Thunderbird Resorts Inc.

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

Introduction and admission to listing and trading of the common shares on Euronext Amsterdam

Thunderbird Resorts Inc. is a British Virgin Islands corporation that is an international provider of branded casino and hospitality services, focused mainly on markets in Central America, South America, southeast Asia, India, and eastern Europe. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our employees and our shareholders. We seek to achieve this by offering dynamic, themed and integrated resort venues, typically anchored by full-service casinos. We currently have 34 operating gaming facilities, two slot machine routes, nine hotels and one nine-hole golf course, including seven gaming facilities (two in Poland, five in Peru) acquired in the third quarter of 2008. We have over 23,500 square meters of gaming space worldwide and we have approximately 760 hotel rooms in Peru, Costa Rica and the Philippines. In addition, we are developing additional facilities and are expanding existing facilities in Panama, Costa Rica, the Philippines, Peru, Nicaragua, Guatemala, Poland and India. We are applying for admission to listing and trading on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam"), the regulated market of Euronext Amsterdam N.V. ("Euronext"), for all of our existing common shares under the symbol TBIRD. In the future, we expect to apply for admission to listing and trading on Euronext Amsterdam for our common shares to be issued upon the exercise of existing options and warrants, when such common shares are issued. Trading of our common shares is expected to commence on or about 27 October 2008.

This prospectus is not published in connection with, nor does it constitute, an offer of securities by us or on our behalf.

Our existing common shares are traded on the CNQ stock exchange under the symbol TBI.U, on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR, and through The PORTAL^{SM} Market ("PORTAL"), a subsidiary of The Nasdaq Stock Market, Inc., under the symbol THBDL. Upon admission to listing and trading of our common shares on Euronext Amsterdam, our common shares may no longer be traded through PORTAL.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any restrictions.

This prospectus has been approved by the Netherlands Authority for the Financial Markets (the "AFM"), which is the Dutch competent authority for the purpose of implementing relevant measures under Directive 2003/71/EC (the "Prospectus Directive") in the Netherlands.

Listing Agent

FRIEDMAN BILLINGS RAMSEY

The date of this prospectus is 15 October 2008.

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SUMMARY

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN OUR SECURITIES SHOULD BE BASED ONLY ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE, INCLUDING THE RISK FACTORS AND THE FINANCIAL INFORMATION. YOU SHOULD READ THIS ENTIRE PROSPECTUS CAREFULLY. THIS SUMMARY ONLY HIGHLIGHTS THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS. AS THIS IS A SUMMARY, IT DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER IN MAKING AN INVESTMENT DECISION.

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

References to "Thunderbird", "the Company", "we," "us" or "our" refer to Thunderbird Resorts Inc. and, as applicable, its subsidiaries. All references in this prospectus to (1) number of common shares, earnings per common share or common share price are for Thunderbird Resorts Inc. and give effect to the one-for-three reverse split of our common shares that took place in November of 2007 and (2) "dollars" or "$" are to the lawful currency of the United States of America. Unless otherwise indicated, the financial statements for periods prior to 2007 included in this prospectus do not give effect to the reverse stock split.

This section constitutes the summary of the prospectus pursuant to article 5:14 of the Netherlands Financial Supervision Act (Wet op het financieel toezicht) (the "Financial Supervision Act"). This section consists of a summary of the business of the Company, a summary of the financial data and a summary of the risk factors.

Overview

We are an international provider of branded casino and hospitality services, focused mainly on markets in Central America, South America, southeast Asia, India and eastern Europe. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our employees and our shareholders. We seek to achieve this by offering dynamic, themed and integrated resort venues, typically anchored by full-service casinos. We currently have 34 operating gaming facilities, two slot machine routes, nine hotels and one nine-hole golf course, including seven gaming facilities (two in Poland, five in Peru) acquired in the third quarter of 2008. We have over 23,500 square meters of gaming space worldwide and we have approximately 760 hotel rooms in Peru, Costa Rica and the Philippines. In addition, we are developing additional facilities and are expanding existing facilities in Panama, Costa Rica, the Philippines, Peru, Nicaragua, Guatemala, Poland and India.

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

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

Our Objective and Business Strategies

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

- **Be a First Mover in New Mid-Sized Markets.** We search for opportunities to acquire, construct, expand or improve casinos that can provide the first truly major market-style experience or casino-anchored recreational venue in each new market or region we evaluate for expansion.

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

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

- **Implement Technology-Based Infrastructure and Controls.** We operate our gaming facilities using consistent controls and procedures standards, and use interlinked communication and monitoring systems to allow real-time monitoring of operations. This allows us to market our facilities, and manage our people and assets, more effectively.

- **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.

- **Acquire the Underlying Real Estate and Facilities, Where Strategic.** In the future, where strategically and economically feasible, we may own not only our casino facilities, but the surrounding hospitality and entertainment facilities and the underlying land. When we do so, we may own these properties outright or with our local partners.

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.

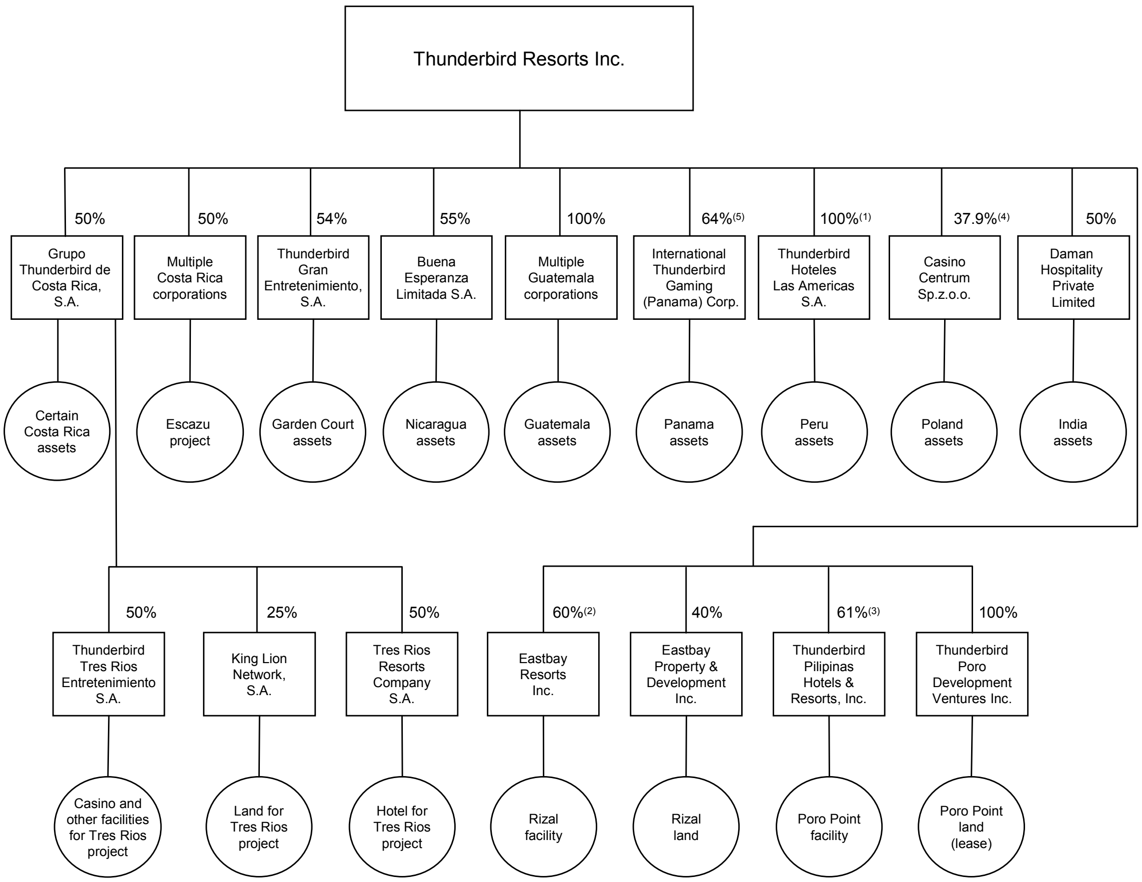
- **Fully-Integrated Project Development, Completion and Operation Teams.** Our operations encompass not only property operation and management, but also project sourcing and analysis and design, architecture and construction management. We feel that our expertise and experience in these areas allow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

Our Corporate Information

Our headquarters and principal executive offices are located at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama. Our telephone number is (507)-223-1234. Our website is www.thunderbirdresorts.com. Except as expressly stated herein with respect to certain Canadian GAAP financial statements, information on our website should not be considered a part of, or incorporated into, this prospectus.

Our Structure

We are a British Virgin Islands corporation and hold our investments and conduct our operations through our subsidiaries and other entities in which we own equity interests. The following is a chart of our organizational structure, including our effective record ownership structure as of 15 September 2008:



(1) We own 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 reduces our economic interest in that entity to 51%.

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

(4) We own our interests in Casino Centrum Sp.z.o.o. though two Cyprus subsidiaries and along with our local partner own 71.26% of all of the shares Casino Centrum Sp.z.o.o.

(5) We have entered into a stock purchase agreement to acquire an additional 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corp. from minority selling shareholders. The closing is contingent on the Company receiving approval from the Panama regulatory authorities. Assuming the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation.

Summary Historical Consolidated Financial Data

The following table sets forth summary consolidated historical financial information that has been derived from our (a) audited statements of income and cash flows for the year ended 31 December 2007 and balance sheet as of 31 December 2007, and (b) unaudited statements of income and cash flows for each of the six month periods ended 30 June 2007 and 2008 and our unaudited balance sheets as of 30 June 2007 and 2008, each presented in accordance with International Financial Reporting Standards (IFRS). The financial statements described in (a) and (b) are included elsewhere in this prospectus.

The following table also sets forth (1) the pro forma unaudited income statement and balance sheet information for the year ended 31 December 2007 giving effect to, under the heading "Pro Forma Year Ended 31 December 2007," (x) the Hoteles Las Americas properties acquisition and the associated financing and (y) the acquisition of shares in our Panama operation from certain selling shareholders which gave the Company an approximately 61% (as of 30 June 2008) controlling interest in the Panamanian operations and allows the Company to consolidate the Panama entity. The acquisitions described above represent significant acquisitions for the Company and we believe a pro forma presentation provides additional information which may be useful in assessing our business.

You should read this financial information in conjunction with "Operating and Financial Review," as well as our historical financial information which is included in this prospectus. Prior to the year ended 31 December 2006, we reported our consolidated financial results in accordance with accounting principles generally accepted in Canada, or Canadian GAAP.

(In thousands, except per share data)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	Year Ended 31 December 2007	Pro Forma Year Ended 31 December 2007
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Income statement data:				
Net gaming wins	$ 67,732	$ 40,600	$ 88,193	$ 114,616
Food, beverage and hospitality sales	12,896	2,236	11,582	21,233
Net gaming wins and sales	79,628	42,836	99,775	135,849
Cost of goods sold	28,782	15,758	36,885	53,488
Gross profit	50,846	27,078	62,890	82,361
Other operating costs (income)				
General and administrative	35,586	16,743	35,906	46,892
Project development	3,590	541	2,482	2,482
Depreciation and amortization	8,941	3,452	10,244	14,855
Other gains and losses(1)	944	1,905	5,387	5,006
Share of profits of associates	-	-	190	190
Operating profit	1,785	4,437	8,681	12,936
Financing				
Financing (costs)	(7,652)	(3,458)	(10,458)	(14,974)
Financing income	892	85	464	493
Profit/(loss) before tax	(4,975)	1,064	(1,313)	(1,545)
Income taxes expense	1,979	1,501	2,913	3,644
Profit (loss) for the period	$ (6,954)	$ (437)	$ (4,226)	$ (5,189)
Attributable to:				
Equity holders of the parent	(8,048)	(1,286)	(6,508)	(9,202)
Minority interest	1,094	849	2,282	4,013
Basic income (loss) per share	(0.41)	(0.15)	(0.66)	(0.93)
Diluted income (loss) per share(2)	(0.41)	(0.15)	(0.66)	(0.93)
Basic shares outstanding	19,532	8,496	9,929	9,929
Diluted shares outstanding	19,981	9,146	10,184	10,184

(1) The amounts included in "Other gains and losses" include provisions for litigation, adjustments in fair value of financial derivative instruments, reserves for certain 2007 management bonuses, gains from asset sales, and write offs or reserves on assets.
(2) Dilutive effects are not shown for a period when there is a loss for that period.

(In thousands)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	Year Ended 31 December 2007	Pro Forma Year Ended 31 December 2007
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Other financial data:				
Net cash generated by operating activities	$ (5,637)	$ 5,513	$ 14,810	—
Net cash used in investing activities	(59,839)	(11,572)	(81,598)	—
Net cash provided by financing activities	35,357	7,631	133,474	—
Adjusted EBITDA(1)	18,886	9,860	22,763	31,248
Property EBITDA(2)	24,892	12,303	28,692	37,447

(In thousands)				
Balance sheet data:				
Cash and cash equivalents	47,073	12,127	76,901	66,537
Total assets	264,178	81,189	215,300	230,236
Total liabilities	189,698	77,109	135,471	149,804
Total equity	74,480	4,080	79,829	80,432

(1) 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 prospectus may not be comparable to similarly-titled measures presented by other companies.

(2) Property EBITDA consists of income from operations before depreciation and amortization, write-downs, reserves and recoveries, project development 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 prospectus may not be comparable to similarly-titled measures presented by other companies.

The following table provides a reconciliation of net income to EBITDA, Property EBITDA and to Adjusted EBITDA:

(In thousands)	Six Months Ended 30 June 2008 (Unaudited)	Six Months Ended 30 June 2007 (Unaudited)	Year Ended 31 December 2007 (Audited)	Pro Forma Year Ended 31 December 2007 (Unaudited)
Profit/(loss) for the period	$ (6,954)	$ (437)	$ (4,226)	(5,189)
Income tax expense	1,979	1,501	2,913	3,644
Net interest expense	6,760	3,373	9,994	14,481
Depreciation and amortization	8,941	3,452	10,244	14,855
EBITDA	$ 10,726	$ 7,889	$ 18,925	27,791
Exceptional items	944	1,612	5,387	5,006
Project development	3,590	541	2,482	2,482
Stock compensation	1,367	23	1,034	1,034
Other items	-	44	190	190
Foreign exchange	2,259	(249)	(5,255)	(5,255)
Corporate and other	6,006	2,443	6,199	6,199
Property EBITDA	$ 24,892	$ 12,303	$ 28,962	37,447
Corporate and Other	(6,006)	(2,443)	(6,199)	(6,199)
Adjusted EBITDA	$ 18,886	$ 9,860	$ 22,763	31,248

Summary of Risk Factors

Prospective investors in our Company 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 gaming and hospitality businesses are subject to significant risks.
- The development and construction of hotels, casinos and other gaming and entertainment venues, and the expansion of existing properties, are susceptible to delays, cost overruns and other uncertainties, any of which could have an adverse effect on our business, financial condition and results of operations.
- Future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.
- Our cash flow from operations and available credit may not be sufficient to meet our planned capital requirements and, as a result, we could be dependent upon future financing, which may not be available on acceptable terms or at all.
- Our business is international; accordingly, it is subject to political and economic risks.
- We are subject to extensive governmental regulation.
- The gaming industry is sensitive to declines in the public acceptance of gaming. Public opinion can negatively affect the gaming industry and our future performance.
- Certain holders of our common shares are subject to certain requirements of the gaming laws of some jurisdictions in which we are licensed.
- If we default under certain license agreements, we could forfeit our pledged equity interest in certain subsidiaries.
- Many of our properties are owned together with local investors.
- We may not be able to find acceptable local partners, or enter into acceptable arrangements with local partners, which could limit our ability to expand into new markets.

- Conflicts could arise between us and our local partners.
- We depend on the continued services of key managers and employees; accordingly, if we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.
- We may be subject to certain tax liabilities in connection with our Philippine casinos.
- We may be from time to time subject to litigation which, if adversely determined, could cause us to incur substantial losses.
- Our properties are subject to risks relating to acts of God (such as natural disasters), terrorist activity and war. Some damages arising from these risks may be uninsured or underinsured. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.
- We may have difficulties managing our worldwide operations.
- We rely on technology that may not be secure and may become outdated.
- Customer demand could be adversely affected by changes in customer preferences.
- We may experience losses due to fraudulent activities.
- We may not effectively promote our brands.
- We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.
- Our ownership of real estate subjects us to various risks, including those arising under environmental laws.
- Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.
- We are subject to foreign exchange risk and fluctuations in foreign currency exchange rates may adversely affect our operating results.
- Certain of our properties are subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.

RISK FACTORS

An investment in our common shares involves a high degree of risk and may result in the loss of all or part of your investment. You should consider carefully each of the risks described below, together with all of the other information contained in this prospectus, before deciding to invest in our common shares. 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 Company 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 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 after 27 December 2008, 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% 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 50% 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% 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% 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% of the casino's monthly gross casino revenue or a monthly minimum guarantee of $250,000, whichever is higher. The monthly minimum guarantee of $250,000 is increased by 5% per year.

We have pledged our shares of stock in the Rizal Operating Entity to PAGCOR to secure the performance of our and the Rizal Operating Entity's obligations under the license agreement. If we default on our obligation, PAGCOR could exercise its rights with respect to such shares.

Many of our properties are owned together with local investors.

We own many of our properties through entities that are partly owned by local companies or individuals. For example, we own our Panama operations through a Panamanian corporation in which we own approximately 64% 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% 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, our estimated tax will be approximately $1.5 million.

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 "Business—Litigation" 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 property, 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 property or expand, modify or renovate hotels.

Governments can, under eminent domain laws, take real property, sometimes for less compensation than the owner believes the property is worth. When prevailing interest rates increase, the expense of acquiring, developing, expanding or renovating real property increases, and values decrease as it becomes more difficult to sell property because the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire real property and, because of the diminished number of potential buyers, to sell real property. 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 property 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 property or to borrow using the real property 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 property.

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

There is currently no market on Euronext Amsterdam for our shares and, notwithstanding our intention to be admitted to trading on Euronext Amsterdam, a market for our shares, options and warrants may not develop on Euronext Amsterdam, which would adversely affect the liquidity and price of our shares, options and warrants.

There is currently no market on Euronext Amsterdam for our shares. Therefore, you should be aware that you cannot benefit from information about prior market history on Euronext Amsterdam when making your decision to invest. 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.

We are applying for admission to listing and trading of our common shares on Euronext Amsterdam. Although we expect to meet the listing standards of Euronext Amsterdam on admission, 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 prospectus.

Any market on which our common shares trade will from time to time experience extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common shares, which could cause a decline in the value of your investment. You should also be aware that price volatility may be greater if the public float and trading volume of our common shares are low.

Our outstanding options and warrants may adversely affect the market price of our common shares.

We have existing options and warrants outstanding to purchase 1,042,441 shares. The potential issuance of additional common shares on exercise of these options and warrants could make us a less attractive investment. This is because exercise of the options and warrants will increase the number of our issued and outstanding common shares and reduce the value of our existing shares. If and to the extent these options and warrants are exercised, shareholders will experience dilution to their holdings.

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

We do not expect to declare or pay any cash or other dividends in the foreseeable future on our common shares, as we intend to use cash flow generated by operations to expand our business. Our debt arrangements may also restrict our ability to pay cash dividends on our common shares, and we may also enter into credit agreements or other borrowing arrangements in the future that restrict our ability to declare or pay cash dividends on our common shares.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in us may be diluted in the future because of equity awards that we expect will be granted over time to our directors, officers and employees. Additionally, our Board of Directors may issue common shares and preferred shares without shareholder approval, which may substantially dilute your ownership interest and serve as an anti-takeover measure.

Because Thunderbird Resorts Inc. is a British Virgin Islands company, you 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, your rights as a shareholder 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% or more of our outstanding common shares.

For a further description of these provisions of our governing documents and British Virgin Islands law, see "Description of Securities" and "Certain Provisions of British Virgin Islands Law, Canadian Law and of our Governing Documents."

Although we believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics and thereby provide an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some shareholders. Further, these provisions may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our company, including through unsolicited transactions that some or all of our shareholders might consider to be desirable. As a result, efforts by our shareholders to change our direction or our management may be unsuccessful.

Future sales of securities could depress the price of our securities.

Sales of a substantial number of shares of our securities, or the perception that a large number of our securities will be sold could depress the market price of our common shares.

Our governing documents authorize us to issue up to 500.0 million preferred shares, 500.0 million common shares, of which approximately 19.6 million common shares are outstanding, approximately 1.0 million common shares are issuable upon the exercise of outstanding stock options and warrants, approximately 0.9 million shares available for issuance under our previous equity incentive plans (which shares our Board of Directors has resolved not to issue), and approximately 0.6 million shares available for issuance under our 2007 equity incentive plan.

We are subject to certain Canadian securities legislation, which may affect you.

Our common shares are currently listed on the CNQ 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 CNQ. Among other things, those laws require any 10% holder of a reporting issuer to file reports disclosing that holder's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer, and any changes in that ownership. If you acquire 10% or more of our outstanding common shares, you will be required to file an "insider report form" within 10 business days from the date your ownership exceeded 10%, and then within 10 business days after any trades or other changes in the your holdings of common shares. You would also be required to issue a press release and file a report every time you acquire an additional 2% or more of our common shares.

If you acquire 20% or more of our outstanding common shares, you would be a "control person" of ours under those provincial securities laws. As such, you would be deemed to be not only are knowledgeable about our affairs, but you would be deemed to have the ability, by virtue of your significant equity position, to direct our affairs. Thereafter, any sale by you 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 you acquire 20% or more of our common shares, you will be deemed under provincial securities laws to have made a "take-over bid" and, accordingly, unless you can obtain an exemption, you would be required to comply with detailed rules governing bids. 20% holders are also required to file insider reports within three calendar days versus the normal 10 day requirement that applies to all other parties required to file insider reports. 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 CNQ 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 prospectus, 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 prospectus speak only as of the date of this prospectus 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 you not to rely on them unduly. You 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 prospectus.

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 prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities. The delivery of this prospectus 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 prospectus. 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 prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in this prospectus reflects our position at the date of this prospectus and under no circumstances should the issue and distribution of this prospectus 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.

INCORPORATION BY REFERENCE

The following financial statements of the Company are incorporated into this prospectus by reference: (1) the consolidated financial statements for the year ended 31 December 2005; (2) the restated consolidated financial statements for the year ended 31 December 2006; (3) the amended and restated consolidated financial statements for the years ended 31 December 2007 and 2006. Each of the financial statements of the Company in (1), (2) and (3) above were prepared in accordance with Canadian GAAP and can be obtained free of charge on the internet at www.thunderbirdresorts.com. Please note that the Company's consolidated historical financial information for the two years ended 31 December 2007 and prepared in accordance with IFRS is included in this prospectus, starting on page F-3.

Other than as provided in the preceding paragraph, no other document or information, including the contents of our website or websites accessible from hyperlinks on our website, forms part of, or is incorporated by reference into, this prospectus.

WORKING CAPITAL STATEMENT

Management considers that the Company's working capital is sufficient to cover its working capital requirements for 12 months from the date of this prospectus.

DIVIDEND POLICY

We have never paid any cash dividends on Thunderbird 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.

OPERATING AND FINANCIAL REVIEW

We have historically reported our consolidated financial results in accordance with accounting principles generally accepted in Canada, or Canadian GAAP, and will continue to do so as long as our common shares are listed on the CNQ and Canadian GAAP financials are required. For the year ended 31 December 2007 our historical financial information applies IFRS principles and we will continue to do so as long as our shares are listed on Euronext Amsterdam. Except as otherwise provided herein, references in this prospectus to number of common shares, earnings per common share or common share price give effect to our one-for-three reverse stock split which occurred in November 2007.

You should read the following discussion together with the financial statements and notes thereto included elsewhere in this prospectus. Financial information for the year 2005 can be found as stated in the section "Incorporation by Reference" on page 26. 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 prospectus, particularly under the heading "Risk Factors."

References to "Thunderbird", "the Company", "we," "us" or "our" refer to Thunderbird Resorts Inc. and, as applicable, its subsidiaries. All references in this prospectus to (1) number of common shares, earnings per common share or common share price are for Thunderbird Resorts Inc. and give effect to the one-for-three reverse split of our common shares that took place in November of 2007 and (2) "dollars" or "$" are to the lawful currency of the United States of America. Unless otherwise indicated, the financial statements for periods prior to 2007 included in this prospectus do not give effect to the reverse stock split.

Overview

We are an international provider of branded casino and hospitality services, focused mainly on markets in Central America, South America, southeast Asia, India and eastern Europe. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our employees and our shareholders. We seek to achieve this by offering dynamic, themed and integrated resort venues, typically anchored by full-service casinos.

Thunderbird Resorts Inc. is a British Virgin Islands corporation that is a holding company, owning our assets through subsidiaries and joint ventures. We currently have 34 operating gaming facilities, two slot machine routes, nine hotels and one nine-hole golf course, including seven gaming facilities (two in Poland, five in Peru) acquired in the third quarter of 2008. We have over 23,500 square meters of gaming space worldwide and we have approximately 760 hotel rooms in Peru, Costa Rica and the Philippines. In addition, we are developing additional facilities and are expanding existing facilities in Panama, Costa Rica, the Philippines, Peru, Nicaragua, Guatemala, Poland and India.

Outlook

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

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

- the outcome of any license selection processes;
- identification of and agreement with appropriate local partners, if any;

- availability of acceptable financing; and
- the expected risk-adjusted return on our investment.

Any such project may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which investments and costs we may fund through cash flow from operations. 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.

Recent Events and Investments

2008

Poland – Casino Centrum Agreements and Acquisitions. In July 2008 we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through two Cyprus subsidiaries. Through those two subsidiaries we, together with our local partner, collectively own 71.26% of all of the shares Casino Centrum Sp.z.o.o. and we, together with our local partner, are attempting to acquire the remaining 28.74% of Casino Centrum. A preliminary purchase agreement for such remaining 28.74% of the shares was executed in August 2008. The preliminary purchase agreement is subject to approval by the Ministry of Finance for Poland. If approved, we will acquire further shares and own (through our Cyprus subsidiaries) 66.67%, and our local partner will own 33.33% of the shares of Casino Centrum. We also have a shareholders agreement with our local partner that requires distributions to be made 66.67% to our affiliates and 33.3% to our local partner. Through other agreements we have voting control over 50.6% of the Casino Centrum shares until the acquisition by the Company of additional shares in Casino Centrum becomes effective (and we own 66.67%). With our local partner, we intend to jointly develop casino properties in Poland, beginning with the city of Lodz. We will also obtain at least a 66.67% equity interest in any properties developed or acquired in Lodz, as well as management fees from the venture separate from our equity interest. 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 about 370 square meters in the aggregate with approximately 74 slot positions and 49 table positions. Additionally, we are currently finalizing expansion plans for both of our Polish casinos and have initiated the permitting process to complete such expansions. With the expansion, which we anticipate will open in the second quarter of 2009, we expect to add an additional 41 slot positions.

India – Daman Hospitality Private Limited Agreement. In March 2008, we entered into a series of agreements with a local Indian group to construct and jointly own a luxury resort in Daman, India, that will include a 75-room five-star hotel, 3,500 square meter casino, an event center and several restaurants and bars. We will operate the event center, restaurant, bars, hotel under a long-term management contract and will lease space to a third-party casino operator. Under these agreements, our Indian partner contributed over 40,000 square meters of land and in April 2008, we contributed $8.0 million in exchange for 50% of the equity in Daman Hospitality Private Limited (DHPL), a company incorporated under the laws of India.

Costa Rica – Hotel Zeledon. In the second quarter of 2008, we acquired the 21-room hotel in which our Perez Zeledon slot parlor is located. We will rename the hotel “Hotel Thunderbird Resorts.” The hotel was acquired for $2.0 million, 75% of which was financed with a 12-year loan from Banco National in Costa Rica, a government-owned bank.

Costa Rica – Garden Court. In August 2008, we closed on a stock purchase agreement and acquired a controlling interest of the total issued and outstanding shares in Thunderbird Gran Entretenimiento S.A. (TGE), a Costa Rican affiliate. The purchase price for the additional 12.34% acquisition was approximately $1.7 million and we now own 54% of the Fiesta Casino Garden Court, which is the Company’s flagship operation in Costa Rica. We will now consolidate 100% of revenue, costs, assets and liabilities of this subsidiary while recognizing a non-controlling interest expense and a liability for the minority interests held by shareholders remaining in the entity.

Costa Rica – Tres Rios and Escazu. We have begun construction on a resort project in the eastern suburbs of San Jose. As of 31 July 2008, we have invested approximately $12.8 million for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. We had anticipated receiving additional loans to complete the infrastructure, the hotel and the shell for the casino, however, for financial reasons unrelated to this project, a local government-owned bank that had previously made a conditional financing commitment to the project has temporarily suspended the granting of new loans of this magnitude. We are currently pursuing other financing options. This development, along with a previously announced decree by the executive branch of the Costa Rica government which will limit 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 now intend to minimize the amount we will invest in the hotel and attempt to maximize third party investment. Since the Tres Rios hotel will require more rooms for the associated casino to have the number of rooms and tables originally intended, we are also still considering other financing structures, including additional financial investors in the hotel and/or converting the hotel into a "condo hotel" with the Company acting as manager of the hotel. While these options are being pursued the "on-site" construction at Tres Rios could be suspended during the fourth quarter of 2008 until these options have been successfully implemented, of which there can be no certainty. Due to these changed circumstances, we do not anticipate Tower One of the Tres Rios condo-hotel and the casino to be operational before the third quarter of 2009. Additionally, we have also acquired land in the southwestern suburb of San Jose (the "Escazu project") where we plan to build a new hotel and casino project. We are seeking the debt financing required for the project. However, as a result of the new executive decree mentioned above, we are developing a structure to advance whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica at Escazu, will be transferred to a third-party which will financially commit to construct a three hundred room hotel or condo-hotel within a given time frame. Land for the casino will be retained by our affiliate for the associated casino. Due to these changed circumstances, we do not anticipate the Escazu hotel and casino to be operational before the first quarter of 2011. The developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities.

Guatemala – Gran Plaza. Our fourth Guatemalan location was opened at Gran Plaza on 6 June 2008, with 140 video gaming machines. The Gran Plaza Video Lottery is located in a shopping center in a high-end suburban community in the outskirts of Guatemala City and has a stage for music acts, a dance floor, a restaurant and a themed bar. We believe this is the first high-end gaming and entertainment facility in Guatemala.

Nicaragua – Managua – Zona Pharaohs. In June 2008, we opened an additional slot parlor in a suburb of Managua called "Bello Horizante" that is located in a high-traffic shopping mall named Multicentro de las Americas. The new facility, named Zona Pharaohs, has 800 square meters, 112 slot machines, 21 table positions, a 60 seat sports-themed restaurant and a sportsbook. Zona Pharaohs and the Ringside restaurant are a continuation of the effort to provide upscale entertainment to the adult public in Managua.

Panama – Expansion Projects. Our Hotel Washington casino expansion in Colon, Panama was completed ahead of schedule on 17 May 2008 with 60 new slot machines. The expansion added 750 square meters of gaming space. Additionally, 73 slot machines were added at our Hotel Nacional in David, Chriqui, Panama along with a new Pirates Bar and Grill as part of an 883 square meter expansion that opened in August of 2008. We have also installed 60 other slot machines in various other Panama locations, 40 of which were originally planned for Colon and 20 of which were originally planed for David.

Panama—Stock Purchase. In January of 2008 and September of 2008 we acquired an additional 11.36% and 2.27% of the shares, respectively, of International Thunderbird Gaming (Panama) Corp. Additionally, we have entered into a stock purchase agreement to acquire an additional 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corp. from minority selling shareholders. The closing is contingent on the Company receiving approval from the Panama regulatory authorities. Assuming the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation.

