panama operation as discontinued operations.
(2) As adjusted includes 2009 and 2008 operating results of Panama for comparative purposes.

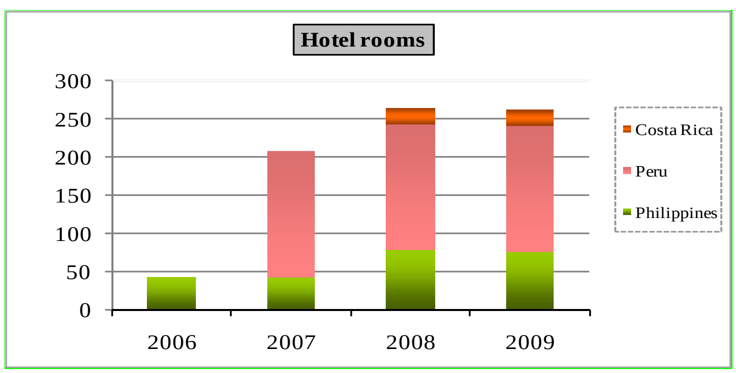
As the following charts display, the Group continuing operations have accomplished significant net gaming wins and sales growth in our continuing operations over the last four years:



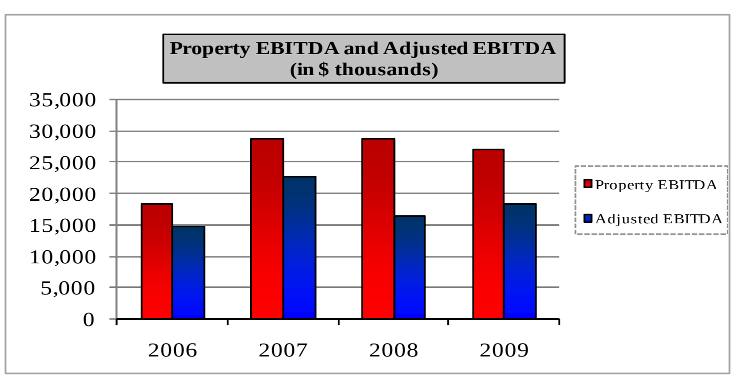
The sale of our Panama operation and our four Peru hotels held for resale results in the following update to our gaming position count and our hotel rooms for our continuing operations:







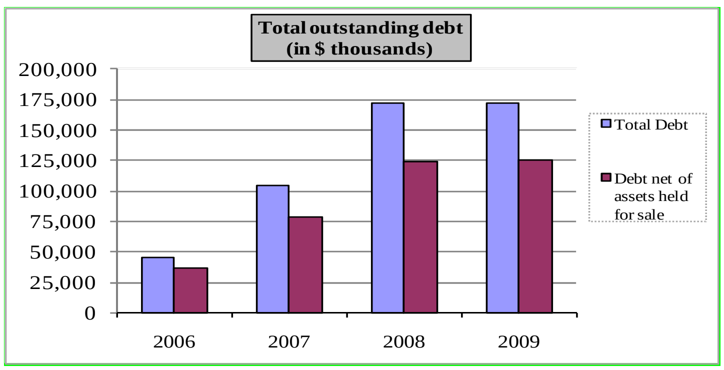
As our gaming positions have grown, the resulting impact on our continuing operations' property EBITDA and adjusted EBITDA is shown in the charts below:

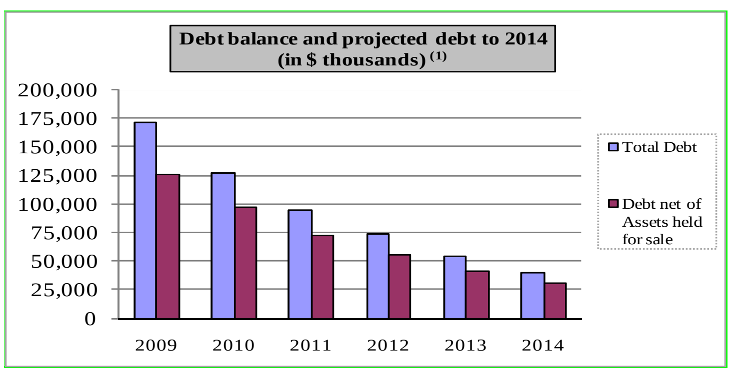


On 29 September 2009 the Group announced that it launched a public offering and private placement of up to 75,000,000 shares of its common stock (or 86,250,000 shares of its common stock if the over-allotment was exercised) with an offer price range of $1.00 to $1.25 per common share (the "Offering"). On 19 October 2009, due to market feedback, the Offering of common stock was terminated.

Soon after the termination of the common stock offering in October 2009, the casino gaming regulatory agency of the government of Panama appointed three provisional Directors for our Panama operation. The Group believes this is an unprecedented action and the Group is currently disputing this action within the Panama legal system. Subsequently, as a result of an increase in the gaming tax for 2010, the expiration of the gaming license in 2018, and the aforementioned government intervention, the Group decided to seek to sell its interest in the Panama operation. On 15 March 2010, the Group entered into a definitive contract to sell its Panama operations. If this transaction is closed, the net proceeds from this transaction will result in the removal of consolidated debt related to the Panama operation and other Panama sourced debt from our balance sheet of approximately $47 million. As a material portion of the net sale proceeds will be used to pay off or pay down a portion of the above-described debt, if such sale occurs it will materially and positively impact our cash flows. There is no guarantee that this transaction will close.

The tables below reflect our current debt levels and our projected debt balances based on scheduled principal repayments in 2010 to 2014 based on existing loans for continuing operations compared to projected debt balances net of assets held for resale.





(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 18 of the consolidated financial statements as to additional debt disclosures.

Looking forward to 2010

The four key strategies identified in 2009 will continue to guide the Group for 2010. As 2010 unfolds we are focused on completing the sale of our Panama operations, rightsizing our Peru hotel operations, completing the exciting property expansions in our Philippines operations that will offer convention facilities to largely unserved markets driving new traffic to our gaming operations, and the completion and opening of our most exciting project to date in India. Finally, we will continue to focus on our existing operations to drive organic growth in our gaming assets as we continue to pay down our debt and solidify our balance sheet. While the last 18 months of this economic downturn have been challenging, we believe that 2010 will provide better results and that by staying the course, our shareholders, employees and communities will see enhanced benefits from the Group in the form of positive earnings and even more extraordinary products, services and corporate citizenship.

Sincerely,

President and Chief ExecutiveOfficer
Thunderbird Resorts Inc.
30 April 2010
Panama City, Panama

CHAPTER 3 – REPORT OF BOARD OF MANAGEMENT ON THE COURSE OF AFFAIRS OF THE GROUP IN 2009

Overview

We are an international provider of branded casino and hospitality services, focused on markets in Central America, South America, Southeast Asia, and India. 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. Our statement of financial position for 2009 reflects our operations in Panama and four of our Peru hotels, which were in the process of being marketed for sale at 31 December 2009, as assets held for sale. In addition, our Panama operations are disclosed as discontinued operations on our statement of comprehensive income. Therefore, as of 31 December 2009 after we factor in those two transactions, we had: 24 operating gaming facilities, one slot machine route, four hotels and one nine-hole golf course, over 5,000 gaming positions in almost 18,000 square meters of gaming space worldwide, 263 hotel rooms in Peru, Costa Rica and the Philippines, all attended to by our more than 4,100 highly trained and valued employees. 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. While we desire to extend our strategy to other markets as opportunities and resources permit for the current period we intend to focus on our existing markets.

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, 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 5,000 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 where the real estate is a required condition to securing a gaming license.

- **Use a "hub and spoke" growth strategy.** From our hub in Manila, Philippines, we have grown further into the Philippines and also intend to grow into Southeast Asia and India. As opportunities present themselves and subject to financing, we intend to grow within South America from our hub in Lima, Peru. From our historical hub in Panama City, we have grown throughout Costa Rica, Guatemala and Nicaragua. Should the sale of our Panama interests close, we anticipate maintaining our corporate office in Panama at its current location. We have a core group of qualified and loyal employees in Panama who help us maintain our operations worldwide, contributing accounting, legal, operations, human resources and IT expertise. We will continue to utilize our Panamanian base of expertise for the benefit of the Group worldwide, but will not operate gaming facilities in Panama for the forseeable future.

- **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.

- **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. While we desire to extend our strategy to other markets as opportunities and resources permit for the current period, we intend to focus on our existing markets.

- **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 2009

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 of projects at a number of our properties, including the Philippines locations, as well as our recent expansion into India. We are also continuing to explore and seek to obtain financing when appropriate for our projects in the ordinary course of business.

In 2010, we expect our focus to be on existing markets, completing the sale of our Panama operations, right sizing our Peru hotel operations by selling three of our five hotels as previously announced, and completing our India project, however, we do investigate, when warranted, 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 projects 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 2009

India

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

Construction of this project has been and is being funded by three sources. DHPL and its India partner have contributed approximately $18 million in cash and property as equity into the project. DHPL has also raised approximately $13.5 million in fully convertible debentures, secured behind the other funding source, and a $27 million senior secured loan facility from four India banks. The debentures were funded during 2009 and the senior secured loan was obtained in the first quarter of 2010 and its funds are being drawn on for ongoing construction. The project construction is progressing towards a fourth quarter of 2010 opening. DHPL may seek up to another $1.5 million of additional fully convertible debentures at its discretion.

Costa Rica

Tres Rios project. We have started construction on a resort project in the eastern suburbs of San Jose. This 22-acre "Tres Rios" facility was intended to be a 108-room resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2009, we have invested approximately approximately $15.5 million using historical currency conversion rates (of which our portion is $7.7 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. This development, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, has caused us to change plans with respect to this project.

We have therefore minimized the amount we will invest in the hotel and will attempt to maximize third party investment. In addition, we will need to comply with the new gaming decree which causes the Tres Rios casino to have less than the number of slot machines and tables originally planned. Accordingly, we are considering other financing structures, including additional financial investors in the hotel. One such option being considered involves the construction of a 108 room hotel, with convention center and casino. While these options are being pursued however, the “on-site” construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in pursuing other options. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

During 2009 and 2008, our Costa Rica affiliate, Grupo Thunderbird de Costa Rica, S.A. (“GTCR”), executed agreements to purchase from third party investors the remaining 50 percent interest in the Tres Rios real estate. The aggregate purchase price of these purchases totaled approximately $3.4 million. Currently, GTCR owns 100 percent of such real estate on which the Tres Rios Project is situated. The purchases were funded by seller financing which provide for payments of interest only for 6 months followed by 36 months of amortized payments of principal and interest.

Escazu. We have also acquired land in the southwestern suburb of San Jose where we plan to build the Escazu project. As of 31 December 2009, we have invested approximately approximately $4.2 million using historical currency conversion rates (of which our portion is $2.1 million). The land is subject to a lien securing a loan with Banco Nacional de Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are seeking to develop a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

Guatemala

Guatemala Gran Plaza. On 15 July 2009, the Company closed its Gran Plaza location in Guatemala due to continuing underperformance. We believe the underperformance was caused by decreasing customer visitation resulting from degradation in the general security of the area since the Company opened this location in June 2008. Any surplus furniture, fixtures and equipment were utilized in other Group locations or sold. With the closing of Gran Plaza, our Guatemala work force was reduced by approximately 90 persons. Our total investment in the Gran Plaza project (since inception) was approximately $5.4 million which was written down over the last two years to zero as of 31 December 2009.

Coatepeque. On 15 February 2009, the Coatepeque property (with a former total of 107 positions) was closed due to poor performance. Exclusive of the costs of video lottery machines, we had invested $0.2 million in this property. The video lottery machines were relocated to the other Guatemalan facilities.

Fiesta Intercontinental and Video Suerte Mazatenago. In August of 2009, our two remaining properties in Guatemala, Fiesta Intercontinental Guatemala and Video Suerte Mazatenango (which are operated by our local subsidiaries), were temporarily closed for 17 days and 22 days, respectively, due to a declaration statement made by the Deputy in charge of the Commission for Transparency in Guatemala which called into question the legitimacy of "video lottery" operations. The Deputy's declaration resulted in inquiries into existing video lottery operations throughout the country to determine if the operations are prohibited. We successfully challenged the Deputy’s declaration and the inquiry by the Ministry of Public Defense and these properties were reopened by order of the local courts, with Intercontinental Guatemala opening on 20 August 2009 and Video Suerte Mazatenango opening on 25 August 2009; however, there is no assurance that the court’s ruling will not be appealed, challenged or reviewed by a higher court.

Based on the uncertain legal and commercial issues, we opted for the change of our licensee to continue operations in Guatemala. As of 24 November 2009, we ended our relationship under authorization of Confederacion Deportiva Autonoma de Guatemala (“CDAG”), and we initiated with Fundacion Para la Defensa Ecologica Monte Carlo Verde (“FMCV”). This license allows us to operate for 17 hours daily resulting in the closure of one working shift.

Nicaragua

Carretera Masaya project. The Group had previously announced in 2007 plans for the development of a flagship casino in downtown Managua on land purchased by the Group in 2003 and 2006 that is in the Masaya area of Managua, Nicaruagua, on land already owned by our Nicaragua affiliate. Thereafter, due to changing market conditions and the less than favorable credit conditions, those plans were put on hold in 2009. The Group is now re-assessing market and credit conditions related to that project. With the improving economic climate, the Group has begun re-evaluating the merits and timing of the development of this facility. Since the necessary land is in a premium location, the Board of Directors of our Nicaragua affiliate recently approved the expenditure of funds for updated construction plans for a first phase of a new casino and entertainment area that does not include a hotel. There can be no assurances that the project will move beyond this assessment stage. We expect the construction plans and evaluation to be completed by third quarter of 2010.

The Group also exercised an existing option, included in our rental agreement, to purchase the leased space (880 square meters) in the mall at Multi-Centro de Las Americas, where we currently operate Zona Pharaoh's Casino and Ringside Restaurant.

Additionally, in March of 2010, the company purchased the property which contains the corporate offices adjacent to our casino on Carretera Masaya. The current offices contain 1,150 square meters. The purchase price was $0.4 million of which our Nicaraguan affiliate financed $0.3 million through a loan facility from Banco America Central with a term of seven years and an interest rate of 10.5 percent.

Panama

Sale of Panama interests. Thunderbird announced in the first quarter of 2010, that it has entered into definitive agreements for the sale of its 63.63 percent stake in its six Panama casinos with Alta Cordillera, S.A. ("Alta"). Alta and Powelton Company, Inc., the latter with whom the Group signed and announced a letter of intent on February 2, 2010, are both affiliates of Codere, S.A. (a Spanish based gaming company which currently has gaming holdings in Panama). The sale is subject to certain conditions to closing, including the approval by a number of applicable government entities, including the Panama Gaming Control Board and the local anti-trust authority, and therefore, there can be no assurance of closing. If the conditions to closing are met, we anticípate the closing of the transaction will take place in the second quarter of 2010. Thunderbird has had tremendous success in Panama over the past 11 years and is very appreciative of the hard work and dedication of our valued employees. The completion of the sale would provide the Group with an opportunity to repay certain Panamanian sourced debt and to improve the Group's balance sheet.

The reasons for selling our Panama operation, in addition to the benefit of the inherent reduction in debt as the result of the sale, are multifaceted: (i) higher gaming taxes that went into effect in 2010; (ii) gaming licenses that expire in 2018 with no guarantee of renewal in place; and (iii) combined with what the Group believes was an unprecedented and unwarranted interference with our business by various government agencies in Panama. See Chapter 5 "Regulatory Environment".

Peru

As of 31 December 2009, the Group's Peru subsidiary, Thunderbird Hoteles Las Americas ("THLA") owns and operates six hotels in Lima, Peru (the "THLA Hotels"). In order to reduce the Group's investment and related debt in "non-gaming" assets, in the fourth quarter of 2009 the Group began to actively engage in selling four of the six THLA Hotels that have no casino component. These four hotels are the Thunderbird Hotel Principal, Thunderbird Hotel Pardo, Thunderbird Hotel Bellavista, and Thunderbird Resorts El Pueblo. On 24 February 2010, the Group closed on the sale of the Thunderbird Hotel Pardo for approximately $8.4 million. Thunderbird Hotel Pardo has 64 rooms and is located in the busy district of Miraflores, just minutes from Lima's financial district. The Group entered into a one year hotel management agreement with the new owner of the Thunderbird Hotel Pardo, in conjunction with the sale transaction. The total $8.4 million net sale proceeds (after certain taxes and closing costs) will be used to pay down secured Peruvian sourced debt related to the Thunderbird Hotel Pardo. THLA currently continues to own and operate the remaining five hotels.

The Group continues to pursue the sale of the Thunderbird Hotel Principal, Thunderbird Hotel Bellavista, and Thunderbird Resorts El Pueblo hotel properties as previously announced. However, the offers we are receiving on the hotels for sale, while worthy of consideration, do not reflect the full valuation at current operating levels. As one alternative to the sale, the Group believes an infusion of equity from a new partner will create a capital structure that will allow the hotels to realize their full potential and create a very solid return to the owners. Moreover, in light of the recent and significant improvements in the THLA operating results, in comparison to the first three quarters of 2009, and the fact that we sold one of the hotels reducing the senior bank debt from $27 million to approximately $19 million, the Group has developed a private equity offering for the Peru operations. As part of this offering, if successful, the Group would establish our entire hotel, casino and slot parlor operations under a "to be formed" holding company entity. This new structure calls for an equity investment sufficient to pay down a significant portion of the total debt on the Group's casino and hotel properties in Peru. In addition to this attempted equity offering, the Group is also reviewing possible longer term refinancing scenarios as a possible solution to address the short term cash requirements of the hotel operations. The sale and refinancing efforts along with the equity raise will continue simultaneously. While there can be no assurances that these alternatives will succeed, management is encouraged by the performance of the properties during the fourth quarter of 2009 and the first quarter of 2010.

Philippines

We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos with 738 slot machines and 379 table positions, as well as two hotels and a nine-hole golf course. We are expanding our facilities with multi-stage projects ongoing for each property. 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 during 2009. Due to delays in securing the complete financing for each of the projects, the completion date for both is within approximately 120 to 180 days after the expansion funding has been received, as more specifically described below. In addition to these projects, we believe that the Philippines will provide additional opportunities for expansion in the future, as well as serve as our "hub" for further expansion into Asia.

Expansion of Thunderbird Resorts—Rizal. This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 41 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 120 new slot positions and 49 new table positions in addition to the current 453 slot machines and 207 table positions. The total investment is projected to be $13.2 million of which approximately $8.2 million has been raised through a Philippine private debt offering of $9.5 million. Until additional funds are raised, there is no certainty that the expansion will be completed within the revised times. In April 2010, we received approval from the Board of Directors of a local Philippines bank for a secured loan facility of approximately a $5.7 million. The credit facility has a five year repayment term and is secured by certain portions of the real estate at our existing Rizal location. The parties are working on definitive loan documentation, thereby no assurances can be made that funding will occur, but should funding occur, these monies, together with anticipated manufacturer financing on 120 new slot machines, should enable us to complete the Rizal expansion by the fourth quarter of 2010.

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

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

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

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

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

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

The Group is being advised by a Philippines and Hong Kong based investment banking firm on these possible transactions. These posible funding sources are being studied and there can be no assurance that any of them will be successful.

Poland

Casino Centrum. 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 397 square meters in the aggregate with approximately 101 slot positions and 44 table positions. Due to the increasing tax levels in Poland (50 percent effective 1 January 2010), and the relatively flat revenues in our facilities, the Group no longer considers Poland strategic to our long term growth opportunities and has started in 2010 to seek a purchaser for its interests in our Poland facilities.

Other events

Deferral of Director fees and a portion of executive salaries. Effective 1 August 2009, our Board of Directors and senior executive officers temporarily elected to defer monthly Director fees and 20 percent of executive salaries until the Group's cash flow meets internal targets. The deferred compensation will continue to accrue. This deferral may be revoked at any time upon notice from the revoking Director or senior executive officer. As of October 2009 the Directors have agreed to a payment of $500 per board meeting.

CNSX Delisting. Effective as of 30 June 2009, at the request of the Company, our shares were delisted from the CNSX (formerly the CNQ).

Beneficial Holdings, Inc. unsolicited letter. On 8 September 2009, Thunderbird received an unsolicited letter from Beneficial Holdings, Inc. ("BHI") dated 1 September 2009 addressed to each member of the Company's Board of Directors. The letter purported to be an offer to purchase a majority of the Company's outstanding common stock. Since 8 September 2009, BHI has issued additional press releases, at least one of which indicates or implies that discussions with Thunderbird would be forthcoming or imminent, and that BHI fully intends to engage the Company in mutually beneficial discussions regarding the offer. Since 8 September 2009, BHI has not contacted Thunderbird directly and Thunderbird has not received any information on BHI's operating history, gaming experience, financial performance, or financial capacity to complete any such transaction.

Cancellation of public offering. On 29 September 2009 the Group announced that it launched a public offering and private placement of up to 75,000,000 shares of its common stock (or 86,250,000 shares of its common stock if the over-allotment is exercised) with an offer price range of $1.00 to $1.25 per common share (the "Offering"). As of 19 October 2009, due to market feedback, the Offering of common stock was terminated.

Mexico-NAFTA settlement. During 2006, the Group filed a petition with the U.S. District Court to over-turn the NAFTA arbitration decision denying the Group's claim for damages and awarding Mexico with costs and attorney fees. The U.S. District Court approved and upheld the NAFTA tribunal's decision and as a result the Group has made a provision for the $1,250,000 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. On 31 March 2010, the Group entered into a settlement agreement with Mexico whereby the Group will pay to Mexico in annual installments approximately $120,000 per year for five years and a payment of $600,000 in the sixth year. Mexico made certain concessions with respect to the settlement of the amount awarded by the NAFTA tribunal, including waiver of interest from the time of the award up to the date of the settlement.

CRA tax dispute settlement. The Group's 1999, 2001, and 2002 Canadian tax returns were 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 was 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. The Group submitted a vigorous challenge to the re-assessment. If the Group was not successful in its challenge, the entire re-assessed tax would be offset by the Group's net operating loss ("NOL") in a manner that would reduce the actual tax liability to zero. CRA was also assessing a tax penalty alleging the Group failed to report the Indian settlement proceeds as taxable income and that a tax penalti could not be reduced or eliminated by the NOL. The Group contended 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 filed a notice of appeal and vigorously opposed 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. The Group settled its tax controversy case with the CRA in which certain adjustments were made to the 1999, 2001 and 2002 tax years whereby these adjustments reduced the Group's net operating loss carry forwards, such that no cash payment for taxes was due upon final adjustments. The Group was successful in resolving 1999 in its favor as a result of an agreement by CRA that any adjustments in 1999 were barred by the statute of limitations. In addition, CRA conceded that the penalties CRA was pursuing against the Group were nullified.

Panama regulatory environment. See Chapter 5 "Regulatory Environment".

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 $2.6 million in 2009 from continuing operations and approximately $3.1 from continuing operations in 2008) on marketing, focusing almost exclusively on the local market for each of our facilities, intending to further strengthen our ties to the local communities, from which we draw our repeat and new customers. In each of our markets, we advertise on television and radio, as well as in newspapers and local magazines.

We also support our local communities in many ways. For example, 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 benefits from this monthly activity.

Other events

Recent material contracts and financings. In 2009, we entered into material contracts and have entered into several financings and revised financings during 2009 (Note 18 and Note 32 of the consolidated financial statements).

In 2009, we entered into the following material contracts:

- a series of purchase agreements to acquire the remaining shares of the entity that owns our Tres Rios property in Costa Rica not already owned by Grupo Thunderbird de Costa Rica, as described in Note 13 of the consolidated financial statements;
- contracts between the Group's Cyprus subsidiaries and our local Polish partner to acquire certain shares in the Poland operating entity;
- contract with a major slot maching manufacturer dated 17 March 2009 providing a line of credit for financing of the purchase of up to $20.0 million of slot machines;
- multiple other loan and debt agreements and amendments and supplements thereto, as described in Note 18 of the consolidated financial statements, "Borrowings", and Note 32 of the consolidated financial statements, "Subsequent Events";
- an engagement letter with FBR Capital Markets & Co. and Friedman, Billings, Ramsey International, Limited dated 14 July 2009;
- an engagement letter with Fortman Cline Capital Markets dated 5 June 2009 to assist the Group with raising debt to refinance certain Philippine debt;
- other acquisitions as described in Note 13 of the consolidated financial statements, and Note 32 of the consolidated financial statements, "Subsequent Events";
- amended the 2007 Equity Incentive Plan to allow for stock grants to the Group's management up to five percent of issued and outstanding shares;
- amendments to the charter documents of DHPL to allow for certain provisions of the DHPL financings;
- engagement letter with MBA Lazard Peru, S.A.C. in November 2009, to assist with the sale of four of our six Peru hotels, which has since expired;

- definitive contract to sell our 63.63 percent stake in our Panama affiliate to Alta Cordillera, S.A, on 15 March 2010, following their execution of a Letter of Intent earlier in the first quarter of 2010, matching the letter of intent we had signed with another third party dated 15 December 2009;
- management contract in February 2010 with the buyer of the Pardo hotel in Lima, Peru to manage the operation of the Pardo hotel for at least 12 months; and
- received approval in the first quarter of 2010 for the extension of our Poro Point land lease for an additional 25 years while the lease is currently being amended to reflect that fact in the second quarter of 2010.

Employees

Without the Panama operations and the four Peru hotels held for sale, we had as of 31 December 2009 approximately 3,529 employees. As of 31 March 2010, including Panama operations and excluding the Pardo Hotel, we had approximately 5,036 employees worldwide, including approximately 1,288 in Panama, 1,231 in the Philippines, 402 in Nicaragua, 199 in Guatemala, 1,137 in Peru, 105 in Poland and 570 in Costa Rica. As of 31 December 2009, we had approximately 5,354 employees, including approximately 1,349 in Panama, 1,236 in the Philippines, 412 in Nicaragua, 199 in Guatemala, 1,427 in Peru, 105 in Poland and 673 in Costa Rica, 47 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 5,754 employees as of 31 December 2008. We do not, and historically have not, employed a significant number of temporary employees. We anticipate that upon the completion of the sale of our Panama operations that the buyer will continue to employ our existing Panama employees subject to their discretion.

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 2009, 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 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.

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 consolidated 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 19 of the consolidated financial statements. See "Mexico-NAFTA settlement" and "CRA tax dispute settlement" under "Other Events".

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, Panama litigation, and the Poland dispute under note 25 of our 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 management's opinion, the disposition of these matters (other than the Panama litigation) will not materially adversely affect our financial condition, results of operations or cash flows. The pending Panama litigation may be resolved if the sale of our Panama interests receives government approval and is consummated. Other than as described in this Annual Report, 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. Please see Chapter 5 "Regulatory Environment" for more information concerning the proceedings in Panama.

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 and 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 2009

Revenues and earnings of the Group

The following tables set forth selected financial data, which data is derived from our audited consolidated statement of financial position and comprehensive income for the years ended 31 December 2009 and 2008 and was prepared in accordance with IFRS.

(In thousands, except per share data)	**Twelve months of** (1)		%	**Twelve months of** (2)		%
	As reported	As reported		**As adjusted**	As adjusted	
	2009	2008	change	**2009**	2008	change
Net gaming wins	**$ 99,967**	$ 87,806	13.9%	**$ 153,088**	$ 144,415	6.0%
Food and beverage sales	**9,316**	8,754	6.4%	**13,278**	12,886	3.0%
Hospitality and other sales	**12,768**	14,543	-12.2%	**12,768**	14,542	-12.2%
Total revenues	**122,051**	111,103	9.9%	**179,134**	171,843	4.2%
Promotional allowances	**5,471**	3,013	81.6%	**7,082**	4,356	62.6%
Property, marketing and administration	**89,464**	79,210	12.9%	**128,626**	119,999	7.2%
Property EBITDA	**27,116**	28,880	-6.1%	**43,426**	47,488	-8.6%
Corporate expenses	**8,546**	12,359	-30.9%	**8,597**	12,349	-30.4%
Adjusted EBITDA	**18,570**	16,521	12.4%	**34,829**	35,139	-0.9%
Adjusted EBITDA as a percentage of revenues	**15%**	15%		**19%**	20%	
Depreciation and amortization	**16,603**	14,061	18.1%	**24,892**	20,964	18.7%
Interest and financing costs, net	**17,615**	15,004	17.4%	**20,115**	17,071	17.8%
Minority interest	**356**	(711)	-150.1%	**356**	(711)	-150.1%
Management fee attributable to minority interest	**(3,378)**	(4,005)	-15.7%	**1,255**	3,017	-58.4%
Project development	**891**	7,518	-88.1%	**891**	7,518	-88.1%
Shared based compensation	**1,220**	2,712	-55.0%	**1,220**	2,712	-55.0%
Foreign exchange (gain) / loss	**(4,182)**	10,192	-141.0%	**(4,182)**	10,192	-141.0%
Other losses	**7,241**	5,917	22.4%	**8,562**	5,917	44.7%
Derivative financial instrument	**(125)**	(964)	87.0%	**(125)**	(964)	87.0%
Income taxes	**1,500**	1,173	27.9%	**2,531**	2,217	14.2%
Loss for the period from continuing operations	**$ (19,171)**	$ (34,376)	-44.2%	**$ (20,686)**	$ (32,794)	-36.9%
Loss for the period from discontinued operations	**(1,586)**	1,582	-200.3%	**-**	-	0.0%
Loss for the period attributable to the owners of the parent	**$ (20,757)**	$ (32,794)	-36.7%	**$ (20,686)**	$ (32,794)	-36.9%
Currency translation reserve	**1,967**	4,139	-52.5%	**-**	-	0.0%
Total comprehensive income for the period attributable to the owners of the parent	**$ (18,790)**	$ (28,655)	-34.4%	**$ (20,686)**	$ (32,794)	-36.9%
Loss per common share: (3)						
Basic	**$ (1.05)**	$ (1.67)		**$ (1.05)**	$ (1.67)	
Weighted average number of common shares:						
Basic	**19,709**	**19,586**		**19,709**	**19,586**	
Diluted	**20,018**	**20,030**		**20,018**	**20,030**	

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

Basic shares outstanding are the weighted average number of shares outstanding for the year as of 31 December 2009. Total basic shares outstanding as of 31 December 2009 were 19,729,412. Total actual shares outstanding as of 31 December 2009 were 19,729,746. As of 15 April 2010, our issued and outstanding shares were 19,829,746.

CONSOLIDATED OPERATING AND FINANCIAL REVIEW

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

(In thousands)	Twelve months of (1)				%	Twelve months of (2)				%
	As reported		As reported		change	**As adjusted**		As adjusted		change
	2009		2008			**2009**		2008		
REVENUES BY COUNTRY										
Panama	**$**	**-**	$	-	0.0%	**$**	**57,083**	$	60,740	-6.0%
Guatemala		**3,538**		4,478	-21.0%		**3,538**		4,478	-21.0%
Nicaragua		**12,535**		14,232	-11.9%		**12,534**		14,232	-11.9%
Costa Rica		**19,374**		19,465	-0.5%		**19,374**		19,464	-0.5%
Philippines		**44,624**		44,098	1.2%		**44,625**		44,098	1.2%
Peru		**38,410**		26,027	47.6%		**38,410**		26,027	47.6%
Poland		**3,258**		2,296	41.9%		**3,258**		2,296	41.9%
Other		**312**		507	-38.5%		**312**		508	-38.6%
Total revenues	**$**	**122,051**	$	111,103	9.9%	**$**	**179,134**	$	171,843	4.2%
PROPERTY EBITDA BY COUNTRY										
Panama	**$**	**-**	$	-	0.0%	**$**	**16,300**	$	18,608	-12.4%
Guatemala		**(1,020)**	$	(1,111)	8.2%		**(1,020)**	$	(1,111)	8.2%
Nicaragua		**3,092**	$	3,230	-4.3%		**3,092**	$	3,230	-4.3%
Costa Rica		**6,874**	$	8,144	-15.6%		**6,874**	$	8,144	-15.6%
Philippines		**13,854**	$	12,089	14.6%		**13,854**	$	12,089	14.6%
Peru		**4,703**	$	6,443	-27.0%		**4,703**	$	6,443	-27.0%
Poland		**(376)**	$	85	-542.4%		**(376)**	$	85	-542.4%
Property EBITDA	**$**	**27,127**	$	28,880	-6.1%	**$**	**43,427**	$	47,488	-8.6%
Property EBITDA as a percentage of revenues		**22%**		**26%**			**24%**		**28%**	
Other (corporate expenses)		**(8,557)**		(12,359)	-30.8%		**(8,557)**		(12,349)	-30.7%
Adjusted EBITDA	**$**	**18,570**	$	16,521	12.4%	**$**	**34,870**	$	35,139	-0.8%
Adjusted EBITDA as a percentage of revenues		**15%**		**15%**			**19%**		**20%**	

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

Below is a table that reflects key balance sheet data:

	2009		**2008**	
Working capital	$	(27,738)	$	(12,963)
Total assets		241,217		258,542
Borrowing and obligation under leases		123,359		172,281
Total liabilities		210,516		209,429
Share capital		30,701		49,113
Translation reserves		(1,048)		(3,015)
Deficit		(83,639)		(62,882)

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

(In thousands)		Twelve months of (1)			%		Twelve months of (2)			%
		As reported		As reported			As adjusted		As adjusted	
		2009		2008	change		**2009**		2008	change
Loss for the period attributable to the owners of the parent	**$**	**(20,757)**	$	(32,794)	-36.7%	**$**	**(20,686)**	$	(32,794)	-36.9%
Income tax expense		**1,500**		1,173	27.9%		**2,531**		2,217	14.2%
Net interest expense		**17,615**		15,004	17.4%		**20,115**		17,071	17.8%
Depreciation and amortization		**16,603**		14,061	18.1%		**24,892**		20,964	18.7%
EBITDA		**14,961**		(2,556)	-685.4%		**26,852**		7,458	260.0%
Other losses and derivative financial instruments		**7,116**		4,953	43.7%		**8,437**		4,953	70.3%
Project development		**891**		7,518	-88.1%		**891**		7,518	-88.1%
Minority interest		**356**		(711)	-150.1%		**356**		(711)	-150.1%
Management fee attributable to minority interest		**(3,378)**		(4,005)	-15.7%		**1,255**		3,017	-58.4%
Shared based compensation		**1,220**		2,712	-55.0%		**1,220**		2,712	-55.0%
Foreign exchange (gain) / loss		**(4,182)**		10,192	-141.0%		**(4,182)**		10,192	-141.0%
Adjusted EBITDA		**16,984**		18,103	-6.2%		**34,829**		35,139	-0.9%
Corporate and other		**8,546**		12,359	-30.9%		**8,597**		12,349	-30.4%
Property EBITDA	**$**	**25,530**	$	30,462	-16.2%	**$**	**43,426**	$	47,488	-8.6%

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

Our revenues generated from continuing operations during the year ended 31 December 2009 were $122.1 million as compared to $111.1 million in 2008, a 9.9 percent increase. The net increase in sales of $11.0 million for 2009 was caused by a $15.0 million increase in sales in our Peru casino operations as well as a $1.0 million increase in our Poland operations significantly because both locations were only in operation for six months of the prior year, the consolidation of 100 percent of the Costa Rican flagship casino operation in the third quarter of 2008 which accounted for an increase of $2.0 million as 2009 had a full year of consolidation; an increase of $1.1 million from the new casino operation Bello Horizonte in Nicaragua and a $1.0 million increase in the Philippine's casino operations. Those increases were offset by a decrease of $0.9 million in Guatemala due to the closing of the Gran Plaza and Coatepeque properties; a decrease of $2.8 million in pre-existing Nicaraguan operations; a $2.1 million decrease in Costa Rica due to the decrease in drop and patronage at the casino facilities as a result of the economic downturn and reduction of allowable gaming hours within the country; a decrease of $0.5 million in the Philippine hotel operations due to the economic impact of two typhoons; a decrease of $0.2 million in other corporate revenues; and a decrease of $2.6 million in our Peru hotel operations due to the decreased patronage because of the global economic slowdown.

Our revenues generated from our discontinued Panama operations during the year ended 31 December 2009 were $57.1 million as compared to $60.7 million in 2008, a 5.9 percent decrease. This $3.6 million decrease in sales in Panama was mainly due to a $3.4 million decline in slot machine drops and table holds and also from a $0.2 million decrease in food and beverage sales from a decline in patronage.

Property EBITDA from continuing operations decreased 6.1 percent to $27.1 million for 2009 as compared to $28.9 million for 2008. The decrease of $1.8 million is due to:

- the new operations generated a gain of $1.7 million which was comprised of a $2.4 million gain from new casinos in Peru, a $0.3 million of gain from new properties in Nicaragua; which were offset by losses of $0.5 million in Poland operations and a $0.5 million loss in the Costa Rica Flagship; and
- the existing operations generated a loss of $3.5 million which is comprised of a Philippines increase of $1.8 million; offset by losses in Costa Rica of $0.7 million, a Nicaragua loss of $0.3 million, and losses from Peru hotel operations totaling $4.3 million.

During 2009, property EBITDA decreased as a percentage of sales to 22 percent compared to 26 percent for the same period last year. This decrease was primarily due to the effect of opening new operations in Peru, with the lower hotel margins, and the losses incurred by the Guatemala operation.

The property EBITDA from our discontinued Panama operations declined by $2.3 million in 2009 as compared to 2008. This decrease was primarily due to the decrease in revenue year over year.

Adjusted EBITDA from continuing operations for 2009 increased to $18.6 million as compared to $16.5 million in 2008, a 12.4 percent increase. As a percentage of sales adjusted EBITDA remained the same at 15 percent for both 2009 and 2008. This is due mostly to the cost saving programs implemented at the corporate headquarters.

Net comprehensive loss for 2009 attributable to the equity holders of the parent improved to a loss of $18.8 million from a net loss of $28.7 million for 2008. The net loss for 2009 contains an unrealized foreign exchange gain of $4.2 million compared to a loss in 2008 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 2009 was $16.6 million as compared to $14.1 million for 2008. The net loss for the year was also impacted by project development costs of $0.9 million, the 2009 offering costs of $1.4 million, Guatemala and Poland impairments of $4.7 million, other assets write off of $0.1 million in across the entities , non-cash items such as stock based compensation of $1.2 million and gain on derivative financial instrument of $0.1 million. The $20.8 million of losses is due primarily to Guatemala operations of $7.4 million; Panama of $0.6 million; Poland operations of $2.6 million, Costa Rica operations of $0.2 million, Peru Hotels operation of $1.4 million and $2.0 million in Peru casino operations which offset with the gain of $0.2 million in Nicaragua and $1.1 million in the Philippines while the remaining $5.9 million was spread across other corporate operating costs.

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 2009 depreciation and amortization on continuing operations was $16.6 million as compared to $14.1 million for the same period in 2008, an increase of $2.5 million. This increase is primarily related a full year of Peru gaming and hotel operations and and fixed asset additions, primarily gaming machines located in various countries.

In addition, 2009 depreciation and amortization from discontinued Panama operations was $8.3 million as compared to $6.9 million in 2008. This $1.4 million increase is primarily related to gaming machines added to various Panama casino locations.

Stock based compensation

On 16 January 2008, the Group granted 500,000 stock grants that vest over a three year period beginning 20 November 2008. The price of the Group's stock on the day of the grant was $7.00 per share, and the amortized expense recognized for the stock grants, as well as the vesting of outstanding options was recognized at $1.3 million for 2008 compared to $2.7 million for 2008. 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 $0.9 million for 2009 as compared to $7.5 million for 2008, which were comprised of $0.1 million for the Philippines hotel and golf course at Poro Point, $0.6 million for India, $0.1 million for Nicaragua, and $0.1 million for Costa Rica.

Interest and financing costs

Interest and financing costs from continuing operations had a net increase to $19.2 million in 2009 as compared to $16.0 million for 2008. The $3.2 million increase was primarily due to higher debt levels associated with the Group's acquisition of its Peru hotel operation as well as new loans obtained during the year.

In addition, \$2.6 million of interest and financing costs has been classified as from discontinued Panama operations in the statement of comprehensive income, as compared to \$2.2 million for 2008.

Non-controlling interests

For 2009 the non-controlling interests share of the Group's operational losses were \$0.3 million compared with non-controlling interests share of the Groups operational profits of \$0.7 million during 2008. The non-controlling interests consisted of \$0.4 million for the 36.37 percent minority interest in the net loss of the Panama operation, (\$0.6) million for the 48 percent minority interests in the losses of the Poro Point, Philippines operation, (\$0.2) million for the 45.4 percent share in the profit recognized by the Nicaragua business, and \$0.2 million for the profit in Poland and (\$0.1) million Costa Rica non-controlling interests

Foreign exchange

During the year ended 31 December 2009, foreign exchange contributed to \$4.2 million of gains compared to the \$10.2 million loss reported during 2008, an impact of \$14.4 million. For the 24 month period ended 31 December 2009, the cumulative net unrealized foreign exchange loss was \$6.0 million. This improvement for 2009 over 2008 is due to the weakness of the USD against the local currencies in Peru and the Philippines as of 31 December 2009 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 gain for 2009 is primarily due to the Philippines, Peru and Costa Rica. In the Philippines the foreign exchange gain improved from a loss of \$3.8 million in 2008 to a gain of \$0.5 million in 2009 on an average USD debt balance of \$36.5 million, due to the value of the Philippine Peso strengthening against the USD from 47.49 as of 31 December 2008, to 46.36 as of 31 December 2009. In Peru, the foreign exchange expense of \$4.4 million in 2008 improved to a gain of \$4.9 million in 2009 on an average USD debt balance of \$64.3 million, due to the value of the Peruvian Soles strengthening against the USD from 3.14 as of 31 December 2008 to 2.89 as of 31 December 2009. Those gains were offset by foreign exchange expense in Central America, were political uncertainties caused local currencies to weaken against the dollar. The other net \$1.2 million foreign exchange expense in 2009 was primarily attributable to our USD debt in Costa Rica due to the Costa Rican Colones weakening against the USD from 560.85 at 31 December 2008 to 571.81 at 31 December 2009. The Group had a negligible amount of foreign exchange gain attributable to our operations in Nicaragua, Guatemala, Poland and India

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 2009 other expenses totalled \$8.3 million, which included a gain of \$0.1 million for the change in value associated with the derivative instrument as disclosed in Notes 5 and 21 to the consolidated financial statements, \$1.4 million in costs related to the public offering for 75 million shares of common stock that was terminated in October 2009, \$5.1 million related to the write off and impairment of operating assets in Guatemala and Poland, \$1.3 million in stock compensation costs and \$0.7 million for the impairment of goodwill in Poland.

Income taxes

For 2009, income tax expense from continuing operations increased to \$1.5 million from the \$1.2 million recorded in 2008. The increase was due to higher withholding taxes on larger movements of intercompany management fees. The net loss before income taxes incurred in the Peru operations resulted in an increase in the deferred tax asset of \$0.5 million which is recorded as a tax benefit. In addition, the Costa Rican operation recorded income tax expense of \$0.3 million for 2009 as well as for 2008. The Philippines is primarily exempt from income taxes.

Income tax expense from discontinued operations (Note 12) related to Panama operations was \$1.1 million for 2009 and \$1.0 million in 2008.

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 2009 compared to the twelve months ended 31 December 2008 follows:

Panama

The Group had announced that it has entered into agreements for the sale of its 63.63 percent stake in its six Panama casinos. On 15 March 2010 we entered into a definitive agreement to sell our interests in our entire Panama operation subject to certain conditions to closing. Accordingly, the operating results are classified under discontinued operations.

We entered this market in 1998 and currently operate six casinos. In January 2008, we acquired a controlling interest in the operations and now own 63.63 percent, thereby consolidating 100 percent of the revenues and costs. In our six locations, as of 31 March 2010 we offer 1,870 slot machines and 512 table positions and are the market leader in full service casinos.

Panama (1) - Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008
(table information in thousands except for number of gaming positions)

	Twelve months of 2009	2008	% change
Average table positions	521	530	-1.6%
Average slot positions	1,858	1,691	9.9%
(In thousands)			
Table hold	$ 14,361	$ 17,355	-17.3%
Slot win	38,760	39,254	-1.3%
Net gaming wins	53,121	56,609	-6.2%
Food and beverage and other sales	3,962	4,131	-4.1%
Sales	**$ 57,083**	**$ 60,740**	**-6.0%**
Promotional allowances	1,611	1,344	19.9%
Property, marketing and administration	39,172	40,788	-4.0%
Property EBITDA	16,300	18,608	-12.4%
as a percent of sales	29%	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.

Revenues

Revenues decreased to $57.1 million during 2009 versus the $60.7 million reported for 2008, a decrease of $3.6 million or 6 percent. The decrease was caused by lower results in the Fiesta Casino in Hotel El Panama, accounting for $4.5 million of the decrease, the Fiesta Casino at Hotel Washington with a $0.9 million decrease, the Fiesta Casino at Hotel Decameron with a $3.3 million decrease and the Fiesta Casino at Hotel Guayacanes with a $1.4 million decrease, mainly due to lower table drops and lower table holds. These decreases were partially offset by an increase of $4.5 million in the Fiesta Casino at Hotel Nacional, primarily due to the increase in slot positions, causing the increase in drop and therefore the increase in slot hold and the Fiesta Casino at Hotel Soloy with a $1.9 million increase, primarily due to an expansion that opened in March 2009.

Expenses and promotional allowances

Property, marketing and administration expenses decreased to $39.2 million from $40.8 million, a $1.6 million decrease. As a percentage of sales the property, marketing and administrative expenses increased to 68.6 percent for the period ended 31 December 2009 compared to the 67.2 percent reported for the same period in 2008. Promotional allowances increased to $1.6 million for 2009 as compared to $1.3 million for the same period in 2008. The increase of $0.3 million was caused by increased promotional activities in the casinos related to the opening of the Fiesta Casino at Hotel Soloy and the new expansion at the Fiesta Casino at Hotel Nacional.

Property EBITDA

Property EBITDA decreased to $16.3 million from the $18.6 million as reported for 2008, a $2.3 million or 12.4 percent decrease. The primary cause was the decrease in revenues, as property EBITDA as a percentage of sales decreased to 29 percent from 31 percent as compared to the prior 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. As of 31 March 2010 we offer 1,322 slot machines and 232 table positions. In addition to our ongoing projects in this market, we believe that Costa Rica will provide additional opportunities for expansion of existing and new prospects in the future.

Costa Rica (1) - Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

	Twelve months of		%
	2009	**2008**	**change**
Average table positions	243	253	-3.8%
Average slot positions	1,376	1,439	-4.4%
Average rooms	21	16	33.3%
(In thousands)			
Table hold	$ 4,617	$ 4,891	-5.6%
Slot win	13,065	13,116	-0.4%
Net gaming wins	17,682	18,007	-1.8%
Room revenue	63	136	-53.7%
Food and beverage and other sales	1,629	1,321	23.3%
Sales	**$ 19,374**	**$ 19,464**	**-0.5%**
Promotional allowances	405	657	-38.3%
Property, marketing and administration	12,095	10,663	13.4%
Property EBITDA	6,874	8,144	-15.6%
as a percent of sales	35%	42%	

(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.

Revenues

Revenues decreased to $19.4 million during 2009 from $19.5 million reported for the same period last year, a 0.5 percent or $0.1 million decrease for the period. This is due primarily to a government decree that took effect in May 2009 and changed the allowable daily hours of operations for casinos to 14 hours. In addition, the Costa Rican economy has been adversely affected by the world economic crisis resulting in a country-wide decrease in tourism revenue. This has negatively affected the visitation in our properties as, although we do not target tourist as clients, many of our players work in the tourism industry and as a result of the economic environment have lesser amounts of disposable income. The components of the net decrease include an increase of $2.0 million resulting from the 100 percent consolidation of the Fiesta Casino Holiday Inn Express (formerly the Garden Court casino) for the entire year versus just four months in 2008. That increase was offset by lower results in revenues led by the Hotel El Presidente Fiesta Casino accounting for $1.1 million of the decrease, a $ 0.4 million decrease at Lucky's Slot Parlors, a $ 0.3 million decrease at Lucky's Tournon, a $ 0.2 million decrease at the Fiesta Casino Herradura, a $ 0.1 million decrease at the Fiesta Casino Heredia, and a $ 0.1 million decrease in our Hotel Diamante.

Expenses and promotional allowances

Property, marketing and administrative expenses increased to $12.1 million during 2009 from $10.7 million reported for the same period last year, a 13 percent or $1.4 million increase. The increase is due to an additional 8 months of the 100 percent consolidation of the Holiday Inn Express which occured in the third quarter of 2008 and to a general increase associated with existing operations. Promotional allowances were $0.4 million for 2009 as compared to $0.7 million for 2008. The decrease was due to implemented cost savings, resulting from the reduced casino promotions to the players.

Property EBITDA

Property EBITDA decreased to $6.9 million from the $8.1 million as reported for 2008, a $ 1.2 million or 16 percent decrease. The primary cause was the increase in expenses. Property EBITDA as a percentage of sales decreased to 35 percent from 42 percent as compared to the same period in the previous year.

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

Philippines

We entered the Philippines market in 2005 and as of 31 March 2010 we own interests in, and operate, two casinos with 747 slots and 379 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 2009 compared to twelve months ended 31 December 2008

	Twelve months of 2009	2008	% change
Average table positions	375	381	-1.6%
Average slot positions	662	537	23.2%
Average rooms	79	55	42.7%
(In thousands)			
Table hold	$ 16,441	$ 18,793	-12.5%
Slot win	25,818	23,548	9.6%
Net gaming wins	42,259	42,341	-0.2%
Room revenue	1,081	857	26.1%
Food and beverage and other sales	1,284	900	42.7%
Sales	**$ 44,624**	**$ 44,098**	**1.2%**
Promotional allowances	595	525	13.3%
Property, marketing and administration	30,176	31,484	-4.2%
Property EBITDA	13,853	12,089	14.6%
as a percent of sales	31%	27%	

Full year 2009 revenues increased 1.2 percent when compared to 2008 as a result of new gaming positions added in both Philippines properties and from increased visitation. Property EBITDA margins were 31 percent for 2009 compared to 27 percent in 2008 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 $44.6 million during 2009 from the $44.1 million reported for the same period last year, a 1.2 percent or $0.5 million increase period over period. This net increase is primarily due to both the increased drop and increased number of slot machines in the Rizal (86) and the Poro Point (39) locations, as play in both properties has increased due to increased traffic from nearby communities. Slot wins increased to $25.8 million in 2009 over 2008 driven by the addition of 125 new slot machines from 2008 to 2009. The remaining increase of $0.4 million was attributable to increases in food and beverage sales due to increased visitation. These increases were offset by a low result in tables with a decrease to $16.4 in 2009 from $18.8 million reported in 2008. These results were achieved in spite of two devastating typhoons that struck near both of our properties in late 2009. On September 25, typhoon Ondoy struck the region near our Rizal property and on October 8, typhoon Parma impacted the Poro Point region. Management believes that the impact of these natural disasters resulted in a reduction in revenue of approximately $2.8 million in 2009.

Expenses and promotional allowances

Property, marketing and administration expenses decreased to $30.2 million from $31.5 million, a $1.3 million decrease. As a percentage of sales the property, marketing and administrative expenses decreased to 67.6 percent for the period ended 31 December 2009 compared to the 71.4 percent reported for the same period in 2008. Decreases are the result of successful cost savings programs initiated by management.

Property EBITDA

Property EBITDA increased to $13.9 milllion, a 15 percent or $1.8 million increase over the $12.1 million reported for 2008. As a percentage of sales, property EBITDA increased to 31 percent from the 27 percent reported in 2008. The increased was primarily due to new manangemet initiatives including the use of a balanced scorecard program that resulted in more effective revenue and cost management.

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 that as of 31 March 2010 offers 427 slot machines and 223 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.

The Peru hotel market was hit hard by the worldwide economic crisis which resulted in a significant lower number of business and tourism travelers to Peru.

Four of our Six Peruvian hotels are classified as assets held for sale at 31 December 2009. For comparative purposes, a table is included for all six hotels and another table is provided for the two hotels that are not held for sale.

All Six Peru Hotels- Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

	Twelve months of		%
	2009	**2008**	**change**
Average rooms	660	660	-
(In thousands)			
Room revenue	$ 9,604	$ 12,086	-20.5%
Food and beverage and banquet sales	4,471	5,370	-16.7%
Other Revenues	1,572	803	95.8%
Sales	**$ 15,647**	**$ 18,259**	**-14.3%**
Promotional allowances	-	-	-
Property, marketing and administration	14,136	12,386	14.1%
Property EBITDA	1,511	5,873	-74.3%
as a percent of sales	10%	32%	

The Group acquired six hotels in Peru with a total of 660 rooms on 27 July 2007. The Group sold the Thunderbird Hotel Pardo on 24 February 2010 for approximately $8.4 million (See Note 32 to the consolidated financial statements)

Peru hotel not held for sale

	Twelve months of 2009		Twelve months of 2008		% change
Average rooms		250		250	-
(In thousands)					
Room revenue	$	1,891	$	2,796	-32.4%
Food and beverage and banquet sales		656		773	-15.1%
Other Revenues		335		40	737.5%
Sales	**$**	**2,882**	**$**	**3,609**	**-20.2%**
Promotional allowances					-
Property, marketing and administration		2,017		2,520	-19.9%
Property EBITDA		865		1,090	-20.6%
as a percent of sales		30%		30%	

Revenues

The revenues for the year 2009 were $15.6 million as compared to $18.3 million reported in 2008. This decrease is primarily due to the decline in room occupation, caused by the global economic downturn, which in turn, caused the sales average per available rooms (“revpar”) to decrease to $42.31 as compared to $52.50 for the same period in 2008. The decrease of $2.6 million was comprised of lower sales as follows: Fiesta Hotel and Casino accounting for $0.6 million of the decrease; Hotel Carrera with $0.1 million of the decrease; Hotel Principal $0.2 million of the decrease and El Pueblo Resorts & Convention Center with $1.9 million of the decrease which was offset by increases in revenues by the Hotel Pardo and the Hotel Bellavista of a combined $0.2 million.

The revenues of the hotels that are not held for sale for the year 2009 were $2.9 million as compared to $3.6 million. This decrease is due to the decline in room occupation, caused by the global economic downturn. The decrease is comprised of $0.6 million from Fiesta Hotel and Casino and $0.1 from Hotel Carrera.

Expenses and promotional allowances

Property, marketing and administration expenses were $14.1 million for the year 2009 and $12.4 million for 2008. These expenses as a percentage of sales were 90 percent in 2009 and 68 percent in 2008. Promotional allowances are not separately reported for the hotel operation. The increase in expenses is due to the increase in personnel in operating departments due to strategies and planning from management.

Property EBITDA

Property EBITDA was $1.5 million for 2009 compared to $5.9 million for the same period in 2008. As a percentage of revenues property EBITDA was 10 percent for 2009 compared to 32 percent for 2008.

Property EBITDA related to the hotels that are not for sale were $0.9 million compared to $1.0 million for the same period in 2008. As a percentage of revenues property EBITDA was 30 percent which remained the same as prior year

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 2009 compared to twelve months ended 31 December 2008

	Twelve months of				%
		2009		**2008**	**change**
Average table positions		219		275	-20.4%
Average slot positions		934		807	15.8%
(In thousands)					
Table hold	$	5,018	$	1,188	322.4%
Slot hold		16,794		6,418	161.7%
Net gaming wins		21,812		7,606	186.8%
Food and beverage and other sales		951		162	487.0%
Sales	**$**	**22,763**	**$**	**7,768**	**193.0%**
Promotional allowances		2,843		644	341.5%
Property, marketing and administration		16,728		6,554	155.2%
Property EBITDA		3,192		570	460.0%
as a percent of sales		14%		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. The five properties owned by these two companies have been consolidated into four locations and as of 31 March 2010 offers 577 slot positions. Our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites was completed and we opened on 19 September 2008 and as of 31 March 2010 has a total of 427 slot machines and 223 table positions.

For the year ended 31 December 2009, the sales were $22.8 million while we reported $7.8 million for the less than six months of operations in 2008. 2009 sales compare favorably to 2008 average daily sales as 2009 results show a 40 percent increase due in large part to the opening of the flagship Fiesta Casino later in 2008. The results were primarily driven by the flagship Fiesta Casino Benavides, accounting for $15.0 million or 65.9 percent of the total sales for the period, with the remaining $7.8 million was derived from the slot parlor operations.

Expenses and promotional allowances

Property, marketing and administration expenses were $16.7 million for 2009 compared to $6.6 million for 2008. These expenses include $10.3 million of operating costs associated with the flagship casino Benavides from the date it opened in September 2008. The remaining $6.7 million of the expenses related to the slot parlors acquired in July 2008. Promotional allowances were $2.8 million for 2009 of which $1 million related to the slot parlor operations and $1.8 million related to the new flagship casino.

Property EBITDA

Property EBITDA was $3.2 million for 2009, which consisted of $2.0 million for flagship Fiesta Casino Benavides and $1.2 million related to the slot parlors. As a percentage of revenues property EBITDA was 14 percent for 2009 compared to 7 percent for 2008. The increase in property EBITDA is due to the full year operation in 2009 versus 6 month operation in prior year.

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. **Group as Held for sale**: Hotel Las Americas Miraflores – Lima; Hotel Las Americas Pardo – Lima; Hotel Las Americas Bellavista; El Pueblo Resort & Convention Center

Guatemala

We entered the Guatemalan market in 1997 and as of 31 March 2010 we operate two video lottery parlors in Guatemala City with over 380 video lottery terminals. The full year 2009 results for the Group's Guatemala operation reflect lower revenues while the operating loss was lower due to improved cost controls implemented by management and the closure of our Gran Plaza property in July 2009. 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, at the end of 2008 an impairment provision was made against this property and in July 2009 the property was closed. The Group elected to close its Coatepeque property in November 2008 and utilize the gaming machines from this property in other properties around the country.

A $3.2 million impairment loss was recorded in 2009 to write down the remaining assets in Guatemala. Management is closely evaluating the market conditions in Guatemala in 2010 to determine the long-term viability of this market for the Group.