Peru—Sun Nippon Acquisition. On 9 July 2008, we purchased 100% of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.5 million, subject to working capital adjustments. A material portion of the purchase price will be held in escrow as certain liabilities and accounts receivable are resolved during the post-closing period. The five properties owned by these two companies have approximately 537 slot positions and we intend to upgrade current slots and add slot positions based on demand and performance of the existing slot positions.

Peru—Flagship Fiesta Casino – Hotel Las Americas. Our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites is complete and opened on 19 September 2008. This flagship Fiesta Casino requires a capital investment of approximately $21.2 million, which includes budgeted pre-opening costs and working capital of $4.5 million.

Philippines – Rizal and Poro Point. We have commenced our expansion project in Rizal, on the eastern side of Manila. The expansion is expected to be completed in the first quarter of 2009 and will include an event center, additional food and beverage areas and gaming areas, including 163 new slot positions and 49 new table positions. The total investment is projected to be $13.2 million. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point. We also have plans to expand the existing casino at Poro Point to create an additional 1,000 square meters of gaming space that will offer 75 new slot machines and 42 new table positions along with expanded food and beverage operations. The estimated cost of this expansion is $7.4 million and is projected to open in the first quarter of 2009.

Past Material Investments

2007

During 2007 we spent $77 million, which included $52.4 million to acquire the Hoteles Las Americas chain in Peru, for improvements to those hotels, and for the preliminary development of our first casino in Peru. We spent $8.9 million on the Poro Point location for the installation of a nine-hole golf course and 30 room hotel. We also invested additional funds into our existing locations, including $5.5 million in Costa Rica to open and acquire slot parlors, and the other $10.2 was spent on further expansion and the addition of gaming equipment to our existing locations.

2006

During 2006 we spent $21.0 million, primarily in the Philippines, which included $3.9 million to complete and open our Poro Point location and another $2.5 million to expand our Rizal location. The other $14.6 million was spent in the further expansion of our existing operations.

2005

During 2005 we invested $18.0 million for the expansion of our existing operations and its expansion into the Philippines, where we spent $5.4 million on our first Philippine casino, Rizal, outside of Manila, which opened in April of 2005 and $2.7 million to start our second location in the Philippines, Poro Point.

Financing

In December 2007, we entered into a $10.0 million loan facility with Interbank-Peru for improvements to our Peru hotels, including the installation of casino space. The loan agreement calls for a fixed interest rate of 9.75% and terms of four or seven years, depending on the type of collateral that secures the loan. We have drawn $5.4 million of the loan as of 31 August 2008 and have $4.6 million of remaining availability.

In April 2008, we executed a $20 million loan facility with Capital International Assets Corporation, a privately held Panama equity investment firm. As of 15 September 2008, approximately $10.4 million has been drawn under this unsecured, 72-month, 13% loan. The Company has used and intends to further use the proceeds for acquisitions and/or development of various gaming facilities in Peru. Certain proceeds may also be used to fund the construction of gaming facilities located within the Thunderbird Hotel chain, formerly Hoteles Las Americas.

In May 2008, the Company closed a $19.5 million loan transaction with a syndicate of private banks in Panama (Banco Panameño de la Vivienda S.A., Grupo Mundial Tenedora and Mundial Fiduciaria S.A.), of which $19.5 million has been drawn as of 15 September 2008. The loan is secured by a pledge of our equity in International Thunderbird Gaming (Panama) Corp. (our "Panama Operating Entity"). The loan is fully amortized over a 10 year period at 9.5%, permitting the Company to replenish the Company's cash reserves when it acquired an additional 11.36% interest in the first quarter of 2008 in the Panama Operating Entity (which owns and operates six casinos in Panama). Approximately $2.1 million was drawn down in September 2008 to close on our purchase of an additional 2.27% equity interest in our Panama Operating Entity, which was approved by the Panama Gaming Board near the end of the third quarter of 2008. The proceeds of the original loan draw of $17.4 million funded in May 2008 were used as follows: approximately $15.9 million was used to replenish the Company's cash reserves (used when the Company paid approximately $10.7 million to acquire an 11.36% interest in the Panama Operating Entity and when we paid Company debt of $5.2 million); and the additional $1.5 million was used to pay for the costs of the loan and for a debt reserve account.

Through 15 September 2008 the Company closed on loan transactions in the amount of $4.8 million with multiple private lenders for the financing of a casino expansion at our Rizal location in the Philippines. The loans are unsecured and each has an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over four years. Through 15 September 2008 the Company closed on loan transactions in the amount of $2.3 million with multiple private lenders for the financing of a casino expansion at our Poro Point location in the Philippines. The loans are unsecured and have an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over four years.

Through 15 September 2008 the Company closed on loan transactions in the amount of $1.2 million with a private lender for the financing to expand the casino and slot parlor recently acquired in Poland. The loan is unsecured and has an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over three years.

Through 15 September 2008, the Company closed on loan transactions with private lenders in the amount of $3.3 million. The financings will be used to expand and/or renovate the Heredia, Perez Zeledon and Garden Court casinos. The loans are unsecured and have an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over three years.

As of 15 September 2008 the Company closed on a loan transaction with a private lender for $0.6 million for purposes of the expansion of our casino located at Intercontinental Hotel and to purchase a parking lot in Guatemala in the amount of $0.6 million. The loan is unsecured and has an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over three years.

As of 15 September 2008 the Company closed on a loan transaction for $1.2 million with a private lender for the hotel project in India. The loan is unsecured and has an annual interest rate of 14%, payable in monthly installments, interest only for the first 12 months, then principal and interest over three years.

Our previously announced revolving credit facility with Global Mortgage, Inc. was not funded by the lender prior to the deadline date, therefore the agreement was terminated by the terms thereof. Additionally, for financial reasons unrelated to our Tres Rios project, a local government-owned bank that had previously made a conditional financing commitment to the Tres Rios project has temporarily suspended the granting of new loans of this magnitude. We are currently pursuing other financing options as described in "Business– Costa Rica– Properties and Projects – Tres Rios Projects."

Encumbrances on Our Assets

For a description of our assets which are pledged to secure our outstanding borrowings, please see Note 11 to our Consolidated Historical Financial Information for the Two Years ended 31 December 2007 on page F-37 and F-38 of this prospectus.

Abandoned Projects

We had previously announced certain projects in Costa Rica and the Philippines. We are no longer pursuing our plans in Costa Rica on the Desamparados project due to license delays. Additionally, we had signed a letter of intent, but were unable to consummate the acquisition of an additional 25% interest in one of our Costa Rican operations due to our inability to reach a final agreement with the seller, and we are no longer pursuing the equity acquisition at this time. Additionally, we will no longer pursue a project known as Cavite, in the Philippines, because of delays in securing the gaming license. Costs associated with abandoned projects have been expensed as project development costs within the Company's income statement and we have not accrued any additional costs from the abandoned projects described in this section.

New Corporate Employees

We have recently hired three new corporate employees: a director of investor relations; a chief information officer; and a chief accounting officer and executive director of financial reporting. These employees will report to our Senior Management. We have also recently promoted one of our country managers to a regional operations manager for our Central and Latin American operations.

Other Events

We were notified in the third quarter of 2008 by the British Columbia Securities Commission (or BCSC) that under Canada rules we did not file a Business Acquisition Report with respect to our July 2007 acquisition of the Hoteles Las Americas properties. According to the BCSC, the Business Acquisition Report was to have been filed within a 120 day time period (by 27 November 27) following the completion of the acquisition. While we posted substantially all of the information that is otherwise contained in the Business Acquisition Report on our web page through two Information Statements dated 17 October 2007 and 21 November 2007, we have also filed a Business Acquisition Report on SEDAR and with other appropriate Canadian regulators. We were put on the Issuers in Default List (which was dated as of 16 July 2008) and posted to the BCSC website, however we have subsequently been removed from such list. The filing of the Business Acquisition Report did not change the financial performance of the Hoteles Las Americas properties as reported in our year end 2007 and second quarter 2008 financial statements, however, as described in the next two paragraphs, the Company did restate its annual financial statements for the year ended 31 December 2007.

The Company previously announced that during the review of its financial statements in preparation for the private offering that closed in November 2007, management was informed of certain accounting policy corrections under both IFRS and Canadian GAAP rules. The Company's audit committee, with the recommendation of management, concluded it was necessary to restate the Company's audited financial statements for the years ended 31 December 2006 and comparative figures for 2005 along with the Company's unaudited interim financial statements for the three month period ending 31 March 2007 and the six month period ending 30 June 2007, respectively, for corrections of the accounting policies. The restated financial statements included four material non-cash adjustments, one of which was the reclassification of a certain warrant instrument originally issued in 2002 from equity to a liability within the financial statements. Under both IFRS and Canadian GAAP the classification of the warrant is highly technical. The Company's audit committee with the recommendation of management interpreted the appropriate treatment under Canadian GAAP as being consistent with IFRS believing the two GAAPs were converged in this area.

In connection with the BCSC review described above, the BCSC, in its review of the Company's filings, questioned the treatment of the warrant as a liability under Canadian GAAP. Based on these discussions, the Company re-evaluated its previously stated position with respect to the warrant instrument and concluded that the warrant instrument should be classified as an equity instrument under Canadian GAAP. The effect of treating the warrant instrument as "equity" under Canadian GAAP resulted in a decrease to the retained earnings deficit of $2.5 million and an increase to net income of $1.8 million for the year ended 31 December 2007, and a decrease in net income in the amount of $24,000 for the three month period ended 31 March 2008. The Company will continue to treat the warrant instrument as a "liability" under IFRS under the advice of its special purpose auditors. In addition to the above adjustments concerning the warrant instrument, the Company previously announced in June 2008 that the 31 December 2007 Canadian GAAP financial statements would be restated to correct non-cash deferred tax liability associated with the future amortization of capitalized debt issuance costs in the Company's Peruvian entity. The restatements reflect for the year 2007 the non-cash adjustment increased tax expense by $838,000 with a corresponding increase in loss per share of ($0.09), a reduction in noncurrent assets of $856,000, and a reduction in translation reserve of $18,000. In addition, the long term loans payable and long term amounts receivable were increased by $1,240,000 for the non-eliminating portion of inter-company loans receivable from the Company's joint ventures, increasing the Company's total assets and total liabilities.

Certain Financial Measures

EBITDA. We use EBITDA (or Earnings Before Interest, Taxes, Depreciation and Amortization) as a financial measure in connection with our internal analysis of our business operations. EBITDA represents net earnings before income taxes, net interest expense, depreciation and amortization. EBITDA is a performance measure that is not calculated in accordance with Canadian GAAP or IFRS, and should not be considered as an alternative to net income, income before taxes, net cash flow from operating activities or any other measure of financial performance presented in accordance with Canadian GAAP or IFRS. We believe that EBITDA is a widely accepted financial indicator of a company's ability to incur and service debt and to fund capital expenditures used by debt holders, lenders, ratings agencies, industry analysts and financial statement users. Because EBITDA is commonly used, we believe it is useful in evaluating our operating trends and our ability to meet our interest obligations. EBITDA calculations may vary among entities, so our computation of EBITDA may not be comparable to EBITDA or similar measures of other entities.

Adjusted EBITDA. 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 prospectus may not be comparable to similarly-titled measures presented by other companies.

Property EBITDA. Property EBITDA consists of income from operations before depreciation and amortization, write-downs, reserves and recoveries, project development 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 prospectus may not be comparable to similarly-titled measures presented by other companies.

Transition to IFRS

The Company's consolidated historical financial information has been prepared in accordance with IFRS and IAS Interpretations as issued by the IASB under the historical cost convention, except for financial assets and financial liabilities, which recorded at fair value through the income statement.

For all periods up to and including the year ended 31 December 2006, the Company prepared its consolidated historical financial information in accordance with Canadian generally accepted accounting practice. The Company has prepared its consolidated historical financial information in compliance with IFRS for applicable periods beginning on or after 1 January 2006. This consolidated historical financial information, for the year ended 31 December 2007, is the first the Company has elected to prepare in accordance with the paragraph above.

Accordingly, the Company has prepared its consolidated historical financial information in compliance with IFRS for applicable periods beginning on or after 1 January 2006 and the significant accounting policies meeting those requirements are described in note 2 to our consolidated historical financial information included in this prospectus.

IFRS 1 allows first-time adopters to take certain exemptions from the general requirement of IFRS as effective for the December 2007 year end. The Company has taken the following exemptions:

- IFRS 2 Share-based Payment did not apply to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments that were granted after 7 November 2002 that vested before 1 January 2006. For cash-settled share based payment arrangements, the Company has not applied IFRS to liabilities that were settled before 1 January 2006.

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries or of interest in associates and joint ventures that occurred before 1 January 2006.

Critical accounting estimates and judgments

The preparation of financial information, in conformity 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.

Critical accounting estimates and assumptions

Our Board of Directors and audit committee make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results, and are summarized below. A complete description of these items can be found Note 2 to the consolidated historical financial information included in this prospectus.

Property, plant and equipment	Estimated economic lives and residual values
Impairment of intangible assets and property, plant and equipment	Valuation models
Taxation including deferred tax	Estimation of future tax assets and liabilities
Employee benefits	Actuarial analysis

Critical judgments in applying the entity's accounting policies

Litigation provisions and contingent liabilities	Judgments on legal cases
Reporting and foreign currency translation	Presentation currency and foreign currency translation methodology
Consolidation	Proportional consolidation versus equity method accounting for joint ventures.

The critical accounting estimates, assumptions and judgments that have a significant risk of causing material adjustments to carrying amounts of the assets and liabilities within the next financial year as noted above require our Board of Directors to consider the useful lives of assets, the estimation of future cash flows, selection of appropriate valuation models and consideration of inputs necessary for the calculation and future market conditions.

Results of Operations for the Six Month Periods ended 30 June 2008 and 2007

The following tables set forth selected financial data, which data is derived from our unaudited interim consolidated financial information for the six month periods ended 30 June 2008 and 2007 and comparative balance sheet information from 31 December 2007. The selected financial data should be read in conjunction with our unaudited interim consolidated financial information and the notes thereto and was prepared in accordance with IFRS.

(In thousands, except per share data)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007
Net gaming wins and sales	$ 79,628	$ 42,836
Income (loss) for the period attributable to the equity holders of the Company	(8,048)	(1,286)
Earnings (loss) per share—basic	(0.41)	(0.15)
Earnings (loss) per share—fully diluted	(0.41)	(0.15)
Adjusted EBITDA	18,886	9,860
Property EBITDA	24,892	12,303

(In thousands)	As of 30 June 2008	As of 31 December 2007
Working capital	$ 23,014	$ 47,128
Total assets	264,178	215,300
Borrowings and obligations under leases	153,892	104,261
Total liabilities	189,698	135,471
Share capital	99,244	98,962
Translation reserve	(1,461)	1,124
Deficit	(38,136)	(30,088)

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

	Six Months Ended 30 June	
	2008	2007
(In thousands)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	$ (6,954)	$ (437)
Income tax expense	1,979	1,501
Net interest expense	6,760	3,373
Depreciation and amortization	8,941	3,452
EBITDA	$ 10,726	$ 7,889
Exceptional items	944	1,612
Project development	3,590	541
Stock compensation	1,367	23
Other items	-	44
Foreign exchange	2,259	(249)
Corporate and other	6,006	2,443
Property EBITDA	$ 24,892	$ 12,303
Corporate and Other	(6,006)	(2,443)
Adjusted EBITDA	$ 18,886	$ 9,860

During the six month period ended 30 June 2008, we generated revenues of $79.6 million as compared to $42.8 million for the same period in 2007, an 86% increase. The increase in sales of $36.8 million for the first half of 2008 was comprised of three variables, the consolidation of 100% of the Panama operation as compared to the proportional consolidation during the same period last year which accounts for 36% of the increase or $13.1 million, new operations that generated an increase of $9.8 million or 27% of the total, and existing operations increased $13.9 million or 38% of the total. As previously described, the Company purchased an additional 11.36% of the Panama operations in January 2008, which gave the company a controlling interest in the entity, hence changing the consolidation of the entity from proportional consolidation, where only 50% of the operation was consolidated to consolidating 100% of the operation and recognizing minority interests. Subsequent to 30 June 2008, the Company acquired an additional 2.27% interest in our Panama operations. The increase from new operations was primarily due to the addition of the Peru hotel operation which was $8.7 million of the $9.8 million increase with the Costa Rica Herradura property accounting $0.8 million and Nicaragua properties contributing $0.3 million. The increase in revenue for existing operations of $13.9 million was primarily comprised of the Philippines posting a $6.9 million increase, Panama posting a $4.4 million increase, Costa Rica posting an increase of $1.7 million, and Guatemala adding $0.4 million. The remaining increase of $0.5 million was due to increased sales in Nicaragua and other sales.

Property EBITDA increased 102% to $24.9 million for the first six months of 2008 as compared to $12.3 million for the same period in 2007. The increase of $12.6 million is focused in three areas:

- the Panama consolidation added $4.2 million;
- the new operations accounted for $3.0 million of the increase, $2.7 million for Peru and $0.3 million for other countries;
- the existing operations added $5.4 million, led by the Philippines with an increase of $2.1 million, while Panama contributed $1.5 million to the increase, Costa Rica contributed $1.3 million, and Nicaragua contributed $0.5 million

During the first half of 2008 Property EBITDA increased as a percentage of sales to 31% compared to 29% for the same period last year. This improvement was primarily due to the increase of revenues and associative Property EBITDA in the Costa Rica and operations, the realization of cost control initiatives in the Nicaragua operation and improvements in the margins of the Philippines operations.

Adjusted EBITDA for the first half of 2008 increased to $18.9 million from $9.9 million for the same period in 2007. As a percentage of sales Adjusted EBITDA increased to 24% as compared to 23% for the same period in 2007.

Net loss for the first half increased to a loss of $8.0 million from a net loss of 1.3 million for the same period in 2007. The net loss for the first half of 2008 contains an unrealized foreign exchange loss of $2.3 million that was recorded in association with the large US Dollar loans and intercompany payables outstanding in the Philippines. The foreign exchange loss increased to $2.5 million on an average US Dollar debt balance of $23.1 million, due to the value of the Philippine Peso decreasing against the US Dollar from 41.40 as of 31 December 2007, to 44.756 as of 30 June 2008. The net income for the period was also impacted by project development costs of $3.6 million, non-cash items such as stock based compensation of $1.4 million, and non-controlling interests of $1.1 million. The net loss of $8.0 million would have been $0.5 million in net income after subtracting the foreign exchange gain and adding the project development and other mentioned non-cash items. In addition, financing costs, depreciation and tax expenditures continue to grow with the size of the entity, which impact the net income.

The following tables set forth selected financial data, which data is derived from our unaudited consolidated interim financial statements for the quarters ended 30 June 2008 and 2007 and was prepared in accordance with IFRS.

	Six Months Ended 30 June		**%**
	2008	**2007**	**Chg**
Gaming Revenues	66,732	40,600	64%
Food & Beverage Revenues	5,690	1,857	206%
Hospitality and Other Revenues	7,206	379	1801%
Revenues	79,628	42,836	86%
Promotional Allowances	1,621	1,693	-4%
Property, Marketing and Administration	53,115	28,840	84%
Property EBITDA	24,892	12,303	102%
Corporate Expenses	6,006	2,443	146%
Adjusted EBITDA	18,886	9,860	92%
EBITDA as a % of Revenues	24%	23%	
Depreciation & Amortization	8,941	3,452	159%
Interest and Financing Costs, Net	6,760	3,373	100%
Non-controlling Interest	1,094	849	29%
Project Development	3,590	541	564%
Stock-based Compensation	1,367	23	-
Foreign Exchange (gain)	2,259	(249)	-1007%
Other (Gains) Losses	835	44	1798%
Financial Derivative Instrument (Gain) Loss	109	1,612	-93%
Income Taxes	1,979	1,501	32%
Net Earnings (Loss)	(8,048)	(1,286)	-526%
Earnings (loss) per common share:			
Basic	(0.41)	(0.15)	
Diluted (1)	(0.41)	(0.15)	
Weighted average number of common shares (in thousands):			
Basic	19,532	8,496	
Diluted	19,981	9,146	

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

Basic shares outstanding is the weighted average number of shares outstanding for the year as of 30 June 2008. Total basic shares outstanding as of 30 June 2008 was 19,532,020. Total actual shares outstanding as of 30 June 2008 was

19,636,416. 30 June 2007 basic (loss) per share has been adjusted for the one-for-three reverse stock split that occurred in November 2007.

Below is a discussion of revenues, promotional costs, property, marketing and administration, and Property EBITDA on a country level basis. Items excluded from Adjusted EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations above.

(In thousands)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	% Change
REVENUES BY COUNTRY			
Panama	30,642	13,111	134%
Guatemala	1,981	1,538	29%
Nicaragua	6,924	6,567	5%
Costa Rica	8,547	6,014	42%
Philippines	22,405	15,459	45%
Peru	8,715	-	0
Other	414	147	182%
Total Revenues	79,628	42,836	86%
EBITDA BY COUNTRY			
Panama	9,739	4,155	134%
Guatemala	(9)	(276)	97%
Nicaragua	2,332	1,735	34%
Costa Rica	3,796	2,493	52%
Philippines	6,317	4,196	51%
Peru	2,717	-	0
Property EBITDA	24,892	12,303	102%
Property EBITDA as a % of Revenue	31%	29%	
Other	(6,006)	(2,443)	-146%
Adjusted EBITDA	18,886	9,860	92%
Adjusted EBITDA as a % of Revenue	24%	23%	

Panama (1) – Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	% Change
Gaming Revenues	28,759	12,384	132%
Food & Beverage Revenues	1,883	726	159%
Revenues	30,642	13,110	134%
Promotional Allowances	630	504	25%
Property, Marketing and Administration	20,273	8,451	140%
Property EBITDA	9,739	4,155	134%
Property EBITDA as a % of Revenues	32%	32%	

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
REVENUES BY PROPERTY - PANAMA			
El Panama	12,056	5,665	113%
Soloy	5,998	2,404	150%
Colon	4,718	1,828	158%
Chitre	3,021	1,418	113%
Decameron	1,912	743	157%
David	2,937	1,052	179%
Total Revenues	30,642	13,110	134%
EBITDA BY PROPERTY			
El Panama	2,578	1,264	104%
Soloy	2,538	985	158%
Colon	2,000	811	147%
Chitre	692	342	102%
Decameron	524	221	137%
David	1,407	532	164%
Property EBITDA	$ 9,739	$ 4,155	134 %
Property EBITDA as a % of Revenues	32%	32%	

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Table Hold	4,636	$ 4,829	$ 2,112	$ 2,434	$ 2,144	$ 1,730	$ 1,815	$ 1,929	
Slot Win	9,617	9,677	4,944	4,549	4,364	4,145	4,051	3,893	
F&B & Other	1,048	835	500	471	399	328	391	350	
Total Revenue	15,301	$ 15,341	$ 7,556	$ 7,454	$ 6,907	$ 6,203	$ 6,257	$ 6,172	8,899
Property EBITDA	4,791	4,948	2,040	2,572	2,274	1,881	1,365	1,790	2,708
as a percent of sales	31%	32%	27%	35%	33%	30%	22%	29%	30%

(1) In January 2008, we acquired an additional 11.36% of the total outstanding shares in this operation resulting in a Thunderbird ownership of 61.36% (subsequent to 30 June 2008, the Company acquired an additional 2.27% interest). The January 2008 purchase gave the Company control of the operation; therefore the Company now consolidates the operation at 100% versus the proportional consolidation of 50% of the operation reported in prior periods. The second quarter 2008 results as presented here represent 100% of the operations and the second quarter 2007 numbers represent 50% of the operations.

Revenues

Revenues increased to $30.6 million during the first half of 2008 versus the $13.1 million reported for the same period last year, an increase of $17.5 million or 134%. The primary reason for the increase is the full consolidation of the Panama operation, which accounted for $13.1 million of the increase. Table revenues for the first six months of 2008 increased to $9.5 million from the $7.8 million, a $1.7 million or 22% increase over the $7.8 million reported last year. The increase is attributed to the increase in visitation and associated increase in drop. Slot revenues for the first six months of 2008 increased to $19.3 million from the $17.0 million, a $2.3 million or 13% compared to the same period last year. The increase in number of slot positions to 1,675 from 1,485 accounted for the majority of this increase. The remainder of the increase in revenues of $0.4 million for all comparable periods is primarily due to the increased popularity of the Salsa's brand, improvements to restaurant facilities, as well as events organized by management.

Expenses

Property, marketing and administration expenses increased to $20.3 million from $8.5 million, a $11.8 million period over period increase. $8.5 million of this increase is attributable to the consolidation of 100% of the entity, and the remaining $3.3 million is an increase in the actual costs for the period. As a percentage of sales the property, marketing and administrative expenses increased to 66% for the first six months of 2008 compared to the 65% reported for the same period in 2007. The increase of 1% was offset by a decrease of 1% as a percentage of sales for promotional costs from the 3% reported for the first half of 2007 to 2% for the first half of 2008. The primary reason for the decrease in promotional costs is due to the increase in entertainment offered at the facilities, which increases visitation and hence we are able to decrease the promotions offered. However, due to the increased entertainment the expenses have increased, primarily due to increased staff to accommodate the higher level of customer service and entertainment offered by the facilities.

Property EBITDA

Property EBITDA increased to $9.7 million from the $8.4 million, when adjusted for the 100% consolidation differences, or $1.3 million for the first half of 2008 over the first half of 2007. The primary reason for the increase is due to the increase in revenues, as property EBITDA as a percentage of sales remained the same at 32% period over period.

Guatemala - Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
Gaming Revenues	1,754	1,332	32%
Food & Beverage Revenues	227	206	10%
Revenues	1,981	1,538	29%
Promotional Allowances	-	-	-%
Property, Marketing and Administration	1,990	1,814	10%
Property EBITDA	(9)	(276)	97%
Property EBITDA as a % of Revenues	0%	-18%	

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
REVENUES BY PROPERTY - GUATEMALA			
Camino Real	-	184	-%
Mazatenango	150	177	-15%
Coatepeque	140	82	71%
Intercontinental	1,670	1,095	53%
Gran Plaza (Veranda)	21	-	-%
Total Revenues	1,981	1,538	29%
EBITDA BY PROPERTY			
Camino Real	-	(238)	-%
Mazatenango	(16)	(21)	-24%
Coatepeque	(33)	(81)	-59%
Intercontinental	99	64	55%
Gran Plaza (Veranda)	(60)	-	-
Property EBITDA	(9)	(276)	97%
Property EBITDA as a % of Revenues	0%	-18%	

(In thousands)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Video Lottery Terminals Win	939	$ 815	$ 899	$ 773	$ 874	$ 458	$ 966	$ 1,005	
F&B & Other	132	95	106	105	97	109	184	179	
Total Revenue	1,071	$ 910	$ 1,005	$ 878	$ 971	$ 567	$ 1,150	$ 1,184	967
Property EBITDA	22	(31)	149	218	40	(316)	52	285	52
as a percent of sales	2%	-3%	15%	25%	4%	-56%	5%	24%	5%

Revenues

Revenues increased to $2.0 million during the first half of 2008 from the $1.5 million reported for the same period last year, an increase of $0.5 million or 29%. The increase is primarily due to the new Intercontinental operation which opened in May of 2007 and the increase in revenues at the Coatepeque location. During the first quarter of 2007 the Camino Real location was closed and the Intercontinental was not operational; therefore, for approximately four months in the first half of 2007 the Guatemala operation did not have an anchor video lottery operation, whereas the Intercontinental was in operation for the entire six month period of 2008.

Expenses

Property, marketing and administration expenses increased 10% or $0.2 million over the $1.8 million reported for the first six months of 2007 to $2.0 million for the first six months of 2008. The increase is primarily due to the Intercontinental operations being in place for the entire six month period of 2008 versus the lack of an anchor operation for approximately four out of the six month in 2007.

Property EBITDA

Property EBITDA loss decreased to a loss of $0.0 million compared to the loss of ($0.3) million reported for the first half of 2007. The decrease in the loss is due to the increase in revenues.

Nicaragua* (1) *- Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
Gaming Revenues	6,568	6,525	1%
Food & Beverage Revenues	356	42	748%
Revenues	6,924	6,567	5%
Promotional Allowances	483	421	15%
Property, Marketing and Administration	4,109	4,411	-7%
Property EBITDA	2,332	1,735	34%
Property EBITDA as a % of Revenues	34%	26%	

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
REVENUES BY PROPERTY - NICARAGUA			
Masaya	276	-	-
Pharaohs Camino Real	1,567	1,766	-11%
Pharaohs Managua	3,605	3,528	2%
Sportsbook	226	141	60%
Holiday Inn	1,214	1,132	7%
Zona Pharaohs (Bello Horizonte)	36	-	-
Total Revenues	6,924	6,567	5%
EBITDA BY PROPERTY			
Masaya	43	-	-
Pharaohs Camino Real	517	595	-13%
Pharaohs Managua	1,247	795	57%
Sportsbook	57	49	16%
Holiday Inn	460	296	56%
Zona Pharaohs (Bello Horizonte)	8	-	-
Property EBITDA	2,332	1,735	34%
Property EBITDA as a % of Revenues	34%	26%	

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

(In thousands)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Table Hold	887	$ 895	$ 857	$ 1,048	$ 1,251	$ 1,077	$ 1,271	$ 1,323	
Slot Win	2,446	2,340	2,265	2,075	2,148	2,049	1,974	2,045	
F&B & Other	184	172	35	24	113	(71)	33	37	
Total Revenue	3,517	$ 3,407	$ 3,157	$ 3,147	$ 3,512	$ 3,055	$ 3,278	$ 3,405	3,310
Property EBITDA	1,273	1,059	564	903	829	906	181	843	820
as a percent of sales	36%	31%	18%	29%	24%	30%	6%	25%	25%

Revenues

Revenues increased to $6.9 million during the first half of 2008 from the $6.6 million reported for the same period last year, an increase of $0.3 million or 5%. The opening of the Bello Horizonte facility had a minimal effect on overall performance as the facility opened in late June. The increase was primarily due to increased food and beverage sales and sports book revenue, Gaming revenues were flat as the increases in slot revenue were offset by the decreases in table revenue period over period.

Expenses

Property, marketing and administrative expenses decreased 7% or $0.3 million from the $4.4 million reported for the first six months of 2007 to $4.1 million for the first six months of 2008. The decrease is primarily due to strengthening of cost savings measures during the first half of 2008.

Property EBITDA

Property EBITDA increased to $2.3 million from the $1.7 million, a 34% increase in the first six months of 2008 over the same period last year. The increase was due to the combination of increased revenues and reduced costs, period over period. As a percentage of sales, Property EBITDA was 34% for the first half of 2008 compared to 26% for the first half of 2007.

Costa Rica (1) - Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
Gaming Revenues	7,989	5,611	42%
Food & Beverage Revenues	558	403	38%
Hospitality and Other Revenues	-	-	-%
Revenues	8,547	6,014	42%
Promotional Allowances	268	378	-29%
Property, Marketing and Administration	4,483	3,143	43%
Property EBITDA	3,796	2,493	52%
Property EBITDA as a % of Revenues	44%	41%	

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
REVENUES BY PROPERTY - COSTA RICA			
Presidente	1,725	1,615	7%
Gran Hotel	-	194	-%
Polea Loca	311	89	249%
Garden Court	3,903	3,043	28%
Carnival	54		-%
Heredia	1,004	654	54%
Herradura	655	-	-%
Lucky's Slot Parlors	895	419	114%
Total Revenues	8,547	6,014	42%
EBITDA BY PROPERTY			
Presidente	978	710	38%
Gran Hotel	-	38	-%
Polea Loca	46	-	-%
Garden Court	1,798	1,126	60%
Carnival	9	-	-%

Heredia	437	423	3%
Herradura	101	-	-%
Lucky's Slot Parlors	428	196	118%
Property EBITDA	3,796	2,493	52%
Property EBITDA as a % of Revenues	44%	41%	

(In thousands)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Table Hold	1,121	$ 1,098	$ 1,138	$ 939	$ 980	$ 997	$ 900	$ 985	
Slot Win	3,028	2,742	2,586	2,351	1,913	1,721	1,646	1,393	
F&B & Other	280	278	270	236	211	193	171	162	
Total Revenue	4,429	$ 4,118	$ 3,994	$ 3,526	$ 3,104	$ 2,911	$ 2,717	$ 2,540	3,417
Property EBITDA	1,963	1,833	1,433	1,628	1,207	1,286	792	928	1,384
As a percent of sales	44%	45%	36%	46%	39%	44%	29%	37%	40%

(1) Costa Rica is a joint venture of the Company and its results of operations are proportionally consolidated into the Company's financial statements; the tables above and below represent the Company's 50% share of the operation. at 30 June 2008. Subsequent to 30 June 2008 we acquired an additional interest in the Fiesta Casino Garden Court and now hold a 54% interest, but a 50% interest in our other operating Costa Rica operations.