Guatemala – Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

	Twelve months of		%
	2009	**2008**	**change**
Average table positions	-	-	0.0%
Average slot positions	465	451	3.1%
(In thousands)			
Video lottery terminals win	$ 3,115	$ 3,929	-20.7%
Food and beverage and other sales	423	549	-23.0%
Sales	**$ 3,538**	**$ 4,478**	**-21.0%**
Promotional allowances	-	-	-
Property, marketing and administration	4,558	5,589	-18.4%
Property EBITDA	(1,020)	(1,111)	-8.2%
as a percent of sales	-29%	-25%	

Revenues

Revenues decreased to $3.5 million during 2009 from the $4.5 million reported for 2008, a decrease of $1.0 million or 21 percent. The decrease is primarily due to lower sales from the Intercontinental operation which accounted for a $0.7 million decrease; and the closure of the Coatepeque property in February 2009 which accounted for a $0.3 million decrease. The Gran Plaza property was open for approximately half of 2008 and half of 2009 and the revenues were flat.

Expenses

Property, marketing and administration expenses decreased to $4.6 million from the $5.6 million reported for 2008, a decrease of $1.0 million or 18.4 percent. The decrease is primarily due to the closing of the Gran Plaza and Coatepeque properties and the cost saving plans implementeded by management.

Property EBITDA

Property EBITDA improved slightly to a loss of $1.0 million in 2009 compared to the loss of $1.1 million reported for 2008. The improvement is due primarily to a smaller loss of $0.1 million incurred by the Gran Plaza property and $0.0 million spread among the other properties.

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

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos, all under the Pharaoh's brand, and as of 31 March 2010 offer 558 slot machines and 161 table positions.

Nicaragua (1) – Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

	Twelve months of		%
	2009	**2008**	**change**
Average table positions	177	180	-1.6%
Average slot positions	556	583	-4.6%
(In thousands)			
Table hold	$ 3,175	$ 3,450	-8.0%
Slot win	8,714	10,211	-14.7%
Net gaming wins	11,889	13,661	-13.0%
Food and beverage and other sales	646	571	13.1%
Sales	**$ 12,535**	**$ 14,232**	**-11.9%**
Promotional allowances	1,628	1,186	37.3%
Property, marketing and administration	7,814	9,816	-20.4%
Property EBITDA	3,093	3,230	-4.2%
as a percent of sales	25%	23%	

(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 decreased to $12.5 million during 2009 from the $14.2 million reported for the same period last year, a decrease of $1.7 million or 11.9 percent. The decrease is comprised of new revenues of $1.1 million related to the Bello Horizonte facility which were offset by decreases of $0.7 million in the Camino Real property, $0.7 million in the Carretera Masaya property; $0.6 million in the Hotel Holiday Inn and a combined $0.8 million for both the Casino Masaya and sportsbook operations. The table holds for the country decreased by 8 percent primarily due to increased competition in the Managua area.

Expenses and promotional allowances

Property, marketing and administrative expenses decreased to $7.8 million for 2009, a 20.4 percent decrease from the $9.8 million reported for 2008. The decrease is primarily due to the implemented cost saving programs in operations across all of the properties as offset by the Group's investment in marketing programs to support customer visitation in the face of new competition. Promotional allowances increased to $1.6 million for 2009 as compared to $1.2 million for 2008 driven by all properties in order to attempt to retain our customer base, due to the increased competition for customers in the current year.

Property EBITDA

Property EBITDA for 2009 was $3.1 million compared to $3.2 million for the same period in 2008. This decrease of $0.1 million result was a decrease in revenues. As a percentage of sales, property EBITDA was 25 percent for 2009 compared to 23 percent for 2008.

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 101 slot machines and 44 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. Poland is currently not performing up to management expectations and as a result the goodwill has been impaired in 2009 by a further $0.7 million following $0.3 million in 2008 associated with the acquisition of the Casino Centrum entity, while it develops new market strategies and is implementing cost cutting measures.

A $1.0 million impairment loss was recorded in 2009 to write down the remaining assets in our Poland operations to our expected net salvage value of operating assets, principally slot machines. Management is closely evaluating the market conditions in Poland for 2010 to determine the long-term viability of this market for the Group.

Poland - Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

	Twelve months of		%
	2009	**2008**	**change**
Average table positions	37	41	-8.8%
Average slot positions	79	71	11.8%
(In thousands)			
Table hold	$ 920	$ 811	13.4%
Slot win	2,289	1,452	57.6%
Net gaming wins	3,209	2,263	41.8%
Food and beverage and other sales	49	33	48.5%
Sales	**$ 3,258**	**$ 2,296**	**41.9%**
Promotional allowances	-	-	-
Property, marketing and administration	3,634	2,211	64.4%
Property EBITDA	(376)	85	-542.4%
as a percent of sales	-12%	4%	

Revenues

Revenues for 2009 were $3.3 million compared to $2.3 million for the same period last year. This increase is related to the fact that 2008 only had six months of operations. However, 2009 revenues are at a lower average daily rate due to an overall deterioration of economic activity in 2009.

Expenses and promotional allowances

Property, marketing and administrative expenses were $3.6 million for 2009 compared to $2.2 million in 2008. The increase of $1.4 million is due to the 2009 full year compared to six months in 2008. However, the monthly expense rate decreased by 18 percent due to cost saving programs implemented by management.

Property EBITDA

Property EBITDA was ($0.4) million for 2009 compared to $0.1 million for 2008. The decrease in property EBITDA was driven by a loss of revenues greater than our cost cutting measures.

Corporate and Other – Twelve months ended 31 December 2009 compared to twelve months ended 31 December 2008

(In thousands)	Twelve months of		%
	2009	2008	change
Net gaming wins	$ -	$ -	-
Food and beverage sales	-	-	-
Hospitality and other sales	**312**	507	-38.5%
Sales	**312**	507	-38.5%
Promotional allowances	-	-	-
Property, marketing and administration	**8,869**	12,866	-31.1%
Adjusted EBITDA	**$ (8,557)**	$ (12,359)	-30.8%

Expenses

Net corporate expenses for the full year 2009 decreased to $8.9 million as compared to $12.9 million for the full year 2008. This decrease is the result of the Group's costs savings plan that was implemented in the fourth quarter of 2009 and has resulted in a decreased run rate of corporate and development staff and headquarters costs. Other cost cutting measures were implemented regarding outside consulting services, internal fees, travel costs and certain general administration costs which the Group believes will result in an annual run rate of corporate costs for 2010 of approximately $6 million, which represents a 53 percent decrease over the 2008 levels.

Capital resources and liquidity

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

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 existing operations will be highly dependent on capital resources available to us. In light of the worldwide trends of tightening credit and capital markets, we expect that any future debt financing instruments may 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 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, providing that the sale of our Panama operation is completed.

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.

On 29 September 2009 the Group announced that it launched a public offering and private placement of up to 75,000,000 shares of its common stock (or 86,250,000 shares of its common stock if the over-allotment was exercised) with an offer price range of $1.00 to $1.25 per common share (the “Offering”). On 19 October 2009, due to market feedback, the Offering of common stock was terminated.

Soon after the termination of the common stock offering in October 2009, the casino gaming regulatory agency of the government of Panama appointed three provisional Directors for our Panama operation. The Group believes this is an unprecedented action and the Group is currently disputing this action within the Panama legal system. Subsequently, as a result of an increase in the gaming tax, the expiration of the gaming license in 2018, and the government intervention, the Group decided to sell its interest in the Panama operation. On 15 March 2010, the Group entered into a definitive contract to sell its Panama operations. If this transaction is closed, the net proceeds from this transaction effect on the Group’s balance sheet will be the removal of consolidated debt related to the Panama operation and other Panama sourced debt totaling approximately $47 million. As a material portion of the net sale proceeds will be used to pay off or pay down a portion of the above-described debt, if such sale occurs it will materially and positively impact our cash flows. There is no guarantee that this transaction will close.

In the event that the sale of the Panama operation is not closed in the second quarter of 2010 as anticipated, the Group will continue to seek definitive agreements (i) to obtain a further extension of the maturity date for certain secured debt related to gaming equipment purchases, and (ii) to refinance certain unsecured debt related to our two Philippines entities with various lenders to provide for longer amortization periods and to finalize new financing secured by certain of our Philippines real estate assets. In April 2010, we received approval from the Board of Directors of a local Philippines bank for a secured loan facility of approximately $5.7 million with a 5 year term, secured by portions of the real estate at our existing Rizal location, which when funded, together with manufacturer financing for 120 slot machines, will enable us to complete the existing Rizal expansion in the fourth quarter of 2010, which will enhance our cash flows. In the event that we are not able to successfully negotiate definitive contracts to achieve items (i) or (ii) above, we may be forced to sell certain of our assets or a portion of our equity interest in some of our operating entities which would materially affect the results of our operations.

Due to improving revenues, the sale of the Pardo hotel, the pending sale of our Panama operations, the financing of our India hotel projects, and other financing or refinancing in the interim, the circumstances we face currently are significantly more favorable than they were during the third quarter of 2009. Although we are encouraged by the aforementioned developments and our overall operating results in the first quarter and April of 2010, in response to the slowdown in the economy during 2009, the Group continues to seek alternative debt financing.

While we were successful in securing approximately $15.3 million of new debt in 2009, we will be challenged in 2010 to secure the funding necessary to complete the expansions of various casinos and other projects. Below is a listing of some of our recent financing and cost reduction efforts:

- Of the approximate $15.3 million of debt raised by the Group during 2009, $2.9 million was raised by the parent company and used to fund corporate operations and expansions by subsidiary companies;
- Additionally, during 2009, we raised $0.7 million in Peru for hotel improvements and the purchase of slot machines, $3.3 million in Philippines for property expansion projects, $1.7 million in Costa Rica for the acquisition of third party shareholders’ interests in the Tres Rios project, $0.2 million in Guatemala for the purchase of slot machines, and $6.5 million in India to fund the hotel and casino construction;
- During April, May, June and July of 2009, the Group negotiated a deferment of principal debt payments with more than 25 private lenders who held over 50 separate loans that deferred payments of approximately $6.3 million on approximately $24.0 million of aggregate principal amount of loans which were due over the 12 month period following the deferment, and are now extended into 2010;
- In the first quarter of 2010, the Group also raised $1 million in parent level debt, interest only at 10 percent maturing in the first quarter of 2015. This agreement included detachable warrants exercisable into up to 200,000 shares of common stock. In April 2010, 100,000 of the warrants were exercised for a selling price of approximately $.08 million, with the remaining warrants exercisable through the first quarter of 2015. The Group continues to seek opportunities for the issuance of debt and/or equity at the parent company level to “qualified” investors in transaction(s) which may be exempt from registration according to applicable securities laws and regulations;

- In 2010 we received extensions on the maturity dates of $4 million of Peru related debt at least through June 2010;
- In April 2010, we received approval from the Board of Directors of a local Philippines bank for a secured loan facility of approximately $5.7 million with a 5 year term, secured by portions of the real estate at our existing Rizal location, which when funded, together with manufacturer financing for 120 slot machines, will enable us to complete the existing Rizal expansion in the fourth quarter of 2010, which will enhance our cash flows;
- Through 2009 and into 2010 we have continued to reduce corporate overhead costs and now have an annual run rate for such costs of approximately $6 million or one-half of the 2009 overhead level.

For a list of material financing, please refer to notes 18 and 24 to the consolidated financial statements.

During 2009 and 2010, the Group has worked diligently with all of its various secured and unsecured lenders to remain current with debt service payments. In some cases we have been or may be late with payments and/or have made interest only payments. In notes 18 and 24 of our consolidated financial statements we set forth the amounts of principal and interest due during 2010 under various loans to the Group. Subject to the results of our efforts to sell our Panama interests, three additional Peru hotels, and current negotiations with lenders to extend amortization periods, we may not be able to timely make all our debt service payments as they become due during the balance of 2010. In light of our high short term principal debt payments and the desire to fund these ongoing projects, we will continue to 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 are in discussions with all such lenders but there can be no assurances these negotiations will be successful.

We may be in non-compliance with certain financial covenants under the agreements governing approximately $26.6 million (as of 31 December 2009) of our outstanding secured Peru indebtedness. In March 2010, we repaid approximately $7 million of this secured facility from the net sale proceeds of the Pardo hotel sale. Although we are in negotiation with this lender to renegotiate the repayment terms of the remaining approximately $19.3 million of debt secured by the Group's five Peru hotels and the related financial covenants for this indebtedness, we have not finalized any agreements and there can be no guarantee that this lender will not declare us in default under our existing agreements. If this occurred, we would have 30 days to cure our non-compliance and, absent a cure, we would be required to place $1 million in a reserve account with the lender during a subsequent 12-month cure period during which time the lender could accelerate the loan. If we are given a notice of default and if we do not cure our non-compliance during the subsequent 12-month cure period, the lender has the right to select a management company to operate our Peru hotels and to pursue other legal remedies under the terms of the agreement. Nevertheless, we remain in non-compliance with certain of the financial covenants.

In the case of one certain lender to our Panama operations, a notice of default was received on $6.9 million of loans from our Panama affiliate to this lender. This default is based on a technicality in the loan agreements wherein the lender maintains that a default exists in the event of certain government interventions in the Panama operations. While we have corresponded to the lender that the notice of the alleged default was respectfully not justified, we are in negotiations with this lender for a waiver based on the closing of the sale of our Panama operation. Our Panama operations are current with the payments to this lender as of 30 April 2010. The entire $6.9 million has been reflected as current liabilities as of 31 December 2009.

Although none of our other lenders have sent a notice of default, there can be no assurances that under our various loan agreements that some of our lenders will not send such notices and thus initiate cure periods related to any late payments that may occur or have occurred.

Comparative cash flows and going concern

Year ended 31 December 2009 compared to year ended 31 December 2008

Net cash generated by operating activities for the year ended 31 December 2009 was $19.4 million an increase of $23.8 million when compared to the $4.4 million used for the year ended 31 December 2008. The year-over-year variance was primarily due to a decrease of $12.7 million in trade and other receivables, as the prior year included prepaid expenses and deposits associated with the Group's properties in Guatemala (Gran Plaza), the Peru casino operations, Poland and India. In our Peru hotels operations new payment terms were negotiated with customers since the third quarter of 2008; while trade payables and accrued liabilities decreased $0.2 million due to the renegotiation of terms with vendors, specifically from our operations in Peru, Philippines and Guatemala. For 2009, our operating cash flows in our Peru hotels were $6.6 million while the casino operations were $1.5 million. The operating cash flows of our Philippines Poro Point Hotel, Golf course and casino operations were $1.3 million. The operating cash flow from our operation in Guatemala was a negative $2.5 million due to poor performance of the operations.

Our working capital decreased by $14.8 million to a negative $27.7 million in 2009 over the negative $13.0 million reported for the same period in 2008 due primarily to the increase in current year principal payments on debt and the classification of $6.9 million of Panama debt that was declared in default by the lender.

Net cash used in investing activities for 2009 was $13.5 million compared to $86.3 million for the same period in 2008. The major cause of the prior year's amount was driven by the acquisition of the additional 11.36 percent ownership of the Panama operations, accounting for an addition to property, plant and equipment of $61.9 million offset by additional debt financing assumed in the Group balance sheet. Additionally, in the prior year, $22.7 million was used for investments in subsidiaries consisting of $10.7 million for the additional 11.36 percent of the Panama operation, $0.5 million for an additional 4.5 percent of the Garden Court casino in Costa Rica, $9.0 million in our joint venture project in India and $2.5 million investment in other companies. Also, in the prior year, the Group placed deposits for $2.8 million, for future investments primarily in Poland, which closed in July 2008.

Net cash used by financing activities was $17.0 million compared to $36.5 million provided for the same period in 2008. The prior year includes new debt of $91.6 million which was primarily the result of acquiring the additional Panama interest along with $0.6 million from issuance of common shares and non-controlling interest, partially offset by $41.1 million of principal and interest payment and $14.6 million used to secure loans for the Peru casinos operations. Current year includes issuance of new debt of $15.3 million, partially offset by $32.4 million of debt principal and interest payments.

Other information

Our assets at 31 December 2009 were $241.2 million as compared to $258.5 million at 31 December 2008. Our total liabilities at 31 December 2009 were $210.5 million as compared to $209.4 million at 31 December 2008. Cash and cash equivalents, including restricted cash, decreased to $10.9 million at 31 December 2009 compared to $21.8 million at 31 December 2008. This decrease is due to principal payments on debt (including interest) of $36.3 million; total capital expenditure of $14.4 million and $1.3 million that has been classified as asset held for sale for Panama and the hotels held for resale in our Peru operations.

As of 31 December 2009, we had outstanding share options exercisable for up to 664,650 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, 664,650 common shares would be issued generating proceeds of approximately $2.5 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, subject to certain conditions being met. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc.

The Directors have also considered (i) the current global economic environment together with the recovering markets for global debt and equity financing at this time; (ii) all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time; and (iii) the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk.

In October 2009 the Group terminated an equity offering for 75 million shares and due to this unsuccessful bid to raise new equity capital the Group elected to sell certain assets in Peru. As a result of that decision, in February 2010, the Group sold one of its six hotels in Peru and continues to seek to sell three additional hotels from this operation. In addition, due to a disputed intervention of the Group's Panama operation by the regulator of the Panama casino gaming industry, combined with an increase in the gaming tax and a gaming license that expires in 2018, the Group decided to sell its interest in that operation. As a result, on 15 March 2010 the Group entered into a definitive contract to sell its interest in the Panama operation. If this transaction is closed, the effect on the Group's balance sheet will be the removal of consolidated debt related to the Panama operation and other Panama sourced debt totaling approximately $47 million. As a material portion of the net sale proceeds will be used to pay off or pay down a portion of the above-described debt. If such sale occurs it will materially and positively impact our cash flows. There is no guarantee that this transaction will close.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 April 2011 have been subjected to various sensitivity analyses and show that the Group's forecast will have headroom within that period subject to the completion of the sale of its Panama operation. The proceeds from this sale will allow the Group to repay a significant portion of both parent and subsidiary level debt. The closing of the sale is subject to governmental regulatory approval and other conditions to closing.

In addition, the Group's forecast includes sensitivity analyses that reflect the following items that are subject to the execution of definitive agreements (i) to obtain a further extension of the maturity date for certain secured debt related to gaming equipment purchases, and (ii) to refinance certain unsecured debt related to our two Philippines entities with various lenders to provide for longer amortization periods and to finalize new financing secured by certain of our Philippines real estate assets. In the event that we are not able to successfully negotiate definitive contracts to achieve items (i) or (ii) above, we may be forced to sell certain of our assets or a portion of our equity interest in some of our operating entities which would materially affect our results of operations. In April 2010, we received approval from the Board of Directors of a local Philippines bank for a secured loan facility of approximately $5.7 million with a 5 year term, secured by portions of the real estate at our existing Rizal location, which when funded, together with manufacturer financing for 120 slot machines, will enable us to complete the existing Rizal expansion in the fourth quarter of 2010, which will enhance our cash flows.

Furthermore, we have a substantial amount of indebtedness and if we default on such indebtedness, such indebtedness may become immediately due and payable, which may adversely affect our ability to operate our business and the market price of our common shares. In light of our high short term principal debt payments and the desire to fund these ongoing projects, we will continue to 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 complete ongoing expansions. We do expect any such negotiations to be mutually beneficial to both us and our lenders. We are in discussions with all such lenders but there can be no assurances these negotiations will be successful.

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

Based upon our financing and refinancing efforts to date, and the prospects for: (i) the closing of the sale of our Panama interests, (ii) the sale of three additional Peru hotels, and (iii) the closing on the funding from a local Philippines bank to complete the existing Rizal expansion described above, the Directors anticipate having reasonable success in the next 12 months in the financing and re-financing efforts undertaken in the ordinary course of business. However, there can be no assurance we will be able to successfully close these transactions and refinance existing indebtedness or obtain additional new financing on satisfactory terms, or at all.

The Directors have concluded that the combination of the circumstances described above represent a material uncertainty that casts a doubt upon the Group's ability to continue as a going concern, although due to improving revenues, the sale of the Pardo hotel, the pending sale of our Panama operations, the financing of our India hotel projects, and other financing or refinancing in the interim, the circumstances we face currently are significantly more favorable than they were during the third quarter of 2009. Nevertheless, after making inquiries, and considering the uncertainties related to our circumstances, the Directors have a reasonable expectation that the Group has or will secure adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Indebtedness and contractual obligations

Our total long-term indebtedness and other known contractual obligations are summarized below as of 31 December 2009. The contractual obligations reflect our historical debt level and do not reflect the debt repayments that will actually be due under our capital structure as of the date of this Annual Report.

	2010	2011	2012	2013	2014	Thereafter	Total
Long-term bank loans	$ 37,728	$ 33,376	$ 22,131	$ 19,796	$ 12,670	$ 43,067	$ 168,768
Finance lease obligations	1,560	666	302	13	-	-	2,541
Trade payables	12,171	-	-	-	-	-	12,171
Due to related parties	5,403	2,619	-	-	-	-	8,022
Derivatives	-	-	746	340	5,179	-	6,265
Total	**$ 56,862**	**$ 36,661**	**$ 23,179**	**$ 20,149**	**$ 17,849**	**$ 43,067**	**$ 197,767**

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 2009, our joint ventures owed us an aggregate of $1.1 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 2009 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 2009," "Employees," "Other events," "Legal proceedings," "Recent material contracts and financing," Chapter 4 "Business performance in 2009," and Chapter 5 "Regulatory environment," or as may appear in Chapter 8 "Consolidated Statement of Position and Statement of Comprehensive Income", there has been no significant change in the financial position of the Group or its affiliates since 31 December 2009, being last day of the financial period in respect of which the most recent 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" or "Gaming Control Board") 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.

On 17 September 2009, Panama increased the percentage of gross income that the government is to receive from full service casinos from 10 percent to 12.5 percent effective 1 January 2010 and to 15 percent effective 1 January 2012. Fiesta-Panama, the Group's Panama affiliate, has the right to challenge that increase by way of arbitration but has not done so as our Panama interests are under contract to be sold.

Panama's Director of Gaming (the "Director") issued a non-public "Directive" in late October ("the Directive") to the Group's Panama subsidiary, International Thunderbird Gaming (Panama) Corporation ("Fiesta-Panama"). This Directive claims that Fiesta-Panama's Board of Directors was not properly "certified". Additionally, the Director claims that Fiesta-Panama's operations sustained operating losses and alleged other incorrect statements relating to Fiesta-Panama and the Group's financial condition. As disclosed in the Group's Q3 2009 Interim Management Statement filed on 11 November 2009, our financial statements clearly set forth that these assertions are incorrect. Fiesta-Panama is and has been profitable and is current in its debt and vendor payments. In November, Fiesta-Panama presented a "constitutional warning" which is now before the Supreme Court of Panama challenging the constitutionality of the law relied upon by the Director. According to the laws of Panama, the "constitutional warning" requires the Directive to be held in abeyance pending review by the Supreme Court. Furthermore, the "constitutional warning" requires the Panama Gaming Control Board to "cease and desist" from taking any and all actions that they have attempted to undertake with respect to the Directive. The presently elected Board of Directors of Fiesta-Panama had submitted requests in a timely manner for certification from the Gaming Control Board. As of 25 November 2009, the Director inserted three appointed individuals as members of the Board of Directors of Fiesta-Panama, despite such action being in clear violation of Panama law as confirmed by our legal advisors. The "provisional" or "appointed Directors" and their authority are being disputed by the Group, but any such litigation may be moot if the sale of our Panama interest is approved the government and consummated.

The Panama General Revenue Office of the Economy and Finance Department ("DGI") has recently issued a resolution to Fiesta-Panama (dated 9 November 2009) relying on "circumstantial evidence" to conclude that a preliminary tax assessment of approximately $3.8 million is owed by Fiesta-Panama. As a result of this "preliminary audit", a government administrator was appointed to monitor the Fiesta-Panama operations while the Group's six Fiesta-Panama casinos continue to operate the business as normal. The "preliminary audit report" provided no support on how the tax was calculated. The subsequent final audit report also assessed Fiesta Casino approximately $3.8 million in taxes, with what management believes is not substantiated in fact or law. Fiesta Panama has filed reconsideration requests and intends to appeal the tax assessment to the Panama courts. To date, Fiesta Panama has not paid the assessed tax due to the pending legal proceedings.

On 26 February 2010, DGI concluded its audit of Fiesta Panama's 2006 income tax return and assessed a tax of $80,000. On 6 April 2010, Fiesta Panama filed a motion with DGI to reconsider its assessment.

Fiest-Panama continues to cooperate and answer inqueries and provide documentation in response to ongoing reviews and audits by the Gaming Control Board and the DGI related to operational, accounting and tax matters.

We will continue to cooperate and provide the government authorities with all requested and relevant information which we believe will ultimately allow Fiesta-Panama to prevail on all material issues in contentions. At the same time, Fiesta-Panama (as it has for the past 11 years) will provide the same quality services to our clients and will provide a secure place of employment for approximately 1,300 valued Panama employees while maintaining our excellent credit rating with lenders and providers. Thunderbird and Fiesta-Panama will pursue its legal right and continue to challenge the aforementioned actions, however, we anticipate the sale of our Panama interests may permit these issues to be resolved without any further legal proceedings.

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.

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

Philippines

Philippine Amusement and Gaming Corporation ("PAGCOR"), regulates gaming facilities in the Philippines. We have licenses covering our Rizal and Poro Point properties through agreements with PAGCOR. 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 1.61 billion Philippine Pesos (2.520 billion Philippine Pesos less 912 million Philippine Pesos spent through 31 December 2008) ($33.86 million based on an exchange ratio of P46.36, calculated as of 31 December 2008) and 1.48 billion based on an exchange ratio of P46.36, calculated as of 31 December 2009 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 4.04 billion pesos (5.2 billion less 1,161 million spent through 31 December 2008 and ($91.4 million based on an exchange ratio of 47.49) and P3.9 billion based on exchange rate of P46.36 calculated as of 31 December 2009 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. Unless permission is granted by PAGCOR in writing, we may not, however, sell or assign or grant any options with respect to the pledged shares. Upon complete performance of our commitments in the license agreement, the security interests granted in the pledged shares will terminate

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. As of 24 November 2009 we switched our license from Confede to Fundacion Para la Defensa Ecologia Monte Carlo Verde ("FMCU").

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 was equal to 45 percent of the net win for casinos and slot parlors and the corporate income tax is 19 percent. As of January 2010 the gaming tax was increased to 50 percent of the net win.

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 properties

The following table provides an overview of our existing locations and properties as of 31 March 2010 (inclusive of assets held for sale and discontinued operations):

Name	Location	Date Acquired / Constructed	Type (1)	Total Square Meters (2)	Gaming Square Meters	Slot Machines	Video Lottery	Gaming Table Positions	Rooms and Suites
Panama									
Fiesta Casino–Hotel El Panama	Panamá City	1998	Casino	16,791	2,257	569	—	194	—
Fiesta Casino–Hotel Soloy	Panamá City	1998	Casino	2,633	1,091	441	—	72	—
Fiesta Casino–Hotel Nacional	David	1999	Casino	3,181	1,025	299	—	74	—
Fiesta Casino–Hotel Washington	Colón	1998	Casino	1,708	1,442	270	—	84	—
Fiesta Casino–Hotel Guayacanes	Chitré	2004	Casino	1,545	628	184	—	41	—
Fiesta Casino– Hotel Decameron	Farallon	2003	Casino	668	405	107	—	47	—
Panama Total				26,526	6,848	1,870	—	512	—
Costa Rica (3)									
Fiesta Casino-Holiday Inn Express	San José	2005	Casino	3,900	1,167	353	—	137	—
Fiesta Casino-Hotel El Presidente	San José	2003	Casino	910	495	234	—	—	—
Fiesta Casino-Hotel America Heredia	Heredia	2005	Casino	1,113	830	266	—	41	—
Fiesta Casino-Ramada Plaza Herradura	San José	2007	Casino	615	403	78	—	54	—
Lucky's–Perez Zeledon	San José	2007	Slot Parlor	264	230	116	—	—	—
Lucky's–San Carlos	San Carlos	2006	Slot Parlor	122	68	40	—	—	—
Lucky's–Guapiles	Guapiles	2006	Slot Parlor	283	255	85	—	—	—
Lucky's–Tournon	Tournon	2006	Slot Parlor	203	122	57	—	—	—
Lucky's-Colon	Colon	2008	Slot Parlor	350	200	93	—	—	—
Hotel Diamante Real (Perez Zeledon)	San José	2008	Hotel	1,374	—	—	—	—	21
Costa Rica Total				9,134	3,770	1,322	—	232	21
Philippines									
Thunderbird Resort Rizal-Fiesta Casino	Manila, Binangonan Rizal	2005	Casino	8,320	1,920	455	—	207	—
Thunderbird Resort Poro Point-Fiesta Casino	San Fernando City, La Union	2006	Casino	13,373	1,236	292	—	172	—
Thunderbird Resort Rizal	Manila, Binangonan Rizal	2005	Hotel	10,130	—	—	—	—	41
Thunderbird Resort Poro Point	San Fernando City, La Union	2006	Hotel	11,750	—	—	—	—	36
Thunderbird Resorts Poro Point-Golf Course	San Fernando City, La Union	2008	9 Hole Golf Course	330,000	—	—	—	—	—
Philippines Total				373,573	3,156	747	—	379	77
Peru									
Thunderbird Hotel Principal	Lima	2007	Hotel	12,910	—	—	—	—	151
Thunderbird Fiesta Hotel & Casino	Lima	2007	Hotel	32,883	6,000	427	—	223	66
Thunderbird Hotel Bellavista	Lima	2007	Hotel	5,840	—	—	—	—	45
Thunderbird Hotel Carrera	Lima	2007	Hotel	7,328	—	—	—	—	99
Thunderbird Resort El Pueblo	Lima	2007	Resort	35,403	—	—	—	—	235
Luxor	Lima	2008	Slot Parlor	911	704	253	—	—	—
Mystic Slot	Cusco	2008	Slot Parlor	326	236	80	—	—	—
El Dorado	Iquitos, Hotel El Dorado	2008	Slot Parlor	233	154	97	—	—	—
Luxor	Tacna, Hotel El Emperador	2008	Slot Parlor	573	248	147	—	—	—
Peru Total				96,407	7,342	1,004	—	223	596
Nicaragua									
Pharaoh's Casino-Carretera a Masaya	Managua	2000	Casino	3,924	566	184	—	91	—
Pharaoh's Casino-Camino Real	Managua	2005	Casino	4,890	633	174	—	28	—
Pharaoh's Casino-Holiday Inn	Managua	2006	Casino	475	215	88	—	21	—
Zona Pharaoh's-Bello Horizonte	Managua	2008	Casino	826	545	112	—	21	—
Nicaragua Total				10,115	1,959	558	—	161	—
Guatemala									
Fiesta Video Loteria Intercontinental	Guatemala City	2007	Video Parlor	1,173	922	—	258	—	—
Fiesta Video Loteria Mazatenango	Guatemala City	2005	Video Parlor	310	260	—	122	—	—
Guatemala Total				1,483	1,182	—	380	—	—
Poland									
Casino Centrum 1	Lodz	2008	Casino	835	250	36	—	44	—
Casino Centrum 2	Lodz	2008	Slot Parlor	240	147	65	—	—	
Poland Total				1,075	397	101	—	44	—
Total for all properties				518,313	24,654	5,602	380	1,551	694

(1) Other than certain of the properties in the Philippines, Costa Rica and Peru, the real estate on which all of our properties are located are leased from third parties.
(2) Total square meters includes gaming, food and beverage, administrative, back house, and parking areas.
(3) We also have 72 slot machines in two smaller locations called "slot routes", in Costa Rica, where the owner of the property pays us a percentage of the net winnings for those machines

The following table provides an overview of our existing locations and properties as of 31 March 2010 (excluding assets held for sale and discontinued operations):

Name	Location	Date Acquired / Constructed	Type (1)	Total Square Meters (2)	Gaming Square Meters	Slot Machines	Video Lottery	Gaming Table Positions	Rooms and Suites
Costa Rica (3)									
Fiesta Casino-Holiday Inn Express	San José	2005	Casino	3,900	1,167	353	—	137	—
Fiesta Casino-Hotel El Presidente	San José	2003	Casino	910	495	234	—	—	—
Fiesta Casino-Hotel America Heredia	Heredia	2005	Casino	1,113	830	266	—	41	—
Fiesta Casino-Ramada Plaza Herradura	San José	2007	Casino	615	403	78	—	54	—
Lucky's–Perez Zeledon	San José	2007	Slot Parlor	264	230	116	—	—	—
Lucky's–San Carlos	San Carlos	2006	Slot Parlor	122	68	40	—	—	—
Lucky's–Guapiles	Guapiles	2006	Slot Parlor	283	255	85	—	—	—
Lucky's–Tournon	Tournon	2006	Slot Parlor	203	122	57	—	—	—
Lucky's-Colon	Colon	2008	Slot Parlor	350	200	93	—	—	—
Hotel Diamante Real (Perez Zeledon)	San José	2008	Hotel	1,374	—	—	—	—	21
Costa Rica Total				9,134	3,770	1,322	—	232	21
Philippines									
Thunderbird Resort Rizal-Fiesta Casino	Manila, Binangonan Rizal	2005	Casino	8,320	1,920	455	—	207	—
Thunderbird Resort Poro Point-Fiesta Casino	San Fernando City, La Union	2006	Casino	13,373	1,236	292	—	172	—
Thunderbird Resort Rizal	Manila, Binangonan Rizal	2005	Hotel	10,130	—	—	—	—	41
Thunderbird Resort Poro Point	San Fernando City, La Union	2006	Hotel	11,750	—	—	—	—	36
Philippines Total				43,573	3,156	747	—	379	77
Peru									
Thunderbird Fiesta Hotel & Casino	Lima	2007	Hotel	32,883	6,000	427	—	223	66
Thunderbird Hotel Carrera	Lima	2007	Hotel	7,328	—	—	—	—	99
Luxor	Lima	2008	Slot Parlor	911	704	253	—	—	—
Mystic Slot	Cusco	2008	Slot Parlor	326	236	80	—	—	—
El Dorado	Iquitos, Hotel El Dorado	2008	Slot Parlor	233	154	97	—	—	—
Luxor	Tacna, Hotel El Emperador	2008	Slot Parlor	573	248	147	—	—	—
Peru Total				42,254	7,342	1,004	—	223	165
Nicaragua									
Pharaoh's Casino-Carretera a Masaya	Managua	2000	Casino	3,924	566	184	—	91	—
Pharaoh's Casino-Camino Real	Managua	2005	Casino	4,890	633	174	—	28	—
Pharaoh's Casino-Holiday Inn	Managua	2006	Casino	475	215	88	—	21	—
Zona Pharaoh's-Bello Horizonte	Managua	2008	Casino	826	545	112	—	21	—
Nicaragua Total				10,115	1,959	558	—	161	—
Guatemala									
Fiesta Video Loteria Intercontinental	Guatemala City	2007	Video Parlor	1,173	922	—	258	—	—
Fiesta Video Loteria Mazatenango	Guatemala City	2005	Video Parlor	310	260	—	122	—	—
Guatemala Total				1,483	1,182	—	380	—	—
Poland									
Casino Centrum 1	Lodz	2008	Casino	835	250	36	—	44	—
Casino Centrum 2	Lodz	2008	Slot Parlor	240	147	65	—	—	
Poland Total				1,075	397	101	—	44	—
Total for all properties				107,634	17,806	3,732	380	1,039	263

(1) Other than certain of the properties in the Philippines, Costa Rica and Peru, the real estate on which all of our properties are located are leased from third parties.
(2) Third parties own a non-voting equity interest in the entity that owns this property, reducing our economic interest to 51%. In addition, a separate entity owns the real property on which this facility is located, in which we own a 40% equity interest.
(3) Third parties own a non-voting equity interest in the entity that owns this property, reducing our economic interest to 52%.

Panama

We entered this market in 1998 and now operate six casinos with our local partner. As of 31 March 2010, we offered 1,870 slots and 512 table positions.

Significant properties and projects

Sale of Panama interests. Thunderbird announced in the first quarter of 2010, that it has entered into agreements for the sale of its 63.63 precent stake in its six Panama casinos with Alta Cordillera, S.A. ("Alta"). Alta and Powelton Company, Inc., the latter with whom the Group signed and announced a letter of intent on 2 February 2010, are both affiliates of Codere, S.A. (a Spanish based gaming company which currently has gaming holdings in Panama). Violy & Co. served as an advisor to Alta on this transaction.

The sale is subject to certain conditions to closing, including the approval by a number of applicable government entities, including the Panama Gaming Control Board and the local anti-trust authority, and therefore, there can be no assurance of closing. Thunderbird has had tremendous success in Panama over the past 11 years and is very appreciative of the hard work and dedication of our valued employees. The completion of the sale would provide the Group with an opportunity to repay certain Panamanian sourced debt and to improve the Group's balance sheet. During the first quarter of 2010 the operation continued to perform up to management's expectations and has a strong cash reserve.

Fiesta Casino—El Panama. We believe this facility is one of the premier event center casinos and bar venues in Panama City. Located downtown and adjacent to the Hotel El Panama, it features two restaurants and stages for live performances, as well as table games, slot machines and a VIP gaming area.
Fiesta Casino—Soloy. This casino, located inside the Gran Hotel Soloy in downtown Panama City, is situated in an area heavily populated by government offices of Panama City. It caters to a middle-class clientele and includes table games, slot machines and a VIP gaming area. On 20 March 2009, the Group's Panama subsidiary had a grand opening for the expansion of its existing Soloy casino, with 117 new slots machines and a new Beach bar and restaurant.

Costa Rica

We entered the Costa Rica market in 2003 and operate nine casinos and a slot parlor. As of 31 March 2010, we offered 1,322 slots and 232 table positions.

Significant properties

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

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

Tres Rios Project. We have started construction on a resort project in the eastern suburbs of San Jose. This 22-acre "Tres Rios" facility was intended to be a 108-room resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2009, we have invested approximately $15.5 million using historical currency conversion rates (of which our portion is $7.7 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. This development, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, has caused us to change plans with respect to this project. We have therefore minimized the amount we will invest in the hotel and will attempt to maximize third party investment. In addition, we will need to comply with the new gaming decree which cause the Tres Rios casino to have less than the number of slot machines and tables originally planned. Accordingly, we are considering other financing structures, including additional financial investors in the hotel. One such option being considered involves the construction of a 108 room hotel, with convention center and casino. While these options are being pursued however, the "on-site" construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in pursuing other options. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

During 2009 and 2010, our Costa Rica affiliate, Grupo Thunderbird de Costa Rica, S.A. (GTCR"), executed agreements to purchase from third party investors the remaining 50 percent interest in the Tres Rios real estate entity. The aggregate purchase price for these purchases was approximately $3.4 million. As a result GTCR owns 100 percent of such real estate on which the Tres Rios Project is situated. The purchase generally provided for payments of interest only for six months and 36 months of payment of principal and interest.

Escazu. We have also acquired land in the southwestern suburb of San Jose where we plan to build Escazu project. As of 31 December 2009, we have invested $4.2 million using historical currency conversion rates (of which our portion is $2.1 million) in the Escazu project. The land is subject to a lien securing a loan with Banco Nacional de Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are seeking to develop a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party which will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

Philippines

We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos which as of 31 March 2010, have 747 slots and 379 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. In addition to these projects, we believe that the Philippines may provide additional opportunities for expansion in the future, as well as serving as our "hub" for further expansion into Asia.

Significant properties and projects

Expansion of Thunderbird Resorts—Rizal. This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 41 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 120 new slot positions and 49 new table positions in addition to the current 455 slot positions and 207 table positions.. The total investment is projected to be $13.2 million of which approximately $8.2 million has been raised through a Philippine private debt offering of $9.5 million. Until additional funds are raised, there is no certainty that the expansion will be completed within the revised times. In April 2010, we received approval from the Board of Directors of a local Philippines bank for a loan facility of approximately $5.7 million. The repayment terms are five years and is secured by the real estate at our existing Rizal location. The parties are working on definitive loan documentation, so no assurances can be made that funding will occur, but should funding occur, these monies, together with anticipated manufacture financing on 120 new slot machines, should enable us to complete the Rizal expansion in the fourth quarter of 2010.

Expansion of Thunderbird Resorts—Poro Point. This Fiesta casino is located in San Fernando, on Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. In 2005, we obtained a 25-year lease on this 130 acre-tract, on which the existing resort and planned expansions are located. San Fernando, in the province of La Union, is a six-hour drive, or a one-hour flight, from Manila. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point which completed Phase I of our expansion. We commenced the expansion of the existing casino at Poro Point in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 65 new slot machines and 49 new table positions in addition to the current 292 slot machines and 172 table positions, along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million, of which $2.3 million has been raised through a Philippine private debt offering of $7.4 million. 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.

Extended Lease. In March 2010, the Company has received approval for a 25-year lease extension from the Bases Conversion Development Corporation ("BCDA") and the Poro Point Management Corporation ("PPMC") for the Group's leased property. Once the lease is formally extended, it extends into the Year 2055. Management believes the grant of an additional 25 year lease term will enhance the Group's effort to obtain the remaining financing of the ongoing expansion of our hotel and casino operations in Poro Point. The lease extension to the year 2055 should also facilitate the Group's long term plans to develop the existing location into a world class residential enclave offering a mixture of single detached homes, townhouses, and medium rise condominium units.

This development is consistent with the Group's strategy to minimize its investment in real estate unless such investment is a condition to enhancing and securing the gaming license, which is the case in the Philippines. The lease extension to the year 2055 as approved by the BCDA and PPMC is subject to certain conditions that will be embodied in formal documents that are expected to be executed within a reasonable period of time.

Possible Private/Public Offering. In order to raise funds to complete the Rizal and Poro expansions described above and top ay down debt levels at the Poro and Rizal affiliate levels, the Group is exploring several funding sources simultaneously, including:

(i) Senior debt secured by casino and other assets;

(ii) A prívate offering of debt and for equity in Poro and Rizal entities; and/or

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

The Group is being advised by the invstment banking firm of Fortman & Cline on these possible transactions. These posible funding sources are being studied and there can be no assurance that any of them will be successful.

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. We renovated the hotels to current market standards, and installed a major market-style casino and entertainment facility in the Benavides hotel with the possibility of installing in one or the other hotels.

In Lima, there are over 1,500 hotels, relatively few of which we consider to be high-end hotels. We believe that our hotel group has a solid strategic footprint in the Lima area, which should provide us with a firm base from which to provide gaming and other entertainment products to the local and regional population. In the first quarter of 2010, we obtained a six month extension through June 2010 of the maturity date on approximately $4.0 million of debt related to Peru that originally matured in January 2010.

Significant properties and projects

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. As of 31 March 2010, we have approximately 427 slot machines and 223 table positions.

Sale of Las Americas Pardo—Thunderbird Hotels. As of 31 December 2009, the Group's Peru subsidiary, Thunderbird Hoteles Las Americas ("THLA") owns and operates six hotels in Lima, Peru (the "THLA Hotels"). In order to reduce the Group's investment and related debt in "non-gaming" assets, in the fourth quarter of 2009 the Group began to actively engage in selling four of the six THLA Hotels that have no casino component. These four hotels are the Thunderbird Hotel Principal, Thunderbird Hotel Pardo, Thunderbird Hotel Bellavista, and Thunderbird Resorts El Pueblo.

On 24 February 2010, the Group closed on the sale of the Thunderbird Hotel Pardo for approximately $8.4 million. Thunderbird Hotel Pardo has 64 rooms and is located in the busy district of Miraflores, just minutes from Lima's financial district. The Group entered into a one year hotel management agreement with the new owner of the Thunderbird Hotel Pardo in conjunction with the sale transaction. The total $8.4 million net sale proceeds (after certain taxes and closing costs) were used to pay down secured Peruvian sourced debt related to the Thunderbird Hotel Pardo. The Group continues to pursue the sale of the Thunderbird Hotel Principal, Thunderbird Hotel Bellavista, and Thunderbird Resorts El Pueblo hotel properties as previously announced. THLA currently continues to own and operate the remaining five hotels.

We continue to seek to sell up to three of the remaining five hotels. However, the offers we are receiving on the hotels for sale, while worthy of consideration, do not reflect the full valuation at current operating levels. As one alternative to the sale, the Group believes an infusion of equity from a new partner will create a capital structure that will allow the hotels to realize their full potential and create a very solid return to the owners. Moreover, in light of the recent and significant improvements in the THLA operating results, in comparison to the first three quarters of 2009, and the fact that we sold one of the hotels reducing the senior bank debt from $27 million to approximately $19 million, the Group has developed a private equity offering for the Peru operations. As part of this offering, if successful, the Group would establish our entire hotel, casino and slot parlor operations under a "to be formed" holding company entity. This new structure calls for an equity investment sufficient to pay down a significant portion of the total debt on the Group's casino and hotel properties in Peru. In addition to this attempted equity offering, the Group is also reviewing possible longer term refinancing scenarios as a possible solution to address the short term cash requirements of the hotel operations. The sale and refinancing efforts along with the equity raise will continue simultaneously. While there can be no assurances that these alternatives will succeed, management is encouraged by the performance of the properties during the fourth quarter of 2009 and the first quarter of 2010.

Peru—Sun Nippon acquisition. On 9 July 2008, we purchased 100 percent of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.7 million, subject to working capital adjustments. The five properties previously owned by these two companies have been consolidated to four locations and as of 31 March 2010 we have approximately 577 slot positions. We are currently evaluating other slot parlor opportunities in and around Lima.

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos in Nicaragua, all under the Pharaoh's brand, with 558 slot machines and 161 table positions as of 31 March 2010. Generally, we believe that Nicaragua will provide limited opportunities for additional expansion, due in part to the scope of our existing operations in that country, as well as due to its relatively small population. While we believe our Nicaraguan casinos are among the highest-end casinos in the country, they are not truly major market-style casinos. As Nicaragua has a smaller population base than our other locations, our facilities there are correspondingly smaller. We do focus on our customer relationships and local marketing as in our other locations—for example, we believe that we operate the only casinos in Nicaragua with a player tracking and cash club system—but do not yet have entertainment and recreation facilities fully integrated with our Nicaragua casinos.

Significant properties and projects

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

Carretera Masaya project. The Group had previously announced in 2007 plans for the development of a flagship casino in downtown Managua on land purchased by the Group in 2003 and 2006 that is in the Masaya area of Managua, Nicaruagua, on land already owned by our Nicaragua affiliate in 2009.

Thereafter, due to changing market conditions and the less than favorable credit conditions, those plans were put on hold. The Group is now re-assessing market and credit conditions related to that project. With the improving economic climate, the Group has begun re-evaluating the merits and timing of the development of this facility. Since the necessary land is in a premium location, the Board of Directors of our Nicaragua affiliate recently approved the expenditure of funds for updated construction plans for a first phase of a new casino and entertainment area that does not include a hotel. There can be no assurances that the project will move beyond this assessment. We expect the construction plans and evaluation to be completed by the third quarter of 2010.

Managua – 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 facility, named Zona Pharaohs, has 800 square meters, 112 slot machines, 21 table positions, a 60 seat sports-themed restaurant and a sportsbook. Zona Pharaohs and the Ringside restaurant are a continuation of the effort to provide upscale entertainment to the adult public in Managua.

Guatemala

We entered the Guatemalan market in 1997 and we now operate two video lottery parlors in Guatemala City with over 380 video lottery terminals.

Significant properties and projects

Intercontinental Hotel. The expansion of our existing facilities located at Intercontinental Hotel was inaugurated on 29 November 2008. We now offer 258 video lottery Terminals. Based on the uncertain legal and commercial issues, we opted for the change of our licensee to continue operations in Guatemala. As from 24 November 2009, we ended our relationship under authorization of Confederacion Deportiva Autonoma de Guatemala ("CDAG"), and we initiated with Fundacion Para la Defensa Ecologica Monte Carlo Verde ("FMCV"). This license allows us to operate only 17 hours, which resulted in the closing of one work shift while at the same time reducing our operating expenses.

India

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

Significant properties and projects

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

Construction of this project has been and is being funded by three sources. DHPL and its India partner have contributed approximately $18 million in cash and property as equity into the project. DHPL has also raised approximately $13.5 million in fully convertible debentures, secured behind the other funding source, and a $26 million senior secured loan facility from four India banks. The debentures were funded during 2009 and the senior secured loan was obtained in the first quarter of 2010 and its funds are being drawn on for ongoing construction. The project construction is progressing towards a third quarter of 2010 opening. DHPL may seek up to another $1.5 million of additional fully convertible debentures at its discretion.

Poland

We entered into the Poland market in 2008 and operate two casinos with 101 slot positions and 44 table positions. Our two Polish casinos are located in the central part of Lodz, Poland. The gaming area of the casino locations is approximately 397 square meters in the aggregate, and our casinos operate under one casino license and one slot license.

Significant properties and projects

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 our two Cyprus subsidiaries. Through those two subsidiaries we own, of record, 37.9 percent of all of the shares of Casino Centrum Sp.z.o.o., and together with our local partner, collectively own 71.3 percent of all of the shares of Casino Centrum Sp.z.o.o. We also have a shareholders agreement and other agreements with our local partner that give us ownership and require distributions (on the 71.3 percent ownership interest) that our joint venture receives from Casino Centrum Sp.z.o.o. to be split 66.7 percent to our two Cypress subsidiaries and 33.3 percent to our local partner. Through other agreements, the Company has voting control over 50.6 percent of the Casino Centrum Sp.z.o.o. shares. We are currently in a legal dispute with our local partner, who is challenging our ownership of approximately 12 percent of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control. 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 397 square meters in the aggregate with 79 slot positions and 37 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. Due to relatively flat revenues and increasing tax rates, the Group no longer considers Poland as strategic to our growth and is seeking a purchaser for our interests.

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

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

Name	Age	Position
Jack Mitchell	54	President, CEO and Director
Albert Atallah	54	Vice President, General Counsel and Director
Michael Fox	55	Chief Financial Officer
Tino Monaldo	51	Vice President—Corporate Development
Raul Sueiro	45	Vice President—Asian and European Operations
Angel Sueiro	38	Vice President—Design and Construction
Salomon Guggenheim	50	Director
Reto Heierli	45	Director
Joaquin Daly	53	Director
Roberto de Ocampo	64	Director
Douglas Vicari	50	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 2003 and became our Chief Financial Officer in June 2005. From 2001 to 2003, Mr. Fox was a principal in the UnoVision Consulting Group, which provided consulting services for various projects in Costa Rica, and from July 2002 to October 2003, Mr. Fox was also a financial Director at Apuestas Continentales, S.A., an operator of slot routes and casinos. From 1999 to 2001, Mr. Fox was a principal in Central America Online, S.A., an Internet services provider. Mr. Fox has over 30 years of experience in business, including spending eleven years with Devcon International Corp, a NASDAQ-listed company, nine years of which he served as the Controller and CFO. Mr. Fox received a Bachelor of Science degree in Accounting from the College of Steubenville in Steubenville, Ohio, in 1976.

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.

Reto Heierli. Mr. Heierli joined us in 2009 as a Director. Previously, he served as CFO and deputy CEO of Private Hospital Group Hirslanden, a position he obtained in 2002 after joining the company in 1994. Mr. Heierli received a college degree in business administration in 1986 from St. Gallen Business School and a master degree in hotel management in 1988 from Belvoir Park Hotelfachschule HF, in Zurich Switzerland. He also has obtained a federal certificate of higher vocational education and training in finance and accounting and is a Swiss certified expert for accounting and controlling. He is also a member of the board of the Swiss Association of private hospitals, a chairman on the Foundation Council for the Pension Fund Hir Slanden Group, and a managing partner of Rhino Partners AG, a consulting firm.

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 Partners, 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 New York Stock Exchange 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 in relation to any fraudulent offences, served as a member of the administrative, management or supervisory body, partner with unlimited liability, founder or senior manager of any company subject to bankruptcy proceedings, receiverships or liquidations, or been disqualified by any court from acting as a member of the administrative, management or supervisory body of any issuer or from participating in the management or conduct of the affairs of any issuer, or has been subject to any public incrimination and/or sanctions by statutory or regulatory authorities or bodies.

Board of Directors

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

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

Compensation Committee

Our Compensation Committee consists of Messrs. Guggenheim, Heierli, 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, Heierli, 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 2009. For a discussion of the compensation of certain of our senior management going forward, please see "Employment Agreements". Effective 1 August 2009, our senior management voluntarily elected to defer 20 percent of executive salaries until the Group's cash flow meets internal targets, so the stated amounts of compensation are the total before the 20 percent reductions, which reductions are being accrued.

	Salary	Value of stock grants	Aggregate other compensation	Total compensation
Jack Mitchell (1)	$ 600,000	$ -	$ 72,152	$ 672,152
Albert Atallah (2)	225,000	-	7,464	232,464
Michael Fox (3)	325,000	-	37,412	362,412
Raul Sueiro (4)	180,000	-	11,625	191,625
Angel Sueiro	150,000	-	-	150,000
Peter LeSar (5)	180,000	-	11,625	191,625
Tino Monaldo (6)	325,000	-	53,596	378,596

(1) Aggregate other compensation includes life insurance ($19,436), a car allowance ($11,716), a housing allowance ($36,000) and XIII month ($5,000) as per Panamanian law.
(2) Aggregate other compensation includes life insurance ($7,464).
(3) Aggregate other compensation includes life insurance ($13,412), a car allowance ($6,000) and a housing allowance ($18,000).
(4) Aggregate other compensation includes bonus ($11,625).
(5) Mr. LeSar is not an officer of the Group. Aggregate other compensation includes bonus ($11,625).
(6) Aggregate 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 currently receiving additional cash compensation for serving on the Board of Directors. Each member of the Board of Directors who is not a member of senior management (Messrs. Guggenheim, Daly, de Ocampo and Vicari, who we refer to as “Non-Senior Management Directors”) receives a payment or fee of $500 per meeting effective October 2009. Effective 1 August 2009, our Board of Directors voluntarily elected to defer monthly Director fees until the Group’s cash flow stabilizes. 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 2009 a total of $1.5 million was reserved (in accordance with local law) by the certain of our operating subsidiaries for severance and retirement benefit obligations.

2007 Equity Incentive Plan

Our Thunderbird Resorts Inc. 2007 Equity Incentive Plan (the “Equity Plan”) is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and Directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefit of all of our shareholders. We have reserved up to 5 percent of our currently issued and outstanding shares of common shares (as of any given date) for the issuance of awards under the Equity Plan. 0.5 million shares have previously been issued. Approximately 1.0 million shares are currently available for issuance (which represents approximately 5 percent of our issued and outstanding shares as of 31 December 2009).

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

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

Options

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

Restricted Stock and Restricted Stock Units

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

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

The following Restricted Stock awards were granted in 2007 and became effective in January 2008 when our shareholders adopted our 2007 Equity Incentive Plan. Since January 2008, the shares listed below have vested.

Director/Employee	**Total number of shares**	**Vested Shares**	**Unvested Shares**
Jack Mitchell	120,000	80,000	40,000
Tino Monaldo	101,667	67,778	33,889
Michael Fox	100,000	66,667	33,333
Raul Sueiro	66,667	44,445	22,222
Angel Sueiro	50,000	33,334	16,666
Albert Atallah	18,333	12,222	6,111
Alberto Loaiza	3,334	2,223	1,111
Salomon Guggenheim	3,333	2,222	1,111
Jean Duval	3,333	2,222	1,111
Joaquin Daly	3,333	2,222	1,111
Roberto De Ocampo	3,333	2,222	1,111
Douglas Vicari	3,333	2,222	1,111
Other non-executive employees	23,334	15,558	7,776
Total	500,000	333,337	166,663

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 2009 and through 31 March 2010, 83,331stock options were exercised and new issued stock delivered to the exerciser of those options.

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

Long-term Incentive Compensation Program

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

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

Employment agreements

In November of 2007, we entered into employment agreements with certain of our senior management, effective 1 December 2007. The terms and conditions of these agreements are fully described below. Messrs. Mitchell, Atallah, Fox, Monaldo, R. Sueiro, and A. Sueiro have agreed to waive any contractual rights each had related to CPI-U (defined below) adjustments called for under the employment contracts from November 2009 to November 2010. Otherwise, all terms and conditions have remained unchanged other than noted below. We do not have employment agreements with our Non-Senior Management Directors.

Jack Mitchell. Mr. Mitchell's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2009 under the agreement is $600,000 (subject to a voluntary 20 percent reduction effective August 2009, which reduction is being accrued), which amount is adjusted each year based on any increase in the U.S. Department of Labor's consumer price index for all urban consumers (the "CPI-U").

Mr. Mitchell is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Mitchell was also granted 120,000 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January 2008. In addition, the agreement provides Mr. Mitchell with a car allowance of $1,000 per month, three weeks of vacation per year, term-life insurance policies, an offshore housing allowance of $3,000 per month adjusted annually for CPI-U increases, reimbursement for reasonable business expenses and participation in our benefit plans.

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

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

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

Albert Atallah. Mr. Atallah's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2009 under the agreement is $225,000 (subject to a voluntary 20 percent reduction effective August 2009, which reduction is being accrued), which amount is adjusted each year based on any increase in the CPI-U.

Mr. Atallah is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Atallah was granted 18,333 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January 2008. In addition, the agreement provides Mr. Atallah with three weeks of vacation per year, term-life insurance policies, reimbursement for reasonable business expenses and participation in our benefit plans.

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

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

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

Michael Fox. Mr. Fox's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2008 under the agreement is $325,000 (subject to a voluntary 20 percent reduction effective August 2009, which reduction is being accrued), which amount is adjusted each year based on any increase in the CPI-U.

Mr. Fox is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Fox was granted 100,000 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January 2008. In addition, the agreement provides Mr. Fox with a car allowance of $500 per month, three weeks of vacation per year, term-life insurance policies, an offshore housing allowance of $1,500 per month adjusted annually for CPI-U increases, reimbursement for reasonable business expenses and participation in our benefit plans.

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

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

Mr. Fox is subject to a non-disclosure covenant with respect to proprietary information. Additionally, Mr. Fox is also subject to a one-year non-compete agreement (with an exception for competition against Grupo Thunderbird de Costa Rica, S.A.) and a one-year restriction on recruiting our employees.

Tino Monaldo. Mr. Monaldo's employment agreement has a three-year term, which automatically extends for an additional year at the end of each calendar year unless either party provides a notice of non-renewal. His base compensation for 2008 under the agreement is $325,000 (subject to a voluntary 20 percent reduction effective August 2009, which reduction is being accrued), which amount is adjusted each year based on any increase in the CPI-U.

Mr. Monaldo is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Monaldo was granted 101,667 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January 2008. In addition, the agreement provides Mr. Monaldo with three weeks of vacation per year and reimbursement for reasonable business expenses.