Revenues

Revenues increased to $8.5 million during the first half of 2008 from $6.0 million reported for the same period last year, a 42% or $2.5 million for the period This is due primarily to an increase in existing operations revenue of $1.8 million led by the Garden Court casino which had an increase of $0.9 million, the Banshai slot parlors which increased $0.5 million and $0.4 million for the Heredia casino. The increases at the Presidente and Polea Loca locations of $0.2 million was offset by the decrease of $0.2 million for the closure of the Gran Hotel location. The new locations Fiesta Herradura which opened in August 2007 and Carnivale Casino Colon which was converted in March 2008 from a slot route contract to a company operated casino accounted for $0.7 million of the overall increase in revenues quarter over quarter. The Herradura and Carnivale properties also contributed to an increase in slot positions of 168 and an increase of 54 table positions at the Fiesta Herradura. In addition, the Perez Zeledon property added 56 new slot positions in the second half of 2008. Overall, the Costa Rica properties continue to improve as some of the locations have reached stabilization. Additional increases in revenues are a result of new food and beverage outlets at the Jazz Bar at Fiesta Herradura as well as the Hotel Diamante Real at Perez Zeledon, which is a 21 room hotel the company acquired in May 2008.

Expenses

Property, marketing and administrative expenses increased to $4.5 million during the first half of 2008 from $3.1 million reported for the same period last year, a 45% or $1.4 million increase. The increase is due to an increase in expenses associated with the increase in the size of the operations, new locations and the increase in staffing to support the ongoing development within the country. The increase in expenses was offset by a decrease in promotional costs from the $0.4 million reported in the first half of 2007 to $0.3 million for the first half of 2008. This decrease in promotions did not affect sales.

Property EBITDA

Property EBITDA increased as a percentage of sales to 44% in the first half of 2008 compared to 41% for the same period of 2007. This can primarily be attributed to the significant increase in table and slot revenues driven by the Garden Court property reaching stabilization and new properties coming online. In addition, the Costa Rica operation is positioned to expand further while continuing to leverage against its foundation of administrative and operational capabilities and cost structures. Property EBITDA increased to $3.8 million for the first six months of 2008 from the $2.5 million reported for the same period last year, an increase of $1.3 million or 52%.

Philippines -Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
Gaming Revenues	21,427	14,758	45%
Food & Beverage Revenues	554	469	18%
Hospitality and Other Revenues	424	232	83%
Revenues	22,405	15,459	45%
Promotional Allowances	240	390	-38%
Property, Marketing and Administration	15,848	10,873	46%
Property EBITDA	6,317	4,196	51%
Property EBITDA as a % of Revenues	28%	27%	

(In thousands)	Six Months Ended 30 June 2008	2007	% Change
REVENUES BY PROPERTY - PHILIPPINES			
Eastbay – Rizal	11,944	8,268	44%
Poro Point	10,461	7,191	45%
Total Revenues	22,405	15,459	45%
EBITDA BY PROPERTY			
Eastbay – Rizal	2,855	1,657	72%
Poro Point	3,462	2,540	36%
Property EBITDA	6,317	4,196	51%
Property EBITDA as a % of Revenues	28%	27%	

(In thousands)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Table Hold	4,502	$ 4,980	$ 4,456	$ 4,219	$ 3,840	$ 3,137	$ 3,164	$ 3,362	
Slot Win	6,334	5,611	4,976	4,969	4,479	3,302	3,067	2,730	
F&B & Other	496	482	180	206	409	292	346	159	
Total Revenue	11,332	$ 11,073	$ 9,611	$ 9,394	$ 8,728	$ 6,731	$ 6,577	$ 6,252	8,712
Property EBITDA	3,181	3,136	2,250	2,800	2,775	1,421	1,008	2,054	2,328
as a percent of sales	28%	28%	23%	30%	32%	21%	15%	33%	27%

Revenues

Revenues increased to $22.4 million during the first half of 2008 from the $15.5 million reported for the same period last year, a 45% or $6.9 million increase period over period. This increase is primarily due to both the increased drop and increased number of slot machines in the Rizal and the Poro Point locations, as play in both properties has increased due to increased traffic from nearby communities. Slot win increased $4.2 million in first half of 2008 over the first half of 2007 driven by the addition of 121 new slot machines from the second quarter 2007 to the second quarter in 2008 and an increase in slot win per position of approximately $10.00 quarter over quarter. Table revenue increased to $9.5 million during the first half of 2008 over the $7.0 million reported, a $2.5 million increase period over period. The increase was attributable to the increase in the table win per position and the increase in drop experienced at both casinos. The remaining increase of $0.2 million was attributable to increases in food and beverage sales due to increased visitation.

Expenses

Property, marketing and administrative expenses increased to $15.8 million for the first half of 2008 from the $10.9 million reported for the same period last year, a 45% or $4.9 million increase period over period. The increases are due to the increased size of the operations and increase in administrative overhead to continue the development of the Poro Point and Rizal resorts.

Property EBITDA

Property EBITDA increased 51% or $2.1 million over the $4.2 million reported for the first half of 2007 to $6.3 million for the first half of 2008. As a percentage of sales, property EBITDA increased to 28% during the first half of 2008 from 27% for the first half of 2007, due to increased revenues in the operations.

Peru - Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	% Change
Gaming Revenues	-	$ —	—
Food & Beverage Revenues	2,355	—	—
Hospitality and Other Revenues	6,360	—	—
Revenues	8,715	—	—
Promotional Allowances	-	—	—
Property, Marketing and Administration	5,998	—	—
Property EBITDA	2,717	$ —	—
Property EBITDA as a % of Revenues	31%		

(In thousands)	Six Months Ended 30 June 2008	Six Months Ended 30 June 2007	% Change
REVENUES BY PROPERTY - PERU			
Hotel & Suites Las Americas	$ 2,388	$ —	—
Suites Las Americas	842	—	—
Apart Hotel Las Americas	1,042	—	—
Residencial Las Americas	575	—	—
Hotel Carrera Las Americas	982	—	—
Resort Centro de Convenciones El Pueblo	2,615	—	—
Thunderbird Real Estate Perú	271	—	—
Total Revenues	$ 8,715	$	
EBITDA BY PROPERTY			
Hotel & Suites Las Americas	$ 780	$ —	—
Suites Las Americas	227	—	—
Apart Hotel Las Americas	381	—	—
Residencial Las Americas	237	—	—
Hotel Carrera Las Americas	195	—	—
Resort Centro de Convenciones El Pueblo	624		
Thunderbird Real Estate Perú	272	—	—
Property EBITDA	$ 2,717	$ —	—
Property EBITDA as a % of Revenues	31 %	—	—

(In thousands)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Average
Room Revenue	3,196	$ 2,741	$ 2,493	$ 1,692					
F&B and Banquet	1,270	1,085	1,418	832					
Other Revenues	272	151	466	155					
Total Revenue	4,738	$ 3,977	$ 4,377	$ 2,679					3,943
Property EBITDA	1,751	966	1,206	896					1,205
as a percent of sales	37%	24%	28%	33%					31%

Revenues

The Company acquired 6 hotels in Peru with a total of 660 rooms on 27 July 2007; therefore, the operation does not have comparable data from the first half of 2007. The revenues for the second quarter of 2008 were $4.7 million as compared to $4.0 million reported in the first quarter of 2008. The increase in revenues was driven primarily by the increase in room revenues as increases in room rates are being implemented. Room revenues increased to $3.2 million for the second quarter as compared to $2.7 million for the first quarter 2008. Food and beverage revenue increased to $1.3 million in the second quarter 2008 as compared to $1.1 million in the first quarter 2008. The increase was a result of several events held at the El Pueblo property during second quarter as compared to the first quarter of 2008. Real estate revenues increased from $0.2 million in the first quarter 2008 to $0.3 million in the second quarter. Real estate revenues are generated from the leasing of commercial space located within the hotels.

Property EBITDA

Property EBITDA was $2.7 million for the first six months of 2008. As a percentage of revenues Property EBITDA was 31% for the first half of 2008.

Corporate and Other -Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

(In thousands)	Six Months Ended 30 June		%
	2008	**2007**	**Change**
Gaming Revenues	-		-
Food & Beverage Revenues	-		-
Hospitality and Other Revenues	414	147	182%
Revenues	414	147	182%
Promotional Allowances	-		-
Property, Marketing and Administration	6,420	2,590	148%
Adjusted EBITDA	(6,006)	(2,443)	146%

Expenses

During the first half of 2008 corporate and other costs were $6.4 million, a 148% increase over the costs of $2.6 million incurred during the same period of 2007. This increase is the result of the expansion of the corporate staffing and associated costs as the company has expanded its operations significantly over this period. In addition, as the company prepares to complete the application for listing on NYSE Euronext it has been necessary to increase staff size and recruit experienced professionals from the United States and other parts of the world to move to the Panama headquarters, thereby increasing costs.

Discussions of Items Excluded from EBITDA

Depreciation and Amortization

For the first half of 2008 depreciation and amortization was $8.9 million as compared to $3.5 million for the same period in 2007, an increase of 159%. Of the total increase $2.5 million is related to the Peru acquisition and $1.9 million is related to the full consolidation of the Panama operation. The remaining increase of $1.0 million is due to the additional depreciation of the new equipment expansions in the existing operations.

Stock based Compensation

On 16 January 2008, the Company granted 500,000 stock grants that vest over a three year period beginning 20 November 2008. The price of the Company'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 $1.4 million was recognized for the first half of the year compared to $Nil for the same period last year. 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 $3.6 million for the first six months 2008 as compared to $0.5 million for the first half of 2007. The increase in these costs was primarily caused by the pre-opening costs associated with the flagship casino under construction in Peru which were $1.5 million. The other costs were comprised of $0.7 million for the Philippines hotel and golf course, $0.6 million for Poland development, $0.3 million for India, $0.3 million for Nicaragua, and $0.2 million for Costa Rica. The remaining $0.5 million related primarily to the development costs associated with the Peru hotel acquisition.

Interest and Financing Costs

Interest and financing costs increased to $6.8 million from the $3.4 million recorded in the first six months of 2007 primarily due the Company's increase in overall notes and capital leases to $153.9 million from the $54.4 million balance recorded as of 30 June 2007. The increase in net debt proceeds less repayments is primarily due to the acquisitions and expansions in Peru, approximately $58.4 million and $17.4 million for the funding of the Panama acquisition and replenishment of cash reserves. The remaining $22.9 million was used to fund the expansion in our existing countries.

Non-controlling Interests

For the first half of 2008 non-controlling interest was $1.1 million compared with $0.8 million during the same period of 2007. This expense consisted of $0.6 million for the non-controlling interests in the Panama operation of 38.64% of net income generated by the operation, $0.2 million for the 48% minority interests in the Poro Point, Philippines operation, $0.3 million for both Nicaragua and Costa Rica non-controlling interests.

Foreign Exchange

As of the six month period foreign exchange expense increased significantly to a $2.3 million expense from the $0.3 million of income (gain) reported during the first six months of 2007. An unrealized foreign exchange gain or expense is recognized when the carrying balances of the loans and other debts, which are recorded in the functional currency of the subsidiary, are adjusted according to the current exchange rate at the end of the period. The expense for 2008 is primarily due to the Philippines as the foreign exchange gain decreased from $0.4 million in the first half of 2007 to $2.2 million on an average USD debt balance of $23.1 million, due to the value of the Philippine Peso weakening against the USD from 41.401 as of 31 December 2007, to 44.756 as of 30 June 2008. The other $0.3 million increase in the first half of 2008 over the first half of 2008 was attributable to the USD debt in Costa Rica due to the Costa Rican Colon weakening against the USD from 500.97 as of 31 December 2007 to 522.76 as of 30 June 2008.

Other Expenses (Gains)

For the six month period ended 30 June 2008 other expenses totaled $0.9 million, which included $0.1 million for the change in value associated with the derivative instrument, $0.5 million in costs related to the NYSE Euronext application incurred through 30 June 2008 of a total expected cost of $1.5 million and $0.3 million related to the write off associated with damaged assets from the Guatemala fire.

Income Taxes

For the first half of 2008 income tax expense increased to $2.0 million from the $1.5 million recorded for prior year, primarily due to the increased profitability in our tax paying countries, Panama, Nicaragua and Costa Rica as well as the additional withholding taxes paid by corporate for the increases in management fees paid by these countries of $0.2 million. The higher income taxes in these countries was offset against an increase in deferred tax assets in Peru due to the loss incurred in that operation for the year amounting to $0.6 million. The Philippines is primarily exempt from income taxes.

Results of Operations for the Years ended 31 December 2007, 2006 and 2005

The following tables set forth selected consolidated financial data, which data is derived from our audited consolidated historical financial information for the years ended 31 December 2007 and 2006 and was prepared in accordance with IFRS. Results of Operations for the year ended 31 December 2005 can be located on page 17 of the Annual Report 2005, which can be obtained as stated in "*Incorporation by Reference*" on page 26. The Annual Report

2005 also includes, in the Management Discussion & Analysis, a breakdown of revenues by geographical market and a description of our financial condition.

The selected financial data should be read in conjunction with our audited consolidated historical financial information and the notes thereto included elsewhere in this prospectus.

(In thousands, except per share data)	Year Ended 31 December 2007	Year Ended 31 December 2006
Revenue	$ 99,775	$ 72,104
Loss for the period attributable to equity holders of the Company	(6,508)	(3,961)
Loss per share—basic	(0.66)	(0.47)
Adjusted EBITDA	22,763	14,778
Adjusted EBITDA per basic share	2.29	1.77
Property EBITDA	28,962	18,560

(In thousands)	As of 31 December 2007	As of 31 December 2006
End of period working capital (deficiency)	$ 47,128	$ (3,730)
Total assets	215,300	67,384
Loans Payable and capital leases	104,261	46,308
Total liabilities	135,471	66,797
Share capital	98,962	21,584
Translation reserve	1,124	(796)
Retained earnings	(30,088)	(23,580)

Comparison of Results of Operations—Year ended 31 December 2007 Compared to Year ended 31 December 2006.

During the 12 month period ended 31 December 2007, we generated revenues of $99.8 million as compared to $72.1 million for the same period in 2006, a 38% increase. The increase in sales of $27.7 million for the 2007 year is primarily due to the increase in existing locations revenues of $20.2, million or 28%, over the $72.1 million recorded last year, primarily due to the Poro Point facility being in operation for the entire 2007 year compared to only eight months of the prior year. The remaining increase of $7.5 million was primarily due to the addition of our Peruvian properties in July of 2007. Peru comprised $7.0 million of the increase, while the remaining $500,000 in new sales were due to new locations in Costa Rica and Nicaragua.

Property EBITDA increased 56% to $29.0 million as compared to $18.6 million for the same period in 2006. The increase in Property EBITDA associated with the increase in revenues from our existing locations, in Panama, Philippines and Costa Rica, was $8.3 million, and the increase in Property EBITDA associated with the new operations, primarily Peru, was $2.1 million. Adjusted EBITDA for the same period increased 54%, from $14.8 million in 2006 to $22.8 million in 2007. Adjusted EBITDA as a percentage of sales increased to 23% as compared to 20% for the same period in 2006. This is attributable to the increased revenues primarily in higher margin slot win and a general improvement in operating efficiencies in our existing locations.

Net income decreased to a loss of $6.5 million compared to a loss of $4.0 million for the previous year, a 64% increase. The net loss for the 2007 year is primarily, due to the non-recurring loss recorded in the valuation of the Company's derivative financial instrument in the amount of $1.9 million and management bonuses in 2007 declared in the fourth quarter 2007 by the Board of Directors of $3.3 million. The net loss for 2006 was also comprised of one-time expense of $1.8 million for the provision for certain litigation in relation to the Company's Mexico interests and the write-off of $1.4 million associated with the Company's development efforts in Chile. The majority of the loss on the derivative financial instrument was taken during the second quarter of 2007, prior to the exercise of 666,666 of the 840,137 warrants outstanding.

The remainder of the losses for both 2007 and 2006 were offset by $5.3 million in unrealized foreign exchange gains, an increase of $4.7 million over 2006, recorded in association with the large dollar loans outstanding in Peru of $52.3 million and the Philippines $29.7 million. The gains were generated due to the decline of the dollar against the Philippine Peso and the Peruvian Sole. The un-realized gains arise from the adjustment of the carrying value of the loan when it is converted into dollars. The other differences are related to the Company's depreciation, non-controlling interests and corporate expenditures.

During 2007 the Company's financing costs were $10.0 million compared to $5.8 million for the prior year, a 71% increase, mostly due to the increase of $53.9 million in debt associated with the Peru acquisition that occurred in July 2007, which accounted for $3.1 million of the increase. Depreciation increased $4.8 million in 2007 compared to the 2006 year primarily due to the Peru acquisition with addition of $51.3 million in real estate and other assets during the middle of the year. Non-controlling interests increased $2.0 million year over year due to the increased profitability of the Poro Point operation in the Philippines, where the Company has a 48% minority shareholder interest. The Company's corporate costs also have increased by $2.4 million over the 2006 year as the infrastructure has been increased to accommodate the growth of the Company.

The following tables set forth selected financial data, which data is derived from our audited consolidated historical financial information for the years ended 31 December 2007 and 2006.

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ 88,193	$ 68,055	30%
Food & Beverage Revenues	6,120	3,360	82%
Hospitality and Other Revenues	5,462	689	693%
Revenues	99,775	72,104	38%
Promotional Allowances	2,827	2,406	17%
Property, Marketing and Administration	67,986	51,138	33%
Property EBITDA	28,962	18,560	56%
Corporate Expenses	6,199	3,782	64%
Adjusted EBITDA	22,763	14,778	54%
Adjusted EBITDA as a % of Revenues	23%	20%	
Depreciation & Amortization	10,244	5,444	88%
Interest and Financing Costs, Net	9,994	5,831	71%
Non-controlling interest	2,282	314	627%
Project Development	2,482	1,999	24%
Stock-based Compensation	1,034	229	352%
Foreign Exchange	(5,255)	(607)	-766%
Other (Gains) Losses	3,696	3,031	22%
Financial Derivative Instrument	1,881	189	895%
Income Taxes	2,913	2,309	-26%
Net Profit/(Loss)	$ (6,508)	$ (3,961)	64%
Earnings (loss) per common share:			
Basic	$ (0.66)	$ (0.47)	
Diluted (1)	$ (0.66)	$ (0.47)	
Weighted average number of common shares (in thousands):			
Basic	9,929	8,352	
Diluted	10,184	9,489	

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

Basic shares outstanding is the weighted average number of shares outstanding as of 31 December 2007. Total basic shares outstanding as of 31 December 2007 was 9,928,529. Total actual shares outstanding as of 31 December 2007 was 18,852,004. 31 December 2006 basic (loss) per share has been adjusted for the one-for-three reverse stock split that occurred in November 2007.

Discussion of Results

Below is a discussion of revenues, promotional costs, property, marketing and administration, and Property EBITDA on a country level basis. Items excluded from Adjusted EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations above.

(In thousands)	Year ended 31 December 2007	Year ended 31 December 2006	% Change
REVENUES BY COUNTRY			
Panama	$ 28,121	$ 24,233	16%
Guatemala	3,426	4,742	-28%
Nicaragua	12,871	13,402	-4%
Costa Rica	13,535	9,281	46%
Philippines	34,464	20,204	71%
Peru	7,056	-	
Other	302	242	25%
Total Revenues	**$ 99,775**	**$ 72,104**	**38%**
EBITDA BY COUNTRY			
Panama	$ 8,767	$ 7,136	23%
Guatemala	91	928	-90%
Nicaragua	3,202	3,435	-7%
Costa Rica	5,554	2,877	93%
Philippines	9,246	4,184	121%
Peru	2,102	-	
Property EBITDA	$ 28,962	$ 18,560	56%
Other	(6,199)	(3,782)	64%
Adjusted EBITDA	$ 22,763	$ 14,778	54%
Adjusted EBITDA as a % of Revenues	23%	20%	

Panama (1) – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	Year ended 31 December 2006	% Change
Gaming Revenues	$ 26,423	$ 22,895	15%
Food & Beverage Revenues	1,698	1,338	27%
Revenues	28,121	24,233	16%
Promotional Allowances	543	508	7%
Property, Marketing and Administration	18,811	16,589	13%
Property EBITDA	$ 8,767	$ 7,136	23%
Property EBITDA as a % of Revenues	31%	29%	

(In thousands)	Year ended 31 December 2007	Year ended 31 December 2006	% Change
El Panama	$ 11,848	$ 10,165	17%
Soloy	5,251	4,291	22%
Colon	4,011	3,543	13%
Chitre	2,190	1,954	12%
Decameron	1,080	1,039	4%

(In thousands)	Year ended 31 December 2007	2006	% Change
David	3,741	3,241	15%
Total Revenues	$ 28,121	$ 24,233	16%
EBITDA BY PROPERTY			
El Panama	$ 2,306	$ 1,732	33%
Soloy	2,291	1,735	32%
Colon	1,735	1,654	5%
Chitre	764	607	26%
Decameron	393	375	5%
David	1,278	1,033	24%
Property EBITDA	$ 8,767	$ 7,136	23%
Property EBITDA as a % of Revenues	31%	29%	—

(In thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Table Hold	$ 2,112	$ 2,434	$ 2,144	$ 1,730	$ 1,815	$ 1,929	$ 1,845	$ 2,238	
Slot Win	4,944	4,549	4,364	4,145	4,051	3,893	3,619	3,505	
F&B & Other	500	471	399	328	391	350	326	271	
Total Revenue	7,556	7,454	6,907	6,203	6,257	6,172	5,790	6,014	$ 6,544
Property EBITDA	2,040	2,572	2,274	1,881	1,365	1,790	1,918	2,063	1,988
as a percent of sales	27%	35%	33%	30%	22%	29%	33%	34%	30%

(1) On 15 January 2008, the Company purchased an additional 11.36% of the Panama operations (subsequent to 30 June 2008, the Company acquired an additional 2.27% interest). The additional 11.36% gave the Company a controlling interest in the entity, hence changing the consolidation of the entity from proportional consolidation, where only 50% of the operation was consolidated, to consolidating 100% of the operation and recognizing minority interests.

Revenues

Revenues increased $3.9 million, or by 16%, to $28.1 million during 2007 compared to $24.2 million reported for the 2006 year. The increase was primarily due to the increase in slot win of $2.9 million over the same period last year and table win, which was $593,000 higher over the same period last year. The remaining increase of $360,000 was attributed to the increase in food and beverage sales in the Company's Salsa's restaurants and bars.

Expenses

Property, marketing and administration expenses increased 13% to $18.8 million in the 2007 year over the$16.6 million reported in the 2006 year, primarily due to the expansions of the six casinos within Panama and the increase in direct casino operating costs associated with the increase in sales experienced during both periods. The 2007 year to date expenses increased $2.2 million over the same period in the prior year. The increase was primarily due to the increase in direct costs, which corresponded to the increase in revenues between the two periods. Direct costs as a percentage of sales decreased a percentage point from 41% in 2006 to 40% in 2007 due to operating efficiencies in the operation.

Property EBITDA

Property EBITDA increased to $8.8 million in the 2007 year compared to $7.1 million in the 2006 year, a 23% increase, primarily due to the increased revenues for the operation. Property EBITDA as a percentage of revenues also increased to 31% for the 2007 year compared to 29% for the 2006 year due to increased operating efficiencies and to the increase in high margin slot wins.

Guatemala – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ 2,999	$ 3,876	-23%
Food & Beverage Revenues	427	866	-51%

Revenues	3,426	4,742	-28%
Promotional Allowances	-	-	-
Property, Marketing and Administration	3,335	3,814	-13%
Property EBITDA	$ 91	$ 928	-90%
Property EBITDA as a % of Revenues	3%	20%	

(In thousands)	Year ended 31 December 2007	2006	% Change
Camino Real	$ 184	$ 4,322	-96%
Mazatenango	326	387	-16%
Coatepeque	192	33	482%
Intercontinental	2,724	-	-
Total Revenues	$ 3,426	$ 4,742	-28%
EBITDA BY PROPERTY			
Camino Real	$ (209)	$ 1,004	-121%
Mazatenango	(35)	(27)	30%
Coatepeque	(130)	(95)	-37%
Intercontinental	465	46	911%
Property EBITDA	$ 91	$ 928	-90%
Property EBITDA as a % of Revenues	3%	20%	

(In thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Video Lottery Terminal	899	773	874	458	966	1,005	923	983	
F&B & Other	106	105	97	109	184	179	283	219	
Total Revenue	1,005	878	971	567	1,150	1,184	1,206	1,202	$ 1,021
Property EBITDA	149	218	40	(316)	52	285	302	289	127
as a percent of sales	15%	25%	4%	-56%	5%	24%	25%	24%	12%

Revenues

Revenues decreased to $3.4 million for the 2007 year from the $4.7 million reported in 2006, a 28% decrease. This decrease was due to the closing of the Camino Real facility in the first quarter of 2007 and subsequent opening of the Intercontinental, which is a smaller facility. Additionally, the Company lost revenue from three months of the year as the Intercontinental location did not open until May of 2007 and the Camino Real location closed in January of 2007.

Expenses

Property, marketing and administration expenses decreased to $3.3 million for the 2007 year from the $3.8 million reported in 2006 or 13% decrease, year over year due to the decreased size of the Intercontinental operation compared to the Camino Real operation and the lack of a third facility operating for three months of the 2007 year.

Property EBITDA

Property EBITDA decreased to $0.1 million in the 2007 year from the $1.0 million reported in the 2006 year, a 90% decrease for the year due to the closure of the Camino Real facility and the mid year addition of the smaller Intercontinental facility, which was the same contributor to the decrease of Property EBITDA from 20% to 3% year over year.

Nicaragua (1) – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ 12,770	$ 13,288	-4%
Food & Beverage Revenues	101	114	-11%

Revenues	12,871	13,402	-4%
Promotional Allowances	891	745	20%
Property, Marketing and Administration	8,778	9,222	-5%
Property EBITDA	$ 3,202	$ 3,435	-7%
Property EBITDA as a % of Revenues	25%	26%	

(In thousands)	Year ended 31 December 2007	2006	% Change
Pharaohs Managua	$ 6,953	$ 7,645	-9%
Pharaohs Camino Real	3,363	4,259	-21%
Masaya	53	-	-
Sportsbook	176	-	-
Holiday Inn	2,326	1,498	55%
Total Revenues	$ 12,871	$ 13,402	-4%
EBITDA BY PROPERTY			
Pharaohs Managua	$ 1,890	$ 2,167	-13%
Pharaohs Camino Real	752	1,215	-38%
Masaya	5	-	-
Sportsbook	83	-	-
Holiday Inn	472	53	791%
Property EBITDA	$ 3,202	$ 3,435	-7%
Property EBITDA as a % of Revenues	25%	26%	

(In thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Table Hold	$ 857	$ 1,048	$ 1,251	$ 1,077	$ 1,271	$ 1,323	$ 1,618	$ 1,407	
Slot Win	2,265	2,075	2,148	2,049	1,974	2,045	2,058	1,592	
F&B & Other	35	24	113	(71)	33	37	18	26	
Total Revenue	3,157	3,147	3,512	3,055	3,278	3,405	3,694	3,025	$ 3,284
Property EBITDA	564	903	829	906	181	843	1,295	1,116	830
as a percent of sales	18%	29%	24%	30%	6%	25%	35%	37%	25%

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

Revenues

Gaming revenues decreased to $12.9 million in the 2007 year from the $13.4 million reported for the 2006 year, a 4% decrease. This was primarily due to a decrease in table win due to increased competition from the opening of three new casinos during the middle of 2007 and due to power outages experienced throughout 2007 in Nicaragua, which started to dissipate during the fourth quarter of 2007. Food and beverage revenues remained relatively flat year over year.

Expenses

Property, marketing and administrative expenses decreased to $8.8 million in the 2007 year from to the $9.2 million reported for 2006 year, a 5% decrease. This was primarily due to an effort that began in the first quarter of 2007 to decrease costs and increase operating efficiencies in the Nicaraguan operations. During the 2007 year the operation had power outages on an average of two hours per day. These power outages severely impacted the operation and operational costs were stream-lined to offset the losses in revenue.

Property EBITDA

Property EBITDA for the year decreased to $3.2 million in the 2007 year from the $3.4 million reported for the 2006 year, a 7% decrease. This was due to decreased revenues offset somewhat by our cost reduction plan, which was not in place at the beginning of 2007. The decreased revenues also lead to a reduction in Property EBITDA as a percent of sales to 25% from 26% year over year.

Costa Rica (1) – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ 12,624	$ 8,709	45%
Food & Beverage Revenues	911	572	59%
Revenues	13,535	9,281	46%
Promotional Allowances	617	450	37%
Property, Marketing and Administration	7,364	5,954	24%
Property EBITDA	$ 5,554	$ 2,877	93%
Property EBITDA as a % of Revenues	41%	31%	

(In thousands)	Year ended 31 December 2007	2006	% Change
Presidente	$ **2,928**	$ 2,472	18%
Gran Hotel	266	403	-34%
Polea Loca	88	-	-
Garden Court	6,914	4,863	42%
Heredia	1,615	1,164	39%
Herradura	321	-	-
Lucky's Slot Parlors	1,403	379	270%
Total Revenues	$ 13,535	$ 9,281	46%
EBITDA BY PROPERTY			
Presidente	$ 1,284	$ 855	50%
Gran Hotel	80	113	-29%
Polea Loca	24	-	-
Garden Court	3,046	1,738	75%
Heredia	647	193	235%
Herradura	10	-	-
Lucky's Slot Parlors	463	(22)	2205%
Property EBITDA	$ 5,554	$ 2,877	93%
Property EBITDA as a % of Revenues	41%	31%	

(In thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Table Hold	$ 1,138	$ 939	$ 980	$ 997	$ 900	$ 985	$ 757	$ 864	
Slot Win	2,586	2,351	1,913	1,721	1,646	1,393	1,172	992	
F&B & Other	270	236	211	193	171	162	150	89	
Total Revenue	3,994	3,526	3,104	2,911	2,717	2,540	2,079	1,945	$ 2,852
Property EBITDA	1,433	1,628	1,207	1,286	792	928	639	518	1,054
as a percent of sales	36%	46%	39%	44%	29%	37%	31%	27%	37%

(1) Costa Rica is a joint venture of the Company and its results of operations are proportionally consolidated into the Company's financial statements; the tables above and below represent the Company's 50% share of the operation.

Revenues

Gaming revenues increased 46% for the full year 2007 as compared to 2006, rising from $9.3 million in 2006 to $13.5 million in 2007. This was due primarily to increases in the Garden Court, Heredia and Presidente properties as these locations matured and also added more gaming positions. During 2006 and 2007 the Costa Rica operation has opened one casino and several slot parlors. Below is a listing of the locations that have contributed to the increased revenues:

Expenses

Property, marketing and administrative expenses increased 24% to $7.4 million in the 2007 year over the $6.0 million reported in the 2006 year. The increase in expenses is associated with the increase in the size of the operations. The Company is able run the newly developed slot parlor locations with less overhead than is required for full service casinos, thus the property, marketing and administrative expense increase was lower than the increase in revenues. The increase in revenues from the 2007 year compared to the 2006 year was 46%.