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

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

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

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

Raul Sueiro. Mr. Raul Sueiro's employment agreement has a one-year term, which renews automatically every year unless he provides, or we provide, 60 days prior written notice of non-renewal. His base compensation for 2009 under the agreement is $180,000 (subject to a voluntary 20 percent reduction effective August 2009, which reduction is being accrued).

Mr. Sueiro is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Sueiro was granted 66,667 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January 2008. In addition, the agreement provides Mr. Sueiro with three weeks of vacation per year, an offshore housing allowance of $1,500 per month (not to be applied to a primary residence), reimbursement for reasonable business expenses and participation in our benefit plans.

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

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

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

Angel Sueiro. Mr. Angel Sueiro's employment agreement has a one-year term, which renews automatically every year unless either he provides, or we provide, 60 days prior notice of non-renewal. His monthly base compensation under the agreement is $10,000 per month which was increased to $12,500 per month starting on the six-month anniversary of the agreement (subject to a voluntary 20 precent reduction effective August 2009, which reduction is being accrued).

Mr. Sueiro is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In November 2007, Mr. Sueiro was granted 50,000 restricted shares under the Equity Plan effective upon shareholder approval of the Equity Plan in January. In addition, the agreement provides Mr. Sueiro with reimbursement for reasonable business expenses and three weeks of vacation per year and participation in our benefit plans.

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

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

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

2009 Performance Bonuses

No performance bonuses for the officers and Directors were paid for the 2009 fiscal year except for $11,625 paid to Raul Sueiro.

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 2009 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 2009 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 2010
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
Angel Sueiro, Vice President – Design and Construction
Raul Sueiro, Vice President – Asian European Operations
Salomon Guggenheim, Director
Reto Heierli, Director
Joaquin Daly, Director
Roberto de Ocampo, Director
Douglas Vicari, Director

CHAPTER 8 – CONSOLIDATED FINANCIAL STATEMENTS

GrantThornton

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 2009 as set out on pages 72 to 154 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

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

Respective responsibilities of Directors and auditors

As explained more fully in the management responsibility statement on page 69 the Directors' are responsible for preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amount and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the consolidated financial statements.

Opinion

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of article 4 of the IAS Regulation.

Emphasis of matter - regulatory uncertainty

We draw attention to note 25 in the consolidated financial statements which describes the uncertainties relating to developments in regulatory and tax legislation pertaining to gambling, and related activities, in the jurisdictions within which the Group operates. Our opinion is not qualified in respect of this matter.

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 2 concerning the Group's ability to continue as a going concern. As explained in note 2, the ability of the Group to continue as a going concern depends on the successful disposal of the Group's Panama operation, which is subject to governmental and regulatory approval among other conditions, and the successful sale of three additional hotels from its Peru operation. In addition, the Group is reliant upon continued support from the Group's lenders, related parties, and the Group's ability to generate sufficient cash flow from its operations to meet its obligations as and when they fall due. These conditions, along with the other matters explained in note 2, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
SLOUGH
30 APRIL 2010

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of United States dollars)
As of 31 December 2009

	2009	2008
Assets		
Non-current assets		
Property, plant and equipment (Note 11)	$ 108,973	$ 174,497
Intangible assets (Note 9)	26,321	26,615
Investments in associates (Note 10)	107	276
Deferred tax asset (Note 8)	4,018	2,782
Trade and other receivables (Note 14)	7,326	10,083
Total non-current assets	146,745	214,253
Current assets		
Trade and other receivables (Note 14)	12,035	18,052
Inventories (Note 15)	964	4,454
Restricted cash (Note 16)	3,733	6,710
Cash and cash equivalents (Note 16)	7,165	15,073
Total current assets	23,897	44,289
Assets classified as held for sale (Note 12)	70,575	-
Total assets	**$ 241,217**	**$ 258,542**

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

- *continued* -

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
(Expressed in thousands of United States dollars)
As of 31 December 2009

	2009	2008
Equity and liabilities		
Capital and reserves		
Share capital (Note 21)	$ 99,357	$ 99,265
Reserves - share commitments	8,670	7,450
Retained earnings	(83,639)	(62,882)
Translation reserve	(1,048)	(3,015)
Equity attributable to equity holders of the parent	23,340	40,818
Minority interest	7,361	8,295
Total equity	30,701	49,113
Non-current liabilities		
Borrowings (Note 18)	94,456	112,592
Obligations under leases and hire purchase contracts (Note 24)	825	26,621
Derivative financial instruments (Note 21)	313	232
Other financial liabilities	-	34
Deferred tax liabilities (Note 8)	312	2,125
Provisions (Note 19)	3,026	4,203
Due to related parties (Note 23)	2,619	1,039
Other liabilities	1,765	5,332
Total non-current liabilities	103,316	152,178
Current liabilities		
Trade and other payables (Note 17)	12,171	14,386
Due to related parties (Note 23)	5,403	4,374
Borrowings (Note 18)	26,795	29,443
Obligations under leases and hire purchase contracts (Note 24)	1,283	3,625
Other financial liabilities	1,774	118
Current tax liabilities	2,062	2,826
Provisions (Note 19)	2,147	2,479
Total current liabilities	51,635	57,251
Liabilities associated with assets classified as held for sale (Note 12)	55,565	-
Total liabilities	210,516	209,429
Total equity and liabilities	**$ 241,217**	**$ 258,542**

The consolidated Financial Statement were approved by the Board of Directors on 30 April 2010

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in thousands of United States dollars)
For the year ended 31 December 2009

	2009	2008
Net gaming wins	$ 99,967	$ 87,806
Food, beverage and hospitality sales	22,084	23,297
Total revenue	122,051	111,103
Cost of goods sold	(43,745)	(37,691)
Gross profit	78,306	73,412
Other operating costs		
Operating, general and administrative	(56,358)	(52,886)
Project development	(891)	(7,518)
Depreciation and amortization (Note 9 and 11)	(16,603)	(14,061)
Other gains and losses (Note 5)	(8,336)	(7,665)
Operating profit	(3,882)	(8,718)
Financing		
Foreign exchange gain / (loss)	4,182	(10,192)
Financing costs (Note 7)	(19,223)	(16,028)
Financing income (Note 7)	1,608	1,024
Finance costs, net	(13,433)	(25,196)
Loss before tax	(17,315)	(33,914)
Income taxes expense (Note 8)		
Current	(2,380)	(3,332)
Deferred	880	2,159
Taxation	(1,500)	(1,173)
Loss for the period from continuing operations	**$ (18,815)**	**$ (35,087)**
Loss for the period from discontinued operations	(1,586)	1,582
Loss for the period	**$ (20,401)**	**$ (33,505)**
Other comprehensive income		
Currency translation reserve	$ 1,967	$ 4,139
Other comprehensive income for the period	1,967	4,139
Total comprehensive income for the period	**$ (18,434)**	**$ (29,366)**
Loss for the period attributable to:		
Owners of the parent	(20,757)	(32,794)
Minority interest	356	(711)
	$ (20,401)	$ (33,505)
Total comprehensive income attributable to:		
Owners of the parent	(18,790)	(28,655)
Minority interest	356	(711)
	$ (18,434)	$ (29,366)
Basic and diluted loss per share (in $) (Note 22)	(1.05)	(1.67)

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of United States dollars)
As of 31 December 2009

	Attributable to equity holders of parent						
	Share capital	Reserves - share commitments	Currency translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008	$ 98,962	$ 4,738	$ 1,124	$ (30,088)	$ 74,736	$ 5,093	$ 79,829
Minority interest in Panama acquisition	-	-	-	-	-	3,809	3,809
Panama subsidiary dividends paid to minority interest	-	-	-	-	-	(1,274)	(1,274)
Minority interest purchased in Costa Rica	-	-	-	-	-	(97)	(97)
Minority interest contributions	-	-	-	-	-	53	53
Recognition of share based payments	-	2,712	-	-	2,712	-	2,712
Issue of ordinary shares under employee share option plan	303	-	-	-	303	-	303
	$ 99,265	$ 7,450	$ 1,124	$ (30,088)	$ 77,751	$ 7,584	$ 85,335
Loss for the period	-	-	-	(32,794)	(32,794)	711	(32,083)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	(4,139)	-	(4,139)	-	(4,139)
Total comprehensive income for the period	-	-	(4,139)	-	(4,139)	-	(4,139)
Balance at 31 December 2008	$ 99,265	$ 7,450	$ (3,015)	$ (62,882)	$ 40,818	$ 8,295	$ 49,113

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

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of United States dollars)
For the year ended 31 December 2009

	2009	2008
Cash flow from operating activities		
Loss for the period	$ (20,401)	$ (33,505)
Items not involving cash:		
Depreciation and amortization	16,603	14,061
Loss on disposal	503	2,054
Impairment loss	4,722	1,935
Unrealized foreign exchange	(4,918)	2,352
Decrease in provision	260	1,588
Gain on derivative financial instruments	(125)	(964)
Share based compensation	1,220	2,712
Minority interest	(356)	711
Finance income	(1,608)	(1,024)
Finance cost	19,223	16,028
Tax expenses	1,500	1,173
Net change in non-cash working capital items		
Decrease / (increase) in trade and other receivables	5,791	(6,898)
Decrease / (increase) in inventory	148	(1,527)
Decrease in trade payables and accrued liabilities	159	(2,315)
Cash generated from operations	22,721	(3,619)
Total tax paid	(3,271)	(799)
Net cash generated by operating activities	**$ 19,450**	**$ (4,418)**

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

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(Expressed in thousands of United States dollars)
For the year ended 31 December 2009

	2009	2008
Cash flow from investing activities		
Expenditure on property, plant and equipment	$ (14,008)	$ (61,872)
Other non current assets	80	-
Investment in subsidiaries	-	(22,654)
Deposits in future investment	-	(2,806)
Investment in other companies	169	-
Interest received	259	1,024
Net cash used from investing activities	**$ (13,500)**	**$ (86,308)**
Cash flow from financing activities		
Proceeds from issuance of common shares	92	303
Proceeds from issuance of new loans	13,982	91,608
Proceeds from issuance of new finance leases	1,305	-
Proceeds from minority interest	-	320
Cash used to secure loan	-	(14,635)
Repayment of loans and leases payable	(16,529)	(25,060)
Interest paid	(15,830)	(16,028)
Net cash flow / (used) from financing activities	**$ (16,980)**	**$ 36,508**
Change in cash and cash equivalent from continuing operations	(11,030)	(54,218)
Net cash used from discontinued operation	(1,206)	222
Net change in cash and cash equivalent during the year	(12,236)	(53,996)
Cash and cash equivalent, beginning of year	21,783	76,901
Cash and cash equivalent, end of the year	9,547	22,905
Effect of foreign exchange adjustment	1,351	(1,122)
Adjusted cash and cash equivalent, end of the year	**$ 10,898**	**$ 21,783**

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. The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (Revised 2007).

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged from that previously published. Accordingly, a statement of financial position at the beginning of the earliest comparative period, as required in some circumstances by IAS 1 "Presentation of Financial Statements" (Revised 2007), has not been presented in this year's consolidated financial statements.

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, subject to certain conditions being met. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc.

The Directors have also considered (i) the current global economic environment together with the recovering markets for global debt and equity financing at this time; (ii) all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either customers or suppliers at this time; and (iii) the other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk.

In October 2009 the Group terminated an equity offering for 75 million shares and due to this unsuccessful bid to raise new equity capital the Group elected to sell certain assets in Peru. As a result of that decision, in February 2010, the Group sold one of its six hotels in Peru and continues to seek to sell three additional hotels from this operation. In addition, due to a disputed intervention of the Group's Panama operation by the regulator of the Panama casino gaming industry, combined with an increase in the gaming tax and a gaming license that expires in 2018, the Group decided to sell its interest in that operation. As a result, on 15 March 2010 the Group entered into a definitive contract to sell its interest in the Panama operation. If this transaction is closed, the effect on the Group's balance sheet will be the removal of consolidated debt related to the Panama operation and other Panama sourced debt totaling approximately $47 million. As a material portion of the net sale proceeds will be used to pay off or pay down a portion of the above-described debt. If such sale occurs it will materially and positively impact our cash flows. There is no guarantee that this transaction will close.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 April 2011 have been subjected to various sensitivity analyses and show that the Group's forecast will have headroom within that period subject to the completion of the sale of its Panama operation. The proceeds from this sale will allow the Group to repay a significant portion of both parent and subsidiary level debt. The closing of the sale is subject to governmental regulatory approval and other conditions to closing.

In addition, the Group's forecast includes sensitivity analyses that reflect the following items that are subject to the execution of definitive agreements (i) to obtain a further extension of the maturity date for certain secured debt related to gaming equipment purchases, and (ii) to refinance certain unsecured debt related to our two Philippines entities with various lenders to provide for longer amortization periods and to finalize new financing secured by certain of our Philippines real estate assets. In the event that we are not able to successfully negotiate definitive contracts to achieve items (i) or (ii) above, we may be forced to sell certain of our assets or a portion of our equity interest in some of our operating entities which would materially affect our results of operations. In April 2010, we received approval from the

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

Board of Directors of a local Philippines bank for a secured loan facility of approximately $5.7 million with a 5 year term, secured by portions of the real estate at our existing Rizal location, which when funded, together with manufacturer financing for 120 slot machines, will enable us to complete the existing Rizal expansion in the fourth quarter of 2010, which will enhance our cash flows.

Furthermore, we have a substantial amount of indebtedness and if we default on such indebtedness, such indebtedness may become immediately due and payable, which may adversely affect our ability to operate our business and the market price of our common shares. In light of our high short term principal debt payments and the desire to fund these ongoing projects, we will continue to 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 complete ongoing expansions. We do expect any such negotiations to be mutually beneficial to both us and our lenders. We are in discussions with all such lenders but there can be no assurances these negotiations will be successful.

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

Based upon our financing and refinancing efforts to date, and the prospects for: (i) the closing of the sale of our Panama interests, (ii) the sale of three additional Peru hotels, and (iii) the closing on the funding from a local Philippines bank to complete the existing Rizal expansion described above, the Directors anticipate having reasonable success in the next 12 months in the financing and re-financing efforts undertaken in the ordinary course of business. However, there can be no assurance we will be able to successfully close these transactions and refinance existing indebtedness or obtain additional new financing on satisfactory terms, or at all.

The Directors have concluded that the combination of the circumstances described above represent a material uncertainty that casts a doubt upon the Group's ability to continue as a going concern, although due to improving revenues, the sale of the Pardo hotel, the pending sale of our Panama operations, the financing of our India hotel projects, and other financing or refinancing in the interim, the circumstances we face currently are significantly more favorable than they were during the third quarter of 2009. Nevertheless, after making inquiries, and considering the uncertainties related to our circumstances, the Directors have a reasonable expectation that the Group has or will secure adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

These consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual consolidated financial statements for the year to 31 December 2008 except for the adoption of the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning 1 January 2009:

- IFRS 8 Operating Segments
- IFRS 7 Financial Instruments - Disclosures
- IFRIC 13 Customer Loyalty Programs
- IAS 1 Presentation of Financial Statements (Revised 2007)

As of 1 January 2009 IFRS 8 "Operating Segments" became effective and has been applied by the Group with IFRS 8 replacing IAS 14 "Segment Reporting." It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change to the presentation of segmental disclosures.

The Group has adopted IFRS 7 "Financial Instruments – Disclosures." The amendment requires enhanced disclosures about fair-value measurement and liquidity risk.

The Group has adopted IFRIC 13 "Customer Loyalty Programs", which clarifies that when goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The customer incentive programs operated by the Group are short term in nature and the adoption of IFRIC 13 does not have a significant effect on the results of the current or prior periods presented.

As of 1 January 2009, IAS 1 "Presentation of Financial Statements" (Revised 2007) became effective and has been applied by the Group. IAS 1 (revised) uses the terms "statement of financial position" (previously "balance sheet") and "statement of cash flows" (previously "cash flow statement") and introduces a "statement of comprehensive income" in lieu of "income statement."

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

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

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group's 2009 consolidated financial statements.

- Improvements to IFRSs (effective 1 January 2010 other than certain amendments effective 1 July 2009)
- IAS 27 "Consolidated and Separate Financial Statements" (revised 2008) (effective 1 July 2009)
- IAS 39 "Financial Instruments: Recognition and Measurement- Eligible Hedged Instruments" (amendment) (effective 1 July 2009)

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- IFRS 2 "Group Cash-Settled and Share Based Payment Transactions" (amendment) (effective 1 January 2010)
- IFRS 3 "Business combinations" (revised 2008) (effective 1 July 2009)

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

3.3 Summary of accounting policies

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

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

Critical accounting estimates and judgments

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

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

	Note	Estimate/Judgment
Estimated economic lives and residual values	3.3 a	Depreciable lives of assets
Carrying value of assets and potential impairments	3.3 b	Goodwill and Intangibles
Recoverability of deferred tax assets	3.3 c	Potential use of asset
Retirement benefits	3.3 d	Actuarial analysis
Litigation provisions and contingent liabilities	3.3 e	Judgments on legal cases
Stock options	3.3 d	Valuation model
Assets classified as held for sale	3.3 x	Fair value to sell
Provisions	3.3 j	Judgment on amount

a. Property, plant and equipment

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

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 statement of comprehensive income during the financial period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2009 management assesses that the useful lives represent the expected utility of the assets of the Group. The carrying amounts are analyzed in Note 11. Actual results, however, may vary due to obsolescence.

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

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

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

If an impairment loss is recognized, the loss is first allocated to reduce goodwill (if any) and then pro rata to other assets. The carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount, limited to zero. An impairment loss is recognized as an expense in the statement of comprehensive income 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 statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

c. Taxation including deferred tax

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

Deferred tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if deferred tax arises from the initial recognition of goodwill it is not recognized, nor is deferred tax arising on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position 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.

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

d. Employee benefits

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

Philippines:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Employee benefits (cont'd)

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

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

The estimate of the Group's defined benefit liability is based on rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Further details are provided in Note 20.

Share-based compensation

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

e. Litigation provisions

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

The actual outcome of the various litigation proceedings may vary from the amount recognized in the financial statements. Further details are provided in Notes 19 and 25.

(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

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in equity.

(c) Group subsidiaries

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position. The closing rates against the US-dollar applicable for the 31 December 2009 and 2008 statement of financial position are as follows:

	2009	2008
Canadian Dollar	1.05	1.22
Chilean Peso	519.30	648.00
Costa Rican Colon	571.81	560.85
Guatemalan Quetzal	8.35	7.78
Nicaraguan Cordoba	20.84	19.85
Philippine Peso	46.36	47.49
Peruvian Sole	2.89	3.14
Polish Zloty	2.89	2.95
Colombian Peso	2,044.23	2,243.59
Indian Rupee	46.68	49.72

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

(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)

presented. The average country rates against the US-dollar for the years ended 31 December 2009 and 2008, are as follows:

	2009	2008
Canadian Dollar	1.14	1.07
Chilean Peso	569.89	523.92
Costa Rican Colon	578.26	530.30
Guatemalan Quetzal	8.16	7.56
Nicaraguan Cordoba	20.37	19.37
Philippine Peso	47.65	44.45
Peruvian Sole	3.01	2.93
Polish Zloty	3.12	2.41
Colombian Peso	2,153.30	1,975.58
Indian Rupee	48.35	43.81

(iii) all resulting exchange differences are recognized as a separate component of equity.

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 statement of comprehensive income 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 2009 and its comparative periods.

(a) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, 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 statement of comprehensive income. The acquisition of a subsidiary is consolidated from the date of the acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Consolidation (cont'd)

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

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 statement of financial position, from parent shareholders' equity.

(b) Joint ventures

The Group has contractual arrangements with other parties which represent joint ventures. In this case, the arrangements take the form of agreements to share control over economic activities in the Indian and Costa Rican operations. 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 proportionate consolidation method of accounting, whereby the Group's share of assets, liabilities and income associated with the joint venture are combined line by line with similar line items in the Group's consolidated financial statements.

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

(c) Investments in associates

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

(c) Software and software licenses

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

- Software:	3-5 years
- Brand names:	15-20 years
- Customer lists:	4-6 years.

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

Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurre

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Leases (cont'd)

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

j. Provisions

(a) Other

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

(b) Employee benefits

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Provisions (cont'd)

According to the Employees' Protection Law, the Group transfers 3% of wages to the severance plan operating entity. Any amount in excess of the amount transferred and the total amount due to the employee pursuant to the law is covered by the Group and is recorded as an expense in the year it is incurred**.** This is an accrual under Costa Rican law and is not a pension scheme.

Panama

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

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 2009, the Group has recorded a provision amounting to $189,401, which represents management's best estimate of the liability. This is an accrual 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 2009, the Group has recorded a provision amounting to $369,719, which represents management's best estimate of the liability. This is an accrual under Nicaraguan law and is not a pension scheme.

The actual outcome of the various matters referred to above may vary from the amount recognized in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Financial instruments

Financial assets

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

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

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

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 statement of comprehensive income. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorized as at fair value through profit or loss are measured at each reporting date at fair value, with changes in fair value being recognized in the statement of comprehensive

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Financial instruments (cont'd)

income. All other financial liabilities are recorded at amortized cost using the effective interest method, with interest-related charges recognized as an expense in finance cost in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income 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.

l. Inventories

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

m. Cash and cash equivalents

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

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

n. Borrowings and borrowing costs

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

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

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

o. Share capital

Common shares are classified as equity.

Where the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o. Share capital (cont'd)

attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity attributable to the Group's equity holders.

p. Share based payments

The Group operates equity-settled share-based remuneration plans for certain key management employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'retained earnings'. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

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.

q. Compound financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r. Net gaming wins and revenue recognition

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

(a) Net gaming wins – Casino revenues represent the net wins (losses) from gaming activities, which is, for slot machines and video lottery machines, the difference between coins and currencies deposited into the machines and the payments to customers and, for other (table and sportsbook) games, the difference between gaming wins and losses. Net gaming wins are recognized when they occur.
(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 statement of comprehensive income upon utilization of the service or at the date they are incurred.

s. Segmental reporting

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

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

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

Our secondary segmental reporting is by business segment. Our two business segments include casino operations and hotel operations. Food and beverage is included within the business segment where those facilities physically exist.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t. Other gains and losses

The Group presents as other gains and losses on the face of the statement of comprehensive income 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 period. The Group uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

v. Project development costs

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

w. Profit or loss from discontinued operations

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

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

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

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

x. Assets classified as held for sale

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

The condition is regarded as met only when the sale is highly probable and is expected to be completed within a year from the classification. In addition, the assets (or disposal group) are to be available for

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

x. Assets classified as held for sale (cont'd)

immediate sale in its present condition and is actively being marketed at a price that is reasonable relative to its current fair value.

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

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

4. SEGMENTAL INFORMATION

Geographical segments

	Panama		Guatemala		Costa Rica		Nicaragua	
	2009	2008	2009	2008	2009	2008	2009	2008
Continuing operations								
Total revenue	-	-	3,538	4,478	19,374	19,464	12,535	14,232
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	43	7,013	(1,020)	(1,111)	6,873	8,145	3,092	3,230
Project development	-	-	-	-	(104)	(432)	(117)	(353)
Depreciation and amortization	(11)	-	(1,094)	(504)	(2,072)	(1,388)	(1,024)	(928)
Other gains and losses	(59)	-	(3,298)	(3,891)	(6)	-	(90)	-
Segments result	(27)	7,013	(5,412)	(5,506)	4,691	6,321	1,861	1,949
Foreign exchange gain / (loss)	-	-	(427)	(146)	(251)	(1,040)	(301)	(304)
Finance costs	-	-	(553)	(605)	(1,062)	(809)	(224)	(281)
Finance income	8	8	5	149	4	13	-	-
Management fees - intercompany charges	639	(6,381)	(873)	(772)	(3,126)	(4,397)	(616)	(1,138)
Profit / (loss) before taxation	620	576	(7,260)	(6,880)	256	88	720	226
Taxation	-	-	(157)	(192)	(311)	(312)	(350)	(326)
Loss for the period continued operation	620	576	(7,417)	(7,072)	(55)	(224)	370	(100)
Loss for the period discontinued operations	(1,586)	1,582	-					
Loss for the period	(966)	2,158	(7,417)	(7,072)	(55)	(224)	370	(100)
Currency translation reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the period	(966)	2,158	(7,417)	(7,072)	(55)	(224)	370	(100)
Minority interest	(352)	806	-	-	106	112	203	(81)
Total comprehensive income attributable to owners of the parent	(614)	1,352	(7,417)	(7,072)	(161)	(336)	167	(19)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	11,685	11,685	-	-	2,508	1,665	1,387	1,387
Intangible assets with finite useful lives	-	1,642	-	-	458	-	47	-
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	-	33,992	-	4,520	19,034	21,330	6,215	7,393
Other segment assets (including cash)	(3,047)	2,669	(3,635)	(2,209)	1,035	1,772	372	4
Total segment assets - continuing operations	8,638	49,988	(3,635)	2,311	23,035	24,767	8,021	8,784
Assets classifed as held for sale	38,990	-	-	-	-	-	-	-
Total assets	47,628	49,988	(3,635)	2,311	23,035	24,767	8,021	8,784
Total segment liabilities - continuing operations	(1)	31,393	13,222	11,926	16,541	18,290	4,161	5,179
Liabilities associated with assets held for sale	26,840	-	-	-	-	-	-	-
Total liabilities	26,839	31,393	13,222	11,926	16,541	18,290	4,161	5,179
Net assets	20,789	18,595	(16,857)	(9,615)	6,494	6,477	3,860	3,605
Minority interest	1,658	2,461	-	-	2,318	2,864	1,386	1,252
Other segment items - continuing operations								
Capital expenditure	-	-	248	2,290	582	10,086	228	1,996
Depreciation and amortization	11	-	1,094	504	2,072	1,388	1,024	928
Impairment losses	-	-	3,296	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		Peru		Poland	
	2009	2008	2009	2008	2009	2008
Continuing operations						
Total revenue	44,624	44,098	38,410	26,027	3,258	2,296
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	13,853	12,089	4,705	6,444	(375)	83
Project development	(117)	(579)	-	(3,929)	-	(1,160)
Depreciation and amortization	(5,162)	(4,359)	(6,533)	(6,441)	(182)	(97)
Other gains and losses	(6)	238	(22)	-	(2,307)	(336)
Segments result	8,568	7,388	(1,850)	(3,926)	(2,864)	(1,510)
Foreign exchange gain / (loss)	515	(3,870)	4,908	(4,407)	28	55
Finance costs	(2,604)	(3,019)	(7,628)	(6,594)	-	-
Finance income	16	59	608	281	165	19
Management fees - intercompany charges	(4,687)	(3,887)		(467)	(65)	(6)
Profit / (loss) before taxation	1,808	(3,329)	(3,962)	(15,113)	(2,736)	(1,442)
Taxation	(55)	(14)	573	1,371	(36)	48
Loss for the period continued operation	1,753	(3,343)	(3,389)	(13,742)	(2,772)	(1,394)
Loss for the period discontinued operations			-	-		
Loss for the period	1,753	(3,343)	(3,389)	(13,742)	(2,772)	(1,394)
Currency translation reserve	-		-	-	-	-
Total comprehensive income for the period	1,753	(3,343)	(3,389)	(13,742)	(2,772)	(1,394)
Minority interest	601	(1,326)	-	-	(202)	(222)
Total comprehensive income attributable to owners of the parent	1,152	(2,017)	(3,389)	(13,742)	(2,570)	(1,172)
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	4,294	3,025	4,277	6,361	-	-
Intangible assets with finite useful lives	-	-	844	100	48	-
Financial assets - investments	-	-	-	-	-	-
Segment assets:						
Property, plant and equipment	34,828	34,025	37,039	63,760	-	1,222
Other segment assets (including cash)	16,886	20,115	31,105	33,325	705	3,883
Total segment assets - continuing operations	56,008	57,165	73,265	103,546	753	5,105
Assets classifed as held for sale	-	-	31,585	-	-	-
Total assets	56,008	57,165	104,850	103,546	753	5,105
Total segment liabilities - continuing operations	40,039	44,185	49,618	75,219	1,052	1,324
Liabilities associated with assets held for sale	-	-	28,725	-	-	-
Total liabilities	40,039	44,185	78,343	75,219	1,052	1,324
Net assets	15,969	12,980	26,507	28,327	(299)	3,781
Minority interest	1,356	630	-	-	643	1,088
Other segment items - continuing operations						
Capital expenditure	5,312	18,127	3,479	27,459	(64)	1,678
Depreciation and amortization	5,162	4,359	6,533	6,441	182	97
Impairment losses	-	-	-	-	1,426	336
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):