Property EBITDA

The Property EBITDA increased to $5.6 million during the 2007 year from the $2.9 million reported in 2006, a 93% increase. As a percentage of sales Property EBITDA for 2007 year was 41% as a percentage of sales compared to 31% for the same period last year. This can primarily be attributed to the significant increase in revenues in the Garden Court, Presidente and Heredia properties. In addition, the Costa Rica operation is positioned to expand further while continuing to leverage against its foundation of administrative and operational capabilities and cost structures.

Philippines - Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ 33,377	$ 19,287	73%
Food & Beverage Revenues	757	470	61%
Hospitality and Other Revenues	330	447	-26%
Revenues	34,464	20,204	71%
Promotional Allowances	776	703	10%
Property, Marketing and Administration	24,442	15,317	60%
Property EBITDA	$ 9,246	$ 4,184	121%
Property EBITDA as a % of Revenues	27%	21%	

(In thousands)	Year ended 31 December 2007	2006	% Change
Eastbay – Rizal	$ 18,283	$ 13,248	38%
Poro Point	16,181	6,956	133%
Total Revenues	$ 34,464	$ 20,204	71%
EBITDA BY PROPERTY			
Eastbay – Rizal	$ 3,464	$ 2,554	36%
Poro Point	5,782	1,630	255%
Property EBITDA	$ 9,246	$ 4,184	121%
Property EBITDA as a % of Revenues	27%	21%	

(In Thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Table Hold	$ 4,456	$ 4,219	$ 3,840	$ 3,137	$ 3,164	$ 3,362	$ 2,475	$ 1,302	
Slot Win	4,976	4,969	4,479	3,302	3,067	2,730	1,878	1,309	
F&B & Other	180	206	409	292	346	160	236	175	
Total Revenue	9,611	9,394	8,728	6,731	6,577	6,252	4,589	2,786	$ 6,833
Property EBITDA	2,250	2,800	2,775	1,421	1,008	2,054	532	590	1,679
as a percent of sales	23%	30%	32%	21%	15%	33%	12%	21%	25%

Revenues

Revenues for the 2007 year increased to $34.4 million, or 71% percent, over the $20.2 million reported in the 2006 year primarily due to the recognition of a full year of operations for the Poro Point facility in 2007 compared to eight months of operation during the 2006 year.

Expenses

Property, marketing and administrative expenses increased to $24.4 million in the 2007 year to $15.3 million in the 2006 year, a 60% increase. The increases are due to the increased size of the operations and increase in administrative overhead to continue the development of the Poro Point and Rizal resorts.

Property EBITDA

Property EBITDA increased to $9.2 million in the year 2007 compared to the $4.2 million in the 2006 year, a 121% increase. As a percentage of sales Property EBITDA increased to 27% in 2007 year from the 21% reported in the 2006 year. The increases are due to the overall increase in performance for the year ended 2007 compared to the 2006 year due to improved operating efficiencies.

Peru – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ -	$ -	-
Food & Beverage Revenues	2,227	-	-
Hospitality and Other Revenues	4,829	-	-
Revenues	7,056	-	-
Promotional Allowances	-	-	-
Property, Marketing and Administration	4,954	-	-
Property EBITDA	$ 2,102	$ -	-
Property EBITDA as a % of Revenues	30%		

(In thousands)	Year ended 31 December 2007	2006	% Change
Miraflores	$ 2,144	$ -	-
Suites & Casino	790	-	-
Bellavista	483	-	-
Pardo	1,015	-	-
Carrera	742	-	-
El Pueblo	1,882	-	-
Total Revenues	$ 7,056	$ -	-
EBITDA BY PROPERTY			
Miraflores	$ 650	$ -	-
Suites & Casino	281	-	-
Bellavista	201	-	-
Pardo	423	-	-
Carrera	160	-	-
El Pueblo	387	-	-
Property EBITDA	$ 2,102	$ -	-
Property EBITDA as a % of Revenues	30%	0%	

(In Thousands)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Average
Room Revenue	$ 2,493	$ 1,692							
F&B and Banquet	1,418	832							
Other Revenues	466	155							
Total Revenue	4,377	2,679							$3,528
Property EBITDA	1,206	896							1,051
as a percent of sales	28%	33%							30%

We acquired six hotels in Peru with a total of 660 rooms on 27 July 2007; therefore, the operation does not have comparable data from the previous periods in 2006.

Corporate and Other – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

(In thousands)	Year ended 31 December 2007	2006	% Change
Gaming Revenues	$ -	$ -	-
Food & Beverage Revenues	-	-	
Hospitality and Other Revenues	302	242	25%
Revenues	302	242	25%
Promotional Allowances	-	-	-
Property, Marketing and Administration	6,501	4,024	62%
Adjusted EBITDA	$ (6,199)	$ (3,782)	-64%

Expenses

Property, marketing and administrative expenses for corporate services has increased to $6.5 million for the 2007 year compared to the $4.0 million reported in the 2006 year, a 62% increase. These increases in expenditures were necessary to increase the corporate infrastructure to support the expanding operations.

Discussions of Items Excluded from EBITDA

Depreciation and Amortization

Depreciation and amortization increased 88% for the 2007 year over the same periods in 2006. This increase is due to the additional depreciation of the new equipment and developments that have been brought into operation from December 2006 to December 2007.

Stock based Compensation

On 17 January 2007 the Company granted 33,333 stock options and on 25 July 2007 the Company granted 397,978 stock options (adjusted for the one-for-three reverse stock split) to its employees under its 2005 stock option plan. These options vest on various dates with most vesting immediately. The valuation of the options is calculated using the Black-Scholes method. $890,000 was expensed during the period for the grants associated with the 25 July 2007 grant, the additional $144,000 in stock based compensation was for options granted in 2006 but vesting in 2007.

Project Development Costs

Project development costs were $2.5 million for 2007 year. The 2007 development expenditures stem primarily from the Company's entrance into the Peruvian hotel and gaming markets including costs associated with the due diligence on the Hoteles Las Americas acquisition that was completed 27 July 2007 as well as development of the casino operations. The total development costs for the year for Peru were $1.4 million. Additionally, the Company spent nearly $400,000 in pursuing other development opportunities in Colombia, Poland and India (for the scope of the developments outlined refer to the recent events section of this Operating and Financial Review). Another $300,000 was spent on the Company's spa project, which consists of a spa and fitness center concept with the first center expected to open in Peru during 2008. The remaining $300,000 was spent on the development of the golf course and hotel project in the Company's Poro Point location and $100,000 for the development projects in Nicaragua.

The total development costs for the 2006 year of $2.0 million relate primarily to development expenses in the Philippines of $1.1 million for the golf course and hotel project in Poro Point and development expenses associated with Chile, which we are not currently pursuing, for $500,000 while we were investing in the gaming license bid process. In Nicaragua, we incurred $100,000 in development expenses associated with a new casino that opened at the end of the third quarter in 2006. In addition, we also pursued other development opportunities throughout the year, incurring an additional $300,000 in development expenses.

Interest and Financing Costs

Interest and financing costs were $10.0 million for the 2007 full year. The increase in financing costs for 2007 were primarily related to the Company's Peruvian and Philippine operations. For 2007 Peru recorded financing costs of $3.1 million and the Philippines recorded $2.4 million or slightly over 50% of the total financing costs recorded for 2007. Financing costs for the year were 71% higher than those reported for the 2006 year. The increase in costs are directly attributable to the increase in notes payable and finance lease obligations throughout 2007 compared to 2006. The average debt outstanding during the year ended 31 December 2007 was $78.6 million, compared to the average of $44.2 million for 2006.

Non-controlling Interests

Non-controlling interest of $2.3 million for 2007 relates to the Company's Nicaraguan operation of $200,000, the Philippine Poro Point operation of $1.9 million, the Costa Rica operation of $140,000, the Peru operation of $45,000 and is offset by non-controlling interest income in the Guatemalan operation of $3,000. The Guatemalan non-controlling interest income will be realized up to the value of the profit participation and cash flow interests associated with notes payable issued during 2007. The non controlling interest expense for 2006 was related primarily to our Nicaragua operations of $400,000 offset against minority interest in losses up to the minority shareholders investment in the entity that resulted from the valuation of the equity component of debt instruments received for the construction of the various projects. These offsets totaled $100,000 for the Philippine operations. The Company does not record minority interest expenses for entities until they become profitable and retained earnings are established.

Foreign Exchange

Foreign exchange income increased by 766% during 2007 due to the recognition of the foreign exchange expense associated with the $53.9 million in dollar debt recorded in Peru and the foreign exchange expense associated with the $29.7 million in primarily dollar debt used to fund the Philippine operations.

Other Expenses (Gains)

Other expenses were $3.5 million for 2007 compared to expenses of $3.2 million for 2006. The expense in 2007 related to the $3.3 million in bonuses awarded to management, employee settlements of $300,000, litigation related to our ongoing NAFTA arbitration of $200,000, and a gain of $300,000 related to the sale of the Company's administration building for its Panama operation. In 2006, the loss was the result of the write off of our attempted investment in Chile for $1.4 million, a provision of $1.3 million for our NAFTA arbitration judgment and due to a change in accounting policy treatment for our litigation, and a litigation provision of $500,000 for contingent liabilities presented in the previous years' financial statements.

Financial Derivative Instrument

The non-cash expense associated with the fair value of the outstanding financial derivative instruments (warrants) held as liabilities on the Company's financial statements was $1.9 million compared to $189,000 for the 2006 year. In June 2007, 666,666 of the outstanding warrants were exercised leaving 173,471 warrants outstanding at 31 December 2007.

Income Taxes

Income taxes for 2007 were $2.9 million compared to $2.3 million for 2006. Income tax rates in the countries in which we operate range from 30% to 35% on net income or 5% on gross or adjusted gross income and withholding taxes associated with management fees and dividends paid to the Company from its subsidiary operations.

Capital Resources and Liquidity

Business Overview

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

As we pursue growth, we continually monitor the capital resources available to us to meet our future financial obligations and planned capital expenditures. Our future success in growing our operations will be highly dependent on capital resources available to us as well as our success in acquiring and expanding additional properties. We actively review acquisition opportunities on an ongoing basis. If we were to make significant additional acquisitions for cash, we would need to obtain additional debt or equity financing. We expect that any future debt financing instruments will impose covenants that would restrict our ability to obtain additional debt financing as we anticipate paying our obligations with cash flow generated from operations. Based upon our current expectations for 2008 and 2009, 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, including completion of our material projects.

On 20 November 2007, the Company 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. All the shares sold in the Private Placement are subject to resale restrictions. The Company received approximately $77.1 million after expenses incurred in connection with the Private Placement. With the funds raised in the Private Placement, the Company repaid certain existing debt and will expand operations in certain existing markets, both through new developments and expansions of existing facilities. In addition the Company plans to extend operations in other markets as opportunities and planning permit. In the first quarter of 2008 the Company used a portion of the Private Placement proceeds to repay a $5.2 million debt facility that had an interest rate of 14%; while in the fourth quarter 2007 a $5.0 million of indebtedness that had an interest rate of 14% related to the Peru hotel acquisition was also repaid using the Private Placement funds.

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

Comparative Cash Flows

Six Months Ended 30 June 2008 Compared to Six Months Ended 30 June 2007

Net cash used in operations for the six month period in 2008 decreased from proceeds of $5.5 million as of 30 June 2007 to a use of $5.6 million. The use of $5.6 million includes the increase in trade and other receivables of $4.8 million and inventories of $0.8 million associated with the Company's new properties in Guatemala (Gran Plaza) and in the Peruvian operations as they prepare for the opening of the casino operations, and an increase of $1.3 million for the period primarily due to increases in funds lent to the Company's Costa Rican Joint venture during the first six months of 2008. Net cash used for investing activities for the six months ended 30 June 2008 was $59.8 million compared to $11.6 million for the same period last year. The major increase consisted of $42.8 million in additions of capital assets an increase of $31.5 million over the $11.3 million that was reported for the first six months of 2007. The capital assets were purchased across all operations, with the primary purchases completed in Peru of $9.9 million, $6.7 million in Costa Rica, $9.4 million in the Philippines, $7.5 million in Panama $3.2 million for the Company's 50% share of the land in India and the remaining $5.4 million spent in the Company's other operations. Additionally, $12.0 million was spent on investments in subsidiaries consisting of $10.7 million for the additional 11.36% of the Panama operation, $0.5 million for an additional 4.5% of the Garden Court casino in Costa Rica, and $0.8 million for the goodwill recognized on the India investment. Also, the Company placed deposits for $3.7 million, for future investments primarily Poland, which closed in July of 2008. Net cash provided by financing activities was $35.4 million compared to $7.6 million received for the same period last year. This increase is due to issuance of new debt of $54.5 million ($63.2 million less cash collateral of $8.7 million), which includes a new financing agreement with a private lender in Peru for $9.2 million, new financing with a local bank in Panama for $17.4 million to fund the Panama acquisition and replenish cash reserves, $8.0 million for the 100% consolidation of the Panama operation and the remaining $19.9 million was used to fund the expansion projects in Panama, the Philippines and Costa Rica.

Other Information

Our assets at 30 June 2008 were $264.2 million as compared to $215.3 million at 31 December 2007. Our total liabilities at 30 June 2008 were $189.7 million as compared to $135.5 million at 31 December 2007. The increase in both assets and liabilities is attributable to the debt funding raised for the expansion of the Company's operations and the corresponding increase in capital assets acquired during the quarter for the existing locations, resulting in an increase in property, plant and equipment, net from $114.5 million at 31 December 2007 to $152.2 million at 30 June 2008.

Cash and cash equivalents decreased to $41.3 million at 30 June 2008 from $71.7 million at 31 December 2007. This decrease is due to principal payments on debt of $19.7 million, $8.7 million used as cash collateral to secure loans, the acquisition of the additional 11.36% of our Panama operations for $10.7 million, the acquisition of the additional 4.5% of the Fiesta Casino Garden Court operations for $0.6 million and total capital expenditures of $42.8 million.

As of 30 June 2008, we had outstanding share options exercisable for up to 572,096 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, 572,096 common shares would be issued generating proceeds of approximately $1.7 million.

Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

Net cash generated by operating activities for the year ended 31 December 2007 was $14.8 million; an increase of $9.8 million when compared to the $5.0 million for the same period ended 31 December 2006. The increase was primarily due to the increase in accounts payable and accrued liabilities of $7.9 million over the use of $0.5 million for the same period last year. The increase was comprised of $2.0 million related to the bonuses granted to management that remained unpaid as of the end of the year, $2.5 million for payments due on gaming equipment for the Peru casino development, $2.9 million due to the increase in accruals and accounts payable for the Peru hotel operation, $0.4 million due to related parties for their portion of management fees in the joint venture operations, $500,000 for the increase in amounts due attributable to the Poro Development and offset by $0.4 million for the reduction of accrued liabilities in our Panama and Eastbay, Philippine operations. Cash and cash equivalents increased to $77 million at 31 December 2007 from $10.5 million at 31 December 2006. This increase is primarily due to the additional cash received from the Private Placement in November of 2007. The Private Placement raised $77.1 million for the Company to fund its development efforts, as of 31 December 2007 the Company paid off $5.0 million of a portion of the Peru debt and paid

$1.3 million for management bonuses and fund $6.0 million the projects in the Philippines and Peru. Our working capital increased by $50.8 million to $47.1 million in the year ended 31 December 2007 over the year ended 31 December 2006 due primarily to the $77.1 million received in the Private Placement. Total borrowings and obligations under leases at 31 December 2006 was $46.3 million and increased to $104.3 million at 31 December 2007. The reason for the increase is the assumption of additional debt to finance the acquisition of the Hoteles Las Americas properties in Peru in the amount of $53.9 million.

Our assets at 31 December 2007 were $215.3 million as compared to $67.4 million at 31 December 2006. Our total liabilities at 31 December 2007 were $135.5 million as compared to $66.8 million at 31 December 2006. The increase in both assets and liabilities is attributable to the debt funding raised for the acquisition of the Peru hotels as well as other capital improvement projects in our existing locations, resulting in an increase in property, plant and equipment, net from $43 million at 31 December 2006 to $114.5 million at 31 December 2007.

As of 31 December 2007, the Company had outstanding share options exercisable for up to 740,696 common shares at prices ranging from $0.61 to $5.00 per share. If all share options are exercised, to which no assurance can be given, 740,696 common shares would be issued generating proceeds of approximately $1.5 million.

Comparison of Results of Operations – Year ended 31 December 2006 Compared to Year ended 31 December 2005.

The information in this section "*Comparison of Results of Operations – Year ended 31 December 2006 Compared to Year ended 31 December 2005*" is derived from our restated consolidated financial statements for the year-ended 31 December 2006, which were prepared in accordance with Canadian GAAP.

Revenues. Revenues for the year ended 31 December 2006 from continuing operations were $72.1 million, an increase of approximately 52% over 2005 revenues from continuing operations of $47.4 million. The growth in revenues was derived primarily from our controlling interests in our Philippine operations and growth in our other operations as a result of property expansions during 2005. Our 50% interest in Panama recorded revenues of $24.2 million for the year, we recorded revenues from the Philippines of approximately $20.2 million for the year, we recorded revenues from Nicaragua of $13.4 million for the year, and our 50% interest in Costa Rica generated revenues of $9.3 million for the year. Our Guatemala operations generated revenues of $4.7 million for the year. In the cases of the Philippines and Nicaragua operations, we record 100% of the revenues and post a non-controlling interest against profits; while in the case of Costa Rica and Panama, we record our portion of the revenues, in both cases represented by 50% of the total revenues. For comparative purposes, we had only one operation in the Philippines for three quarters of the year in 2005 versus two casinos during 2006, with one of those casinos in operation for the entire year. We continued to experience increases in player activity in our Rizal casino, but also added approximately 120 gaming positions during the year. This, coupled with the addition of the Poro Point casino in April 2006, contributed to a total increase in sales of $15.6 million over the previous year in the Philippines. Our 50% interest in Costa Rica generated revenues from seven casinos and slot parlors and two slot routes of $9.3 million compared to $5.8 million for three casinos and one slot route for the prior year. Our 50% interest in our Panama operations generated revenues of $24.2 million, a 17% increase over the previous year, based on the addition of 219 gaming positions over the year and a general increase in same store sales. The Guatemala operation had a decrease of approximately $0.2 million from the same period in 2005, due to the increased competition in the country during 2006. Revenue from our Nicaragua operations during 2006 increased 24%, or $2.6 million, over the same period in 2005 due to the increased sales in its two existing casinos and the addition of a third casino during the fourth quarter of 2006.

Gaming Operations Costs. These costs were $27.1 million in 2006, an increase of approximately $8.7 million, or 47%, over 2005. This was due primarily to the increased operations in the Philippines, which accounted for approximately $5.6 million of the overall increase. Our 50% interest in Panama and Costa Rica's gaming operations costs increased $1.3 million and $0.9 million, respectively, with the expansion of the corresponding operations. Our Nicaragua operations experienced an increase of $0.8 million over the previous period due to opening of the Holiday Inn casino at the end of September 2006, while our Guatemalan gaming operations costs remained roughly the same as the prior year. We experience greater costs during the "start up" of new operations and are working toward becoming more efficient by building our corporate infrastructure to provide more support and training in new operations.

General and Administrative Expenses. These expenses increased approximately $8.0 million, or 37%, in 2006 over the $21.8 million recorded in 2005. The increase in general and administrative expenses stemmed primarily from the

Philippines, Panama, Costa Rica, and corporate operations. The Philippines operations incurred costs of approximately $5.8 million for the year 2006 versus $2.3 million in 2005; this increase was inclusive of $0.9 million in foreign exchange income, which was $0.5 million over the foreign exchange income posted in 2005. We had to increase our administrative infrastructure to manage the larger operations and ongoing development efforts. To this end, corporate administrative expenses increased $1.3 million over the $1.5 million booked in 2005. Concurrently, our 50% interest in the general and administrative expenses in the Panama and Costa Rican operations also increased $1.3 million and $1.1 million in 2006, respectively, over the $6.9 million and $2.8 million booked in 2005. Both entities increased their operations during the year and additionally, Panama improved its entertainment environment, which enabled it to maintain its market share and increase its revenues. Our Nicaragua and Guatemala operations also had increases in their general and administrative expenses over the prior year of $0.8 million and $0.3 million respectively. The Nicaragua increase was the result of operating three casinos compared to two in 2005 and an increase their infrastructure to support the construction of a new casino which was scheduled to open in late 2007.

Project Development Costs. These costs of $2.0 million for the year 2006 related primarily to development expenses associated with our ongoing efforts in the Philippines and Chile. In the Philippines, we spent $1.1 million, mainly in pre-development expenses associated with the golf course and hotel project in Poro Point. Chile development expenses of $0.5 million were all incurred prior to the fourth quarter while we were investing in the gaming license bid process. In Nicaragua, we incurred $0.1 million in development expenses associated with a new casino that opened at the end of the third quarter in 2006. In addition, we also pursued other development opportunities throughout the year, incurring $0.1 million in development expenses.

Financing Costs. These costs have increased as a result of our reliance on debt financing for new projects. The charge in the year 2006 was $5.8 million compared to $3.7 million in 2005, an increase of 57%.

Loss on Disposal of Equity Investment and Other Assets. This loss was $3.3 million for the year 2006 compared to a gain of $1.8 million for the year 2005. The loss was the result of the write off of our attempted investment in Chile for $1.4 million, a provision of $1.2 million for our NAFTA arbitration judgment and, due to a change in accounting policy treatment for our litigation, a litigation provision of $0.5 million for contingent liabilities presented in previous years' financial statements. In 2005, the gain was exclusively related to the sale of our interest in the Venezuela operations. We received total consideration of $1.9 million. $1.0 million was received in cash at consummation and the balance was secured by a 24 month promissory note with interest. We discounted the balance due of $0.9 million to $0.7 million and collected those funds in January 2006.

Equity Gain in Equity Investees. This gain was $0.1 million for the year 2006 compared to $0.1 million recorded in the same period in 2005. The 2006 amount related solely to our 40% minority interest in the Philippine property and development company. The comparative amount in 2005 relates to our equity interest in Venezuela of $0.1 million prior to its sale in August 2005 and our 40% interest in the Philippine property and development company of $0.1 million.

Non-Controlling Interest. This interest for 2006 was related primarily to our Nicaragua operations of $0.4 million offset against minority interest in losses up to the minority shareholders investment in the entity that resulted from the valuation of the equity component of debt instruments received for the construction of the various projects. These offsets totaled ($0.1) million and included ($0.1) million for our Philippine operations. When the entities become profitable and retained earnings are established, we will begin to record minority interest expenses for these entities, unless there is an investment made by our minority interest partners, then the minority interest expenses are recognized up to that investment amount.

Transactions with Related Parties

Included in accounts receivable at 30 June 2008 are (1) $0.0 million (December 2007—$2.4 million) due from Thunderbird Panama, in which we currently own a 64% equity interest. Also included in accounts receivable and intercompany notes receivable is $3.5 million (December 2007—$3.2 million) due from Thunderbird de Costa Rica S.A., in which we own a 50% equity interest. These amounts represent the balances due in excess of our 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.

Included in trade and other amounts receivable at 30 June 2008 is $0.2 million (December 2007—$0.2 million) 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 of 2004.

Included in loans payable at 30 June 2008 is $1.6 million (December 2007 - $2.0 million) due to our Panamanian joint venture partners and Nicaraguan partner.

In addition, included in the balance sheet at 30 June 2008 is $1.8 million (December 2007—$1.6 million) due to related parties. This amount is comprised of $1.7 million (December 2007—$1.5) due to Angular Investments, the Company's joint venture partner in Costa Rica, and $0.3 million (December 2007—$0.3 million) due to Prime East, the Company's minority interest partner in the Philippines East Bay, Inc. operation and $0.1 million as of 30 June 2008 (31 December 2007 - $0.1 million) due to a shareholder of the Nicaraguan operation for a loan on a small acquisition completed by the entity for Masya. Included in assets as of 30 June 2008 is $0.1 million (December 2007--$0.1 million) due from Angular Investments for their portion of the repurchase of minority interest shares in the Garden Court Casino and $0.7 million (December 2007 - $0.6 million) due from our Poro Point partner. Michael Fox, our chief financial officer, has a 10% equity interest in Angular. See "Conflicts of Interest—Related Party Transactions Involving Officers and Directors."

Transactions with these related parties are recorded at the exchange amount, which is based on the consideration given for the service provided.

Additionally, see "Conflicts of Interest—Related Party Transactions Involving Officers and Directors" for a description of additional transactions with related parties.

Indebtedness and Contractual Obligations

Our total long-term indebtedness and other known contractual obligations are summarized below as of 30 June 2008. The contractual obligations for short- and long-term debt reflect our historical debt level and do not reflect the debt repayments that will actually be due under our capital structure as of the date of this prospectus.

	Payments Due by Period (in thousands)				
Contractual Obligations(1)	**Less than Six Months**	**Six to 12 Months**	**1-5 Years**	**More than 5 Years**	**Total**
Borrowings, including interest and current maturities	$ 16,965	$ 20,022	$ 99,042	$ 43,080	$ 179,109
Obligations under leases and hire purchase contracts	2,832	2,250	19,349	11,489	35,920
Operating leases	1,657	1,416	9,047	27,066	39,186
Total contractual obligations	$ 21,454	$ 23,688	$127,438	$ 81,635	$ 254,215

(1) Includes 100% of the obligations of our consolidated subsidiaries and 50% of the obligations of our Costa Rica subsidiaries.

Our total long-term indebtedness and other known contractual obligations are summarized below as of 31 December 2007. The contractual obligations for short- and long-term debt reflect our historical debt level and do not reflect the debt repayments that will actually be due under our capital structure as of the date of this prospectus.

	Payments Due by Period (in thousands)				
Contractual Obligations(1)	**Less than Six Months**	**Six to 12 Months**	**1-5 Years**	**More than 5 Years**	**Total**
Borrowings, including interest and current maturities	$ 16,146	$ 11,036	$ 78,163	$ 37,091	$ 142,436
Obligations under leases and hire purchase contracts	718	4,174	14,212	14,696	33,800
Operating leases	1,882	1,883	10,808	34,164	48,737
Total contractual obligations	$ 18,746	$ 17,093	$103,183	$ 85,951	$ 224,973

(1) Includes 100% of the obligations of our consolidated subsidiaries and 50% of the obligations of our Costa Rica and Panama subsidiaries.

Financing

In December 2007, we entered into a $10.0 million loan facility with Interbank-Peru for improvements to our Peru hotels, including the installation of casino space. The loan agreement calls for a fixed interest rate of 9.75% and terms of four or seven years, depending on the type of collateral that secures the loan. We have drawn $5.4 million of the loan as of 31 August 2008 and have $4.6 million of remaining availability.

In April 2008, we executed a $20 million promissory note with Capital International Assets Corporation, a privately held Panama equity investment firm. As of 25 July 2008, approximately $10.4 million has been drawn under this unsecured, 72-month, 13% loan. The Company has used, and intends to use, the proceeds for acquisitions and/or development of various gaming facilities in Peru. Certain proceeds may also be used to fund the construction of gaming facilities located within the Thunderbird Hoteles Las Americas in Peru that are now under construction or in the design phase.

In May 2008, the Company closed a $19.5 million loan transaction with a syndicate of private banks in Panama (Banco Panameño de la Vivienda S.A., Grupo Mundial Tenedora and Mundial Fiduciaria S.A.), of which $17.4 million has been drawn. The loan is secured by a pledge of our equity in International Thunderbird Gaming (Panama) Corp. (our "Panama Operating Entity"). The loan is fully amortized over a 10 year period at 9.5%. A portion of the loan was approved in May 2008 by the Panama Gaming Board, permitting the Company to replenish the Company's cash reserves when it acquired an additional 11.36% interest in the first quarter of 2008 in the Panama Operating Entity (which owns and operates six casinos in Panama Approximately $2.1 million was used in September 2008 to close on our purchase of an additional 2.27% equity interest in our Panama Operating Entity, which was approved by the Panama Gaming Board near the end of the third quarter of 2008. The proceeds of the $17.4 million drawn were used as follows: approximately $15.9 million was used to replenish the Company's cash reserves (used when the Company paid approximately $10.7 million to acquire an 11.36% interest in the Panama Operating Entity and when we paid Company debt of $5.2 million); and the additional $1.5 million was used to pay for the costs of the loan and for a debt reserve account.

Our previously announced revolving credit facility with Global Mortgage, Inc. was not funded by the lender prior to the deadline date, therefore the agreement was terminated by the terms thereof.

Peru Cash Flow Interest

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% 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% 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% 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

Our joint ventures and operating subsidiaries typically finance their projects with indebtedness, either borrowed from us or from third party lenders. As of 30 June 2008, our joint ventures owed us an aggregate of $30.4 million.

In addition, in May 2007 our joint venture that is constructing the Tres Rios facility in Costa Rica entered into a loan facility with total availability of $6.0 million, of which approximately $6.0 million has been drawn as of 15 September 2008. Our 50% share of that indebtedness is reflected above under "—Indebtedness and Contractual Obligations." The loans bear interest at a rate of 9.75%. However, for financial reasons unrelated to our Tres Rios project, a local government-owned bank that had previously made a conditional financing commitment to the Tres Rios project has temporarily suspended the granting of new loans of this magnitude. We are currently pursuing other financing options as described in "Business– Costa Rica– Properties and Projects – Tres Rios Projects."

The lending arrangements between our joint ventures and third parties are with local banks and local partners. Some of these arrangements are secured by the applicable joint venture's property or equipment; however, those arrangements contain no material restrictions on the applicable joint venture's operations.

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 six months ended 30 June 2008 and may continue to be material in future periods. We do not currently hedge our exposure to foreign currency, however, since we operate in countries that are subject to local currency fluctuations against the dollar, we are exposed to market risks from changes in foreign currency exchange rates, and we may engage in hedging transactions in the future.

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

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

See also "Capital Resources and Liquidity" and our consolidated financial statements included elsewhere in this prospectus.

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.

Financial Instruments

Financial Assets

We classify our financial assets in the following categories: trade and other receivables; financial assets at fair value through profit or loss; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. We determine the classifications of our financial assets when acquired and reevaluate this classification at each financial year end. When financial assets are recognized initially they are measured at fair value, being the transaction price plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than l2 months after the balance sheet date, which are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless we intend to dispose of the investment within l2 months of the balance sheet date.

The fair value of the liability associated with a warrant, classified as a derivative was determined as of 1 January 2006. This amount is recorded as a liability and is held on a fair value basis until such time as it is extinguished or exercised.

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. Unless otherwise noted in our consolidated financial statements, we believe that we are not exposed to significant interest, currency or credit risks arising from these financial instruments.

Trade 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. Trade and other receivables are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the income statement.

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

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognized in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

Financial Liabilities

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

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

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

No Significant Change

Except as described in “Recent Events and Investments – Poland—Casino Centrum Agreements and Acquisition,” “Recent Events and Investments—Costa Rica—Garden Court,” Recent Events and Investments—Peru – Sun Nippon Acquisition,” “Recent Events and Investments—Costa Rica—Tres Rios and Escazo,” and changes in certain foreign exchange expenses similar to those described in “Operating and Financial Review--Results of Operations for the Six Month Periods ended 30 June 2008 and 2007—Corporate and Other—Foreign Exchange,” there has been no significant change in the financial or trading position of Thunderbird or its affiliates since 30 June 2008, being last day of the financial period in respect of which the most recent interim financial information has been prepared (and included herein).

BUSINESS

Business Overview

We are an international provider of branded casino and hospitality services, focused mainly on markets in Central America, South America, southeast Asia, India and eastern Europe. Our goal is to be a leading recreational property developer and operator in each of our markets by creating genuine value for our communities, our employees and our shareholders. We seek to achieve this by offering dynamic, themed and integrated resort venues, typically anchored by full-service casinos.