	Total operations		Corporate and non-allocated [1]		Total	
	2009	2008	2009	2008	2009	2008
Continuing operations						
Total revenue	121,739	110,595	312	508	122,051	111,103
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	27,171	35,893	(8,601)	(12,349)	18,570	23,544
Project development	(338)	(6,453)	(553)	(1,065)	(891)	(7,518)
Depreciation and amortization	(16,078)	(13,717)	(525)	(344)	(16,603)	(14,061)
Other gains and losses	(5,788)	(3,989)	(2,548)	(3,676)	(8,336)	(7,665)
Segments result	4,967	11,734	(12,227)	(17,434)	(7,260)	(5,700)
Foreign exchange gain / (loss)	4,472	(9,712)	(289)	(480)	4,182	(10,192)
Finance costs	(12,071)	(11,308)	(7,153)	(4,720)	(19,223)	(16,028)
Finance income	806	529	802	495	1,608	1,024
Management fees - intercompany charges	(8,728)	(17,048)	12,106	14,031	3,378	(3,017)
Profit / (loss) before taxation	(10,554)	(25,805)	(6,761)	(8,108)	(17,315)	(33,914)
Taxation	(336)	575	(1,164)	(1,749)	(1,500)	(1,173)
Loss for the period continued operation	(10,890)	(25,230)	(7,925)	(9,857)	(18,815)	(35,087)
Loss for the period discontinued operations	(1,586)	1,582			(1,586)	1,582
Loss for the period	(12,476)	(23,648)	(7,925)	(9,857)	(20,401)	(33,505)
Currency translation reserve	-	-	1,967	4,139	1,967	4,139
Total comprehensive income for the period	(12,476)	(23,648)	(5,958)	(5,718)	(18,434)	(29,366)
Minority interest	356	(711)	-	-	356	(711)
Total comprehensive income attributable to owners of the parent	(12,832)	(22,937)	(5,958)	(5,718)	(18,790)	(28,655)
Assets and liabilities						
Segment intangible assets:						
Intangible assets with indefinite useful lives	24,151	24,123	750	750	24,901	24,873
Intangible assets with finite useful lives	1,397	1,742	23	-	1,420	1,742
Financial assets - investments	-	-	107	276	107	276
Segment assets:						
Property, plant and equipment	97,116	166,242	11,857	8,255	108,973	174,497
Other segment assets (including cash)	43,421	59,559	(8,180)	(2,405)	35,241	57,154
Total segment assets - continuing operations	166,085	251,666	4,557	6,876	170,642	258,542
Assets classifed as held for sale	70,575	-	-	-	70,575	-
Total assets	236,660	251,666	4,557	6,876	241,217	258,542
Total segment liabilities - continuing operations	124,631	187,516	30,320	21,913	154,951	209,429
Liabilities associated with assets held for sale	55,565	-	-	-	55,565	-
Total liabilities	180,196	187,516	30,320	21,913	210,516	209,429
Net assets	56,464	64,150	(25,763)	(15,037)	30,701	49,113
Minority interest	7,361	8,295	-	-	7,361	8,295
Other segment items - continuing operations						
Capital expenditure	9,785	61,636	4,223	236	14,008	61,872
Depreciation and amortization	16,078	13,717	525	344	16,603	14,061
Impairment losses	4,722	1,935	-	-	4,722	1,935
Share based compensation	-	-	1,220	2,712	1,220	2,712

[1] Includes India development and non-operating entities

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

4. SEGMENTAL INFORMATION (cont'd)

Business segments

	Gaming		Hotel		Corporate non-allocated (1)		Total operations	
	2009	2008	2009	2008	2009	2008	2009	2008
Continuing operations								
Total revenue	104,159	105,008	17,580	5,587	312	508	122,051	111,103
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	26,795	36,107	376	(214)	(8,601)	(12,349)	18,570	23,544
Project development	(275)	(6,217)	(63)	(236)	(553)	(1,065)	(891)	(7,518)
Depreciation and amortization	(11,597)	(9,273)	(4,481)	(4,444)	(525)	(344)	(16,603)	(14,061)
Other gains and losses	(5,663)	(3,989)	(125)	-	(2,548)	(3,676)	(8,336)	(7,665)
Segments result	9,260	16,628	(4,293)	(4,894)	(12,227)	(17,434)	(7,260)	(5,700)
Foreign exchange gain / (loss)	383	(7,572)	4,089	(2,140)	(289)	(480)	4,182	(10,192)
Finance costs	(3,314)	(6,034)	(8,757)	(5,274)	(7,153)	(4,720)	(19,223)	(16,028)
Finance income	570	414	236	115	802	495	1,608	1,024
Management fees - intercompany charges	(8,693)	(16,960)	(35)	(88)	12,106	14,031	3,378	(3,017)
Profit / (loss) before taxation	(1,794)	(13,524)	(8,760)	(12,281)	(6,761)	(8,108)	(17,315)	(33,914)
Taxation	(756)	575	420	-	(1,164)	(1,749)	(1,500)	(1,173)
Loss for the period continued operation	(2,550)	(12,949)	(8,340)	(12,281)	(7,925)	(9,857)	(18,815)	(35,087)
Loss for the period discontinued operations	(1,586)	4,510	-	(2,928)			(1,586)	1,582
Loss for the period	(4,136)	(8,439)	(8,340)	(15,209)	(7,925)	(9,857)	(20,401)	(33,505)
Currency translation reserve	-	-	-	-	1,967	4,139	1,967	4,139
Total comprehensive income for the period	(4,136)	(8,439)	(8,340)	(15,209)	(5,958)	(5,718)	(18,434)	(29,366)
Minority interest	356	(711)	-	-	-	-	356	(711)
Total comprehensive income attributable to owners of the parent	(4,492)	(7,728)	(8,340)	(15,209)	(5,958)	(5,718)	(18,790)	(28,655)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	24,137	18,869	14	5,254	750	750	24,901	24,873
Intangible assets with finite useful lives	678	1,742	719	-	23	-	1,420	1,742
Financial assets - investments	-	-	-	-	107	276	107	276
Segment assets:								
Property, plant and equipment	53,267	106,627	43,849	59,615	11,857	8,255	108,973	174,497
Other segment assets (including cash)	29,648	56,154	13,773	3,405	(8,180)	(2,405)	35,241	57,154
Total segment assets - continuing operations	107,730	183,392	58,355	68,274	4,557	6,876	170,642	258,542
Assets classifed as held for sale	38,990	-	31,585	-	-	-	70,575	-
Total assets	146,720	183,392	89,940	68,274	4,557	6,876	241,217	258,542
Total segment liabilities - continuing operations	90,270	135,046	34,361	52,470	30,320	21,913	154,951	209,429
Liabilities associated with assets held for sale	26,840	-	28,725	-	-	-	55,565	-
Total liabilities	117,109	135,046	63,086	52,470	30,320	21,913	210,516	209,429
Net assets	29,611	48,346	26,854	15,804	(25,763)	(15,037)	30,701	49,113
Minority interest	7,361	8,295	-	-	-	-	7,361	8,295
Other segment items - continuing operations								
Capital expenditure	5,763	51,562	4,022	10,074	4,223	236	14,008	61,872
Depreciation and amortization	11,597	9,273	4,481	4,444	525	344	16,603	14,061
Impairment losses	4,722	1,935	-	-	-	-	4,722	1,935
Share based compensation	-	-	-	-	1,220	2,712	1,220	2,712

(1) Includes India development and non-operating entities

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

5. OTHER GAINS AND (LOSSES)

		2009		2008
Other gains and (losses)				
Share based compensation	$	(1,220)	$	(2,712)
Prospectus cost		(1,408)		(1,928)
Other write off of assets		(1,111)		-
Impairment of assets:				
Poland - Note 9		(1,426)		(336)
Guatemala - Note 9		(3,296)		(1,599)
Guatemala fire loss		-		(2,054)
Fair value adjustment for financial derivative contracts		125		964
Total	**$**	**(8,336)**	**$**	**(7,665)**

a. **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.

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

c. **Other write off of assets**
Certain trade receivables in Guatemala, Peru and Poland were determined to be uncollectable and a provision of $1,007,000 has been recorded. In addition, losses were recognized on dispositions, abandonments or obsolescence of property, plant and equipment totaling $104,000.

d. **Poland write-off**
The Group reviewed its location at the Casino Centrum in which the operation has not been performing up to expectation. During 2008, management assessed a $336,000 impairment loss related to all of the goodwill recorded in the acquisition of the operations. During 2009, management reduced the carrying value of operating assets for a $643,000 impairment loss at 30 June 2009 and, due to the continued underperformance of operations; management assessed another $783,000 impairment loss against the carrying value of the assets associated with the Casino Centrum location as of 31 December 2009, for a total 2009 impairment charge of $1,426,000.

e. **Guatemala write-off**
The Gran Plaza location was closed on 15 July 2009 due to underperformance of the facility, which resulted in an $89,000 loss after recoverable assets were sold. In 2008, the assets were written down by $1,599,000. Other assets were written off due to a fire in the Group's Gran Plaza facilities and non recoverable portion of insurance claims totaled $2,054,000.

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

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

e. Guatemala write-off (cont'd)

On 14 February 2009 the Coatepeque property was closed due to poor performance and management's decision to focus on the larger markets, which resulted in a $16,000 write-off.

As of 31 December 2009, management has assessed a $3,191,000 impairment loss for the 2 existing properties in Guatemala, Intercontinental and Mazatenango due to the underperformance of the operations. A further discussion is provided in Note 9.

f. 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 2009 (2008 – 173,471).

6. COMPENSATION OF KEY PERSONNEL

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

	2009	2008
Salaries and bonuses	$ 2,093	$ 2,265
Short-term benefits	322	140
Other long-term benefits	13	19
Share-based payments	1,220	1,989
	$ 3,648	$ 4,413

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

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

7. FINANCING COSTS AND REVENUES

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

	2009			2008		
Finance cost	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
Bank loans	$ 467	$ 1,343	$ 1,810	$ 1,800	$ 246	$ 2,046
Other loans	14,258	905	15,163	10,502	1,433	11,935
Related party loans	63	200	263	260	35	295
Finance charges payable under finance leases and hire purchase contracts	2,960	34	2,994	2,323	317	2,640
Amortization of borrowing costs	1,475	137	1,612	1,143	156	1,299
Total finance costs (on a historical cost basis)	**$ 19,223**	**$ 2,619**	**$ 21,842**	**$ 16,028**	**$ 2,187**	**$ 18,215**
Finance revenue						
Bank interest receivable	1,608	119	1,727	1,024	120	1,144
Total finance revenue (on a historical cost basis)	**$ 1,608**	**$ 119**	**$ 1,727**	**$ 1,024**	**$ 120**	**$ 1,144**

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

8. INCOME TAXES AND DEFERRED TAX LIABILITY

a) Tax charged in the statement of comprehensive income

	2009			2008		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Current Income Tax						
Foreign tax	$ 2,380	$ 805	$ 3,185	$ 3,332	$ 1,044	$ 4,376
Total current income tax	2,380	805	3,185	3,332	1,044	4,376
Deferred Tax						
Origination and reversal of temporary differences	(880)	226	(654)	(2,159)	-	(2,159)
Total deferred tax	(880)	226	(654)	(2,159)	-	(2,159)
Tax charged in the statement of comprehensive income	**$ 1,500**	**$ 1,031**	**$ 2,531**	**$ 1,173**	**$ 1,044**	**$ 2,217**
Taxes allocated to:						
Loss for the period	1,500	1,031	2,531	1,173	1,044	2,217
Other comprehensive income	-	-	-	-	-	-
Totals	**$ 1,500**	**$ 1,031**	**$ 2,531**	**$ 1,173**	**$ 1,044**	**$ 2,217**

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

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

b) Reconciliation of the total tax charge

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

	2009			2008		
	Continuing operations	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
Accounting loss before income tax	$ (17,315)	$ (555)	$ (17,870)	$ (33,914)	$ 2,626	$ (31,288)
Higher taxes on overseas earnings	1,500	1,031	2,531	1,173	1,044	2,217
Total tax expense reported in the statement of income	$ 1,500	$ 1,031	$ 2,531	$ 1,173	$ 1,044	$ 2,217
Deferred income tax assets:						
Non-capital loss carryforwards	$ 12,101	$ 53	12,154	$ 11,127	$ -	11,127
Total deferred tax assets	12,101	53	12,154	11,127	-	11,127
Valuation allowance	(8,083)		(8,083)	(8,345)		(8,345)
Deferred income tax assets, net of allowance	$ 4,018	$ 53	$ 4,071	$ 2,782	$ -	$ 2,782
Deferred income tax liabilities:						
Property and equipment - net book value in excess of unamortized capital cost	-	1,606	1,606	-	1,322	1,322
Other assets - net book value in excess of unamortized tax	1	452	453	-	502	502
Withholding tax on repatriation of retained earnings from foreign subsidiaries	210		210	216	-	216
Other	101		101	78	7	85
Total deferred tax liabilities	**$ 312**	**$ 2,058**	**$ 2,370**	**$ 294**	**$ 1,831**	**$ 2,125**

At 31 December 2009, the Group has United States income tax net operating losses of $24,543,000 (2008 - $23,773,000). These operating losses expire at various dates beginning in 2010 and ending in 2029. The potential income tax benefits related to United States loss carry forwards have not been reflected in the accounts as the Group does not anticipate future United States net income. The valuation allowance of $8,083,000 (2008 – 8,345,000) has been recorded to fully offset this deferred tax asset.

The Group has recorded a deferred tax asset for its Peruvian operation in the amount of $4,018,000 (2008 - $2,782,000), attributable to losses. The Peruvian losses will be offset against future net income.

	Statement of Financial Position 2009			**Assets Held for Sale** 2009		
	Deferred Tax Assets	**Deferred Tax Liabilities**	**Deferred Tax Total**	**Deferred Tax Assets**	**Deferred Tax Liabilities**	**Deferred Tax Total**
Balance at beginning of year	$ 2,782	$ (2,125)	$ 657	$ -	$ -	$ -
Transfer to assets held for sale - discontinued operations		1,831	1,831		(1,831)	(1,831)
Transfer to assets held for sale - other operations		0	0		0	0
Movement in statement of:						
Comprehensive income	886	(6)	880	0	-	0
Discontinued operations			0		(226)	(226)
Assets held for sale	0		0	52		52
Foreign exchange and other	350	(12)	338			0
Balance at end of year	**$ 4,018**	**$ (312)**	**$ 3,706**	**$ 52**	**$ (2,057)**	**$ (2,005)**

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

9. INTANGIBLE ASSETS

	2009				2008		
	Gaming licenses	**Goodwill**	**Others (Software and license)**	**Total**	**Gaming licenses**	**Goodwill**	**Total**
Cost							
Balance at beginning of year	$ 4,715	$ 25,209	$ -	$ 29,924	$ 2,259	$ 1,603	$ 3,862
Additions - Panama acquisition	-	-	-	-	2,356	11,658	14,014
Additions - Casino Centrum	-		-	-	-	336	336
Additions - Peru acquisition	-	50	-	50	100	-	100
Additions - Las Palmas Holding	-	1,269	-	1,269	-	-	-
Additions - Costa Rica KLN	-	843	-	843	-	-	-
Additions	-	-	2,174	2,174	-	11,612	11,612
Reclasification to assets held for sale	(3,239)	-	(91)	(3,330)	-	-	-
Balance at end of year	1,476	27,371	2,083	30,930	4,715	25,209	29,924
Accumulated amortization							
Balance at beginning of year	2,973	336	-	3,309	1,225	-	1,225
Additions - Panama acquisition	-	-	-	-	1,445	-	1,445
Additions - Peru acquisition	-	2,134	-	2,134	-	-	-
Additions	178	-	778	956	303	-	303
Impairment Casino Centrum	-	-	-	-		336	336
Reclasification to assets held for sale	(1,775)	-	(16)	(1,791)	-	-	-
Balance at end of year	1,376	2,470	762	4,608	2,973	336	3,309
Carrying amount							
At beginning of year	1,742	24,873	-	26,615	1,034	1,603	2,637
At end of period	**$ 100**	**$ 24,901**	**$ 1,320**	**$ 26,321**	**$ 1,742**	**$ 24,873**	**$ 26,615**

The gaming license consists of costs associated with the acquisition of gaming licenses in Panama which are amortized over the remaining term of the gaming license. The amortized balance of the Panama licenses is $1,464,000 as of 31 December 2009 (2008- $1,642,000). During December 2009 the Panamanian segment and four Peru hotels were declared as held for sale. Accordingly, their intangible assets totaling $1,539,000 are reclassified with all other assets held for sale (Note 12). The Peru license has an unamortized balance of $100,000 as of 31 December 2009 (2008- $100,000)

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%. The discount rate reflects management's estimate of the Group's pre-tax average cost of debt.

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

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

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

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

9. INTANGIBLE ASSETS (cont'd)

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

Sensitivity to changes in assumptions

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

- customer drop may be affected by a decrease in customers, a decrease in marketing spending, a change in technology, competition or regulatory change,
- net win margins may be affected by the results of sporting events, odds setting or by changed legislation to the gaming industry, 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 in 2008 and its investment in Nicaragua the goodwill of Nicaragua was reduced by $141,000 for Panama's share of the investment. The total goodwill recorded for Nicaragua is $1,387,000 as a result of both acquisitions as of 31 December 2009.

In Nicaragua, as of 31 December 2009, 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 $1,916,000 (2008 – $1,841,000).

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 $570,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Panama

The Group's Panama operation has been classified as a discontinued operation as a result of a definitive contract to sell the Group's interest in this operation which was signed on 15 March 2010.

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 63.63% (after August 2008 acquisition). 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

9. INTANGIBLE ASSETS (cont'd)

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 $11,685,000 as a result of both acquisitions.

In Panama, as of 31 December 2009, 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 $4,251,000.

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 $3,144,000 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 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 contributed contiguous, undeveloped lots in Daman comprising over 40,000 square meters that are appraised at approximately $6,500,000 and the Group contributed $9,000,000 in cash while the partner contributed $1,000,000 in cash over and above the value of the land. The joint venture is proportionally consolidated on the Group's consolidated financial statements and the Group recognizes $750,000 in goodwill for the joint venture.

In India, as of 31 December 2009, 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 $2,677,000.

Sensitivity to changes in assumptions

The value of the goodwill was generated from the value of the land, any decrease in the value of the land 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. As of 31 December 2009 the Group adjusted the goodwill to $4,276,000.

In Peru for the Sun Nippon and Interstate Gaming operations, as of 31 December 2009, 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 $2,112,000.

9. INTANGIBLE ASSETS (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 $2,453,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Poland

In Poland the Group reviewed its locations due to changes in taxes on casinos and determined that the recoverable amount of the assets is less than the carrying value of the assets and has assessed a $1,426,000 impairment loss as of 31 December 2009. For the six months ended 30 June 2009 management had assessed a $663,000 impairment loss, and the additional $763,000 was impaired during the fourth quarter of 2009.

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 $1,426,000.

In TGE, as of 31 December 2009, 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 $3,627,000 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 $2,424,000 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. During 2009 the Group purchased an additional 5% in Eastbay and recorded goodwill related to the purchase of $1,269,000. The total goodwill reported for Eastbay as of 31 December 2009 is $4,294,000.

In Eastbay, as of 31 December 2009, 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 $13,536,000 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 $5,794,000 each year, the value in use would equal the carrying value of the cash-generating unit.

9. INTANGIBLE ASSETS (cont'd)

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 $10,915,000 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 $9,015,000 each year, the value in use would equal the carrying value of the cash-generating unit.

Guatemala operations

At 31 December 2008 the Group reviewed its new video lottery operation at the Gran Plaza. The operation was not performing up to expectations; therefore management assessed a $1,599,000 impairment charge against the carrying value of the assets associated with the Gran Plaza video lottery location in 2008.

The Gran Plaza location was closed on 15 July 2009 and as of 30 June 2009 the Group further impaired the carrying value of the assets by $89,000 net of recoverable assets sold.

In Guatemala, as of 31 December 2009, management believes that the carrying value of the remaining Guatemala assets should be fully impaired, as the carrying amount of the assets exceeds the recoverable amount of the assets. Therefore, the assets were fully impaired by $3,191,000.

Impairment charges

Impairment charges are recorded as other gains and losses in the statement of comprehensive income. Additional information of recorded impairment charges is disclosed in Note 5, Other Gains and Losses, and Note 11, Property, Plant and Equipment.

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, 2009, 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.

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 proceeds from a newly negotiated lease agreement exceed the fair value of its investment.

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

10. INVESTMENTS IN ASSOCIATES (cont'd)

Name of associate	Principal Activities	Place of Incorporation and operation	Owner interest 2008	2009	2008
Eastbay Property and Development, Inc.	Owns and Leases Real Estate to East Bay Resorts, Inc.	Philippines	40%	$ 107	$ 276
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				$ 107	$ 276

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

	2009	2008
Total assets	$ 1,907	$ 2,034
Total liabilities	(318)	(304)
Net assets	1,589	1,730
Group's share of associates' net assets	$ 636	$ 692
Total revenue	$ 550	$ 553
Total (loss) for the period	(61)	(63)
Share of associates' loss for the period	$ (24)	$ (25)

	2009	2008
Beginning of year	$ 276	$ 1,187
Fees due/(to) from shareholders	251	(572)
Share of losses	(24)	(25)
Fees due to associates	(395)	(225)
Foreign exchange adjustments	-	(89)
Total	$ 107	$ 276

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

	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 to related parties	-	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
Impairment 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)
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11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Assets pledged as security

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

		2009		2008
Property	$	15,747	$	7,258
Gaming equipment		10,446		16,773
Trade receivables		-		478
Total	**$**	**26,193**	**$**	**24,509**

The carrying value of assets held under finance leases and hire purchase contracts at 2009 was $4,090,000 (2008 - $43,564,000). The significant change is due to reclassifying assets as held for sale in 2009 (Note 12).

We started construction on a resort project in the eastern suburbs of San Jose in 2006. This 22-acre "Tres Rios" facility was intended to be a 108-room resort hotel with a convention center, spa and a Fiesta-brand casino. As of 31 December 2009, we have invested approximately $14.0 million (of which our portion is $7.0 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. This development, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, has caused us to change plans with respect to this project. We have therefore minimized the amount we will invest in the hotel and will attempt to maximize third party investment. In addition, we will need to comply with the new gaming decree which causes the Tres Rios casino to have less than the number of slot machines and tables originally planned. Accordingly, we are considering other financing structures, including additional financial investors in the hotel. One such option being considered involves the construction of a 108 room hotel, with convention center and casino. While these options are being pursued however, the "on-site" construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in pursuing other options. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

We have also acquired land in the southwestern suburb of San Jose where we plan to build the Escazu project. As of 31 December 2009, we have invested approximately $3.9 million (of which our portion is $1.8 million). The land is subject to a lien securing a loan with Banco Nacional de Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are seeking to develop a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational.

We commenced our expansion project in Rizal, Philippines, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 120 new slot positions and 49 new table positions in addition to the current 453 slot machines and 207 table positions. The total investment is projected to be $13.2 million of which approximately $3.4 million has been spent as of 31 December 2009. Until additional funds are raised, there is no certainty that the expansion will be completed within the revised times.

We commenced the expansion of the existing casino at Poro Point, Philippines in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 65 new slot machines and 49 new table positions in

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

addition to the current 285 slot machines and 172 table positions, along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million, of which $1.3 million has been spent as of 31 December 2009. 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.

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

12. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the fourth quarter of 2009 management decided to sell their operations in Panama as well as 4 of our 6 hotel locations in Peru (the non-casino hotels). The decision was taken in line with the Group's strategy to pay off some debts and to improve the Group's statement of financial position. The Panama operations held for sale constitute one of our reporting segments and accordingly are now reported as a discontinued operation in these consolidated financial statements and as assets held for sale in our statement of financial position. The 4 hotels in Peru are shown as assets held for sale on the statement of financial position. However, the operating results of those hotels are still reported as continuing operations in our statement of comprehensive income (as they do not represent our entire reporting segment in Peru).

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

	2009	2008
Net gaming wins	$ 53,121	$ 56,609
Food, beverage and hospitality sales	3,962	4,131
Total revenue	57,083	60,740
Cost of goods sold	(19,814)	(19,933)
Gross profit	37,269	40,807
Other operating costs		
Operating, general and administrative	(25,644)	(29,211)
Depreciation and amortization	(8,289)	(6,903)
Other gains and losses	(1,391)	-
Operating profit	1,945	4,693
Financing		
Financing costs	(2,619)	(2,187)
Financing income	119	120
Finance costs, net	(2,500)	(2,067)
Loss before tax	(555)	2,626
Income taxes expense		
Current	(805)	(1,044)
Deferred	(226)	-
Taxation	(1,031)	(1,044)
Loss for the year from discontinued operations	$ (1,586)	$ 1,582

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

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

Most of the assets and all of the liabilities for these operations are to be disposed of in the contemplated transactions. The carrying amounts of assets and liabilities of the Panama operations and the 4 Peruvian hotels that are held for sale may be summarized as follows:

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

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

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

		2009
Operating activities		8,836
Investing activities		(3,965)
Financing activies		(6,077)
Cash flows from discontinued operations	$	(1,206)

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

13. PURCHASES AND ACQUISITIONS

Costa Rica (King Lion Network)

In February 2009, our Costa Rica joint venture entity acquired the interests of certain shareholders in King Lion Network, S.A., which owns our Tres Rios real estate, for approximately $1,204,000 and during December 2009 acquired 29% from its minority shareholders for the amount of $2,231,000, both acquisition incurred in additional cost of $282,000. Our Costa Rican joint venture entity now owns 100% of King Lion Network, S.A. Both acquisitions were financed primarily through loans payable to the selling shareholders (Note 18).

	Carrying amount and fair value
Current assets	$ 41
Property, plant and equipment	3,222
Total assets	3,263
Current liabilities	(969)
Long term debt	(1,279)
Total liabilities	(2,248)
Net asset	$ 1,015
Goodwill from acquisition	843
Net acquisition	**$ 1,858**

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

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

13. PURCHASES AND ACQUISITIONS (cont'd)

Philippines - Eastbay Resorts

In February 2009, a stock purchase agreement was entered into between Las Palmas Holding Corporation, a local Filipino group, and a minority shareholder of Eastbay Resorts Inc. to acquire 781 shares of stock representing 5.0% of all of the issued and outstanding shares or interest in Eastbay Resorts Inc. Once PAGCOR has approved the new ownership structure, the Group's revised management agreement will allow it to report 78% of the property's profits/losses.

	Carrying amount and fair value
Current assets	$ 131
Property, Plant and Equipment	318
Total assets	449
Current liabilities	(447)
Long term debt	(3)
Total liabilities	(450)
Net asset	$ (0)
Goodwill from acquisition	1,269
Net cash outflows for acquisition	**$ 1,269**

This investment and other cost associated have been recognized in the Group's consolidated financial statement in which the Group has recognized $1,269,000 as goodwill.

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

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

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Trade and other receivables (Non-current)	**2009**	**2008**
Severance funds for employees	$ 462	$ 1,959
Receivable from joint venture	705	1,440
Prepaid expenses	936	817
Cash bond to secure PAGCOR gaming license in Philipines	568	391
Deposits for rental, land and equipment	706	1,465
Recoverable value added tax	3,120	3,752
Related party receivables (Note 23)	828	259
Trade and other Receivables (non-Current)	$ 7,326	$ 10,083
Trade and other receivables (Current)	**2009**	**2008**
Trade and other receivables	$ 1,802	$ 3,714
Receivables from joint ventures	942	2,845
Prepaid expense	3,044	6,437
Value added tax and employee receivables	476	556
Deposits for rentals, land and equipment	517	1,492
Related party receivables (Note 23)	5,254	3,008
Trade and other receivables (current)	$ 12,035	$ 18,052

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 $1,362,000 (2008 - $369,000) has been recorded accordingly. An additional provision is classified within the assets held for sale in the amount of $1,600,000 (2008 - $484,000) and 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:

	2009	**2008**
Not more than 3 months	$ 1,406	$ 2,890
More than 3 months but not more than 6 months	396	824
Total	$ 1,802	$ 3,714

Receivables from joint ventures and related party receivables

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

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15. INVENTORIES

	2009	2008
Food and beverage supplies	$ 363	$ 619
Casino goods and promotional items	258	123
Hotel food service and room supplies	6	2,015
Uniform and operational supplies	183	1,062
Gaming machine parts	154	635
Total	$ 964	$ 4,454

Cost of goods sold within cost of sales was $3,618,000 for the year ended 31 December 2009 and $5,994,000 for the year ended 31 December 2008. There were no inventory write downs during either year.

16. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2009 and 31 December 2008:

	2009	2008
Cash at banks and on hand	$ 7,165	$ 15,073
Restricted cash	3,733	6,710
	$ 10,898	$ 21,783

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 $7,165,000 as of 31 December 2009 (2008 - $15,073,000).

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 $3,733,000 at 31 December 2009 (2008 - $6,710,000).