With over a decade of experience, our business model is now well defined. We diversify operations across a number of different jurisdictions, properties and partners, and focus on developing markets to take advantage of greater market share and operating efficiencies, as well as to expand our brands' success.

Starting in 1997 with a single facility in Guatemala, we have consistently grown through the development, expansion and acquisition of gaming and hospitality properties in our target markets. We currently have 34 operating gaming facilities, two slot machine routes, nine hotels and one nine-hole golf course, including seven gaming facilities (two in Poland, five in Peru) acquired in the third quarter of 2008. We have over 23,500 square meters of gaming space worldwide and we have approximately 760 hotel rooms in Peru, Costa Rica and the Philippines. In addition, we are developing additional facilities and are expanding existing facilities in Panama, Costa Rica, the Philippines, Peru, Nicaragua, Guatemala, Poland and India.

As we have grown, our corporate mission has matured from being simply a casino owner and operator, a "European" model, to being a recreational real estate property developer and operator whose integrated, thematic venues are anchored by our branded casinos. We believe that opportunities exist around the world to create more modern, integrated gaming, entertainment and hospitality properties, a "Las Vegas" standard, in mid-sized markets similar to our existing markets. Our mission is to bring our specific expertise to bear in exploiting these opportunities by catering to local and regional patrons seeking gaming and other entertainment experiences.

A key aspect of our strategy is our use of product differentiation to achieve and retain market share. We search for opportunities to acquire or develop gaming facilities that can provide the first truly major market-style experience in that region, closer to the "Las Vegas" standard (but employing a localized strategy that tailors operations to the specific tastes of the local marketplace) than that currently provided in the relevant local market, which often tends to be more along the "European" model.

To further this mission, we are already investing in significant gaming and hospitality developments in Panama, Costa Rica, Nicaragua, Peru, the Philippines, Poland and India to further take advantage of the market positions of our casinos. We plan to expand our operations in our existing markets, both through new developments and expansions of existing facilities, and to extend our strategy to our other markets as opportunities and planning permit. While we have no current operating facilities in Colombia, we do have an office with approximately 10 employees in Bogotá, and are evaluating potential opportunities there.

In major gaming markets, such as Las Vegas, Atlantic City, Macau and Singapore, real estate and gaming licenses are very expensive and, because of the fierce competition in those locations, successful casino developments typically require significant capital outlays, often exceeding $1 billion. In contrast, we target markets where our experience indicates that flagship-style integrated properties would generally cost less than $100 million to develop and construct. This lower cost typically stems from the smaller size of our facilities (as compared to the size of casinos in Las Vegas and Macau, for example), as well as from our targeted locations' lower cost of land and, often, labor. This cost structure typically excludes the major market global casino operators, who tend to look for larger-scale investments; however, because we expect to target projects with an aggregate cost of typically between $5 million and $100 million, it is still significant enough that it tends to be beyond the capabilities of local entrepreneurs and, as a result, acts as a barrier to entry of many potential competitors.

Our properties are intended to provide entertainment opportunities predominantly to the local populations. Major tourist locations that permit casinos tend also to be major gaming markets and, accordingly, much more expensive and competitive, which lessens the attractiveness of those locations for us. We believe that many gaming-friendly locations with relatively large populations remain underserved, including countries such as Colombia, Poland and India, which we have targeted for expansion. 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. Our emphasis on local and regional populations also reduces the seasonality of our results and lessens our exposure to risks associated with tourism-based business.

During the last ten years, we feel that our management team has gained valuable experience in identifying suitable project locations and offering a branded casino entertainment product exceeding those currently offered in our targeted markets. Our management team researches gaming opportunities when presented to us to determine their suitability with respect to our short and long-term goals, including reviewing financial viability, political risk issues, potential security risk, relevant state, federal or national gaming license requirements, local labor law and tax issues, staffing requirements and projected revenue and expenses of a proposed opportunity.

For example, in July 2007 we entered Peru by acquiring the six Hoteles Las Americas properties in Lima, and are currently re-developing four of these properties to include full-scale casinos. While Peru contains many slot parlors and casinos, we believe that the products and services offered by these establishments are of a lower quality and contain a very limited entertainment component; accordingly, our proprietary Fiesta-brand casinos, which provide a more major-market gaming atmosphere and are typically accompanied by full-sized restaurants, bars and entertainment facilities, would be relatively unique in Peru. As a result, we expect those casinos to appeal to local and regional customers seeking a more entertainment-focused experience. In addition, our entry into Peru was strategic because of its location (relatively close to our other Latin American facilities), large population and gaming culture, as well as because the Peru acquisition provides us with the opportunity to further our strategy of creating facilities that include a combination of gaming, hospitality and entertainment options for our customers.

As a further example, we have recently entered into a shareholders agreement that contemplate the acquisition and expansion of casino properties in Poland. We view Poland as providing opportunities similar to those we saw in Peru; Poland has a large population with a number of smaller, European-style gaming facilities, and a growing economy. We believe that most of Poland’s gaming facilities are older, smaller and without integrated entertainment venues; accordingly, we have entered into a preliminary agreement with our local partner to jointly develop casino properties in Poland, beginning with the city of Lodz. We expect our new projects there, if completed, to introduce our fully integrated major market-style gaming, entertainment and hospitality products into Poland.

Our business model is reinforced by a management and control infrastructure that we believe provides us with a significant advantage over local gaming operators in our existing markets. Our management team, drawn from both U.S. and host country sources, has a track record of identifying, developing, acquiring and operating gaming and hospitality facilities in the U.S., Latin American and southeast Asian markets, including experience dealing with Latin American and Asian gaming regulatory issues. Led by our Chairman and CEO, Jack Mitchell, we believe that our executive management team has extensive experience and diverse backgrounds in state-regulated lotteries, gaming operations, design and construction, real estate development, business intelligence, law and international sales.

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, in order to drive superior returns on invested capital, increase asset value and maximize value for our shareholders. We have developed distinct business strategies for achieving this objective, comprised of the following:

Be a First Mover in New Mid-Sized Markets. As we evaluate new markets for expansion, we consider whether other major market-style gaming and casino-anchored recreational venues currently exist that cater to local populations. We prefer to be the first, or one of the first, providers of these types of facilities, so we search for opportunities to acquire or construct casinos that can provide the first truly major market-style experience in their region, or to expand or improve existing casinos to provide that experience. We will often work with local governments to identify opportunities for those governments to permit or expand gaming opportunities, which allows us to get a head start on competitors in terms of identifying desirable local partners and desirable locations, as well as planning our approach to that market. Our in-house business intelligence group actively monitors our target markets for opportunities in anticipation of regulatory changes, and as such we are often one of the first entrants into those markets after the governmental action, and our success in those markets has enabled us to continue expanding in those markets as well as into new markets. We believe that an early entrance into a marketplace allows us to become perceived as "local" more quickly, through our relationships with our local partners and our marketing approach. In addition, we have found that the first entrants into a marketplace often generate outsized returns for a period of time before new competition enters the market.

We will on occasion work with local governments to enact or change gaming legislation. For example, from 1992 to 1997, as the Panamanian government was initiating the privatization of its then-owned casinos, we participated, together with a number of other potential bidders, in the establishment of the Panamanian gaming regulations, which were ultimately modeled on Nevada gaming laws. This provided us an advantage to be one of the first entrants into this market.

We also monitor other markets in which gaming is legal but other regulatory issues exist, in case those regulatory issues are resolved. For example, gaming has historically been legal in Peru, but government collection of gaming taxes had been lax, resulting in many of Peru's gaming providers—often smaller, less established market participants—failing to pay taxes. This regulatory situation created an uneven playing field for large established gaming providers, who typically satisfied their tax obligations and thus were at a competitive disadvantage. In March 2007 the Peruvian supreme court ruled that all casino operators must file an application for licensing and pay the gaming tax, which made Peru a much more attractive country for us to invest in. In response to this regulatory change, in July 2007 we acquired the Hoteles Las Americas hotels, and we intend to install three Peruvian Fiesta casinos in certain of those hotels, and our flagship Fiesta casino opened on 19 September 2008. We believe our Fiesta casinos will be the first major-market-style casino and entertainment providers in Peru.

Use a "Hub and Spoke" Growth Strategy. Our successful operation of facilities in Panama, Costa Rica, the Philippines, Guatemala, Nicaragua and Peru have provided and will provide a solid platform for expansion into Central America, South America, southeast Asia and eastern Europe. Our hubs include additional resources, including our business intelligence and Impacto personnel, which allows us to more quickly evaluate and enter new markets. For example, using Panama as a hub, we have built and acquired a cluster of businesses within a three-hour flight radius in the markets of Costa Rica, Nicaragua and Guatemala, and are targeting expansion into Colombia. In the same manner, we have also expanded into the Philippines, where we operate two properties. We intend to use Manila as a hub for future expansion further into the Philippines, as well as into southeast and central Asia, potentially targeting markets such as Vietnam and Cambodia.

As a further example of this strategy, we recently acquired a portfolio of six hospitality properties in Peru, which we expect to renovate and expand, including installing Fiesta casinos at certain locations. We expanded into Peru from our Panama hub. We have entered into the Polish and Indian markets and expect that Poland will provide a hub for any additional expansion into eastern Europe potentially targeting markets such as Ukraine.

We believe that this "hub and spoke" growth strategy provides us with a number of benefits, including a familiarity with evolving local opportunities superior to that available to a fully-centralized operation.

Manage Each Country as a Fully-Integrated Business Unit. When we initially expand into a new country, that country is a "spoke" from our expansion "hub." However, once we have operating facilities in a country, we manage that country as a fully-integrated business unit, centralizing administrative and management functions under the supervision of a country manager who locally manages that country's operations. This allows us to lower overhead and working capital needs, while keeping management knowledgeable about each local market.

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.

Implement and Expand Player Tracking Measures. We invest significant resources to establish, maintain and strengthen our relationships with our patrons. We have implemented customer service programs to promote greater visitation frequency and length of stay, including our player tracking and cash club systems.

One proprietary system is our “ThunderWatch” Player Tracking System, implemented through a licensing agreement with Table Trac Inc., a leading casino management system provider. Under the licensing agreement, this system is exclusive to us so long as we meet certain purchasing benchmarks. The Thunderwatch Player Tracking System is a machine gaming system that monitors the gaming floor, collecting and monitoring data from all machine transactions so that we may offer clients special consideration for their play. In Guatemala, which does not permit currency to enter or exit gaming machines, we provide “cashless cards” as a tool to meet the legal requirements. These cards also provide us with additional data for our player tracking system. Our ThunderWatch system is currently implemented in all of our Nicaraguan and Guatemalan facilities, as well as our Fiesta casino in the El Presidente Hotel in Costa Rica, and we intend to eventually implement this system (or a similar system) in all of our other facilities worldwide.

With our player tracking systems, we gather data from and about our patrons, including the types of players, how much they play, and the kinds of drinks they prefer. We then use that data to customize and improve the experience for repeat patrons. Our objective is to create a product that exceeds expectations and fuels repeat visits, as well as positive word-of-mouth advertising. We believe that most of our competition in Latin America, Poland and the Philippines do not use customer relationship programs at all, let alone relatively sophisticated programs like ours.

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, 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. We have also trained our front line workers in effective customer service approaches and have implemented new customer feedback surveys to understand the perception our efforts have among our guests.

Acquire the Underlying Real Estate and Facilities, Where Strategic. Many of the jurisdictions in which we operate require, or once required, casinos to operate only within hotels. Accordingly, we have typically leased space from existing hotels to install and operate our casinos. In the future, we may own (potentially with our local partners) not only our casino facilities, but the surrounding hospitality and entertainment facilities and the underlying land when such acquisition is strategic and economically feasible.

Owning the related hotel and other surrounding properties also provides potential synergies and opportunities for additional customer relationship building. Where a casino is not economically linked to the hotel, for example, the hotel operator is only likely to be motivated to provide excellent service to a top customer of the casino if that person is also a top customer of the hotel. Where we own and operate both facilities, however, we can provide complimentary rooms and other amenities to our top casino customers, which we believe ultimately strengthens our relationships with our best customers and, as a result, increases our profitability.

Ownership of the surrounding properties also provides us with the flexibility to expand our existing facilities when appropriate. For example, our control (directly and through joint ventures) of the property surrounding our Philippines facility in Rizal has allowed us to aggressively expand our operations at those locations.

Our Competitive Strengths

We believe that the following competitive strengths will enable us to maximize the returns to our shareholders by allowing us to capitalize on the value of our existing facilities and on growth and expansion opportunities in our current markets, as well as future markets:

Experienced Management. Our Senior Management has 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. We feel that our management team has a successful track record in many countries throughout the world. Additionally, we have recently hired three new corporate employees: a director of investor relations, a chief information officer, and a chief accounting officer and executive director of financial reporting. We have also recently promoted one of our country managers to the position of chief operating officer for our Latin American operations.

Brand Identity. We feel that we have a unique and recognizable brand identity in many of our markets, while still conforming to local market tastes. The Fiesta casino brand is widely advertised in Panama, Costa Rica and the Philippines, and our Hoteles Las Americas hotel brand, one of the largest hotel chains in Lima, is well-known in Peru. We feel that the Fiesta slogans of “we bring you to life” and “where the party never ends” are well known in many of our markets, and we believe that the Pharaoh’s brand was widely recognized when we purchased the Pharaohs Casino Managua-Carretara Masaya in Nicaragua. In addition, we believe that our Salsa’s and Pirates bar brands are known in their markets as high quality entertainment locales with frequent choreographed shows and live music.

We are also striving to establish the Thunderbird brand as a symbol of quality hospitality and entertainment facilities. Our properties in the Philippines operate under the Thunderbird name, with incorporated Fiesta casinos. Because our brands are associated with gaming properties that provide a fully-integrated casino and entertainment experience in their current locations, we intend to continue using those brands in their established locations, as well as to extend those brands into new locations. For example, in Peru we have added the Thunderbird name to our newly-acquired hotels, and are in the process of installing Fiesta casinos in two of those hotels.

Diversity of Locations. We currently have operating facilities in seven countries on four continents. This diversity provides us with a number of potential “spokes” 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 or market. We expect to continue to expand our business into new locations, which will continue to provide us with the benefits of operations with many separate geographic and political exposures.

Strategic Local Partners. We believe that local 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. While political administrations may come and go, we have found that local business leaders tend to remain influential in the local community over time. For example, we have local partners, all of whom are local business leaders, in Panama, Costa Rica, Nicaragua, India, Poland and the Philippines; in each case, our local partner has provided us with significant local expertise, including with regard to local regulations and permits, as well as with local business relationships (with contractors and employees, for example). Our local partners have also provided significant expansion capital from time to time.

Fully-Integrated Project Development, Completion and Operation Team. Our operations encompass not only property operation and management, but also project sourcing and analysis (through our business intelligence group) and design, architecture and construction management (through Impacto, our in-house design group). 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.

In 2003, we established Impacto, our in-house design group, to address our design, architecture, construction management and visual communication needs. Impacto employs more than 80 design professionals, all of whom are focused on the creation and improvement of our entertainment facilities. Since 2003, Impacto has designed and built (or managed the design and building of) more than 30 projects, including hotels, casinos, event centers, golf courses, restaurants, bars and commercial areas. Impacto's expertise and experience, combined with our business intelligence unit's initial analysis, allows us to quickly evaluate potential projects, including in bid situations (such as the Hoteles Las Americas transaction) where a quick and accurate determination of projected costs and critical path items is critical.

When operating our facilities, we focus on daily operations and maintenance by acquiring local office space and staff, investigating the background of each potential significant employee prior to an offer of employment, and researching shipping and importation issues and regulations, duty taxes where applicable, and computer network capabilities and communication equipment requirements. Human resources issues, such as visas, work permits, payroll issues, and local labor law requirements, are researched prior to the commencement of operations in any location, and local finance and accounting personnel are hired to ensure compliance with relevant local tax and accounting requirements.

Our Properties

The following table provides an overview of our existing locations and properties as of 31 August 2008:

Name	Location	Date/ Acquired Constructed	Type	Our Owner-ship(1)	Total Square Meters(2)	Gaming Square Meters	Slot Machines	Video Lottery (7)	Gaming Table Positions(3)	Rooms and Suites
Panama										
Fiesta Casino—El Panamá	Panamá City	1998	Casino	64%(8)	8,313	2,584	573	—	217	—
Fiesta Casino —Soloy	Panamá City	1998	Casino	64%(8)	1,146	950	329	—	72	—
Fiesta Casino —David	David	1999	Casino	64%(8)	3,200	895	291	—	74	—
Fiesta Casino —Colon	Colon	1998	Casino	64%(8)	1,980	1,442	280	—	75	—
Fiesta Casino —Chitre	Chitre	2004	Casino	64%(8)	956	636	176	—	41	—
Fiesta Casino —Decameron	Fallaron	2003	Casino	64%(8)	380	240	101	—	47	—
Panamá Total					15,975	6,747	1,750	—	526	—
Costa Rica(3)										
Fiesta Casino Garden Court	San Jose	2005	Casino	54%	3,900	1,167	349	—	133	—
Fiesta Casino Presidente	San Jose	2003	Casino	50%	910	495	219	—	27	—
Fiesta Casino Heredia	Heredia	2005	Casino	50%	715	544	148	—	39	—
Fiesta Casino Herradura	San Jose	2007	Casino	50%	615	403	73	—	54	—
Lucky's—Perez Zeledon	San Jose	2007	Slot parlor	50%	220	188	95	—	—	—
Lucky's—San Carlos	San Carlos	2006	Slot parlor	50%	122	68	40	—	—	—
Lucky's—Guapiles	Guapiles	2006	Slot parlor	50%	283	255	85	—	—	—
Lucky's—Tournon	Tournon	2006	Slot parlor	50%	203	122	58	—	—	—
Lucky's—Colon	Colon	2008	Slot parlor	50%	350	200	94	—	—	—
Hotel Diamante (Perez Zeledon)	San Jose	2008	Hotel	50%	1,154	—	—	—	—	21
Costa Rica Total					8,472	3,442	1,161	—	253	21
The Philippines										
Thunderbird Resort Rizal Casino(8)	Manila, Binangonan Rizal	2005	Casino	60%(4)	8,200	1,800	319	—	193	43
Thunderbird Resort Poro Point Casino(5)	San Fernando City, La Union	2006	Casino	61%(6)	13,373	1,150	228	—	193	36
Thunderbird Resort Rizal	Manila, Binangonan Rizal	2005	Hotel	60%(4)	10,250	—	—	—	—	—
Thunderbird Resort Poro Point(5)	San Fernando City, La Union	2006	Hotel	61%(6)	11,750	—	—	—	—	—
Thunderbird Resorts Golf Course	San Fernando City, La Union	2008	Nine Hole Golf course	61%(6)	330,000	—	—	—	—	—
Philippines Total					373,573	2,950	547	—	386	79

Name	Location	Date/ Acquired Constructed	Type	Our Owner- ship(1)	Total Square Meters(2)	Gaming Square Meters	Slot Machines	Video Lottery (7)	Gaming Table Positions(3)	Rooms and Suites
Peru(7)										
Las Americas Miraflores	Lima	2007	Hotel	100%	18,672	—	—	—	—	151
Las Americas Suites & Casino	Lima	2007	Hotel	100%	32,381	5,176	414	—	188	66
Las Americas Pardo	Lima	2007	Hotel	100%	7,082	—	—	—	—	64
Las Americas Bellavista	Lima	2007	Hotel	100%	5,840	—	—	—	—	45
Las Ameritas Hotel & Casino, Carrera	Lima	2007	Hotel	100%	7,130	—	—	—	—	99
El Pueblo Resort and Convention Center	Lima	2007	Resort	100%	35,403	—	—	—	—	235
Luxor	Lima	2008	Slot Parlor	100%	911	438	180	—	—	—
Mystic Slot	Cusco	2008	Slot Parlor	100%	326	236	75	—	—	—
El Dorado	Iquitos, Hotel El Dorado	2008	Slot Parlor	100%	233	154	97	—	—	—
Gold Mountain	La Oroya	2008	Slot Parlor	100%	129	112	45	—	—	—
Luxor	Tacna, Hotel El Emperador	2008	Slot Parlor	100%	573	248	140	—	—	—
Peru Total					108,680	6,364	951	—	188	660
Nicaragua										
Pharaoh's Managua	Managua	2000	Casino	55%	3,175	566	184	—	91	—
Pharaoh's at Hotel Camino Real	Managua	2005	Casino	55%	4,890	633	182	—	49	—
Pharaoh's at Hotel Holiday Inn Select	Managua	2006	Casino	55%	475	215	88	—	28	—
Pharaoh's Masaya	Masaya	2007	Slot parlor	55%	370	220	78	—	—	—
Bello Horizonte	Managua	2008	Casino	55%	826	545	112		21	
Nicaragua Total					9,736	2,179	644	—	189	—
Guatemala										
Video Loteria Intercontinental	Guatemala City	2007	Video parlor	100%	646	594	—	142	—	—
Mazatenango Video Suerte	Guatemala City	2005	Video parlor	100%	310	260	—	117	—	—
Fiesta Coatepeque	Guatemala City	2006	Video parlor	100%	281	230	—	107	—	—
Gran Plaza Video Lottery Parlor	Guatemala City	2008	Video parlor	100%	1,720	624	—	122	—	—
Guatemala Total					2,957	1,708	—	488	—	—
Poland (9)										
Casino Centrum 1	Lodz	2008	Casino	37.9%	604	250	28	—	49	—
Casino Centrum 2	Lodz	2008	Slot Parlor	37.9%	306	119	46	—	—	—
Poland Total					910	369	74	—	49	—
Total for all properties					520,303	23,759	5,127	488	1,597	760

(1) Other than 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 297 slot machines in two smaller third party locations called "slot routes," in Costa Rica, where the owner of the property pays us a percentage of the net winnings generated by those machines.

(4) 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.

(5) We expect that we, rather than the applicable joint venture, will ultimately lease the real property on which this facility is located. See "—Real Property—The Philippines."

(6) Third parties own a non-voting equity interest in the entity that owns this property, reducing our economic interest to 52%.

(7) We own 100% of the equity interests in our Peru operating subsidiaries, but certain lenders to those Peru subsidiaries have the right to receive 80% of the cash flow until principal and interest is paid to one lending group (who loaned us $18.6 million) and 14% of the cash flow thereafter, if any, generated by those subsidiaries. See "Operating and Financial Review —Peru Cash Flow Interest."

(8) We have entered into a stock purchase agreement to acquire an additional 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corp. from minority selling shareholders. The closing is contingent on the Company receiving approval from the Panama regulatory authorities. Assuming the 4.55 % acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation.

(9) We have entered into Shareholders Agreement with our local partner that calls for distributions on a 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%.

The following table contains additional country-level information about our existing properties. The columns titled "2007 Property EBITDA," "Six Months Ended 30 June 2007 Property EBITDA" and "Six Months Ended 30 June 2008 Property EBITDA" show the contributions of the applicable country's operations to our Property EBITDA. The "2007 Revenue" column shows the applicable data as generated by the relevant country's properties, with no adjustment for our ownership percentages.

(In thousands)	2007 Revenue ($000s)(1)	2007 Property EBITDA(1)(2)	Six Months Ended 30 June 2008 Property EBITDA(1)(2)	Six Months Ended 30 June 2007 Property EBITDA(1)(2)
Country				
Panama(3)	$ 56,242	$ 17,534	$ 9,739	$ 8,310
Costa Rica(3)	27,070	11,108	7,592	4,986
Philippines	34,464	9,246	6,317	4,196
Nicaragua	12,871	3,202	2,332	1,735
Guatemala	3,426	91	(9)	(276)
Peru	7,056	2,102	2,717	--
Total properties	$ 141,129	$ 43,283	$ 28,688	$ 18,951

(1) Total for all properties in the applicable country, without reduction for joint ventures or third party equity interests. See the previous table for our equity interests in each country's existing properties.

(2) Property EBITDA is a supplemental financial measure that we use to analyze operations at the country level without reduction for joint ventures or third party interests.

(3) For 2007, revenue and EBITDA amounts for Costa Rica and Panama in this table represent 100% of the revenue and EBITDA generated by those operations, of which we reported 50% in our consolidated historical financial information. For 2008, revenue and EBITDA amounts for Costa Rica in this table represent 100% of the revenue and EBITDA generated by that operation, of which we reported 50% in our consolidated financial information.

Panama

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

Properties and Projects

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. We completed a significant expansion of this property in May 2007, adding 80 new gaming table positions.

Fiesta Casino—Soloy. This casino, located inside the Gran Hotel Soloy in downtown Panama City, is situated in the government offices area of Panama City. It caters to a middle-class clientele and includes table games, slot machines and a VIP gaming area. We are expanding this property to add 150 slot machines and 400 square meters of gaming space which we expect to complete in the first quarter of 2009.

Panama – Colon and David. Our Hotel Washington casino expansion in Colon, Panama was completed ahead of schedule on 17 May 2008 with 60 new slot machines. The expansion added 750 square meters of gaming space. We have also installed 40 other slot machines in various other Panama locations. Additionally, 73 slot machines were added at our Hotel Nacional in David, Chriqui, Panama along with a new Pirates Bar and Grill as part of an 883 square meter expansion that opened in August of 2008.

Costa Rica

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

Properties and Projects

Fiesta Casino Garden Court. This casino is located inside 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 begun construction on a resort project in the eastern suburbs of San Jose. This 22-acre "Tres Rios" facility will be a landmark facility, featuring a 75-room resort hotel and spa, a convention center and a Fiesta-brand casino. As of 31 July 2008, we have invested approximately $12.8 million for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. We had anticipated receiving additional loans to complete the infrastructure, the hotel and the shell for the casino, however, for financial reasons unrelated to this project, a local government-owned bank that had previously made a conditional financing commitment to the project has temporarily suspended the granting of new loans of this magnitude. We are currently pursuing other financing options. This development, along with the previously announced decree by the executive branch of the Costa Rica government which will limit 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 now intend to minimize the amount we will invest in the hotel and attempt to maximize third party investment. Since the Tres Rios hotel will require more rooms for the associated casino to have the number of rooms and tables originally intended, we are also still considering other financing structures, including additional financial investors in the hotel and/or converting the hotel into a "condo hotel" with the Company acting as manager of the hotel. While these options are being pursued the "on-site" construction at Tres Rios could be suspended during the fourth quarter of 2008 until these options have been successfully implemented, of which there can be no certainty. Due to these changed circumstances, we do not anticipate Tower One of the Tres Rios condo-hotel and the casino to be operational before the third quarter of 2009.

Escazu. We have also acquired land in the southwestern suburb of San Jose (the "Escazu project") where we plan to build a new hotel and casino project. We are seeking the debt financing required for the project. However, as a result of the new executive decree mentioned above, we are developing a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica at Escazu, will be transferred to a third-party which will financially commit to construct a three hundred room hotel or condo-hotel within a given time frame. Land for the casino will be retained by our affiliate for the associated casino. Due to these changed circumstances, we do not anticipate the Escazu hotel and casino to be operational before the first quarter of 2011. The developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities.

Zeledon. In the second quarter of 2008, we acquired the 21-room hotel in which our Peres Zeledon slot parlor is located. We will rename the hotel "Hotel Thunderbird Resorts." The hotel was acquired for $2.0 million, 75% of which was financed with a 12-year loan from Banco National de Costa.

Additional Slots. We previously announced that we intend to acquire and install 340 slot machines at various existing locations during the remainder of 2008. The implementation of that plan remains on schedule for the approximately 340 slot machines.

The Philippines

We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos with over 500 slots and 380 table positions, as well as two hotels and a nine-hole golf course in the Philippines. We are expanding our facilities with multi-stage projects ongoing for each property. In addition to these projects, we believe that the Philippines will provide additional opportunities for expansion in the future, as well as serving as our "hub" for further expansion into Asia.

Properties and Projects

Thunderbird Resorts—Rizal. This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country's largest lake. The hotel, a luxury boutique with 43 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access. The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila.

We are expanding the Rizal property, to include an event center, spa, and additional food and beverage areas, as well as an expanded casino. The expanded casino will offer approximately 163 new slot machines and 49 new table positions. We expect that this expansion will cost a total of $13.2 million and will be completed during the first quarter of 2009.

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. We have a 20-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 a 36 room hotel and a nine-hole golf course, which completed Phase I of our expansion. At a later date, we intend to expand the facilities to include an 18-hole golf course, 115-room beachside hotel, and additional food and beverage areas, as well as a casino expansion (which will include an additional 75 slot machines and an additional 42 table positions). We expect to offer 10 of the hotel units as "vacation club" units. The "vacation club" units will not be available to hotel guests, but rather will be paid in advance by the "vacation club" members. We expect to market the remaining rooms to the local and regional vacation, weekend, event and business markets, where we believe an opportunity exists for higher-end products. We intend to sell long-term leases on this surrounding area for sea side and golf side villas, as well as for condo units, as part of a planned golf course-centered residential community. Our Poro Point property also includes 2.5 acres of waterfront or near waterfront property that would be attractive for the development of high-end homes and condominiums.

We expect the casino expansion Phase II of the project, an addition of 75 slot machines and 42 gaming tables, to cost a total of $7.4 million and to be completed during the first quarter of 2009.

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 intend to renovate the hotels to current market standards, and to install major market-style casinos and entertainment facilities in at least two, and possibly more, of these 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.

We believe that Peru presents a significant expansion opportunity for us, by installing Fiesta casinos and other, related entertainment facilities in a number of the Las Americas hotels, as well as by developing one or more additional entertainment and casino properties in Lima. We also intend to use Peru as our "hub" for further expansion into South America.

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, with approximately 414 slot machines and 188 table positions. This flagship Fiesta Casino requires a capital investment of approximately $21.2 million, which includes budgeted pre-opening costs and working capital of $4.5 million.

Las Americas Pardo—Thunderbird Hotels. This hotel is also located in the Miraflores district. All of its rooms are suites, equipped with kitchenette, whirlpool bath, office, three or more telephone lines, and voice mail and internet connection. Catering to the high- and medium-budget business traveler, the hotel also has a business center, 200 square meters of convention space, a bar, a restaurant, hydro-massage pools, gym and sauna, as well as 70 parking spaces. We expect to install a Fiesta-brand casino on this property during 2008. This project is in the design and planning stage. We expect construction to start in the fourth quarter of 2008.

In addition, we are currently renovating each of our existing hotels and expect that such renovations will cost approximately $10.0 million and will be completed in the fourth quarter of 2008.

Peru—Sun Nippon Acquisition. On 9 July 2008, we purchased 100% of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately $12.5 million, subject to working capital adjustments. A material portion of the purchase price will be held in escrow as certain liabilities and accounts receivable are resolved during the post-closing period. The five properties owned by these two companies have approximately 537 slot positions and we intend to upgrade current slots and add slot positions based on demand and performance of the existing slot positions.

Nicaragua

We entered the Nicaraguan market in 2000, and operate four casinos in Nicaragua, all under the Pharaoh's brand, with over 600 slot machines and 180 table positions. We are in the planning and regulatory approval stage for one large casino-centered project in Nicaragua which is described and we refer to as the "Carretara Masaya Project". 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, our casinos are the only ones in Nicaragua with a player tracking and cash club system—but do not yet have entertainment and recreation facilities fully integrated with our casinos.

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.

Managua — Carretara Masaya Project. We have begun preparations for a major market-style casino-centered entertainment and recreation facility in Nicaragua, which will include a Fiesta-brand casino and Salsa's-brand restaurant. We have purchased land in the central portion of Managua to construct the facility and are proceeding with construction plans for the facility. We expect this project to commence construction during the fourth quarter of 2008.

Managua – Zona Pharaohs. In June 2008, we opened an additional slot parlor in a suburb of Managua called "Bello Horizante" that is located in a high-traffic shopping mall named Multicentro de las Americas. The new facility, named Zona Pharaohs, has 800 square meters, 112 slot machines, 21 table positions, a 60 seat sports-themed restaurant and a 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 own and operate three video lottery parlors in Guatemala City with over 480 video lottery terminals. We have signed agreements to create a video lottery-centered entertainment and recreation facility in a Guatemala City shopping center; however, so long as Guatemala limits legal gaming to video lottery parlors, we expect that any further expansion in this country will be limited to these types of locations.