17. TRADE AND OTHER PAYABLES

	2009	2008
Trade payables	$ 7,003	$ 10,205
Other accrued liabilities	5,168	4,181
Total trade and other payables (current)	$ 12,171	$ 14,386

Terms and conditions of the above financial liabilities:

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

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18. BORROWINGS

Borrowings consist of loans payable detailed as follows:

	Schedule of principal repayments							
	2010	2011	2012	2013	2014	Thereafter	Issuance costs	**Total**
Interest Rate[1]:								
>15%	$ -	$ -	$ 1,932	$ 1,800	$ 3,752	$ -	$ 332	$ 7,152
13% to 14%	16,798	15,983	8,242	7,505	3,985	209	1,024	51,698
11% to 12%	6,551	4,322	2,038	316	113	-	194	13,146
<10%	4,285	4,415	3,712	5,272	2,759	29,903	1,091	49,255
Total principal repayments	**$ 27,634**	**$ 24,720**	**$ 15,924**	**$ 14,893**	**$ 10,609**	**$ 30,112**	**$ 2,641**	**$ 121,251**

1. Floating rate loans are calculated as of the effective rate on 31 December 2009

	2010	2011	2012	2013	2014	Thereafter	Issuance costs	**Total**
Country:								
Corporate	$ 7,463	$ 13,205	$ 7,037	$ 7,851	$ 4,472	$ 8,377	$ 1,148	$ 47,257
Costa Rica	3,352	3,120	1,968	1,192	549	2,458	163	12,476
Guatemala	3,478	284	145	-	-	-	27	3,880
Nicaragua	440	269	274	928	1	-	29	1,883
Philippines	7,081	5,740	3,810	2,431	1,722	687	490	20,981
Peru	5,602	1,669	263	1,200	-	18,590	469	26,855
Poland	218	433	495	491	113	-	31	1,719
India	-	-	1,932	800	3,752	-	284	6,200
Total principal repayments	**$ 27,634**	**$ 24,720**	**$ 15,924**	**$ 14,893**	**$ 10,609**	**$ 30,112**	**$ 2,641**	**$ 121,251**

	Borrowing summary	
	2009	**2008**
Total borrowing	$ 121,251	$ 142,035
Less current portion of borrowings	(26,795)	(29,443)
Borrowing non-current	**$ 94,456**	**$ 112,592**

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

18. BORROWINGS (cont'd)

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

	2010	2011	2012	2013	2014	Thereafter	Issuance costs	**Total**
Country:								
Corporate	$ 5,076	$ 5,787	$ 4,608	$ 4,782	$ 2,996	$ 8,377	$ 947	$ 30,679
Costa Rica	328	351	96	-	-	-	1	774
Guatemala	71	76	21	-	-	-	-	168
Philippines	553	592	161	-	-	-	35	1,271
Peru	1,435	6,399	2,151	3,069	1,476	-	165	14,365
Total principal repayments	**$ 7,463**	**$ 13,205**	**$ 7,037**	**$ 7,851**	**$ 4,472**	**$ 8,377**	**$ 1,148**	**$ 47,257**

During 2009, the Group has obtained borrowings detailed as follows:

	Additions	**Balance 2009**	**Collateral**	**Interest rate**	**Maturity date**
The Company:					
Loans with non-financial entities	1,242	1,242	Unsecured	12%	Jan-2012
Loans with non-financial entities	1,700	6,515	Gaming machines/Corp Guarantee	12%	Jun-2013
Costa Rica:					
Loans with non-financial entities	1,717	1,548	Unsecured	8%	Jan-2012
Peru:					
Loans with non-financial entities	300	300	Unsecured	10%	Mar-2011
Philippines:					
Loans with non-financial entities	2,539	2,476	Unsecured	8% through 14%	Sep-2014 and Feb-2017
India:					
Loans with non-financial entities	6,484	6,484	Mortgage Land, PPE	15%, IRR 22%	Dec-2011 through Sep-2014

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18. BORROWINGS (cont'd)

Additions summary

	Additions
Loans with non-financial entities	13,982
Total	13,982

Notes:

a) During the twelve months ended 31 December 2009, the Group negotiated deferment of principal with more than 25 private lenders who hold over 50 separate loans. $6.3 million of principal payments were deferred on approximately $24.0 million of aggregate principal amount of loans. These principal payments were deferred for 12 months from the date of deferral.

b) During the twelve months ended 31 December 2009, the Group obtained six month extensions for $4 million in debt that matured during July 2009 in the Peru hotel operation.

c) During the twelve months ended 31 December 2009, Daman Hospitality, Private Limited (DHPL) closed on convertible debt agreements ("FCD series A") in the amount of $5.4 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 a second mortgage on land, plant and equipment, and has an annual interest rate of 15%. The interest accrues for the first 12 months, the partial interest of 6% is paid over 6 months, and interest payments of 15% will begin in the 18th 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 DHPL at an aggregate 22% rate of return or convert to non-voting common stock, as of the 46th month anniversary of funding but prior to put expiration at month 78. The debt converts to stock automatically as of the 78th month.

d) During the twelve months ended 31 December 2009, Daman Hospitality, Private Limited (DHPL) closed on a convertible debt agreement ("FCD series B") in the amount of $7.5 million with one private lender for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The convertible debt is secured by a second mortgage on land, plant and equipment, and has an annual interest rate of 8%. Such interest will be paid on a semi-annual basis in arrears and will commence accruing on the 5th day of the 31st full month from the closing date. The Lender can exercise a put option to DHPL at an aggregate 22% rate of return or convert to non-voting common stock, as of the 52nd month anniversary of funding but prior to put expiration at month 84. The debt converts to stock automatically as of the 84th month. The borrower has a call option exercisable any time prior to the end of the post conversion period or 270 days following the conversion of the Investor's FCD's to equity shares.

e) During the twelve months ended 31 December 2009, Grupo Thunderbird de Costa Rica (GTCR) closed on financing agreements to purchase the remaining 50% interest of King Lion Network from third party investors for $3.4 million. The debt instruments bear 8% interest per annum, with principal and Interest periods between 36 and 42 months.

18. BORROWINGS (cont'd)

Notes:

f) During the twelve months ended 31 December 2009, Las Palmas Holding Corporation, a local Filipino group, closed on a $900 thousand financing agreement to purchase 781 shares or a 5% equity interest in East Bay Resorts, Inc. (ERI), our Rizal, Philippine operating company, from a third party investor. The debt instrument bears interest at 8% per annum, with principal and interest payments over 120 months.

g) During the twelve months ended 31 December 2009, Thunderbird Resorts, Inc. closed on a convertible debt agreement in the amount of $1 million with a private lender for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The convertible debt has a corporate guarantee, and bears interest at 15% per annum. The interest accrues for the first 12 months, the partial interest of 6% is paid over 6 months, and interest payments of 15% will begin in the 18th month after the Funding. The unpaid and underpaid interest during the first 18 months shall accrue and be paid from available cash flow after debt service of Senior Secured Loan Agreements, taxes and operational expenses. The Lender can exercise a put option to TRI at an aggregate 22% rate of return or convert to non-voting common stock, as of the 46th month anniversary of funding but prior to put expiration at month 78. The debt converts to stock automatically as of the 78th month.

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19. PROVISIONS

	Current 2009	Non-Current 2009	Current 2008	Non-Current 2008
Retirement benefits	$ 1,252	$ 1,230	$ 1,615	$ 2,407
Other	895		864	
Litigation provisions		1,796		1,796
	$ 2,147	**$ 3,026**	**$ 2,479**	**$ 4,203**

	Employee benefits	Litigation	Other	Total
Balance at 1 January 2008	2,483	1,796	700	4,979
Additional provisions recognized	5,131	-	864	5,995
Additional provisions from Panama acquisitions	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**
Additional provisions recognized	1,765	-	2,265	4,031
Additional provisions from Panama acquisitions	-	-	-	-
Reductions arising from payments/other sacrifices of future	-	-	-	-
economic benefits	(3,272)	-	(1,646)	(4,918)
Reductions resulting from re-measurements or settlement	-	-	-	-
without cost	(34)	-	(571)	(605)
Other	1	-	(18)	(18)
Balance at 31 December 2009	**$ 2,482**	**$ 1,796**	**$ 895**	**$ 5,173**

Employee benefits

Current employee benefits are paid time off for vacations and sick time earned but not yet used by the employee. Non-current employee benefits include severance pay, which is the cost associated with the severance packages described in Note 3.

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.

Retirement benefits

A provision is recognized for the expected liability arising under the defined benefits schemes that are required in the Philippines in the amount of $645,000. 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

19. PROVISIONS (cont'd)

Group operates in have various severance requirements as described in Note 3. The severance and defined benefit schemes are classified as long term. The short term employee benefits are primarily accrued vacation payable to employees. Further details of the defined benefit scheme are given in Note 20.

Litigation

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.

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

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20. RETIREMENT BENEFITS OBLIGATIONS

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

The amounts of retirement benefit obligation recognized in the statement of financial position are determined as follows:

	2009	2008
Present value of the obligation	$ 315	$ 186
Unrecognized actuarial losses	330	334
	$ 645	$ 520

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

	2009	2008
Balance at beginning of year	$ 192	$ 469
Actuarial (losses) /gains	-	(408)
Current service cost	95	79
Interest cost	22	52
Transfer	4	
Benefits paid	-	-
	$ 313	$ 192

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

	2009	2008
Current service cost	$ 95	$ 79
Interest costs	22	52
Net actuarial losses recognized during the year	(12)	1
	$ 105	$ 132

For determination of the pension liability in 2009, the following actuarial assumptions were used:

	2009	2008
Discount rates	11.38%	11.38%
Expected rate of salary increases	8.00%	8.00%

Assumptions regarding the future mortality are based on published statistics and mortality tables. The average remaining working life of employees before retirement at the age of 60 is 31.3 years for both males and females.

The current expected contribution during the year ended 31 December 2010 is $120,000. The actual contribution amount will vary as it is difficult to forecast the levels of employee hours due to possible typhoons and changing economic conditions.

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

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

	Number of shares		Amount
Authorized			
500,000,000 common shares without par value			
500,000,000 preferred shares without par value			
Issued			
Balance as at 31 December 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
Exercise of options	83,331		92
Shares cancelled	(6,666)		-
Balance as at 31 December 2009	19,729,746	$	99,357

Warrants

The following warrants were issued in connection with a financing in 2001:

	2009			2008		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of period	173,471	$	0.10	173,471	$	0.10
Exercised	-		-	-		-
Issued	-		-	-		-
Outstanding, end of period	**173,471**	**$**	**0.10**	**173,471**	**$**	**0.10**

The warrants set out above are classified under non-current liabilities as a derivative financial instrument in accordance with IAS 32 and 39. The fair value of the derivative financial instrument as of 31 December 2009 was $313,000 (2008 - $232,000).

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

21. SHARE CAPITAL AND RESERVES (cont'd)

Options

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

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

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

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

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

	Number of shares	Weighted average exercise price
Balance as at 31 December 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
Exercised	(83,331)	1.10
Cancelled	(86,162)	1.49
Balance as at 31 December 2009	664,650	$ 3.74
Number of options currently exercisable	490,246	$ 3.58

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

21. SHARE CAPITAL AND RESERVES (cont'd)

The following table summarizes information about the stock options outstanding at 31 December 2009:

Range of exercise prices	**Number outstanding**	**Weighted average remaining life**	**Weighted average exercise price**
$1.01 - $2.00	8,333	2.08 years	1.92
$2.01 - $3.00	258,996	2.08 years	2.10
$3.01 - $5.00	397,321	2.60 years	4.84
	664,650	**2.45 years**	**$ 3.34**

Stock-based compensation

Effective 7 November 2002, the Group recognizes compensation expense for stock granted in the consolidated statement of comprehensive income using the fair value based method of accounting for all shares issued on or after 7 November 2002. On 16 January 2008 500,000 stock grants were awarded to employees at $7.00 per share, the grants vest over a 3 year period, the total value of grants vesting during 2009 was $973,000 (2008 - $2,162,000).

The value of stock options vesting as of 31, December 2009 was $1,220,000 (2008 - $550,000). No stock options were granted during the 2009 year.

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)

21. SHARE CAPITAL AND RESERVES (cont'd)

Reserves

Translation reserve

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

Retained earnings

Retained earnings are the accumulated retained profits.

Other reserves

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

22. LOSS PER SHARE

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

	2009	2008
Weighted average shares used in computation of basic earnings per share (000's)	19,708	19,586
Total comprehensive income attributable to the owners of the parent	$ (20,757)	$ (32,794)
Basic and diluted loss per share (in $)	**(1.05)**	**(1.67)**

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

As a result of the loss for the year ended 31 December 2009 and the comparative period, the diluted loss per share is the same as the basic loss per share as the employee share options are anti-dilutive.

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

23. RELATED PARTY TRANSACTIONS

Included in trade and other receivables is $3,493,000 (2008 – $4,219,000) due from Thunderbird de Costa Rica S.A., and $222,000 (2008 - $66,000) due from Daman Hospitality Private Limited. These amounts represent the balances due in excess of the Group's proportionate share of the net assets included on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

Transactions with partners in operating entities

The Group and its partners receive dividends as well as management fees from the subsidiary operations. The management fees and dividends paid are eliminated upon consolidation. Amounts due to the Group's partners relate primarily to accrued but not yet paid management fees. Included in loans payable are loans from partners in the Group's operating entities. The loans outstanding, as also described in Note 18, are as follows:

	2009		2008	
	Amount due	**Interest paid**	**Amount due**	**Interest paid**
Country				
Panama	$ 1,536	$ 244	$ 2,031	$ 265
Philippines	943	100	1,257	71
Total	**$ 2,479**	**$ 344**	**$ 3,288**	**$ 336**

Included in trade and other receivables is $41,000 (2008 – $213,000) 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 $763,000 (2008 – $1,301,000) due from the Group partner in Costa Rica for the capitalization of the Group's King Lion entity that hold the Tres Rios property and amounts due for the purchase of non controlling interest in the Thunderbird Gran Entretenimiento entity, $1,539,000 (2008 - $825,000) due from the Group Philippines Poro Point partner for advances to be offset against future dividends, and $nil (2008 - $882,000) for the Group advances to its Polish partner for the capitalization of the Polish entities which was impaired as of 31 December 2009.

Included in liabilities are amounts due to the Group's partner in Costa Rica for $3,354,000 (2008 - $2,414,000) for its portion of management fees, which have been fully eliminated in the consolidated statement of comprehensive income. $3,698,000 (2008 - $1,926,000) is due to the Group's Panamanian partners for their portion of royalty fees and management fees paid by the Panama entity, and $936,000 (2008 - $1,007,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity. Additionally, in other liabilities is $Nil (2008- $66,000) due to a shareholder of the Nicaraguan operation for a loan used in the acquisition completed for Masaya as well as $34,000 (2008 - $nil) in regard to AGA Korean debt in Eastbay Resorts Inc. An offset amount of $Nil is to be collected from the Group's partner in its Philippines entity East Bay Resorts, Inc. (2008 - $709,000), for amounts paid of expenses associated with the securing of the gaming license for that facility.

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

Transactions with officers and Directors

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

A Director received compensation under a consulting agreement for 2009 in the amount of $78,000 (2008 - $78,000) and received commissions from the successful securitization of loans payable, in the amount of $Nil (2008 - $25,000). In addition, Directors have loaned various amounts to the Group. The outstanding loans are as follows:

		2009		2008	
	Country	**Amount due**	**Interest paid**	**Amount due**	**Interest paid**
Director	Corporate	$ 84	$ 5	$ 90	$ 8
Director	Philippines	-	-	7	4
Daughters of CEO	Philippines	92	13	100	7
Mother of Director	Philippines	29	3	61	11
Director	Philippines	26	3	54	10
Director	Philippines	9	2	39	8
Director	India	100	2	-	-
	Total	**$ 340**	**$ 28**	**$ 351**	**$ 48**

The Group has a receivable from The Fantasy Group, S.A. which is an unsecured promissory note dated 4 June 2003. The obligor under the note is The Fantasy Group, S.A., the president and principal of which were coordinating the Group's pre-2006 efforts to establish operations in Chile. The balance due as of 2009 is $24,000 (2008 - $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	2009 Salary [1]	2008 Salary [1]
Spouse	Executive Assistant	$ -	$ 5
Brother-in-law	Regional Counsel	97	66
Brother-in-law	General Manager	143	154
Brother-in-law	General Manager	94	82
Daughter	Assistant Analyst	85	83
Brother	Project Manager	114	100
Nephew	Director of global hotel iniciatives	32	-
Total		$ 565	$ 490

[1] Salary includes bonuses and other compensation

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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 2009, future minimum lease payments under finance leases and hire purchase contracts of the Group and the Group's share minimum payment of joint venture, net of asset held for sales, are as follows:

	Future commitments due			
	2009		2008	
Finance lease commitments	Commitment	Present value	Commitment	Present value
Not longer than 1 year	$ 1,560	$ 1,283	$ 6,328	$ 3,700
After one year but not more than five years	981	825	25,069	17,197
After five years	-	-	13,672	9,732
Sub total	2,541	2,108	45,069	30,629
Less deferred transaction costs	-	-	-	(383)
Present value of minimum lease payments	**$ 2,541**	**$ 2,108**	$ 45,069	$ 30,246
Obligations under leases and hire purchase contracts current		(1,283)		(3,625)
Obligations under leases and hire purchase contracts non-current		**$ 825**		**$ 26,621**

Assets held under finance leases and hire purchase contracts as of 31 December 2009 and 31 December 2008:

	2009		2008	
	Cost	Amortized cost	Cost	Amortized cost
Autos	$ 1,016	$ 596	$ 1,168	$ 717
Gaming machines	3,863	2,693	2,625	1,393
Building	-	-	34,511	32,304
Land	-	-	9,150	9,150
Other	906	800	-	-
Total	**$ 5,785**	**$ 4,089**	**$ 47,454**	**$ 43,564**

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

Obligations under operating leases

As at 31 December 2009, minimum operating lease payments of the Group were as follows:

		Future commitments due
Not longer than 1 year	$	9,271
After one year but not more than five years		42,302
After five years		46,064
Total	**$**	**97,637**

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 period ended 31 December 2009 was $5,280,000 (2008 - $4,623,000).

25. COMMITMENTS AND CONTINGENCIES

Government regulation

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

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

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

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

Other commitments and contingencies

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

a) 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 12.5% 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 $5,312,000 in 2009 (2008 $5,661,000).

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 (2008 - $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

25. COMMITMENTS AND CONTINGENCIES (cont'd)

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 (12% effective February 1, 2006) 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 Rizal casino and hotel operations for 2009 activity is approximately $2,700,000. However, it bears noting that BIR did not assess Rizal Casino for any VAT from its 2005 to 2008 tax audits and BIR has already issued a Tax Clearance to Rizal Casino covering these periods.

The Group's position on RA 9337 and the BIR ruling is based on the following:

i.) PAGCOR is relying on the recent Supreme Court ruling on The Commissioner of Internal Revenue versus Acesite Hotel Corporation (Acesite Case). 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 2009.

(Expressed in United States dollars)
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25. COMMITMENTS AND CONTINGENCIES (cont'd)

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

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

Phase	Required completion date		Investment amount	Expected timing of cash outflows					
					2008 Prior years		2009		2010 and after
1	October 2006	PHP	162,300,000	PHP	162,300,000	PHP	-	PHP	-
2	April 2008		216,400,000		216,400,000		-		-
3	July 2014		193,300,000		-		-		193,300,000
4	July 2016		1,928,000,000		-		-		1,928,000,000
5	July 2021		2,700,000,000		-		-		2,700,000,000
		PHP	5,200,000,000	PHP	378,700,000	PHP	-	PHP	4,821,300,000

The Group's agreements with PAGCOR and PPMC/BCDA requires the Group to make deposits amounting to PHP 5.2 billion ($100,000,000) with local bank acceptable to PAGCOR and PPMC/BCDA. The investment will be funded entirely from sources external to the Philippines. The Group is authorized to draw from such deposit for the construction costs and other fees for the development of the investment commitment. The investment amount shall be exhausted for each phase of the project.

As of 31 December 2009 the Group spent PHP 884 million toward the commitment, of which PHP523 million was approved and credited by PAGCOR, with the remainder subject to further submission of documents and review by PAGCOR.

(Expressed in United States dollars)
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25. COMMITMENTS AND CONTINGENCIES (cont'd)

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

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

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

Phase	Required completion date		Investment amount	Expected timing of cash outflows					
					2008 Prior years		2009		2010 and after
1	2006	PHP	448,933,333	PHP	448,933,333	PHP	-	PHP	-
	2010		524,066,666		357,567,129		-		166,499,537
	2011		480,666,667		-		-		480,666,667
2	2012		329,933,333		-		-		329,933,333
	2013		310,800,000						310,800,000
	2014		382,200,001						382,200,001
	2015		43,400,000		-		-		43,400,000
		PHP	2,520,000,000	PHP	806,500,462	PHP	-	PHP	1,713,499,538

As of 31 December 2009 the Group spent PHP 1,028 million toward the commitment, of which PHP807 million was approved and credited by PAGCOR, with the remainder subject to further submission of documents and review by PAGCOR.

25. COMMITMENTS AND CONTINGENCIES (cont'd)

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

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.

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 January 26, 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

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25. COMMITMENTS AND CONTINGENCIES (cont'd)

October of 2006, the Group received an assessment of approximately $880,000 for a tax penalty (including interest). The Group filed a notice of appeal and vigorously opposed 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. The Group settled its tax controversy case with the CRA in which certain adjustments were made to the 1999, 2001 and 2002 tax years whereby these adjustments impacted the Group's net operating loss carry forwards such that no tax was due upon final adjustments. The Group was successful in resolving 1999 in its favor as a result of an agreement by CRA that any adjustments in 1999 were barred by the statute of limitations. In addition, CRA conceded that the penalties CRA was pursuing against the Group were nullified.

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 April 5, 2006, the Santiago Court of Appeals unanimously ruled (3-0) in favour of Thunderbird's petitions against the Chilean Gaming Commission's resolutions that had excluded Thunderbird from the current casino bid process. The Court found that the Gaming Commission's resolutions were arbitrary and illegal. The Commission appealed the decision to the Supreme Court. The Supreme Court ruled against the Group and no further legal challenges are now pending. A lawsuit was filed against the Group's Chilean subsidiary Thunderbird Chile SA regarding the termination of the "Rancagua lease." The matter was concluded in August of 2008 as the court in Chile rendered a judgment against Thunderbird Chile S.A. as of August 4, 2008, in the amount of CHP $ 1.740.947.779 which as of the date of the judgment converted to $2,760,000. The Group is not expecting any material impact to its financials as a result of the judgment. The Group believes that the parties in Chile will not collect on the judgment as the Chilean subsidiary is insolvent and therefore there is no accrual in the consolidated financial statements related to this liability.

j) As at 31 December 2009, principal payments required under the terms of the loan agreements and their liabilities in each for the next five year are as follows:

Year ending 31 December:	
2010	$ 27,634
2011	24,720
2012	15,924
2013	14,893
2014	10,609
Threreafter	30,112
Subtotal	123,892
Less: Debt issuance costs	(2,641)
	$ 121,251

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

25. COMMITMENTS AND CONTINGENCIES (cont'd)

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

m) The Group could be subject to a future liability in India in connection with guaranteeing an obligation to fund put options issued with certain convertible debt instruments issued by DHPL (our Indian subsidiary). A further discussion of this debt instrument is found in Note 18. The potential obligation could be as high as $32,134,000 (1.5 billion Rupees) if DHPL does not have sufficient resources to fund their obligation. In addition, our Indian partner, KP Group, is jointly and severally liable for this obligation. Our current forecast models indicate that DHPL will generate sufficient operating profits to satisfy their direct obligations. However, we cannot guarantee the forecast results will be achieved.

n) The Group may be subject to certain tax liabilities in Panama in connection with an audit of operations in Panama for the tax years 2003 through 2009. An assessment for $3,761,059 was received in February 2010 that included $2,727,265 of tax, a 10% penalty of $272,727, and interest of $761,068. The Group believes substantially all of the assessment is without merit, and quickly filed an appeal that challenges the entire assessment. The primary issues are that the tax authorities assert a 30% tax is due on payments made to our U.S. affiliate, payments made for license of slot machine games, and payments made to certain directors for fees and expenses. The Group instead reported all of the subject payments and paid a 15% withholding tax, as is mandated on payment for services performed outside of Panama. The Group feels our original tax filings and payments were accurate and that they are supported by the facts. Accordingly, no liability has been accrued in the financial statements, but the possibility of a partial settlement payment still exists.

o) Panama's Director of Gaming (the "Director") issued a non-public "Directive" in late October ("the Directive") to the Group's Panama subsidiary, International Thunderbird Gaming (Panama) Corporation ("Fiesta-Panama"). This Directive claims that Fiesta-Panama's Board of Directors was not properly "certified". Additionally, the Director claims that Fiesta-Panama's operations sustained operating losses and alleged other incorrect statements relating to Fiesta-Panama and the Group's financial condition. As disclosed in the Group's Q3 2009 Interim Management Statement filed on 11 November 2009, our financial statements clearly set forth that these assertions are incorrect. Fiesta-Panama is and has been profitable and is current in its debt and vendor payments. In November, Fiesta-Panama presented a "constitutional warning" which is now before the Supreme Court of Panama challenging the constitutionality of the law relied upon by the Director. According to the laws of Panama, the "constitutional warning" requires the Directive to be held in abeyance pending review by the Supreme Court. Furthermore, the "constitutional warning" requires the Panama Gaming Control Board to "cease and desist" from taking any and all actions that they have attempted to undertake with respect to the Directive. The presently elected Board of Directors of Fiesta-Panama had submitted requests in a timely manner for certification from the Gaming Control Board. As of 25 November 2009, the Director inserted three appointed individuals as members of the Board of Directors of Fiesta-Panama, despite such action being in clear violation of Panama law as confirmed by our legal advisors. The "provisional" or "appointed Directors" and their authority are being disputed by the Group, but any such litigation may be moot if the sale of our Panama

25. COMMITMENTS AND CONTINGENCIES (cont'd)

interest is approved by the government and consummated.

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.

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.

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

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	
		2009	**2008**
Nominal amounts	**Country**		
Financial assets			
	Guatemala	$ 84	$ 220
	Costa Rica	678	1,898
	Nicaragua	538	66
	Philippines	2,079	1,808
	Peru	2,454	3,430
	Poland	-	185
Financial liabilitites			
	Guatemala	(8,041)	(5,417)
	Costa Rica	(11,645)	(8,421)
	Nicaragua	(915)	(1,255)
	Philippines	(44,835)	(12,660)
	Peru	(16,729)	(11,227)
	Poland	(952)	(598)
	Colombia	(171)	(123)
	India	(296)	(20)
Short term exposure		$ (77,751)	$ (32,114)
Financial liabilitites			
	Guatemala	(6,466)	(7,787)
	Costa Rica	(16,731)	(10,491)
	Nicaragua	(2,355)	(2,845)
	Philippines	(2,533)	(1,204)
	Peru	(37,511)	(62,241)
	Poland	(1,709)	(1,679)
	India	(6,484)	-
Long term exposure		$ (73,789)	$ (86,247)

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 2009 and 2008. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

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

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 on net income and equity:

	2009		2008	
Country	Percentage change	Net income for the year	Percentage change	Net income for the year
Guatemala	2.26%	$ (5,662)	3.14%	$ (5,473)
Nicaragua	0.00%	370	0.00%	(224)
Costa Rica	5.94%	(46)	8.13%	(178)
Philippines	6.10%	1,718	5.36%	(3,343)
Peru	8.07%	(3,719)	8.01%	(13,718)
Poland	0.00%	(726)	20.93%	(2,793)
India	12.05%	(607)	12.39%	(824)
Colombia	16.09%	(107)	131.41%	(653)
Total		$ (8,779)		$ (27,206)

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

	2009		2008	
Country	Percentage change	Net income for the year	Percentage change	Net income for the year
Guatemala	2.26%	$ 5,662	3.14%	$ 5,473
Nicaragua	0.00%	(370)	0.00%	224
Costa Rica	5.94%	46	8.13%	178
Philippines	6.10%	(1,718)	5.36%	3,343
Peru	8.07%	3,719	8.01%	13,718
Poland	0.00%	726	20.93%	2,793
India	12.05%	607	12.39%	824
Colombia	16.09%	107	131.41%	653
Total		$ 8,779		$ 27,206

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 2009, the Group is exposed to changes in market interest rates through some of its bank borrowings approximately $13,454,000.00 as of 31 December 2009 (2008 - $20,522,000), 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 +/-3.16% as of 31 December 2009 (2008 - +/-0.75%), with effect from the beginning of the year, would be an increase of $253,000 (2008 -$154,000) or a decrease of $253,000 (2008 - $154,000). 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.

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

27. FINANCIAL INSTRUMENT BY CATEGORY

	Loans and receivables	Assets at fair value through the profit and loss	Total
Group			
31 December 2009			
Assets as per statement of financial position			
Trade and other receivable	$ 19,361	$ -	$ 19,361
Other financial assets at fair value through profit and loss	-	964	964
Cash and cash equivalent	10,898	-	10,898
Total	$ 30,259	$ 964	$ 31,223

	Liabilities at fair value through the profit and loss	Other financial liabitilies	Total
Liabilities as per statement of financial position			
Borrowing	$ 123,359		$ 123,359
Derivate financial instruments		313	313
Total	$ 123,359	$ 313	$ 123,672

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

	Liabilities at fair value through the profit and loss	Other financial liabitilies	Total
Liabilities as per statement of financial position			
Borrowing	$ 172,279		$ 172,279
Derivate financial instruments		232	232
Total	$ 172,279	$ 232	$ 172,511

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

28. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

Credit risk analysis:

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

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

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 2009, 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	$ 21,598	$ 16,130	$ 87,973	$ 43,067
Finance lease obligations	1,087	473	981	-
Trade payables	12,171	-	-	-
Due to related parties	-	5,403	2,619	-
Derivatives	-	-	6,265	-
Total	$ 34,856	$ 22,006	$ 97,838	$ 43,067

The table set below shows the Group's liabilities maturities per year:

	2010	2011	2012	2013	2014	Thereafter	Total
Long-term bank loans	$ 37,728	$ 33,376	$ 22,131	$ 19,796	$ 12,670	$ 43,067	$ 168,768
Finance lease obligations	1,560	666	302	13	-	-	2,541
Trade payables	12,171	-	-	-	-	-	12,171
Due to related parties	5,403	2,619	-	-	-	-	8,022
Derivatives	-	-	746	340	5,179	-	6,265
Total	**$ 56,862**	**$ 36,661**	**$ 23,179**	**$ 20,149**	**$ 17,849**	**$ 43,067**	**$ 197,767**

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

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	$ 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

Fair value measurement methods:

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

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

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

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its leverage ratio. This ratio is calculated as net debt divided by EBITDA.