Properties and Projects

Gran Plaza Video Lottery Parlor. We have signed a lease with the Gran Plaza shopping center in a high-end suburban community in the outskirts of Guatemala City, and opened the video lottery parlor with 140 video lottery machines on 6 June 2008. This property cost approximately $4.8 million to renovate, and is an entertainment and recreation facility centered around the video lottery parlor, and has a stage for music acts, a dance floor, a restaurant and a themed bar. We believe that it is the first high-end gaming and entertainment facility in Guatemala.

India

We entered the Indian market in 2008 and we believe that India will provide additional opportunities for expansion in the future.

Properties and Projects

Daman Hospitality Private Limited. In March 2008, we entered into a series of agreements with a local Indian group to construct and jointly own a luxury resort in Daman, India, that will include a 177-room five-star hotel, 5,600 square meter casino, a 2,700 person event center and several restaurants and bars. We will operate the event center, restaurant, bars, hotel under a long-term management contract and will lease space to a third-party casino operator. Under our agreements, our Indian partner contributed over 40,000 square meters of land and in April 2008, we contributed $8.0 million in exchange for 50% of the equity in Daman Hospitality Private Limited (DHPL), a company incorporated under the laws of India.

DHPL will also build and lease, on a long term basis, facilities to an Indian owned and operated company that is eligible to operate the area's first gaming license under the 1976 Gambling Act of Goa, Daman & Diu. The lease is intended to compensate DHPL for the build-out of the casino structure (other than the gaming equipment) and the provision of normal and customary non-gaming services, such as general security, parking, entertainment, food and beverage, cleaning and maintenance of infrastructure etc., and other related services or activities. Current Indian gaming law prevents Thunderbird as a non-Indian National from owning or operating a casino in India. The casino operation will be owned by a group of Indian nationals which will lease space from DHPL under a comprehensive lease arrangement described above. DHPL will start conservatively with a limited number of rooms. Later plans may include a larger number of rooms, a convention center and additional shops and restaurants.

The Daman project is now in construction with footings and columns largely finished and work will start soon on the ground floor. The monsoon season in India is nearing its end and was a light season in Daman, so we were able to advance more quickly on construction than initially planned. Our current estimates are that construction should be completed and the first phase of the project will open in the third quarter 2009. The first phase of the initial project includes 177 hotel rooms, 2,700 square meters of meeting space, five bars and restaurants, a 6,400 square meters Las Vegas style pool and outdoor entertainment area, and a 5,600 square meter five thematic casino, which shall pay a lease to the hotel and real estate company. Total investment for DHPL is projected to be approximately $65.0 million, of which $14.5 million has already been funded as equity (including $8.0 million by Thunderbird). The remainder is expected to be funded with loans and other debt instruments.

In addition to leasing space to the casino owner and operator, DHPL may also lease space to other third party tenants and will also offer parking, maintenance, cleaning, security & surveillance, transportation and other support services to these tenants.

Daman is adjacent to Maharashtra State whose capital is Mumbai (formerly Bombay). Daman is a 2-hour drive from Mumbai which, along with its neighboring suburbs of Navi and Thane, has a population exceeding 19 million, making it the world's fifth most populous metropolitan area. Daman also borders Gujarat State, whose population has the highest average GDP per capita in India. Daman is within a 5- hour drive of 50 million people and within a three-hour flight of one billion people.

Poland

We entered into the Poland market in 2008 and operate two casinos with over 70 slot machines and 40 table positions. We believe that Poland will provide additional opportunities for expansion in the future. Our development team in Poland is actively pursuing acquisition and start up opportunities and certain negotiations are ongoing. There can be no assurances any such negotiations will result in a successful transaction, however we intend for the foreseeable future to continue to actively pursue such opportunities.

Properties and Projects

In July 2008 we consummated our Poland acquisition transaction and now have voting control in Casino Centrum Sp.z.o.o. Through our two Cyprus subsidiaries and our local partner, collectively, we own 71.26% of all shares of Casino Centrum Sp.z.o.o. (and have voting control) and will also attempt to acquire the remaining 28.74% of Casino Centrum. A preliminary purchase agreement for such remaining 28.74% of the shares was executed in August 2008. The preliminary purchase agreement is subject to approval by the Ministry of Finance for Poland. If approved, we will acquire further shares and own (through our Cyprus subsidiaries) 66.67%, and our local partner will own 33.33% of the shares of Casino Centrum. We also have a shareholders agreement with our local partner that requires distributions to be made 66.67% to our affiliates and 33.3% to our local partner. Through other agreements we have voting control over 50.6% of the Casino Centrum shares until the acquisition by the Company of additional shares in Casino Centrum becomes effective (and we own 66.67%). With our local partner, we intend to jointly develop casino properties in Poland, beginning with the city of Lodz. We will also obtain at least a 66.67% equity interest in any properties developed or acquired in Lodz, as well as management fees from the venture separate from our equity interest. 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 about 370 square meters in the aggregate with approximately 74 slot positions and 49 table positions. Additionally, we are currently finalizing expansion plans for both of our Polish casinos and have initiated the permitting process to complete such expansions. With the expansion, which we anticipate will open in the second quarter of 2009, we expect to add an additional 41 slot positions.

Lodz is located in the center of Poland and is the second most populated city in the country with approximately 1,800,000 population within the city and its 50 mile radius. We intend to expand and upgrade our operations in Lodz, Poland as warranted, and we are currently finalizing expansion plans for both of our Polish casinos and have initiated the permitting process to complete such expansions. With the expansion, which we anticipate will open in the second quarter of 2009, we expect to add an additional 41 slot positions.

Colombia

We have an office and approximately 10 employees in Bogotá, Colombia, but do not yet operate any properties in Colombia. We believe this location will be a gaming-friendly location, with an underserved, relatively large population. Our development personnel in Colombia are exploring start-up opportunities and actively pursuing acquisitions. While negotiations are ongoing, there can be no assurances any such negotiations will result in a successful transaction.

Marketing

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

We spend significant amounts (approximately $5.4 million in 2007 and approximately $3.8 million during the first six months of 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, is 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 provides free pediatric consultations, medical and dental checkups, physical therapy and medicines for the underprivileged residents in the neighboring towns of Rizal. An average of 800 residents - in each town - benefit from this monthly activity.

Government Regulation

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

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

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

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

We are not subject to any material environmental regulation.

Panama

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

As casino operators, we are required to pay municipality operational fees, facility health permit fees, and any other tax applicable to other businesses based in Panama. In addition, we pay a gaming tax of 10% 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 February 10, 1998 indicates that any person that controls 10% 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% of the licensed company that owns and operates our Panamanian facilities, it is possible that in the future the Gaming Control Board could require certificates of good standing from a common shareholder of ours. In such a situation it is possible that the Gaming Control Board would require significant information about that shareholder and its assets and operations and, if the Gaming Control Board were to determine that that shareholder is unsuitable, it could revoke our gaming license unless that shareholder divested some or all of its common shares.

Costa Rica

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

As casino operators, we are required to pay municipality operational fees, facility health permit fees, and any other tax applicable to other businesses based in Costa Rica. In addition, we pay a gaming tax of 3,000 colones ($6.03 based on an exchange ratio of 497.67) per slot machine per month, approximately 50,000 colones ($100.47 based on an exchange ratio of 497.67 per gaming table per month, and 10% of net win less table game revenue, table game direct costs and indirect and administrative costs.

Currently our casinos in Costa Rica are generally open 24 hours a day, 7 days a week. Effective 27 December 2008, in accordance with a recent executive decree, hours will be limited to twelve hours per day or from 6:00 p.m. to 6:00 a.m. 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 or existing casinos, but may affect our Tres Rios and Escazu projects as described herein. It is expected that the legality or constitutionality of this decree will be challenged by various business associations and/or operators, but there are no assurances that casinos in Costa Rica would be permitted to remain open 24 hours per day during any such period of legal challenges to the decree. Curtailed hours may have a material impact on our operations.

The Philippines

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. The license extends through the length of PAGCOR's charter, which was recently extended through 2033.

In consideration for the Rizal license, we are required to invest at least an additional 1.8 billion Philippine Pesos (2.520 billion Philippine Pesos less 713 million Philippine Pesos spent through 30 June 2008) ($143.2 million based on an exchange ratio of 41.87, calculated as of 30 June 2008) over a seven year period to establish the Rizal property as a "world class" tourist and convention destination. That investment, may be divided into two phases, the first of which must be completed by 2009 and the second of which must be completed by 2012, both subject to (i) the renewal or extension of PAGCOR's charter and its authority to grant licenses to operate a private casino within special economic zones, and (ii) its granting to us and the Rizal Operating Entity of an extension of the authority to operate the Rizal property. With each phase, we are required to deposit into escrow, on a staggered basis, amounts adding up to the entire required capital investment. We have also agreed, along with the Rizal Operating Entity, to fund the required capital investment from sources external to the Philippines.

Under the license agreement, we must pay PAGCOR 25% of the casino's monthly gross casino revenue or a monthly minimum guarantee of $250,000, whichever is higher. The monthly minimum guarantee of $250,000 is increased by 5% per year.

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

The Poro Point license is issued through an agreement between PAGCOR and Thunderbird Pilipinas 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). Like the Rizal license, this license extends through the length of PAGCOR's charter, which was recently extended through 2033.

In consideration for the Poro Point license, we have agreed to invest at least an additional 4.9 billion pesos (5.2 billion less 268.7 million spent through March 2008) ($117.8 million based on an exchange ratio of 41.87) 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. 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% 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% 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.

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

Peru

In Peru casino games and slot machines are regulated by Laws 27153 and 27796. The National Office of Tourism ("Dirección Nacional de Turismo") is charged with approving gaming licenses, as well as controlling and imposing penalties. The National Office of Tourism reports to the Ministry of Foreign Trade and Tourism. The final authority in all administrative procedures relating to slot machines and casino games is the office of the Vice Minister of Tourism. In addition, the Direccion 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% 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% 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% 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% of gross revenue, payable monthly;
- Gaming tax of $200 per table and 1% of net win on table games;
- Gaming tax of $20 per slot machine and 1% of net win on slot machines; and
- Income tax of 30% 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% 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 10% 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% of our gross gaming revenues.

Poland

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

India

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.

Our Local Partners and Ownership Structures

Panama

We own our interests in the Panama properties through International Thunderbird Gaming (Panama) Corp. (the "Panama Operating Entity"), a Panamanian entity in which we own approximately 64% and our local partners own approximately 37%. The Panama Operating Entity is managed by its two-person board of directors, of which we have the right to elect one board member. Any governance deadlocks would be decided by a neutral third party chosen by both directors. Our and our local partners' equity interests in the Panama Operating Entity are subject to a right of first refusal in favor of the other. Unless agreed by all shareholders, future capital expenditures by the Panama Operating Entity will be funded through debt and no future equity will be issued by that entity. The Panama Operating Entity pays us $20,000 per month in management fees.

Our local partners in Panama are companies headed by sophisticated, highly educated and experienced Panamanian businessmen, who are involved in the retail, wholesale and banking businesses.

We are party to an agreement with an unaffiliated third party relating to our shares in International Thunderbird Gaming (Panama) Corp., our Panama company, pursuant to which, among other things, we must first offer our shares in that Panama company to that third party 30 days before offering to any other person and, before we may agree to sell those Panama shares to any other person, we must give that third party a 30-day right of first refusal with respect to those Panama shares. These obligations will extend until November 30, 2010.

Costa Rica

We own 50% of Grupo Thunderbird de Costa Rica S.A. (the "Costa Rica Operating Entity"), a Costa Rica entity that owns all of our existing Costa Rica facilities other than Fiesta Casino Garden Court. We own Fiesta Casino Garden Court through our 54% interest in Thunderbird Gran Entretenimiento, S.A. Currently, the Costa Rica Operating Entity is managed by a four-person board of directors, of which we have the right to elect two board members. Neither we nor our local partners is permitted to transfer our interests in the Costa Rica Operating Entity without receiving unanimous approval from the board and the other shareholders. Unless agreed by all shareholders, future capital expenditures by the Costa Rica Operating Entity will be funded through debt and we do not expect any future equity will be issued by that entity. In addition to our pro rata share of cash flow, the Costa Rica Operating Entity pays us $15,000 per month in management fees.

We, through wholly-owned subsidiaries, also have entered into marketing and administration agreements and a licensing agreement with a subsidiary of the Costa Rica Operating Entity. Under the marketing and administration agreements, we provide marketing and administration services for approximately $1.0 million per year. This agreement automatically renews on September 30 of each year unless we or the Costa Rica Operating Entity terminate the agreement. Under the licensing agreement, we permit the Costa Rica Operating Entity to use the Fiesta casino trademark and logo for approximately $0.7 million per year. This agreement automatically renews on September 30 of each year unless we or the Costa Rica Operating Entity terminate the agreement.

We own 50% of Thunderbird Tres Rios Entretenimiento, S.A. (the "Tres Rios Casino Entity"), a Costa Rica entity that will own and operate the Tres Rios Fiesta casino. The Tres Rios Casino Entity is managed by a four-person board of directors, of which we have the right to elect two board members. Neither we nor our local partners is permitted to transfer our interests in the Costa Rica Operating Entity without receiving unanimous approval from the board and the other shareholders. Unless agreed by all shareholders, future capital expenditures by the Tres Rios Casino Entity will be funded through intercompany or third party debt and we do not expect any future equity will be issued by that entity. The allocation of costs between the hotel and casino, as well as revenues, rent and the management fees are being negotiated between the parties.

We indirectly own 25% of King Lion Network S.A. (the "Tres Rios Property Owner"), a Costa Rican entity that owns the real property on which our new Tres Rios project is being developed. In connection with the formation of this entity, certain of the local partners contributed land and $3.0 million cash in exchange for their interests. The Tres Rios Property Owner is managed by its six-person board of directors, of which the Costa Rica Operating Entity has the right to elect three board members; however, a supermajority vote is required on all major decisions by the board until the contributing local partners have received cash distributions of at least $3.0 million. Neither we nor our local partners are permitted to transfer interests in the Tres Rios Property Owner without receiving unanimous approval from the other shareholders. In addition, certain of our local partners have a right of first refusal on all transfers of equity in the Tres Rios Property Owner. Unless agreed by all shareholders, the Tres Rios Property Owner is not permitted to make additional capital calls, and may not accept additional capital increases.

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

Our local partners in Costa Rica are entrepreneurs who helped us develop the Costa Rican market opportunity into a functioning business, including location, selection, licensing, project cost analysis, staffing, market demographics, scheduling, budget management and marketing programs.

The Philippines

We own 60% of the Rizal Operating Entity. Third parties own a non-voting equity interest that reduces our economic interest to 51%. The Rizal Operating Entity is currently governed by a seven-person board of directors, of which we have the right to elect four directors. Neither we nor our local partners are permitted to transfer interests in the Rizal Operating Entity without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Rizal Operating Entity is not permitted to make additional capital calls, and may not accept additional capital increases. As consideration for our management of the Rizal casino, the governing documents of the Rizal Operating Entity provide that we receive a management fee of: (1) 3% of that entity's gross revenues less gaming taxes and (2) 6% of that entity's EBITDA.

We own 40% of Eastbay Property & Development Company (the "Rizal Property Owner"), a Philippines company that owns the real estate under the Rizal facilities. The Rizal Property Owner is currently governed by a seven-person board of directors, of which we have the right to elect four directors. Neither we nor our local partners are permitted to transfer interests in the Rizal Property Owner without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Rizal Property Owner is not permitted to make additional capital calls, and may not accept additional capital increases. The governing documents of the Rizal Operating Entity provide that the Rizal Property Owner receives, through 2010, a fee (the payment of which is subordinate to our management fee) equal to a varying percentage (between 3% and 1%) of the Rizal Operating Entity's gross revenues less gaming taxes, and a varying percentage (between 2% and 6%) of the Rizal Operating Entity's EBITDA.

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

We own 61% of the Poro Point Operating Entity. Third parties own a non-voting equity interest that reduces our economic interest to 52%. The Poro Point Operating Entity is governed by a seven-person board of directors, of which we have the right to elect four directors. Neither we nor our local partners are permitted to transfer interests in the Poro Point Operating Entity without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Poro Point Operating Entity is not permitted to make additional capital calls, and may not accept additional capital increases. As consideration for our management of the Poro Point casino, the governing documents of the Poro Point Operating Entity provide that we receive a management fee of (1) 3% of that entity's net win and (2) 6% of that entity's EBITDA. Our local partners receive an aggregate management fee of 2% of net gaming revenues before gaming taxes.

Our local partners in the Poro Point Operating Entity are property developers and businessmen from the Poro Point area.

Nicaragua

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

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

India

We entered into a series of agreements in March 2008, with a local Indian group to construct and own a luxury resort in Daman, India that will include at minimum a five-star hotel, an event center and restaurants and bars, all to be operated by Thunderbird under a long-term management contract and will lease space to a third-party casino operator. Thunderbird owns 50% of Daman Hospitality Private Limited (DHPL), a company incorporated under the laws of India that owns the land and the operations mentioned above. Thunderbird will operate the hotel and related facilities on a day to day basis under a management agreement.

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

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

Our partners in India are local real estate developers.

Poland

We own an interest in Casino Centrum Sp.z.o.o. (the "Poland Operating Entity"), a Polish corporation, through two Cyprus subsidiaries. Through those two subsidiaries we, together with our local partner, collectively own 71.26% of all of the shares of the Poland Operating Entity and we, together with our local partner are attempting to acquire the remaining 28.74% of Poland Operating Entity. A preliminary purchase agreement for such remaining 28.74% of the Poland Operating Entity shares was executed in August 2008. The preliminary purchase agreement is subject to approval by the Ministry of Finance for Poland. If approved, we will acquire further shares and own (through our Cyprus subsidiaries) 66.67%, and our local partner will own 33.33% of the shares of Poland Operating Entity. Through other agreements we have voting control over 50.6% of Poland Operating Entity until the acquisition of additional shares in Poland Operating Entity becomes effective. Pursuant to a management agreement and shareholders agreement, a Thunderbird entity will manage the day to day operations of the casinos for a management fee.

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

Our partner in Poland is a former executive with an international hotel and casino company.

Real Property

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

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

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

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

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

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

We expect that the Poro Point Operating Entity will assign and/or sublease the lease to us upon completion of all regulatory approvals, and then we expect to sublease the casino portion of the property to the Poro Point Operating Entity. We have preliminarily agreed with our local partner in the Poro Point Operating Entity that, in consideration of that assignment and/or sublease, that local partner will be entitled to 25% of the net profits from our ownership and operation of the non-casino Poro Point property, which will otherwise be wholly owned by us. There are no encumbrances against this leasehold interest.

Peru. In July 2007 we acquired the Hoteles Las Americas chain of hotels in Lima, Peru. These properties are subject to a mortgage that secures a $20.0 million bank loan, which was incurred to finance part of the purchase price for these properties. In July 2008, we purchased 100% of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A; these two companies lease five properties with an aggregate 537 slot positions.

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

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

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

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

Competition

The gaming, entertainment and hospitality businesses are highly competitive, with international and local competitors in each market. Our gaming facilities compete with other gaming facilities in their local jurisdictions, and our hospitality and entertainment operations compete with similar businesses as well. Many of our competitors may have better local relationships than ours, and accordingly may be more successful in obtaining opportunities for future investments, as well as in other operating areas (including in obtaining gaming permits and licenses).

Some of our competitors, especially in the hospitality industry, have substantially greater financial resources than we do and generally may be able to accept more risk. They may also enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies.

Competition may limit the number of suitable investment opportunities available to us. It may also result in higher prices and lower profitability, making it more difficult for us to acquire new properties or facilities on attractive terms.

Recent Material Contracts

In 2007 and 2008, we entered or intend to enter into the following material contracts:

- an option agreement, pursuant to which we deposited $1.0 million of earnest money, regarding the purchase of land for our Escazu project;
- a purchase agreement pursuant to which we acquired the Hoteles Las Americas properties for $43.5 million (see "Business—Peru");
- multiple employment agreements with our executive officers (see "Management—Employment Agreements");
- a revolving credit facility loan (which has subsequently been terminated);
- a purchase/placement agreement and listing/registration rights Agreement with Friedman Billings Ramsey in connection with our 2007 Private Placement;
- multiple loan agreements as described in "Operating and Financial Review —Peru Cash Flow Interest—Capital Resources and Liquidity – Additional Financing";
- a stock purchase agreement in connection with the acquisition of 11.36% of the total issued and outstanding shares in our Panama operation with certain selling shareholders;
- a series of agreements with a local Indian group to jointly own a luxury resort in Daman, India (see "Business—India—Properties and Projects");
- several contracts with our Cyprus subsidiaries to acquire our shares in Casino Centrum Sp.z.o.o., including a shareholders agreement;
- a stock purchase agreement to purchase of 100% of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A (see "Business—Peru—Properties and Projects");
- a stock purchase agreement to acquire a controlling interest of the total issued and outstanding shares in Thunderbird Gran Entretenimiento S.A, a Costa Rican affiliate;
- a stock purchase agreements to acquire an additional 2.27% and 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) from minority selling shareholders; and
- we will enter into a listing agreement with Friedman, Billings, Ramsey International, Ltd. in connection with our application for listing and trading on Euronext Amsterdam.

Employees

As of 15 August 2008, we had approximately 5,400 employees, including approximately 1,400 in Panama, 1,260 in the Philippines, 590 in Nicaragua, 220 in Guatemala, 1,050 in Peru, 100 in Poland and 800 in Costa Rica. By the end of the third quarter of 2008, we expect to hire an additional 578 employees to work at the Benavides Suites hotel casino in Lima, Peru. None of our employees are represented by a labor union, and we believe our relations with our employees to be good. We had 4,621 employees on 31 December 2007, and 3,770 employees on 31 December 2006. We do not, and historically have not, employed a significant number of temporary employees.

Labor laws in Latin America are generally more protective of employees than in the United States. Unlike in the United States where an employer will often have the right to terminate an employee's employment at will, 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. In some Latin American countries, the law establishes a minimum number of vacation days.

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 coverages, for all of our properties. In addition, for certain of our properties, we carry business interruption insurance.

Legal Proceedings

NAFTA Dispute. We previously owned equity interests in and operated three gaming locations in Mexico. During 2001, the Mexican government closed those facilities, alleging that the operations were in violation of the law. We filed a $100 million claim under section 11 of the North American Free Trade Agreement ("NAFTA") subsequent to exhausting all other avenues for an equitable settlement with the Mexican government. A ruling on this matter was made on 26 January 2006. Two of the three NAFTA tribunal arbitrators rejected our claims for damages, ruling that Mexico did not violate NAFTA in closing our facilities. The tribunal awarded Mexico with approximately $1.3 million in costs and attorney fees as a "prevailing party," in spite of the dissenting arbitrator's acknowledgement that such an award would be unprecedented. On 24 April 2006, we filed a motion to vacate the tribunal's decision with the U.S. Federal District Court in Washington D.C. On 14 February 2007, the U.S. Federal District Court agreed with the NAFTA tribunal. We appealed the U.S. Federal District Court's decision, however, in December 2007, the U.S. Court of Appeals affirmed the U.S. Federal District Court decision. Despite our position that that the arbitrators' decision and the decisions of the U.S. Courts are manifestly unjust and in disregard of the law, we have determined not to take the matter up to higher level within the U.S. court system. In 2007, the Company expensed $1.3 million in costs related to this dispute.

Canada Tax Dispute. Our 1999, 2001 and 2002 Canadian tax returns are under audit by Canada Revenue Agency ("CRA"). In January 2006, we received notification of a proposed reassessment from the CRA with respect to our reported income during 1999, 2001 and 2002. We have challenged the re-assessment. If we are not successful in this challenge, we believe the entire re-assessed tax should be offset by a net operating loss in a manner that will reduce the actual tax liability to zero; however, CRA's position is that a tax penalty is not reduced or eliminated by any net operating loss. In October 2006, we received an assessment of approximately $1.0 million for a tax penalty (including interest). We are filing a notice of appeal and opposing the assessment of the tax penalty.

Philippines Tax Dispute. We have opened both of our Philippine casinos under a charter from PAGCOR. Under this charter we believed that we were entitled to certain tax benefits. Local and national Philippine tax authorities, including the Philippine Bureau of Internal Revenue (BIR), have taken a contrary position. This dispute is being contested by PAGCOR; accordingly, we have not accrued any liability regarding the dispute. The estimated potential liability to us arising from such dispute is approximately $1.5 million.

In addition to the litigation described above, we are subject to legal proceedings arising in the ordinary course of business or related to our discontinued business operations. In our management's opinion, the disposition of these matters will not materially adversely affect our financial condition, results of operations or cash flows. Other than as described above, there are not and have not been any governmental, legal or arbitration proceedings, nor are we aware of such proceedings threatening our pending, which may have or have had in the 12 months before the date of this prospectus, significant effects on our financial position or profitability.

Incorporation and Trading Market

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

Our existing common shares are traded on the CNQ stock exchange under the symbol TBI.U, on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR and through The PORTAL[SM] Market, or PORTAL, a subsidiary of The Nasdaq Stock Market, Inc. 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). Upon admission to listing and trading on Euronext Amsterdam, our shares may no longer be traded through PORTAL.

Periodic Reporting and Financial Information

Reporting

We will provide annual, semi-annual and quarterly reports to our shareholders following the date of admission and in addition to the materials that would be required under British Virgin Islands law, Dutch law and Euronext Rules.

For information on the admission to listing and trading of our shares on Euronext Amsterdam, see "Euronext Amsterdam Market Information".

Additional Information

Our headquarters and principal executive offices are located at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama. Our telephone number is (507) 223-1234. Our significant subsidiaries as of 28 August 2008 are:

Name of Subsidiary Joint Venture or Associate	Jurisdiction of Formation	Effective Ownership Interest
International Thunderbird Gaming (Panama) Corp.	Panama	64%(1)
Thunderbird Entertainment, S.A,	Panama	100%
Grupo Thunderbird de Costa Rica, S.A.	Costa Rica	50%
Thunderbird Gran Entretenimiento, S.A.	Costa Rica	54%
Casino Pajaro Trueno, S.A.	Costa Rica	50%
Inmobilaria Piedra Dorada S.A.	Costa Rica	50%
Operacion Banshai S.A.	Costa Rica	50%
Polea Loca	Costa Rica	50%
Casino El Cacique S.A.	Costa Rica	50%
Thunderbird Tres Rios Entretenimiento S.A.	Costa Rica	50%
Tres Rios Partners Resorts, S.A.	Costa Rica	25%
King Lion Network, S.A.	Costa Rica	25%
Tres Rios Resorts Company 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%(2)
Thunderbird Fiesta Casino – Benavides, S.A	Peru	100%(2)
Thunderbird Frontier Realty	Philippines	100%
South American Entertainment Corp. II Ltd.	Philippines	100%
Thunderbird Poro Development Ventures Inc.	Philippines	100%
Eastbay Resorts Inc.	Philippines	60%(3)
Eastbay Property & Development Inc.	Philippines	40%
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	61%(4)
Diversiones Avanzadas, S.A.	Guatemala	100%
Inversiones ALA, S.A.	Guatemala	100%
Video Suerte S.A.	Guatemala	100%
Buena Esperanza Limitada S.A.	Nicaragua	54.6%
Eastbay Resorts Limited	British Virgin Islands	60%(3)
Thunderbird Poro Point Ltd.	British Virgin Islands	61%(4)
Camino Real (BVI) Investments Ltd.	British Virgin Islands	100%
International Thunderbird (BVI) Ltd.	British Virgin Islands	100%
International Thunderbird Brazil (BVI) Ltd.	British Virgin Islands	100%
Daman Hospitality Private Limited	India	50%
Casino Centrum Sp.z.o.o	Poland	37.9%(5)

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

(2) We own 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.”

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

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

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

MANAGEMENT

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	52	President, CEO and Director
Albert Atallah	52	Vice President, General Counsel and Director
Michael Fox	53	Chief Financial Officer
Tino Monaldo	50	Vice President—Corporate Development
Raul Sueiro	44	Vice President—Asian and European Operations
Angel Sueiro	36	Vice President—Design and Construction
Stefano Piroli	48	Vice President—Hotel Group
Salomon Guggenheim	48	Director
Jean Duval	57	Director
Joaquin Daly	52	Director
Roberto de Ocampo	62	Director
Douglas Vicari	49	Director

Senior Management

Jack Mitchell. Mr. Mitchell has been our 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 company.

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

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

Raul Sueiro. Mr. 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. Sueiro joined us, from 1990 to 1998, he was the Dominican Republic Country Manager for Grupo Comar, a multinational gaming company. Mr. 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. Angel 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. Sueiro joined us, from 1999 to 2003 he independently designed numerous casino projects, including the Gran Casino PLC in Margarita Island, Venezuela, and the Jump Up Casino in Saint Maarten. . He has worked on casino design projects—from illumination specialist to designer and project manager—in Argentina, Suriname, Venezuela, the Dominican Republic, Curacao and Ecuador. For five years previous to becoming an interior designer, Mr. Sueiro was Partner & Art Director for Nova, a graphic design and corporate image firm in the Dominican Republic. He received a degree of Tecnico Superior from Cofisad in La Coruña, Spain in 1993. He is the brother of our Vice President—Asian and European Operations, Raul Sueiro.

Stefano Piroli. Mr. Piroli joined us in February 2006 as Vice President—Hotel Group. From 2004 to 2006, he was the hotel manager of an Embassy Suites hotel in Caracas, Venezuela, and from 2002 to 2004 he was the general manager of a Hampton Inn in Guyaquil, Ecuador. From 1999 to 2002, he was the food and beverage manager of the Hotel Oro Verde in Guyaquil, Ecuador. Mr. Piroli holds a hotel management degree (1988) and a master in hotel business (1995) from the International School of Tourism Sciences in Rome, Italy, as well as an executive master degree in business administration (2004) from the Instituto de Desarrollo Empresarial, in Guayaquil, Ecuador.

Board of Directors

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

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

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

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

Roberto de Ocampo. Mr. de Ocampo joined us as a director in 2007 and has been a Chairman in the Philippines since 2004. From 1998 until 2006, he served as the President of the Asian Institute of Management in Manila. He is a member of the Asian Institute of Management's board of trustees and is chairman of the board of advisors of the Center for Public Finance and Regional Economic Cooperation. Mr. de Ocampo was Philippines Secretary of Finance, as well as a member of the Board of Governors of the World Bank and the Asian Development Bank and an alternate governor of the International Monetary Fund from 1994 to 1998. He received a B.A. in economics from College-Ateneo de Manila in 1967, a M.B.A. from the University of Michigan in 1970, and a Diplomate in Development Administration from the London School of Economics in 1971.

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

Further Information on the Board of Directors and Senior Management

None of the members of our Board of Directors or our Senior Management has been convicted of any fraudulent offenses, served as an officer or director of any company subject to an insolvency proceeding, receivership or liquidation, been the subject of sanctions by a regulatory authority or been disqualified by any court of competent jurisdiction from acting as a member of the administrative, management or supervisory body of any issuer or from participating in the management or conduct of the affairs of any issuer, or has been subject to any public incrimination and/or sanctions by statutory or regulatory authorities or bodies.

Board of Directors

General

Our Board of Directors consists of seven directors, of whom five (Messrs. Guggenheim, Duval, Daly, DeOcampo and Vicari) are independent. Independence determinations were made by our Board of Directors using the current guidelines of the New York Stock Exchange for companies listed on that exchange. In making those determinations, our Board of Directors considered many factors, including certain relationships between Messrs. De Ocampo and Guggenheim and us that our Board of Directors determined were immaterial and/or not compromising of such persons' independence. Members of our Board of Directors serve for a one-year term, which expires at each annual meeting.

Committees of the Board

Our Board of Directors has established an audit committee, a nominating and governance committee and a compensation committee. Each such committee has five directors and is composed exclusively of directors which are independent.

Audit Committee

Our audit committee consists of Messrs. Guggenheim, Duval, Daly, de Ocampo and Vicari. Mr. Vicari is the chairman of our audit committee and is an "audit committee financial expert," as that term is defined by the U. S. Securities and Exchange Commission. The audit committee is responsible for engaging independent public accountants, reviewing with the independent public accountants the plans and results of the audit engagement, approving professional services provided by the independent public accountants, reviewing the independence of the independent public accountants, considering the range of audit and non-audit fees our compliance with legal and regulatory requirements and reviewing the adequacy and integrity of our internal accounting controls.

Compensation Committee

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

Nominating and Governance Committee

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

Vacancies on our Board of Directors

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

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

Senior Management Compensation

The following table sets forth the compensation of each of our senior management for 2007, as well as one other employee whose 2007 compensation made him one of our four highest-compensated employees for that year. For a discussion of the compensation of certain of our senior management going forward, see "—Employment Agreements."

	Salary	Bonus	Aggregate Other Compensation	Total Compensation
Jack Mitchell (1)	$ 281,538	$ 1,655,318	$229,539	$2,166,396
Albert Atallah (2)	181,731	337,000	50,000	568,731
Michael Fox (3)	165,417	512,500	68,043	745,960
Raul Sueiro (4)	112,500	200,000	7,600	320,100
Alberto Loaiza(5)	64,950	70,000	--	134,950
Angel Sueiro (6)	25,999	225,000	94,806	345,805
Raul Ferrer (7)	39,000	--	589,540	628,540
Stefano Piroli (8)	90,500	8,500	6,000	105,000
Peter LeSar (9)	120,000	150,000	--	270,000
Clay Hardin (10)	157,307	--	589,134	746,441
Tino Monaldo (11) (12)	25,000	487,500	206,833	719,333

(1) Aggregate other compensation includes director fees ($41,000), commissions ($155,683), a car allowance ($8,855) and a housing allowance ($24,000).

(2) Aggregate other compensation includes director fees ($15,000) and commissions ($35,000).

(3) Aggregate other compensation includes director fees ($19,000), commissions ($33,333), a car allowance ($710) and a housing allowance ($15,000).

(4) Aggregate other compensation consists of director fees.

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

(6) Aggregate other compensation consists of consulting fees.

(7) Aggregate other compensation consists of commissions. Effective as of 2 June 2008, Mr. Ferrer was no longer a member of our Senior Management.

(8) Aggregate other compensation consists of a housing allowance.

(9) Mr. LeSar is not a member of Senior Management.

(10) Mr. Hardin's consulting contract ended in December of 2007. His total compensation includes a severance payment, forgiveness of a $342,000 loan made by the Company and payments for consulting services and relocation expenses.

(11) Aggregate other compensation consists of consulting fees.

(12) Mr. Monaldo's employment as a salaried employee commenced in November 2007.

Board of Director Compensation

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

We do not have any pension programs for our Board of Directors, Senior Management or other employees. However, as of 30 June 2008 a total of $2,488,000 was reserved (in accordance with local law) by the certain of our operating subsidiaries for severance and retirement benefit obligations.

2007 Equity Incentive Plan

Our Thunderbird Resorts, Inc. 2007 Equity Incentive Plan (the "Equity Plan") is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefit of all of our shareholders. We reserved 1.1 million common shares for the issuance of awards under the Equity Plan of which 0.5 million have been issued and 0.6 million are available for issuance.

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

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

Options

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

Restricted Stock and Restricted Stock Units

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

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

Director/Employee	Restricted Shares
Jack Mitchell	120,000
Tino Monaldo	101,667
Michael Fox	100,000
Raul Sueiro	66,667
Angel Sueiro	50,000
Albert Atallah	18,333
Raul Ferrer	10,000
Alberto Loaiza(1)	3,334
Salomon Guggenheim	3,333
Jean Duval	3,333
Joaquin Daly	3,333
Roberto De Ocampo	3,333
Douglas Vicari	3,333
Other non-executive employees	13,334
Total	500,000

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

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

Performance Compensation Awards

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

Stock Appreciation Rights

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

Change in Control

In the event of a change in control (as defined in the Equity Plan) of us, unless otherwise provided in an Award agreement, all options and stock appreciation rights will become immediately exercisable with respect to 100% of the shares subject to such option or stock appreciation rights, and the restrictions will expire immediately with respect to 100% of such shares of Restricted Stock or Restricted Stock Units subject to such Award (including a waiver of any applicable performance goals). Further, in the event of a change in control, the Administrator may in its discretion and upon advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or shares, or any combination thereof, the value of such Awards based upon the price per common share received or to be received by other of our shareholders 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 0.2 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).

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

Long-Term Incentive Compensation Program

We also have a long term incentive compensation program, which is overseen by the compensation committee of our Board of Directors. Under this program, which terminates on 31 December 2012, we will pay certain members of our management team an aggregate annual incentive fee equal to 10% of the amount by which our After Tax Cash Flow ("ATCF") exceeds a 20% 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.

Employment Agreements

In November of 2007, we entered into employment agreements with certain of our Senior Management, effective 1 December 2007. The following are descriptions of the material terms of those employment agreements. We do not have employment agreements with Messrs. Loaiza or Piroli, or 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 2008 under the agreement is $600,000, which amount is adjusted each year based on any increase in the U.S. Department of Labor's consumer price index for all urban consumers (the "CPI-U").

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

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 2008 under the agreement is $225,000, which amount is adjusted each year based on any increase in the CPI-U.

Mr. Atallah is eligible to participate in the long-term incentive and equity incentive plans of the Company, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In 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, 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, 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 2008 under the agreement is $180,000.

Mr. Sueiro is eligible to participate in our long-term incentive and equity incentive plans, as well as any other additional cash and/or equity incentive awards or plans as determined in the sole discretion of our Board of Directors. In 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 (increased to $12,500 per month starting on the six-month anniversary of the agreement).

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

2007 Performance Bonuses

Our Board of Directors declared and paid the following 2007 performance cash bonuses:

Name	Amount
Jack Mitchell	$ 900,000
Albert Atallah	337,500
Michael Fox	487,500
Tino Monaldo	487,500
Raul Sueiro	200,000
Angel Sueiro	225,000
Alberto Loaiza(1)	70,000
Raul Ferrer	20,000
Stefano Piroli	20,000

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

MAJOR SHAREHOLDERS AND LIQUIDITY MATTERS

The following table sets forth information regarding the beneficial ownership of our common shares as of 30 June 2008 by:

- each person or entity that we know is more than a 5.0% beneficial owner;
- each director or executive officer who beneficially owns more than 1.0% 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. Unless otherwise noted below, each shareholder's address is c/o Thunderbird Resorts Inc., Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama.

	Beneficial Ownership(1)	
Name of Beneficial Owner	**Number**	**%**
Jack Mitchell(2)	1,096,815	5.6%
Albert Atallah(3)	262,583	1.3%
Angel Sueiro(4)	103,332	*
Michael Fox(5)	178,332	*
Tino Monaldo(6)	166,750	*
Raul Sueiro(7)	135,862	*
Stefano Piroli(8)	6,666	*
Salomon Guggenheim(9)	246,530	1.2%
Jean Duval(10)	174,706	*
Joaquin Daly	3,333	*
Roberto de Ocampo	3,333	*
Douglas Vicari	3,333	*
All directors and officers as a group	2,381,575	12.0%
Friedman Billings Ramsey Group, Inc.(11)	1,608,337	8.2%
Prism Partners(12)	1,000,000	5.1%
Wellington Management Company, LLP(13)	2,820,700	14.4%

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

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

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

(4) Includes 27,999 common shares issuable upon exercise of vested options and 25,333 common shares issuable upon exercise of unvested options.

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

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

(7) Includes 15,666 common shares issuable upon exercise of vested options and 6,000 common shares issuable upon

exercise of unvested options.

(8) Includes 6,666 common shares issuable upon exercise of vested options.

(9) Includes 6,666 common shares held by Isabel Guggenheim, Mr. Guggenheim's wife, 46,999 common shares issuable upon exercise of vested options and 19,666 common shares issuable upon exercise of unvested options.

(10) Includes 6,666 common shares held by Agathe Duval, Mr. Duval's wife, 42,333 common shares issuable upon exercise of vested options and 12,666 common shares issuable upon exercise of unvested options.

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

(12) 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.

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

* less than 1%.

Liquidity Provider

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

CONFLICTS OF INTEREST

Related Party Transactions Involving Officers and Directors

Jack Mitchell

During 2005, 2006 and 2007, we employed Mr. Mitchell's wife, Ana Liza Mitchell, as an executive assistant. We paid her total compensation of $27,553 during 2005, $27,553 during 2006, $28,000 during 2007 and have paid her total compensation of $11,644 through 30 June 2008. Mrs. Mitchell's employment ceased effective 29 February 2008.

During 2005, 2006 and 2007, we employed Mr. Mitchell's brother, Bob Mitchell, as a project manager. We paid him total compensation of $26,663 during 2005, $82,758 during 2006, $78,000 during 2007 and have paid him total compensation of $42,250 through 30 June 2008. Mr. Mitchell is an at-will employee, who is employed under the same terms and conditions as our other employees.

During 2005, 2006 and 2007, we employed Mr. Mitchell's brother-in-law, Lorenzo Hincape, as Regional Counsel. We paid Mr. Hincape total compensation of $23,662 during 2005, $46,162 during 2006, $82,000 in 2007 and have paid him total compensation of $16,667 through 30 June 2008. Lorenzo Hincape is an at-will employee who is employed under the same terms and conditions as our other employees.

During 2007, we employed Mr. Mitchell's brothers-in-law, Ricardo Hincape and Juan Ramon Hincape, as General Manager — Impacto Furniture and as a general manager, respectively. We have paid Ricardo Hincape $39,375 during 2007 and have paid him total compensation of $37,836 through 30 June 2008 and we have paid Juan Ramon Hincape $45,963 during 2007 and have paid him total compensation of $37,800 through 30 June 2008.

During 2006 and 2007, we employed Mr. Mitchell's daughter, Amy Mitchell, as a Measurement & Coordination Analyst. We paid her total compensation of $5,077 during 2006 and $43,833 during 2007 and have paid her total compensation of $36,000 through 30 June 2008.

Mr. Mitchell serves as a member of the board of directors of our Panama, Costa Rica, Nicaragua and Philippines joint ventures. In such capacity, he received aggregate director fees of $42,000 for 2005, $42,000 for 2006, and $41,000 during 2007.

Michael Fox

Mr. Fox owns indirectly 10% of Angular Investments S.A., which owns 50 % of the Costa Rica Operating Entity, 50% of the Tres Rios Casino Entity, 25% of the Tres Rios Property Owner and 25% of the Tres Rios Hotel Company.

Mr. Fox serves as a member of the board of directors of our Costa Rica and Philippines joint ventures. In such capacity, he received aggregate director fees of $12,000 for 2005, $12,000 for 2006 and $19,000 during 2007.

Tino Monaldo

During 2007, we paid Mr. Monaldo's company, Tino Monaldo Chtd., $22,500 per month plus travel expenses in consideration for services provided by Mr. Monaldo through 19 November 2007.

Albert Atallah

Mr. Atallah serves as an advisor to our Panama joint venture. In such capacity, he received aggregate advisor fees of $12,000 for 2005, $12,000 for 2006, $11,000 for 2007 and $6,000 through 30 June 2008.

Salomon Guggenheim

Mr. Guggenheim serves as an advisor to Thunderbird. In such capacity, he received aggregate advisor fees of $39,000 for 2006, $78,000 for 2007 and $39,000 through 30 June 2008. In addition, Mr. Guggenheim received fees for the successful securitization of loans payable, as such he received $32,000 in 2006, $39,000 in 2007 and $16,000 through 30 June 2008.

Mr. Guggenheim and his mother have loaned funds to our projects. The outstanding balances of those loans were $386,000 in 2006, $307,000 in 2007 and $253,000 through 30 June 2008. The interest and dividends paid as a result of those loans was $52,000 in 2007, $46,000 in 2006 and $17,000 through 30 June 2008.

Jean Duval

Mr. Duval has loaned funds to our Philippine project, the outstanding balance of the loan payable was $100,000 in 2006, $80,000 in 2007 and $68,000 through 30 June 2008. The interest paid as a result of this loan was $28,000 in 2006, $18,000 in 2007 and $5,000 through 30 June 2008.

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

Other Officers and Directors

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

RELATED PARTY TRANSACTIONS

See “Conflicts of Interest” and “Transactions with Related Parties” above.

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.

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

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

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

SHARE CAPITAL

Common Shares

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

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

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

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

Preferred Shares

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

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

History of Share Capital

For a history of share capital, please see page F-57.

CAPITALIZATION

The following table sets out the Company's consolidated capitalization as at 30 June 2008, is derived from and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto included in our unaudited consolidated historical financial information and the notes thereto.

	(in thousands)
Total short-term borrowings and obligations under hire purchase contracts	**$ 27,720**
Secured	12,213
Unguaranteed/unsecured	15,507
Total long-term borrowings and obligations under hire purchase contracts (excluding short-term portion of long-term borrowings and obligations)	**$ 126,172**
Secured	80,499
Unguaranteed/unsecured	45,673
Shareholders equity	**$ 74,480**
Share capital	99,244
Other reserves	6,105
Retained profit	(38,136)
Minority interest	(8,728)
Translation reserve	(1,461)

Since 30 June 2008, there has been no material change in the Company's consolidated capitalization described above.

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% or more of the voting rights. Special meetings shall be held in the British Virgin Islands or otherwise as determined by the board.

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

Board of Directors

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

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

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

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

Distributions

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

Distribution of Assets on Liquidation

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

Liability and Indemnification of Officers and Directors

In most U.S. jurisdictions, majority and controlling shareholders of a company generally have certain “fiduciary” responsibilities to its minority shareholders. Corporate actions taken by majority and controlling shareholders which are patently unreasonable and materially detrimental to minority shareholders may be declared null and void. Minority shareholder protection under British Virgin Island law may not be as protective in all circumstances as the law protecting minority shareholders in 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% 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% 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% or more of the voting rights. This provision could have the effect of delaying consideration of a shareholder proposal until the requirements for calling a shareholder meeting can be met.

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

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

British Virgin Islands Law

The laws of the British Virgin Islands do not contain any limitations on the right of nonresident or foreign owners to hold or vote our common shares. There are no laws, decrees, statutes or other provisions of the laws of the British Virgin

Islands which would operate to prohibit or regulate the remittance of dividends, interest and other payments to nonresident holders of common shares.

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

Canadian Law

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

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

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

Compulsory Transfer of Shares

Our Board of Directors has the ability under certain circumstances to force a transfer of common shares in the manner described below, provided, however, that such forced transfer (including any change to the 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 29 C.F.R.2510.3-101, as modified by Section 3(42) of ERISA (as so modified, the "DOL Plan Asset Regulations") or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code and their ownership of the shares means that the investor is a Benefit Plan Investor as that term is defined by the U.S. DOL Plan Asset Regulations and the investor's interest is "significant" under those Regulations, or will result in a non-exempt "prohibited transaction" as defined in ERISA or section 4975 of the Internal Revenue Code, the Board of Directors may serve written notice (a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 30 days (or such extended time as in all the circumstances the Board of Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of our board, would not fall within paragraphs (a) or (b) above (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

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

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

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

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

Accounts and Audits

Annually, we are required to prepare the financial information, which must be accompanied by an annual report. A committee of our independent directors will instruct an auditor to audit the financial information prepared by our Board of Directors, to report the outcome of the audit to our shareholders at our annual meeting and to issue an auditor's opinion on such audit.

As a company listed on Euronext Amsterdam, we will be required to make our annual accounts (including the annual report) and our semi-annual report available to the public within five months and four months, respectively, of the end of the period to which such report relates. We will be required under Article 5:24 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 (1) the relevant European directives as implemented in Dutch financial and company law and (2) the public securities laws of other countries in the preceding 12 months. After implementation of the EU Transparency Directive into Dutch law, we will be required to publish our annual financial report within four months after the end of our financial year and our semi-annual financial report within two months after the first six months of our financial year. Furthermore we will be required to prepare and publish interim management statements after the first and third quarter of our financial year.

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 FSA and the rules promulgated thereunder will become applicable to us once our securities are admitted to listing and trading on Euronext Amsterdam. In general, under these takeover provisions, it is prohibited to launch a public offer for securities that are admitted to trading on a regulated market, such as our shares following the admission to listing and trading on Euronext Amsterdam, unless an offer document has been approved by, in the case of our company, 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 must make public price-sensitive information once we have made a request for admission to listing and trading on Euronext Amsterdam. Price-sensitive information is information that is concrete and that directly concerns us which information has not been publicly disclosed and whose public disclosure might significantly affect the price of the shares or derivative securities, such as the options and warrants. We must also provide the AFM with this information at the time of publishing. 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.

Once we have made a request for admission to listing and trading on Euronext Amsterdam, our insiders within the meaning of Articles 5:60 of the Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the shares, the options and warrants or in other securities of which the value is at least in part determined by the value of the shares. Our insiders within the meaning of Article 5:60 of the Financial Supervision Act are: (1) directors, (2) persons who have a managerial position with us and in that capacity are authorized to make decisions which have consequences for our future development and prospects and can have access to inside information on a regular basis, (3) spouses, registered partners or life partners of the persons mentioned under (1) and (2), or other persons who live together with these persons as if they were married or as if they had registered their partnership, (4) children of the persons mentioned under (1) and (2) who fall under their authority or children who are placed under the guardianship (*curatele)* of these persons, (5) other relations by blood or marriage of the persons mentioned under (1) and (2) who, on the date of the transaction, have shared a household with these persons for at least one year, and (6) legal entities, trusts within the meaning of Article 1(c) of the Dutch Act on the Supervision of Trust Offices (*Wet toezicht trustkantoren)* (the "Act on the Supervision of Trust Offices"), or partnerships: (a) the managerial responsibility for which lies with a person as referred to under (1) to (5), (b) which are controlled by such a person, (c) which have been incorporated or set up for the benefit of such a person, or (d) whose economic interests are in essence the same as those of such a person.

This notification must be made no later than the fifth week day after the transaction date on a standard form drawn up by the AFM. The notification obligation within the meaning of Article 5:60 of the Financial Supervision Act does not apply to transactions based on a discretionary management agreement as described in Article 8 of the Dutch Market Abuse Decree (*Besluit marktmisbruik).* The notification pursuant to Article 5:60 of the Financial Supervision Act may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out of the persons associated with that person, reach or exceed the amount of €5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions.

Pursuant to the rules against insider trading, we will adopt rules governing the holding of and carrying out of transactions in our securities by members of our Board of Directors and our employees. Further, we have drawn up a list of those persons working for us who could have access to inside information on a regular or incidental basis and have informed the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

Disclosure of Holdings

Once the shares, options and warrants have been admitted to listing and trading on Euronext Amsterdam the following provisions will 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%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 40.0%, 50.0%, 60.0%, 75.0% and 95.0%.

- 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% 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% or more at the time of admission of our shares to listing and trading on Euronext Amsterdam must immediately notify the AFM.

BOOK-ENTRY; DELIVERY AND FORM

The description of book-entry procedures in this prospectus includes summaries of some of the rules and operating procedures of The Depository Trust Company, or DTC, that affect transfers of interests in our common stock sales of common shares. DTC, located at 55 Water St., 22nd Fl., New York, NY 10041, will act as securities depository for the shares. Except as described in the next sentence, the common shares will be issued only as fully registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer or pledge beneficial interests in our global certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency," registered pursuant to the provisions of Section 17A of the U.S. Exchange Act of 1934. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation which in turn is owned by a number of DTC's direct participants and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation as well as by the NYSE, the American Stock Exchange LLC, and the NASD. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant either directly or indirectly. DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of our securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security, referred to as a beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owners entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the securities, except in the event that use of the book-entry system for the shares is discontinued.

To facilitate subsequent transfers, all securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and its registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities. DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the securities unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Dividend payments on the common shares will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, nor its nominee, us or FBR, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is our responsibility, disbursement of such payments to direct participants will be the responsibility of DTC and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as securities depository with respect to the common shares at any time by giving reasonable notice to us. Under those circumstances, in the event that a successor securities depository is not obtained, share certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

CDS Clearing and Depository Services Inc. CDS was formed in November 2006 pursuant to the restructuring of The Canadian Depository for Securities Limited ("CDS Ltd."). After the restructuring, CDS Ltd., founded in 1970, remains the holding company for CDS and two other operating subsidiaries. CDS is Canada's national securities clearing and depositary services organisation. Functioning as a service utility for the Canadian financial community, CDS provides a variety of computer automated services for financial institutions and investment dealers active in domestic and international capital markets. CDS participants include banks (including the Canadian subcustodians), investment dealers and trust companies and may include certain of the underwriters. Indirect access to CDS is available to other organizations that clear through or maintain a custodial relationship with a CDS participant. Transfers of ownership and other interests, including cash distributions, in notes in CDS may only be processed through CDS participants and will be completed in accordance with existing CDS rules and procedures. CDS operates in Montreal, Toronto, Calgary, Vancouver and Halifax to centralize securities clearing functions through a central securities depositary.

The Canadian Depository for Securities Limited is a private corporation, owned one-third by investment dealers, one-third by banks and one-third by trust companies through their respective industry associations. CDS is the exclusive clearing house for equity trading on the Toronto Stock Exchange and also clears a substantial volume of "over the counter" trading in equities and bonds.

Cross market transfers between CDS Participants, on the one hand, and the Euroclear participants, on the other hand, will be effected within CDS through DTC. To deliver or receive an interest in securities held in a Euroclear account, an investor's broker must send transfer instructions to DTC under the rules and procedures of that system and within the established timelines prescribed by that system. If the transaction meets DTC's settlement requirements, DTC will send instructions to its CDS depositary to take action to effect final settlement by delivering or receiving interests in the applicable securities in CDS and making or receiving payment under normal procedures for same-day funds settlement applicable to CDS. DTC participants may not deliver instructions directly to the CDS depositary that is acting for DTC.

The information in this section and elsewhere in this prospectus concerning DTC and DTC's book-entry system, and CDS has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

EURONEXT AMSTERDAM MARKET INFORMATION

Euronext Amsterdam

We are applying for admission to listing and trading of our common shares on Euronext Amsterdam. We expect our common shares to be traded on Euronext Amsterdam and therefore be subject to Dutch securities regulations and supervision by the AFM. In the future, we expect to apply for admission to listing and trading on Euronext Amsterdam for our common shares to be issued upon the exercise of existing options and warrants, when such common shares are issued. We are listing on Euronext Amsterdam to allow our shareholders to benefit from the liquidity and protection offered by this market, to expand our base of investors and possibly, to provide additional access European capital markets.

Market Regulation

The AFM serves as market regulator in the Netherlands for the supervision of market conduct. The AFM has supervisory powers with respect to the publication of information by listed companies and to the application of takeover regulation and with respect to publication of inside information by listed companies. It also supervises financial intermediaries, such as credit institutions, investment firms, securities intermediaries and brokers and investment advisers. Moreover, the AFM is the competent authority for approving all prospectuses published for admission of securities to listing and trading on Euronext Amsterdam, except for prospectuses approved in other Member States of the European Economic Area that have implemented the Prospectus Directive (each, a “Relevant Member State”) that are used in the Netherlands in accordance with applicable passporting rules. The surveillance units of Euronext and the AFM monitor and supervise all trading operations.

Listing and Trading

We are applying for admission to listing and trading on Euronext Amsterdam under the symbol TBIRD for such common shares. Our common shares will commence trading on the admission date, which is expected to be on or about 2008.

Settlement

Trades in our shares on Euronext Amsterdam will be settled through Euroclear Nederland (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*), the primary settlement platform for trades on Euronext Amsterdam. Some of our common shares have been deposited with DTC and CDS Clearing and Depositary Services, Inc. (CDS) (See Book-Entry; Delivery and Form). Euroclear Nederland maintains a link with DTC. Our common shares are listed, and unless decided otherwise by the Board of Directors will continue to be listed on the CNQ and the settlement of CNQ trades in our common shares will continue on the electronic CDS system.

If you own shares that are not deposited with either DTC or CDS, deposit arrangements need to be made before trading on Euronext Amsterdam.

Settlement through Euroclear Nederland of trades on Euronext Amsterdam is possible only if you or your bank or broker maintains a securities account with an institution which has been admitted by Euroclear Nederland. You can sell our common shares on Euronext only if and to the extent a sufficient number of the shares has been credited to such securities account. We advise you to consult with your bank and broker on the arrangements which must be made in this respect.

From 28 November 2008 onwards, settlement of trades on Euronext Amsterdam in non-euro currency will take place through Euroclear Bank S.A./N.V. ("Euroclear Bank"). This means that trades in our shares on Euronext Amsterdam will be from that moment on settled through Euroclear Bank. Euroclear Bank maintains a link with DTC through JP Morgan, the US Custodian of Euroclear Bank.

We advise you to consult with your bank or broker on the costs and fees for safekeeping of our common shares and for settlement of trades in our common shares on Euronext Amsterdam.

TAXATION

Netherlands Tax Consequences

General

The following is a summary of certain Netherlands tax consequences of the acquisition, holding and disposal of our shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to such holder or prospective holder of shares. Holders should consult with their tax advisers with regards to the tax consequences of investing in the shares in their particular circumstances. The discussion below is included for general information purposes only.

In particular, this summary does not address tax considerations applicable to investors who will receive or have received these shares as employment income, deemed employment income or otherwise as compensation. Please note that this summary also does not describe the tax considerations for holders of shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us as laid down in the Netherlands Income Tax Act 2001. Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (1) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (2) holds rights to acquire, directly or indirectly, such interest; or (3) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis. Furthermore, this summary does not describe the tax considerations for holders of shares if the holder has an interest in us or could obtain an interest in us by exercising its warrant(s) that qualifies as a "participation" for the purposes of the Netherlands Corporate Income Tax Act 1969.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and regulations, as in effect on the date hereof and as interpreted in published case law on the date hereof and is subject to change after such date, including changes that could have retroactive effect.

Withholding Tax

As long as we are not resident in the Netherlands for Netherlands tax purposes all payments on the shares are not subject to Netherlands dividend withholding tax.

Taxes on Income and Capital Gains

Netherlands resident individuals

If a holder of shares is a Netherlands resident individual (including the non-resident individual holder who has made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any benefit derived or deemed to be derived from the shares is taxable at the progressive income tax rates (with a maximum of 52%), if:

(a) the shares are attributable to an enterprise from which the Netherlands resident individual derives a share of the profit, whether as an entrepreneur *(ondernemer)* or as a person who has a co-entitlement to the net worth of such enterprise, without being an entrepreneur or a shareholder, as defined in the Netherlands Income Tax Act 2001; or

(b) the holder of the shares is considered to perform activities with respect to the shares that go beyond ordinary active asset management *(normaal vermogensbeheer)* or derives benefits from the shares that are (otherwise) taxable as benefits from other activities *(resultaat uit overige werkzaamheden).*

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of shares, the shares are recognized as investment assets and included as such in such holder's net investment asset base *(rendementsgrondslag).* Such holder will be taxed annually on a deemed income of 4% of the aggregate amount of his or her net investment assets for the year at an income tax rate of 30%. The aggregate amount of the net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. A tax free allowance may be available. Actual benefits derived from the shares are as such not subject to Netherlands income tax.

Netherlands resident entities

Any benefit derived or deemed to be derived from the shares held by Netherlands resident entities (including associations, partnerships, foundations and funds that are taxable as Netherlands resident entities), including any capital gains realized on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25.5% (a corporate income tax rate of 20% applies with respect to taxable profits up to €40,000 and 23% over the following €160,000, the first two brackets for 2008). A Netherlands qualifying pension fund and a Netherlands qualifying tax exempt investment fund *(vrijgestelde beleggingsinstelling)* are in principle not subject to Netherlands corporate income tax. A Netherlands qualifying resident investment fund *(fiscale beleggingsinstelling)* is subject to Netherlands corporate income tax at a special rate of 0%.

Non-residents of the Netherlands

A holder of shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under the shares or any gain realized on the disposal or deemed disposal of the shares provided that:

(1) such holder is neither a resident nor deemed to be resident in the Netherlands for Netherlands tax purposes and, if such holder is an individual, he/she has not made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands;

(2) such holder does not have an enterprise or an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the shares are attributable; and

(3) in the event such holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the shares that go beyond ordinary active asset management *(normaal vermogensbeheer)* and does not derive benefits from the shares that are (otherwise) taxable as benefits from other activities in the Netherlands *(resultaat uit overige werkzaamheden).*

Gift, Estate and Inheritance Taxes

Residents of the Netherlands

Gift, estate and inheritance taxes will arise in the Netherlands with respect to a transfer of the shares by way of a gift or a deemed gift by, or, on the death of, a holder of shares who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death, as described below.

Non-residents of the Netherlands

No Netherlands gift, estate or inheritance taxes will arise on the transfer of the shares by way of a gift or a deemed gift by, or on the death of, a holder of shares who is neither resident nor deemed to be resident in the Netherlands, unless:

(1) such holder at the time of the gift has or at the time of his/her death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried out through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the shares are or were attributable; or

(2) in the case of a gift of the shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Netherlands gift, estate and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Netherlands Turnover Tax

No Netherlands turnover tax will arise in respect of the acquisition, ownership and disposal of our common shares.

United States Tax Matters

TO ENSURE COMPLIANCE WITH U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE U.S. INTERNAL REVENUE CODE; AND (B) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Notwithstanding anything in this prospectus to the contrary, investors (and each employee, representative or agent of the investors) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the any offering by the Company and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure. However, any information relating to the U.S. federal income tax treatment or tax structure will remain confidential (and the preceding sentence will not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, “tax treatment” means U.S. federal or state income tax treatment, and “tax structure” means any facts relevant to the U.S. federal or state income tax treatment of any offering by the Company but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities or any of their respective affiliates that may be offering the securities.

U.S Federal Income Tax Consequences

The following is a general discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common shares by a U.S. holder. As used in this discussion, the term U.S. holder means a beneficial owner of our common shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (1) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

This discussion does not consider:

- U.S. federal gift or estate tax consequences, U.S. state or local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular U.S. holder's tax position, including, if the holder is a partnership (partnerships which hold our common stock and partners in such partnerships should consult their tax advisors);
- the tax consequences for the stockholders or beneficiaries of a U.S. holder;
- special tax rules that may apply to particular U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, hybrid entities, U.S. expatriates, broker dealers, and traders in securities;
- special tax rules that may apply to a U.S. holder that holds our common shares as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;
- U.S. tax consequences to persons subject to the federal alternative minimum tax;
- U.S. tax consequences to persons that use a functional currency other than the dollar;
- U.S. tax consequences to a person who is not a U.S. holder; or
- U.S. tax consequences to a U.S. holder that owns, directly or constructively, at any time, shares representing 10% or more of our voting stock.

The following discussion is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable U.S. Treasury regulations and administrative and judicial interpretations, all as in effect on the date of this prospectus, and all of which are subject to change, retroactively or prospectively. The following summary assumes that a U.S. holder holds our common shares as a "capital asset" within the meaning of section 1221 of the Code (generally, property held for investment). This summary is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a decision to purchase common shares. Each U.S. holder should consult a tax advisor regarding the U.S. federal, state, local and non U.S. income and other tax consequences of acquiring, holding and disposing of our common shares.

Company Level Taxes

Certain of our employees and subsidiaries are located in the United States and may perform certain services for us. While we believe that these arrangements will be structured in a manner so as to not cause us to be considered to be engaged in trade or business activities in the United States, no assurances can be given that the IRS will not successfully challenge that position. If it is determined that we are engaged in a trade or business in the United States for U.S. federal income tax purposes, our income that is effectively connected with such U.S. trade or business would be subject to U.S. federal corporate income tax, generally at a rate of 35%, and a branch profits tax of 30% on our net after tax income. Therefore, if it is determined that we are engaged in a U.S. trade or business, our financial and operating results, and ability to make distributions to our shareholders, could be materially adversely affected.