The leverage ratios at 31 December 2009 and 2008 were as follows:

	2009	2008
Total borrowings and finance lease obligations (note 17 and 23)	$ 126,000	$ 172,281
Less: Cash and cash equivalents	(10,898)	(21,783)
Less: Accrued interest	(1,774)	(1,033)
Less: unamortized debt issuance cost	(2,641)	(4,265)
Net Debt	110,687	145,200
Operating profit from continuing operations before other gain and loss items	4,454	3,553
Add: Depreciation and amortization	16,603	20,846
EBITDA	21,057	24,399
Leverage ratio	5.26	5.95

The decreased in the leverage ratio during 2009 resulted primarily from amounts reclassified as liabilities associated with non-current asset held for sale.

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. V. T. Hopland Joint Venture
d. Daman Hospitality Private Limited

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

	2009	2008
Current assets	983	3,024
Non current assets	26,568	18,851
Current liabilities	3,325	2,857
Non current liabilities	15,141	9,618
Revenue	7,430	9,622
Expenses	8,409	10,738
Net loss before taxes	(979)	(1,116)
Cash flows from operating activities	(732)	(1,904)
Cash flows from financing activities	6,587	11,192
Cash flows from investing activities	(4,705)	(9,005)

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

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 31 December 2009

Name of subsidiary	Jurisdiction of formation	Effective ownership interest
International Thunderbird Gaming (Panama) Corp.	Panama	64%
Thunderbird Entertainment, S.A,	Panama	100%
Thunderbird Gran Entretenimiento, S.A.	Costa Rica	51%
King Lion Network, S.A.	Costa Rica	50%
Sun Nippon Company, S.A.C.	Peru	100%
Interstate Gaming Del Peru S.A.	Peru	100%
Thunderbird Hoteles Las Americas S.A.	Peru	100%(1)
Thunderbird Fiesta Casino – Benavides, S.A	Peru	100%(1)
Thunderbird Frontier Realty	Philippines	100%
South American Entertainment Corp. II Ltd.	Philippines	100%
Thunderbird Poro Development Ventures Inc.	Philippines	100%
Eastbay Resorts Inc.	Philippines	65%(2)
Eastbay Property & Development Inc.	Philippines	40%
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	61%(3)
Diversiones Avanzadas, S.A.	Guatemala	100%
Inversiones ALA, S.A.	Guatemala	100%
Video Suerte S.A.	Guatemala	100%
Buena Esperanza Limitada S.A.	Nicaragua	54.60%
Eastbay Resorts Limited	British Virgin Islands	60%(2)
Thunderbird Poro Point Ltd.	British Virgin Islands	61%(3)
Camino Real (BVI) Investments Ltd.	British Virgin Islands	100%
International Thunderbird (BVI) Ltd.	British Virgin Islands	100%
International Thunderbird Brazil (BVI) Ltd.	British Virgin Islands	100%
Casino Centrum Sp.z.o.o	Poland	37.9%(4)

(1) The Group owns 100% of the equity interests in our Peru operating subsidiaries, but certain lenders to those subsidiaries have the right to receive 80% of the available cash flow and sales proceeds until principal and interest is repaid and 14% of the available cash flow and sales proceeds, thereafter, if any, generated by those subsidiaries. See “Operating and Financial Review - Peru Cash Flow Interest.”

(2) Third parties own a non-voting equity interest in this entity, which lowers our economic interest in this entity to 56%.

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

31. PRINCIPAL SUBSIDIARIES (cont'd)

(4) 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 Thunderbird will own 66.67%.

32. SUBSEQUENT EVENTS

India

DHPL construction financing. In February 2010, Daman Hospitality Private Limited ("DHPL") consummated a loan facility with a consortium of Indian banks for $27.0 million (based on current exchange rates) in senior secured financing that the Group and its Indian partner have guaranteed. The first draw of $9.0 million has already been funded. Construction and development of our 50% owned luxury resort in Daman, India is ongoing and we anticipate completing the project construction and opening for business in approximately Q3 2010.

Nicaragua

Carretera Masaya. In March of 2010, the company purchased the property which contains the corporate offices adjacent to our casino on Carretera Masaya. The current offices contain 1,150 square meters. The purchase price was $0.4 million of which our Nicaraguan affiliate financed $0.3 million through a loan facility from Banco America Central with a term of seven years and an interest rate of 10.5 percent.

Panama

Sale of Panama interests. Thunderbird announced in the first quarter of 2010, that it has entered into definitive agreements for the sale of its 63.63% stake in its six Panama casinos with Alta Cordillera, S.A. ("Alta"). Alta and Powelton Company, Inc., the latter with whom the Group signed and announced a letter of intent on February 2, 2010, are both affiliates of Codere, S.A. (a Spanish based gaming company which currently has gaming holdings in Panama). The sale is subject to certain conditions to closing, including the approval by a number of applicable government entities, including the Panama Gaming Control Board and the local anti-trust authority, and therefore, there can be no assurance of closing. If the conditions to closing are met, we anticipate the closing of the transaction will take place in the second quarter of 2010. The completion of the sale would provide the Group with an opportunity to repay certain Panamanian sourced debt and to improve the Group's statement of financial position.

Peru

Hotel Pardo sale. On 24 February 2010, the Group closed on the sale of the Thunderbird Hotel Pardo for approximately $8.4 million net sales proceeds ($9.0 million net of taxes and closing costs). Thunderbird Hotel Pardo has 64 rooms and is located in the busy district of Miraflores, just minutes from Lima's financial district. The Group entered into a one year hotel management agreement with the new owner of the Thunderbird Hotel Pardo, in conjunction with the sale transaction. The entire $8.4 million of net sale proceeds has been used to pay down secured Peruvian sourced debt ($6.8 million of principal and $1.6 million of interest and fees) related to the Thunderbird Hotel Pardo. This sale was at a $3.2 million profit for financial reporting purposes.

32. SUBSEQUENT EVENTS (cont'd)

Philippines

Rizal construction financing. On 16 April 2010, we received approval from the Board of Directors of Veterans Bank in the Philippines for a 5 year loan facility, approximating $5,834,000, which is secured by our real estate and other assets at our existing Rizal location. These monies are to fund the expansion of gaming and recreational facilities, which together with anticipated manufacturer financing on 120 new slot machines, should enable us to complete the Rizal expansion in Q4 2010.

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

Poland

Casino Centrum. Our two Polish casinos are now subject to the increasing tax levels in Poland (50 percent effective 1 January 2010). The increased tax rate, together with the relatively flat revenues in our facilities has caused the Group to no longer consider Poland strategic to our long term growth opportunities and has started in 2010 to seek a purchaser for its interests in our Poland facilities.

Other financing developments

Significant new financing developments have occurred in 2010 that are not discussed elsewhere.

Capital leases on equipment. Approximately $1.4 million of new capital leases have been entered into in 2010, primarily for new gaming machines in our Peru Casinos ($1.3 million) and also for new gaming machines and other equipment at our Rizal, Philippines location ($0.1 million).

Extended principal deferments. Agreements have been reached with various lenders to defer principal payments on $13.6 million of debt, primarily consisting of Machine Fund II, Peru debt obligations and corporate office lenders. Most of these agreements suspend principal payments for as many as 12 months with interest only payments. In addition, a new $1.0 million loan has been obtained from a private investor for general corporate purposes that carries interest only with a 5 year balloon.

CHAPTER 9 – INVESTOR RELATIONS, SHARES AND DIVIDENDS

The following table sets forth information regarding the beneficial ownership of our common shares as of 31 December 2009 by:

- each person or entity that we know is more than a 5 percent beneficial owner;
- each Director or executive officer who beneficially owns more than 1 percent equity interest; and
- all of our Directors and executive officers as a group.

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

Name of Beneficial Owner	Beneficial Ownership Number [(1)]	Percent
Jack Mitchell [(2)]	1,050,150	5.30%
Albert Atallah[(3)]	249,782	1.30%
Angel Sueiro[(4)]	94,999	*
Michael Fox[(5)]	178,332	*
Tino Monaldo[(6)]	166,750	*
Raul Sueiro[(7)]	117,499	*
Salomon Guggenheim[(8)]	219,864	1.10%
Reto Heierli	3,333	*
Joaquin Daly	3,333	*
Roberto de Ocampo	3,333	*
Douglas Vicari	3,333	*
All Directors and officers as a group	2,090,708	10.60%
FBR Capital Markets Corporation [(9)]	1,249,914	6.30%
Prism Partners[(10)]	1,000,000	5.10%
Wellington Management Compnay, LLP [(11)]	1,757,934	8.91%

(1) Includes restricted common shares granted under our 2007 equity incentive plan. See Chapter 12 "Management—2007 Equity Incentive Plan."
(2) 868,484 common shares are held by a private foundation, in trust for the benefit of Mr. Mitchell's wife and children, 123,999 common shares issuable upon exercise of vested options and 57,667 common shares issuable upon exercise of unvested options.
(3) 164,699 common shares, 63,050 common shares issuable upon exercise of vested options and 22,033 common shares issuable upon exercise of unvested options.
(4) 50,000 common shares, 28,665 common shares issuable upon exercise of vested options and 16,334 common shares issuable upon exercise of unvested options.
(5) In July 2009, Mr. Fox exercised 20,000 options. As of 31 Decemebr 31 2009, this included 120,000 common shares, 38,331common shares issuable upon exercise of vested options and 20,001 common shares issuable upon exercise of unvested options.
(6) Includes 101,667 common shares, 52,383 common shares issuable upon exercise of vested options and 12,700 common shares issuable upon exercise of unvested options.
(7) Includes 104,166 common shares, 9,333 common shares issuable upon exercise of vested options and 4,000 common shares issuable upon exercise of unvested options.
(8) Includes Mr. Guggenheim's former wife, 181,532 common shares, 26,331 common shares issuable upon exercise of vested options and 12,001 common shares issuable upon exercise of unvested options.
(9) FBR Capital Markets Corporation's address is 1001 Nineteenth Street North, Arlington, VA 22209.
(10) 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.
(11) 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. Its address is 75 State Street, 19th Floor, Boston, Massachusetts, 02109.
* Less than 1 percent.

CONFLICTS OF INTEREST

See "Related Party Transactions" below.

RELATED PARTY TRANSACTIONS

Related party transactions involving officers and Directors

Jack Mitchell (Director, CEO and President)

We employ Mr. Mitchell's brother, Bob Mitchell, as a project manager. We paid him total compensation of $114,075 through 31 December 2009, $100,476 in 2008, $78,000 in 2007 and $65,056 in 2006. Bob Mitchell is an at-will employee, who is employed under the same terms and conditions as our other employees.

We employ Mr. Mitchell's brother-in-law, Lorenzo Hincapie, as Regional Counsel. We paid Mr. Hincapie total compensation of $97,165 through 31 Decemeber 2009, $53,000 in 2008, $82,000 in 2007 and $58,162 in 2006. Mr. Hincapie is an at-will employee who is employed under the same terms and conditions as our other employees.

We employ Mr. Mitchell's brother-in-law, Ricardo Hincapie as General Manager and Legal Representative for our Peru operations. We paid Ricardo Hincapie $152,606 through 31 December 2009, $154,188 in 2008 and $39,375 in 2007. Mr. Hincapie is an at-will employee.

We employed Mr. Mitchell's brother-in-law, Juan Ramon Hincapie, as Director of Corporate Purchasing. We paid Juan Ramon Hincapie $94,245 through 31 December 2009, $82,035 in 2008 and $45,963 in 2007. Mr. Hincapie is an at-will employee and his employment ceased on 31 March 2010.

We employ Mr. Mitchell's daughter, Amy Mitchell, as a Measurement and Coordination Analyst. We paid her total compensation of $84,886 through 31 December 2009, $82,981 in 2008, $43,833 in 2007 and $5,076 in 2006. Ms. Mitchell is an at-will employee.

We employed Mr. Mitchell's nephew, Brett Zobell, as a Director of Global Hotel Intitiatives for our Peru operations. We paid Mr. Zobell $32,000 through 31 December 2009. Mr. Zobell's employment ceased as of December 2009.

Mr. Mitchell serves as a member of the Board of Directors of our Costa Rica, Nicaragua, Peru, India, Guatemala, Poland and Philippines entities. In such capacity, he received aggregate Director fees of $nil through 31 December 2009, $nil during 2008, $41,000 during 2007 and $50,000 for 2006.

Mr. Mitchell's daugthers have loaned funds to our projects. The outstanding balance of this loan was $93,058 as of 31 December 2009. The interest paid as a result of this loan was $12,648 through 31 December 2009.

Michael Fox (CFO)

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 Phillipines entities. In such capacity, he received aggregate Director fees of $nil through 31 December 2009, $nil during 2008, $19,000 during 2007, and $12,000 for 2006.

Tino Monaldo (Vice President—Corporate Development)

We paid Mr. Monaldo's company, Tino Monaldo Chtd., $52,000 plus $3,596 out of pocket expenses through 31 December 2009 and $52,000, plus travel expenses in 2008, 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 (Director, General Counsel and Vice President)

Mr. Atallah serves as an advisor to our Panama joint venture. In such capacity, he received aggregate advisor fees of $nil through 31 December 2009, $5,000 in 2008 and $11,000 for 2007.

Salomon Guggenheim (Director)

Mr. Guggenheim serves as an advisor to Thunderbird Resorts, Inc. In such capacity, he received aggregate advisor fees of $78,000 through 31 December 2009, $78,000 for 2008 and $78,000 for 2007. In addition, Mr. Guggenheim received fees for the successful securitization of loans payable, as such he received $130,000 in 2009 $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 $314,343 as of 31 Decemebr 2009, $307,000 in 2007 and $195,820 in 2008. The interest and dividends paid as a result of those loans was $26,520.33 through 31 December 2009, $30,117 in 2008 and $52,000 in 2007.

Jean Duval (ex-Director)

Mr. Duval has loan funds to our projects. The outstanding balance of the loans was $25,705 as of 31 December 2009 the interest and dividends paid as a result of the loan was $3,332 through December 2009, $26,718 and $19,593.

Except for the conflicts of interest described above, we are not aware of any conflicts of interest or potential conflicts of interest that exist with respect to the Group's other officers and Directors, including Messrs. Sueiro, Daly, de Ocampo, Vicari and Heierli.

Other Officers and Directors

Other than as described in this section, no conflicts of interest or potential conflicts of interest exist between their duties to Thunderbird and their private interest or other duties for the Group's other officers and Directors.

Other Related Party Transactions

For information regarding related party transactions with joint ventures and with partners in our operating entities, see Note 23 to our consolidated financial statements for the year ended 31 December 2009, incorporated herein by reference.

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 Company 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 Company changed its name to "Regal Gold Corporation." On 23 June 23 1994, the Company changed its name to "International Thunderbird Gaming Corporation." On 5 February 1999, the Company converted, by continuing its charter documents, from a British Columbia Canadian corporation to a Yukon Canadian corporation. On 12 July 2005, the Company changed its name to "Thunderbird Resorts Inc." On 6 October 2006 the Company moved its domicile and reincorporated (by continuing its charter documents) in the British Virgin Islands.

We comply with the British Virgin Islands corporate governance requirements. Pursuant to our Memorandum of Association, 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.

Our common shares are listed on Euronext Amsterdam under the symbol “TBIRD.”

Common Shares, Options and Warrants

As of 31 December 2009, we have approximately 19.7 million common shares outstanding, ISIN VGG885761061; each common share is fully paid. The number of outstanding common shares above excludes (i) approximately 1.0 million common shares issuable upon exercise of outstanding options and warrants, (ii) 0.9 million common shares available for future issuances under our previous equity incentive plans (with respect to which our Board of Directors has resolved not to issue any more securities), and (iii) approximately 1.0 million common shares available for future issuances under our 2007 equity incentive plan. As of 31 December 2009, we have existing options outstanding to purchase 664,650 shares and existing warrants outstanding to purchase 173,471 shares; the warrants have an exercise price of $0.10 The Thunderbird Resorts Inc. common shares do not have conversion features. However, a holder of an option or warrant who wants to exercise such option or warrant will notify the Company during the exercise period, pay the strike price, whereupon they will receive the applicable number of shares.

In the first quarter of 2010, 200,000 warrants exercisable into 200,000 additional shares of common stock were issued to two entities arising out of a $1 million interest only five year loan made to Thunderbird Resorts Inc. In April 2010, 100,000 of these warrants were exercised and as a result, Thunderbird Resorts Inc. issued 100,000 additional shares of common stock in exchange for $80,000. As of 29 April 2010, we have approximately $19.8 million common shares outstanding.

Set forth below is information (illustrating grant date, exercise price and expiration dates) for the outstanding Thunderbird Resorts Inc. stock options and as of 31 December 2009. Of the 174,404 total unvested options, 111,367 vest in 2010 and 63,037 vest in 2011.

Thunderbird Resorts Inc. Stock Options Outstanding as of 31 December 2009

	By Grant Dates		
Grant Date	**Unexercised**	**Unvested**	**Exerciseable**
8/17/2005	250,663	48,336	202,327
3/15/2006	8,333	-	8,333
1/17/2007	41,666	-	41,666
7/25/2007	363,988	126,068	237,920
Total	**664,650**	**174,404**	**490,246**
	By Exercise Price		
Exercise Price	**Unexercised**	**Unvested**	**Exerciseable**
$ 1.92	8,333	-	8,333
$ 2.10	250,663	48,336	202,327
$ 2.22	8,333	-	8,333
$ 3.30	33,333	-	33,333
$ 4.98	363,988	126,068	237,920
Total	**664,650**	**174,404**	**490,246**
	By Expiration Dates		
Expiration Date	**Unexercised**	**Unvested**	**Exerciseable**
1/17/2012	33,333	-	33,333
1/31/2012	267,329	48,336	218,993
7/25/2012	363,988	126,068	237,920
Total	**664,650**	**174,404**	**490,246**

Organizational documents

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 Canadian securities commissions will now allow the Group to file its audited financials for 2008 and thereafter pursuant to IFRS principles.

History of Share Capital

For a history of share capital, please see Note 13 to our financial statements for the year ended 31 December 2009, Note 21 to our financial statements for the year ended 31 December 2009, and Note 20 to our financial statements for the year ended 31 December 2008.

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

Memorandum of Association and Articles of Association

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

Under Clause Six of our Memorandum of Association, we may carry on or undertake any business or activity or do any act or enter into any transaction which is not prohibited by any laws of the British Virgin Islands. In addition to the provisions set forth under "Description of Securities," our Memorandum of Association and Articles of Association contain provisions to the following effect:

Meetings of Shareholders

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

Any meeting of our shareholders shall be called on no less than 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 Directors that we consider independent Directors. 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 U.S. jurisdictions, majority and controlling shareholders of a company generally have certain “fiduciary” responsibilities to its non-controlling shareholders. Corporate actions taken by majority and controlling shareholders which are patently unreasonable and materially detrimental to non-controlling shareholders may be declared null and void. Non-controlling shareholder protection under British Virgin Island law may not be as protective in all circumstances as the law protecting non-controlling shareholders in U.S. jurisdictions.

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

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

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

Anti-Takeover Effects of Provisions of British Virgin Islands Law and Our Governing Documents

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

Our Board of Directors have the power to take certain actions without shareholder approval, including an amendment of our Memorandum of Association or Articles of Association (with some exceptions, including amendments which restrict the rights or power of the shareholders to amend the Memorandum of Association or Articles of Association or any amendments to certain clauses in the Memorandum of Association) or an increase or reduction in our authorized capital, which would require shareholder approval under the laws of many U.S. jurisdictions. In addition, the Directors of a British Virgin Islands company, subject in certain cases to court approval but without shareholder approval, may, among other things, implement a reorganization, certain mergers or other consolidations with a subsidiary, the sale, transfer, exchange or disposition of any assets, property, part of the business, or securities of the company, or any combination (provided the assets do not represent more than 50 percent of the total assets of the company and the sale is not outside of the usual or ordinary course of the company’s business), if they determine it is in the best interests of the company.

The Board of Directors may, by a resolution of the Board of Directors, exercise all powers we may have to borrow money. The Board of Directors' ability to amend our Memorandum of Association and Articles of Association without shareholder approval could have the effect of delaying, deterring or preventing a change in our control without any further action by the shareholders, including a tender offer to purchase our common shares at a premium over then current market prices.

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

Our Articles of Association permit shareholders to remove Directors for cause by the affirmative vote of the holders of a majority of the voting power of the shares or without cause by the affirmative vote of the holders of 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

Prior to 1 July 2009, our common shares were listed on the CNSX (formerly the CNQ). Effective 1 July 2009 and thereafter, and at the request of the company, our shares have been delisted from the CNSX. Though delisted, we continue to be a "reporting issuer" subject to securities laws of British Columbia, Ontario and the Yukon territory due to the number of our existing Canadian shareholders. Among other things, those laws require any 10 percent holder of a reporting issuer to file reports disclosing that holder's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. If they acquire 10 percent or more of our outstanding common shares, they will be required to file an "insider report form" within 10 business days from the date their ownership exceeded 10 percent, and then within 10 business days after any trades or other changes in their holdings of common shares. They would also be required to issue a press release and file a report every time they acquire an additional 2 percent or more of our common shares.

If a person or entity acquires 20 percent or more of our outstanding common shares, it would be a "control person" of ours.

As such, it would be deemed to be not only are knowledgeable about our affairs, but to have the ability, by virtue of its significant equity position, to direct our affairs. Thereafter, any sale by that holder of common shares would be deemed under provincial law to be a distribution, requiring the filing of a prospectus and compliance with other securities disclosure laws.

In addition, if a person or entity acquires 20 percent or more of our common shares, it will be deemed under provincial securities laws to have made a "take-over bid" and, accordingly, unless it can obtain an exemption, that holder would be required to comply with detailed rules governing bids. 20 percent holders are also required to file insider reports within 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 has the right to veto the individual or entity from remaining an insider or control person if the individual or entity is deemed unsuitable to be involved in the Canadian public markets.

Additionally, as a "designated foreign issuer" under Canadian securities laws, our financial reporting requirements can be met by filing on SEDAR the same financial information we provide to and file with the Euronext Amsterdam. Since 1 January 2009, our financial information prepared under IFRS is sufficient to meet the requirements of Canadian securities laws.

Compulsory Transfer of Shares

Our Board of Directors has the ability under certain circumstances to force a transfer of common shares in the manner described below, provided, however, that such forced transfer (including any change to the Company's register of members) would occur at the direction of the Company without interference with the purchase, sale, or settlement of the Company'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 the DOL Plan Asset Regulations or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code and their ownership of the shares means that the investor is a Benefit Plan Investor as that term is defined by the U.S. DOL Plan Asset Regulations and the investor's interest is "significant" under those Regulations, or will result in a non-exempt "prohibited transaction" as defined in ERISA or section 4975 of the Code, the Board of Directors may serve written notice (a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 30 days (or such extended time as in all the circumstances the Board of Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of our Board of Directors, would not fall within paragraphs (a) or (b) above (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

If within 30 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board of Directors considers reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board of Directors, we may sell the Relevant Shares on behalf of the holder at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board of Directors may authorize in writing our officers or employees to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee. An instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of our costs of the sale, shall be received by us, and receipt shall be a good discharge for the purchase moneys, and shall belong to us and, upon their receipt, we shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to us. We are deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and we are not required to account for money earned on it. The amount may be employed in our business or as we think fit. We may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

A person who becomes aware that he falls within any of paragraphs (a) or (b) above shall forthwith, unless he has already received a Transfer Notice either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

Subject to the provisions of our Articles of Association, our Board of Directors will, unless any Director has reason to believe otherwise, be entitled to assume without inquiry that none of the shares are held in such a way as to entitle the Board of Directors to serve a Transfer Notice in respect thereof. The Board of Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 30 calendar days after service of the notice requiring the same) as may be specified by the Board of Directors in the said notice, the Board of Directors may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

The Board of Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the Board of Director's powers with respect to the compulsory transfer of shares may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board of Directors at the relevant date provided that the said powers have been exercised in good faith.

Yearly and Half-Yearly Information

As a result of the implementation of the EU Directive 2004/109 of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Transparency Directive"), the Group is required to make its annual financial report available to the public ultimately four months after the end of each financial year. The annual financial information consists of the audited annual accounts, the annual report, a description of the main risks and uncertainties facing the Group and a statement by persons within the Group designated by the latter as the "responsible persons," indicating (i) that the annual accounts give a fair view of the assets and financial position of the Group and, in the case of consolidated accounts, of the enterprises included in the consolidation, and (ii) that the annual report gives a fair view of the Group's condition on the balance sheet date, the development of the Group and its affiliated companies during the previous financial year and all material risks to which the Group is exposed. All Directors and executive officers must sign the annual report and the financial statements.

The Group must publish its half-yearly information within two months after the end of the first six months of its financial year. Both the annual and half-yearly financial information must be filed with the AFM and Euronext Amsterdam and must remain publicly available for at least five years.

Interim management statements

The Group has to publish an interim management statement in both the first and second half of its financial year at least ten weeks after the start, and no more than six weeks before the end, of the relevant half-year period or alternatively has to publish quarterly financial statements. It should include (i) an explanation of material events, transactions and controlled undertakings; (ii) the consequences thereof for the Group's financial position; and (iii) a general description of the Group's financial position and performance.

Annual document

We are required under Article 5:25f of the Financial Supervision Act to disclose annually a document including or referring to the information we disclosed in the 12 months preceding the publication of our annual report pursuant to (i) the relevant European directives as implemented in Dutch financial and company law and (ii) the public securities laws of other countries in the preceding 12 months.

Dutch Takeover Act

On 28 October 2007, the Dutch Act implementing the European Directive 2004/25/EC of April 2004 relating to public takeover bids (the "Dutch Takeover Act") and the rules promulgated thereunder came into force. The provisions of the Dutch Takeover Act are included in the Financial Supervision Act and the rules promulgated thereunder are applicable to us. In general, under these takeover provisions, we cannot launch a public offer for securities that are admitted to trading on a regulated market, such as our shares unless an offer document has been approved by the AFM and has subsequently been published. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the holders of our securities, that the holders of our securities will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. The provisions in the Dutch Takeover Act regarding mandatory takeover bids will not be applicable to us.

Market Abuse Regime

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

We make public price-sensitive information. 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 the Prospectus. Further, 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: (i) Directors, (ii) persons who have a managerial position with us and in that capacity are authorized to make decisions which have consequences for our future development and prospects and can have access to inside information on a regular basis, (iii) spouses, registered partners or life partners of the persons mentioned under (i) and (ii), or other persons who live together with these persons as if they were married or as if they had registered their partnership, (iv) children of the persons mentioned under (i) and (ii) who fall under their authority or children who are placed under the guardianship (*curatele*) of these persons, (v) other relations by blood or marriage of the persons mentioned under (i) and (ii) who, on the date of the transaction, have shared a household with these persons for at least one year, and (vi) legal entities, trusts within the meaning of Article 1(c) of the Dutch Act on the Supervision of Trust Offices (*Wet toezicht trustkantoren*) (the "Act on the Supervision of Trust Offices"), or partnerships: (a) the managerial responsibility for which lies with a person as referred to under (i) to (v), (b) which are controlled by such a person, (c) which have been incorporated or set up for the benefit of such a person, or (d) whose economic interests are in essence the same as those of such a person.

This notification must be made no later than the 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 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 from 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., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

Paying agent

Our paying agent is ING Bank, N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are incorporated under the laws of the British Virgin Islands. Certain 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 2008, 2007, and 2006 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.

As of 31 December 2009, we have existing options and warrants outstanding to purchase 838,121 shares which includes 664,650 options plus 173,471 warrants. The potential issuance of additional common shares on exercise of these options and warrants could make us a less attractive investment. This is because exercise of the options and warrants will increase the number of our issued and outstanding common shares and reduce the value of our existing shares. If and to the extent these options and warrants are exercised, shareholders will experience dilution to their holdings.

In the first quarter of 2010, 200,000 warrants exercisable into 200,000 additional shares of common stock were issued to two entities arising out of a $1 million interest only five year loan made to Thunderbird Resorts Inc. In April 2010, 100,000 of these warrants were exercised and as a result, Thunderbird Resorts Inc. issued 100,000 additional shares of common stock in exchange for $80,000. As of 29 April 2010, we have approximately $19.8 million common shares outstanding.

We do not anticipate paying any dividends on our common shares in the foreseeable future.

We do not expect to declare or pay any cash or other dividends in the foreseeable future on our common shares, as we intend to use cash flow generated by operations to 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 19.7 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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Roberto F. de Ocampo, Manila, Philippines
Reto Heireli, Zurich, Switzerland

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Jack R. Mitchell, President & CEO
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
Icaza, Gonzales-Ruiz & Aleman (BVI) Trust Limited
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AUDITOR
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Chalvey Road East
Slough SL1 2LS
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TRANSFER AGENT
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CAPITALIZATION
Common shares issued: 19,829,746
(as of 30 April 2010)

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

WEBSITE
www.thunderbirdresorts.com