Investor Level Taxes

The listing of our common shares on Euronext Amsterdam will not be treated as a taxable exchange for U.S. federal income tax purposes.

Distribution on Common Shares

We do not intend to pay cash dividends in the foreseeable future. However, in the event that we do pay dividends, and subject to the discussion under the heading "Passive Foreign Investment Companies" below, a U.S. holder will be required to include in gross income as ordinary income the amount of any distribution paid on common shares to the extent that such distribution does not exceed our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. The amount of a distribution which exceeds our earnings and profits will be treated first as a non-taxable return of capital, reducing the U.S. holder's tax basis for the common shares to the extent thereof, and then as capital gain. We may not keep track of our earnings and profits, in which case U.S. holders generally would be required to treat all distributions as ordinary dividend income for U.S. federal income tax purposes. Corporate holders generally will not be allowed a deduction for dividends received. Dividends paid by us generally will be foreign source income for U.S. foreign tax credit purposes. Non-corporate U.S. holders will not qualify for preferential U.S. federal income tax rates on dividends received.

Disposition of Common Shares

Except as provided under the heading "Passive Foreign Investment Companies" below, upon the sale, exchange or other disposition of our common shares, a U.S. holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis for the common shares. The gain or loss realized on the sale, exchange or other disposition of common shares will be long-term capital gain or loss if the U.S. holder has a holding period of more than one year at the time of disposition. Non-corporate U.S. holders generally are eligible for reduced rates of taxation on long-term capital gain. The deductibility of capital losses by U.S. holders is subject to limitations. Gain or loss generally will be U.S. source income for U.S. foreign tax credit purposes.

Passive Foreign Investment Companies

In General

We would be a passive foreign investment company, or PFIC, if 75% or more of our gross income in a taxable year is "passive income," or at least 50% of the assets' fair market value are held for the production of, or produce, "passive income." Under certain "look-through" rules, our pro rata share of assets and income of any company in which we are considered to own 25% or more of the shares by value will be taken into account in determining whether we meet either of the foregoing tests.

"Passive income" generally consists of dividends, interest, rents, royalties, annuities and income from certain commodities transactions and notional principal contracts. However, certain of these items of income may not be considered "passive" to the extent they are considered derived in the active conduct of a trade or business. Cash is treated as producing passive income.

We do not anticipate being a PFIC in the foreseeable future. The tests for determining PFIC status, however, are applied annually, and it is difficult to make accurate predictions of future income and assets which are relevant to this determination. There can be no assurance that we will not become a PFIC. U.S. holders who hold common shares during a period when we are a PFIC will be subject to the following rules, even if we cease to be a PFIC, subject to certain exceptions for U.S. holders who made a QEF election or mark-to-market election (discussed below).

General PFIC Regime

If we are or become a PFIC, each U.S. holder who has not elected to treat us as a qualified electing fund, or to mark the shares to market as discussed below, would, upon receipt of certain distributions by us and upon disposition of the common shares at a gain, be required to allocate the distribution or gain to each year during the U.S. holder's holding period in our common shares. Amounts allocated to the year of the distribution or gain and amounts allocated to a year prior to us being a PFIC, if any, would be taxable as ordinary income in the year of the distribution or disposition. Amounts allocated to prior years during which we were a PFIC would be subject to tax at the highest tax rate applicable to such prior year as well as an interest charge calculated as if the tax were due with respect to such prior year.

QEF Election

The General PFIC Regime above would not apply to a U.S. holder who makes a qualified electing fund election, or QEF election, for all taxable years in which the holder has held the common shares while we are a PFIC, provided that the Company complies with certain reporting requirements. Instead, each U.S. holder who has made a valid QEF election is required for each taxable year that we are a PFIC to include in income a pro rata share of its ordinary earnings as ordinary income and a pro rata share of its net capital gain as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. In general, a QEF election is effective only if we make available certain required information. The QEF election is made on a shareholder-by-shareholder basis and, once made, generally may be revoked only with the consent of the IRS.

We are under no obligation to comply with the applicable information reporting requirements necessary for U.S. holders to make a valid QEF election. U.S. holders should consult with their own tax advisers regarding eligibility, manner and advisability of making the QEF election (including a protective QEF election) in the event that we are, or may be, treated as a PFIC, and the consequences of a failure to make a valid QEF election.

Mark-to-Market Election

A U.S. holder of PFIC shares which are regularly traded on a "qualified exchange" may elect to mark the shares to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the PFIC shares and the U.S. holder's adjusted tax basis in the PFIC shares. Losses would be allowed only to the extent of net mark-to-market gain previously included by the U.S. holder under the election for prior taxable years. If the mark-to-market election were made, then the rules set forth above would not apply for periods covered by the election and the General PFIC Regime would apply to gains recognized in the initial year for which the election is made, unless a QEF election had been made for all prior years in which the U.S. holder held common shares and we were a PFIC. We are applying for the listing of our common shares on Euronext and we believe that Euronext constitute a "qualified exchange" for this purpose. However, there can be no assurance that either Euronext is or will be a "qualified exchange" or that our common stock will be considered regularly traded for this purpose and thus eligible for the mark-to-market election.

Lower-Tier PFICs

If we constitute a PFIC in any taxable year, U.S. holders will be deemed to own, and also will be subject to the PFIC rules with respect to equity interests in non-U.S. entities held by us which themselves constitute PFICs ("lower-tier PFICs"). In this case, if a U.S. holder does not, or is unable to, make a QEF election in respect of any lower-tier PFIC, the U.S. Holder could incur the liability described above under the General PFIC Regime if either (i) we receive a distribution from, or dispose of all or a part of our interest in, a lower-tier PFIC or (ii) the U.S. holder disposes of all or part of its common shares. Neither we nor any potential lower-tier PFIC is under an obligation to comply with the applicable information reporting requirements necessary for U.S. holders to make a valid QEF election with respect to a lower-tier PFIC.

A mark-to-market election under the PFIC rules with respect to our common shares would not apply to a lower-tier PFIC, and a U.S. holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in that lower-tier PFIC. Consequently, U.S. holders of common shares could be subject to the PFIC rules with respect to income of the lower-tier PFIC the value of which already had been taken into account indirectly through mark-to-market adjustments. Similarly, if a U.S. holder made a mark-to-market election under the PFIC rules in respect of our common shares and made a QEF election in respect of a lower-tier PFIC, that U.S. holder could be subject to current taxation in respect of income from the lower-tier PFIC the value of which already had been taken into account indirectly through mark-to-market adjustments. U.S. holders are urged to consult their own tax advisors regarding the issues raised by lower-tier PFICs.

U.S. holders are strongly urged to consult their tax advisors about the PFIC rules, including the eligibility, manner and consequences to them of making a QEF or mark-to-market election with respect to our common shares in the event that we qualify as a PFIC.

Information Reporting and Back-up Withholding

U.S. holders generally are subject to information reporting requirements with respect to dividends paid on common shares, and on the proceeds from the sale, exchange or disposition of common shares. In addition, a U.S. holder will be subject to back-up withholding (currently at 28%) on dividends paid on common shares, and on the proceeds from the sale, exchange or other disposition of common shares, unless the U.S. holder provides a duly executed IRS Form W-9 or otherwise establishes an exemption. The back-up withholding is not an additional tax and may be refunded or credited against the U.S. holder's federal income tax liability, provided that the required information is furnished to the IRS.

CERTAIN ERISA AND OTHER CONSIDERATIONS

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain considerations associated with a purchase of our common shares by (i) an "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code or provisions under Similar Law (which we define as certain governmental plans, church plans and non-U.S. plans, which while not subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code, may nevertheless be subject to other state, local, non-U.S. or other laws or regulations that would have the same effect as U.S. Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (the "DOL Plan Asset Regulations" or the "Plan Asset Regulations") so as to cause our underlying assets to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in us and thereby subject us to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code), and (iii) entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of (i), (ii) and (iii), a "Benefit Plan Investor"). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing or holding our common shares on behalf of, or with the assets of, any employee benefit plan, consult with their counsel to determine whether such employee benefit plan is subject to Part 4 of Subtitle B of Title I of ERISA, Section 4975 of the U.S. Internal Revenue Code or any Similar Laws.

Section 3(42) of ERISA and the Plan Asset Regulations generally provide that when a Benefit Plan Investor subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code (a "Covered Plan") acquires an equity interest in an entity that is neither a "publicly offered security" (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the Covered Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by the Covered Plan is not significant or that the entity is an "operating company," in each case as defined in Section 3(42) of ERISA and the Plan Asset Regulations. For purposes of ERISA, equity participation in an entity by Covered Plans will not be "significant" if they hold, in the aggregate, less than 25% (or such higher percentage as may be specified by regulations of the Department of Labor) of the value of each class of equity interests of such entity, excluding equity interests held by any person (other than an Covered Plan) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person.

It is anticipated that (i) common shares will not constitute "publicly offered securities" for purposes of the Plan Asset Regulations, (ii) we will not be an investment company registered under the U.S. Investment Company Act and (iii) we may not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, we will not monitor whether investment in common shares by Benefit Plan Investors will equal or exceed the 25% (or higher) threshold for purposes of ERISA.

Our current memorandum and articles of association limits equity participation by Covered Plans without the consent of our Board of Directors to less than 25% in the aggregate with respect to our common shares so that such participation in any class of our common shares by such Benefit Plan Investors will not be deemed to be "significant". Our current memorandum and articles of association provide that any purported transfer in violation of the foregoing requirement is void *ab initio*. However, our Board of Directors has resolved on 9 October 2008 (i) to propose to the Company's shareholders, at a special shareholders meeting, to be held on or about 10 December 2008, to amend our memorandum and articles of association to the effect that the Company will not be permitted to decline to register or recognize any transfer of our common shares following a transaction on Euronext Amsterdam or a transaction settled on or through Euroclear Nederland and/or Euroclear Bank and (ii) to irrevocably consent in advance that until the aforementioned amendment of the articles of association becomes effective, any person whosoever may beneficially, constructively or otherwise own any common shares in the Company, for the purpose of avoiding any null and void (a) trades and transactions of our common shares on Euronext Amsterdam, any other securities exchange or multilateral trading facility and in the over-the-counter-market or any other market and (b) transfers and settlements of any trades and transactions through Euroclear Nederland and/or Euroclear Bank or any other settlement system. If, notwithstanding the foregoing, a transfer of our common shares is not treated as being void *ab initio* for any reason and such transfer would subject us to Section 4975 of the U.S. Internal Revenue Code, Title I of ERISA or to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained therein, the shares transferred will automatically be transferred on to a charitable trust for the benefit of a charitable beneficiary. Alternatively, we reserve the right to take such other steps as we deem necessary to avoid having our assets treated as plan assets. There can be no assurance, however, that ownership or holding of any class of our common shares by or on behalf of Covered Plans will always remain below the 25% threshold.

Each transferee of our common shares will be deemed to represent and may be required expressly to provide certain assurances that it is not and will not be a Covered Plan.

We also reserve the right to take such other steps as we deem necessary to avoid having our assets treated as plan assets. Our articles of association also provide that no transfers will be permitted unless the transferee has provided assurances to the effect that it is not (and will not be), and is not (and will not be) acting on behalf of, a Covered Plan, and that any purported transfer in violation of the foregoing requirement is void *ab initio*. If, notwithstanding the foregoing, a purported transfer is not treated as being void *ab initio* for any reason, the shares transferred in such violation will automatically be transferred, and the purported owner or transferee will acquire no right in such shares.

In addition, our organizational documents provide that we will have the power to take certain actions to avoid having our assets characterized as "plan assets" under the DOL Plan Asset Regulations, including the right to redeem or transfer shares owned by a benefit plan investor. While we do not expect that we will need to exercise such power, we cannot give any assurance that such power will not be exercised.

If our assets were deemed to be "plan assets" of Covered Plans, Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Internal Revenue Code would extend to our investments. This could result, among other things, in (1) the application of the prudence and other fiduciary standards of ERISA, which impose liability on fiduciaries, to investments made by us, which could materially affect our operations, (2) potential liability of persons having investment discretion over the assets of the Covered Plans investing in us should our investments not conform to ERISA's prudence and fiduciary standards under Title I of ERISA, unless certain conditions are satisfied and (3) the possibility that certain transactions that we might enter into in the ordinary course of our business and operation might constitute non-exempt "prohibited transactions" under ERISA and the Internal Revenue Code. A non-exempt prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of the Covered Plans, may also result in the imposition of an excise tax under the Internal Revenue Code upon the "party in interest," as defined in ERISA, or "disqualified person," as defined in the Internal Revenue Code, with whom the Covered Plan engaged in the transaction, and correction or unwinding of the transaction.

Under the reasoning of the U.S. Supreme Court in *John Hancock Life Ins. Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), an insurance company's general account may be deemed to include assets of the plans investing in the general account (*e.g.*, through the purchase of an annuity contract), and the insurance company might be treated as a disqualified person and a party-in-interest with respect to a plan by virtue of such investment. Following the decision in *John Hancock Life Insurance*, Congress enacted Section 401(c) ERISA and the United States Department of Labor adopted regulations (29 C.F.R. § 2550.401c-1) to provide guidance on which assets held by the insurer constitute "plan assets" for purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Internal Revenue Code. The plan asset status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets continue to be treated as the plan assets of any plan invested in a separate account.

We reserve the right to suspend or modify the restrictions relating to Covered Plans at any time.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN OUR COMMON SHARES THAT IS, OR THAT IS ACTING ON BEHALF OF A PLAN, IS STRONGLY URGED TO CONSULT ITS OWN LEGAL AND TAX ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA, THE INTERNAL REVENUE CODE AND ANY APPLICABLE SIMILAR LAWS AND ITS ABILITY TO MAKE THE REPRESENTATION DESCRIBED ABOVE.

TRANSFER RESTRICTIONS

Investors

Our common shares are subject to restrictions on resale and transfer and have not been registered under the United States Securities Act or the securities laws of any jurisdiction. Accordingly, until registered, common shares may not be resold or transferred, except as permitted under the United States Securities Act, the applicable securities laws of any jurisdiction and our organizational documents.

Other Restrictions on Ownership and Transfer

Generally, any holder of our common shares may offer, sell, pledge or otherwise transfer such securities only:

- to us or any of our subsidiaries; or
- to a person that it reasonably believes is a qualified institutional buyer that purchases such securities for its own account or for the account of a qualified institutional buyer to whom notice is given that the offer, sale pledge or other transfer is being made in reliance upon Rule 144A of the Securities Act; or
- pursuant to an effective registration statement under the Securities Act; or
- pursuant to offers and sales that occur outside of the United States within the meaning of Regulation S under the Securities Act; or
- to other investors with respect to which an exemption from the registration requirements of the Securities Act is available, in each case in accordance with any applicable securities laws of any state of the United States.

As a result, an investor that purchases our common shares may not be able to readily resell such common shares. Further, an accredited investor that purchases common shares and subsequently sells such common shares may not be able to repurchase our common shares. Purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of our common shares.

Any certificates representing our common shares will bear a legend referring to the restrictions, if any, to which such shares are subject.

Rule 144

In general, Rule 144 as currently in effect, provides that if six months has elapsed since the date of acquisition of restricted securities from us or any of our affiliates, and the holder is not one of our affiliates at any time during the three months preceding the proposed sale, such person can sell such securities under Rule 144 without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements. If the conditions set forth in Rule 144, including the public information requirements, are satisfied, it may be possible for a holder to sell its securities prior to six months after acquisition of such securities.

No assurance can be given as to (i) the likelihood that an active market for our common shares will develop, (ii) the liquidity of any such market, (iii) the ability of the shareholders to sell the securities or (iv) the prices that shareholders may obtain for any of the securities. No prediction can be made as to the effect, if any, that future sales of common shares, or the availability of any such securities for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of securities, or the perception that such sales could occur, may affect adversely prevailing market prices of the securities. See “Risk Factors—Risks Associated with the Common Shares.”

Transfer Agent and Registrar

Our transfer agent and registrar for our common shares is Computershare, Inc.

Listing Agent

Our listing agent is Friedman, Billings, Ramsey, International, Ltd., Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB UK.

INFORMATION FOR INVESTORS

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with any different information. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus can be considered accurate only on the date of this prospectus.

We are not making an offer to sell our common shares in any jurisdiction where such offer or sale is not permitted. Hedging transactions involving our common shares may not be conducted other than in compliance with the Securities Act. You should understand that you will be required to bear the financial risks of your investment in our common shares for an indefinite period of time.

Our common shares have not been recommended, approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. state or federal regulatory authority. These authorities have not confirmed the accuracy or determined the adequacy of this information statement. Any representation to the contrary is a criminal offense in the United States.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references in this document to “dollars” or “$” are to the lawful currency of the United States of America and all references to “Euro” or “€” are to the lawful currency of those countries that have adopted the Euro as their currency in accordance with the legislation of the European Union relating to the European Monetary Union.

Our financial information is presented in dollars, and we prepare our financial information in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. We have a fiscal year end of 31 December.

Percentages in tables have been rounded and accordingly may not add up to 100 percent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

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

AVAILABILITY OF DOCUMENTS

This prospectus 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).

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 Zona 7, 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 prospectus and our memorandum and articles of association; and

(b) all reports, letters, other documents, historical financial information (such as our 2007, 2006 and 2005 financial statements), valuations and statements prepared by any expert at our request, any part of which is included or referred to in this prospectus.

REPORTING ACCOUNTANTS AND INDEPENDENT AUDITORS

The historical financial information of Thunderbird Resorts Inc. and its subsidiaries for the two years ended 31 December 2006 and 2007 included in the financial information sections of this prospectus have been audited, for the purpose of this prospectus, by Grant Thornton UK LLP, member of the Institute of Chartered Accountants in England and Wales, chartered accountant and registered auditors of Churchill House, Chalvey Road East, Slough, Bershire, 5LI 2L5, UK, as stated in their accountants' report appearing herein.

The Canadian GAAP consolidated financial statements of Thunderbird Resorts Inc. and its subsidiaries for the two years ended 31 December 2006 and 2005 have been audited by Oliva, Sahmel & Goddard, members of the Canada Public Accounting Board, independent auditors and certified public accountants, of 4510 Executive Drive, Suite 113, San Diego, California, 92121-3022, are incorporated by reference into this prospectus.

The consolidated financial statements of La Caja, Servicio de Hoteles S.A.C. for the period from 1 July 2007 to 28 July 2007 and from 1 January 2007 to 30 June 2007 have been audited by Adriano Wencis Vigo Silva of Pablo Bermudez 143, 6to piso, Lima 1, Peru, members of the School of Public Accountants of Peru and independent auditors, as stated in their report appearing herein.

The reports appearing herein (see pages F-1, F-89, F-110 and F-123) are included in the form and context in which they appear with the consent of the respective auditors, who have authorized the inclusion of these reports.

METHOD AND EXPECTED TIMETABLE

Admission and commencement of dealings in units is expected on or about 27 October 2008. ALL REFERENCES IN THIS DOCUMENT TO TIMES ARE TO CENTRAL EUROPEAN TIME UNLESS OTHERWISE STATED.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

We have historically reported our consolidated financial results in accordance with accounting principles generally accepted in Canada or Canadian GAAP. The following financial statements of the Company are incorporated into this prospectus by reference: (1) the consolidated financial statements for the year ended 31 December 2005; (2) the restated consolidated financial statements for the year ended 31 December 2006; (3) the amended and restated consolidated financial statements for the years ended 31 December 2007 and 2006; all of these financial statements were prepared in accordance with Canadian GAAP.

The consolidated historical financial information included herein for the two years ended 31 December 2007 has been drawn up under IFRS and have one integral set of explanatory notes. The consolidated historical financial information for the year ended 31 December 2007 drawn up under IFRS includes the results of the hotels and associated assets of the Hotels Las Americas chain of hotels (the "HLA Acquisition") from 27 July 2007 to 31 December 2007.

The bridge approach, under paragraphs 56 – 61 of the CESR Recommendations of February 2005 has been adopted and a bridge has been included to reconcile the historical financial information drawn up under IFRS for the year ended 31 December 2006 and the historical financial information drawn up under Canadian GAAP for the year ended 31 December 2006, thus providing a "bridge" from the Canadian GAAP information and the information drawn up under IFRS.

The HLA Acquisition occurred in 2007. The Panama Acquisition (as defined below) occurred at the beginning of 2008. The actual results of both (rather than a pro forma adjustment) are also included in the Company's historical financial information as of 30 June 2008.

In 2007 Thunderbird made one acquisition representing an increase of its business of more than 25% in comparison with the 2006 accounts, i.e. the HLA Acquisition (in the form of an asset transaction). Consequently, the Company's pro forma income statement for the year ended 31 December 2007 includes the pro forma results of the HLA Acquisition from 1 January 2007 to 26 July 2007 (as well as the actual results from and after 27 July 2007).

The pro forma financial information also includes the acquisition of an additional 11.36% (and control) of the outstanding stock of International Thunderbird Gaming (Panama) Corporation (the "Panama Acquisition") on 15 January 2008, resulting in a total of 61.36% ownership of the Panama entity and control over its operations. As a result the Company will consolidate 100% of the Panama operations versus the proportional consolidation of 50% of the Panama operation that was reported in the Company's historical financial information for the period ended 31 December 2007. The adjustments included in the pro forma financial information relate to the purchase accounting of the acquisition of the additional 11.36% of Panama and the associated entities as well as the change in accounting treatment, i.e. full consolidation due to the gain in control of the entity.

The pro forma financial information is based on the consolidated historical financial information of Thunderbird Resorts Inc. (Company), La Caja, Servico de Hoteles S.A.C., the prior owner of Hoteles Las Americas, and International Thunderbird Gaming (Panama), and has been prepared to illustrate the financial effect of the HLA Acquisition and the Panama Acquisition on the Company. The pro forma financial information should be read in conjunction with the Company's consolidated historical financial information for the year ended 31 December 2007 and the audited financial statements of La Caja Servico de Hoteles S.A.C. for the period 1 July 2007 to 26 July 2007 and the period from 1 January 2007 to 30 June 2007, all of which are included in this prospectus.

As described on page 32 of this prospectus, the Company has been required to make certain adjustments to the Company's historical financial information. These adjustments (other than the classification of the warrants instruments under Canadian GAAP) are included within the historical financial information prepared in accordance with IFRS that is included throughout this prospectus. The Company's 2005 financial statements prepared in accordance with Canadian GAAP (and incorporated by reference) have not been restated. However, the restated 2005 Canadian GAAP numbers are included in the Company's 2006 Canadian GAAP financial statements (incorporated by reference), as they had to be restated for comparative purposes.

On the basis of the above, the Company includes the following financial information in the prospectus:

Ref	Financial information	Time period	Canadian GAAP/IFRS	Included in Prospectus or incorporated by reference	Accountant's report
1	Thunderbird	Consolidated Financial Statement for the year ended 31 December 2005	Canadian GAAP	Incorporated by reference	Oliva Goddard & Wright audit report
2	Thunderbird	Restated Consolidated Financial Statements for the year ended 31 December 2006 (portions of which are also included in Bridge (defined below))	Canadian GAAP	Incorporated by reference	Oliva Goddard & Wright audit report
3	Thunderbird	Amended and restated consolidated financial statements for the years ended 31 December 2007 and 2006.	Canadian GAAP	Incorporated by reference	Oliva Goddard & Wright audit report
4	Thunderbird	Two years ended 31 December 2007	IFRS	Included	Grant Thornton accountant's report
5	Thunderbird	Bridge from the restated audited consolidated Canadian GAAP financial statements for the year ended 31 December 2006 to the consolidated IFRS historical financial information of the Company for the year ended 31 December 2006 ("Bridge").	Canadian GAAP / IFRS	Included	Not applicable
6	Thunderbird	Six months ended 30 June 2008 (compared to the six months ended 30 June 2007)	IFRS	Included	Grant Thornton interim review report
7	Thunderbird / HLA Acquisition / Panama Acquisition/	Year ended 31 December 2007 (pro forma)	IFRS	Included	Grant Thornton comfort letter on pro forma financial information
8	La Caja, Servicios de Hoteles S.A.C.	The period from 1 July 2007 to 26 July 2007 and from 1 January 2007 to 30 June 2007.	IFRS	Included	Adriano Wencis Vigo Silva independent auditor's report

The audit reports referred to under nrs. 1., 2., and 3. were issued by Oliva Goddard & Wright CPA's, 4510 Executive Drive, Suite 113, San Diego, CA 92121-3022, USA (registered with the Canadian Public Accountability Board and members of the AICPA and California Society of CPA's). The accountant report under 4., the interim review report under 6. and the comfort letter on pro forma financial information under 7. are issued by Grant Thornton UK LLP. Grant Thornton was the reporting accountant with respect to the private placement in November 2007 and is the reporting accountant with respect to the prospectus.

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Our ref JAR/PMDE/T01930
The Directors
Thunderbird Resorts Inc
12155 Dearborn Place
POWAY
CA 92064
15 October 2008

Dear Sirs

Thunderbird Resorts Inc. (The Company)

We report on the consolidated historical financial information for the two years ended 31 December 2007 set out on pages F-3 to F-85. This financial information has been prepared for inclusion in this Prospectus dated 15 October 2008 of Thunderbird Resorts Inc on the basis of the accounting policies set out in paragraph 2.

This report is required by 20.1 of Annex 1 to the Prospectus Regulation and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under paragraph 20.1 of Annex 1 to the Prospectus Regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report required by and given solely for the purposes of complying with paragraph 20.1 of Annex 1 to the Prospectus Regulation, consenting to its inclusion in the Prospectus.

The Directors of Thunderbird Resorts Inc are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus dated 15 October 2008, a true and fair view of the state of affairs of Thunderbird Resorts Inc as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as described in note 1.

Declaration

We are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex 1 of the Prospectus Regulation.

Yours faithfully

GRANT THORNTON UK LLP

THUNDERBIRD RESORTS INC.

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
(Expressed in United States Dollars)

FOR THE TWO YEARS ENDED DECEMBER 31, 2007

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

	2007	2006
Assets		
Non-current assets		
Property, plant and equipment (Note 11)	$ 114,525	$ 43,024
Intangible assets (Note 9)	2,637	2,603
Investments in associates (Note 10)	1,187	816
Deferred tax asset (Note 7)	293	-
Trade and other receivables (Note 13)	7,492	1,472
Total non-current assets	$ 126,134	$ 47,915
Current assets		
Trade and other receivables (Note 13)	9,419	7,381
Inventories (Note 14)	2,846	994
Restricted cash (Note 15)	5,245	3,179
Cash and bank balances (Note 15)	71,656	7,353
Non-current assets classified as held for sale (Note 8)	-	562
Total current assets	89,166	19,469
Total assets	$ 215,300	$ 67,384

The accompanying notes are an integral part of this consolidated historical financial information.

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

	2007	2006
Equity and liabilities		
Capital and reserves		
Share capital (Note 20)	$ 98,962	$ 21,584
Reserves	4,738	490
Retained earnings	(30,088)	(23,580)
Translation reserve	1,124	(796)
Equity attributable to equity holders of the parent	74,736	(2,302)
Minority interest	5,093	2,889
Total equity	79,829	587
Non-current liabilities		-
Borrowings (Note 17)	66,354	35,055
Obligations under leases and hire purchase contracts (Note 23)	19,726	365
Derivative financial instruments (Note 4 and 20)	1,196	2,529
Other financial liabilities	82	135
Deferred tax liabilities (Note 7)	1,006	901
Provisions (Note 18)	3,500	3,188
Due to related parties (Note 22)	881	650
Other liabilities	688	775
Total non-current liabilities	93,433	43,598
Current liabilities		
Trade and other payables (Note 16)	20,802	10,146
Borrowings (Note 17)	15,426	10,521
Obligations under leases and hire purchase contracts (Note 23)	2,755	367
Other financial liabilities	51	47
Current tax liabilities	1,525	861
Provisions (Note 18)	1,479	735
Borrowings directly associated with non-current assets classified as held for sale (Note 8)	-	522
Total current liabilities	42,038	23,199
Total liabilities	135,471	66,797
Total equity and liabilities	$ 215,300	$ 67,384

The accompanying notes are an integral part of this consolidated historical financial information.

THUNDERBIRD RESORTS, INC.

CONSOLIDATED INCOME STATEMENT
(Expressed in thousands of United States dollars)
YEAR ENDED DECEMBER 31

	2007			2006		
	Before exceptional items	**Exceptional items (note 4)**	**Total**	**Before exceptional items**	**Exceptional items (note 4)**	**Total**
Net gaming wins	$ 88,193	$ -	$ 88,193	$ 68,055	$ -	$ 68,055
Food, beverage and hospitality sales	11,582	-	11,582	4,049	-	4,049
Cost of goods sold	(36,885)	-	(36,885)	(27,120)	-	(27,120)
Gross profit	62,890	-	62,890	44,984	-	44,984
Other operating (costs) income						
Operating, general and administrative	(35,906)	-	(35,906)	(29,740)	-	(29,740)
Project development	(2,482)	-	(2,482)	(1,999)	-	(1,999)
Depreciation and amortization (Note 9 and 11)	(10,244)	-	(10,244)	(5,444)	-	(5,444)
Other gains and losses	-	(5,387)	(5,387)	(45)	(3,404)	(3,449)
Operating profit	14,258	(5,387)	8,871	7,756	(3,404)	4,352
Financing (Note 6)						
Financing (costs)	(10,458)	-	(10,458)	(6,068)	-	(6,068)
Financing income	464	-	464	237	-	237
Finance costs, net	(9,994)		(9,994)	(5,831)		(5,831)
Share of (losses)/ profits of associates	(190)	-	(190)	141	-	141
Profit (loss) before tax	4,074	(5,387)	(1,313)	2,066	(3,404)	(1,338)
Income taxes expense (Note 7)						
Current	(1,910)	-	(1,910)	(1,561)	-	(1,561)
Deferred	(1,003)	-	(1,003)	(748)	-	(748)
Taxation	(2,913)	-	(2,913)	(2,309)	-	(2,309)
Profit (loss) for the year	$ 1,161	$ (5,387)	$ (4,226)	$ (243)	$ (3,404)	$ (3,647)
Attributable to:						
Equity holders of the parent			(6,508)			(3,961)
Minority interest			2,282			314
			$ (4,226)			$ (3,647)

The accompanying notes are an integral part of this consolidated historical financial information.

THUNDERBIRD RESORTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of United States dollars)
YEAR ENDED DECEMBER 31

	Atributable to Equity Holders of Parent						
	Share capital	Other Reserves	Translation Reserve	Retained earnings	Total	Minority interest	Total Equity
Balance at 1 January 2006	$ 21,584	$ 261	$ (827)	$ (19,619)	$ 1,399	$ 1,075	$ 2,474
Exchange differences arising on translation of foreign operations	-	-	31	-	31	-	31
Loss for the year	-	-	-	(3,961)	(3,961)	314	(3,647)
Minority interest contributions	-	-	-	-	-	1,500	1,500
Recognition of share-based payments	-	136	-	-	136	-	136
Issue of ordinary shares under employee share option plan	-	93	-	-	93	-	93
Balance at 31 December 2006	$ 21,584	$ 490	$ (796)	$ (23,580)	$ (2,302)	$ 2,889	$ 587
Balance at 1 January 2007	$ 21,584	$ 490	$ (796)	$ (23,580)	$ (2,302)	$ 2,889	$ 587
Exchange differences arising on translation of foreign operations	-	-	1,920	-	1,920	-	1,920
Loss for the year	-	-	-	(6,508)	(6,508)	2,282	(4,226)
Buy back of Subsidiary shares	-	-	-	-	-	(78)	(78)
Recognition of share-based payments	-	1,034	-	-	1,034	-	1,034
Issue of ordinary shares	77,136				77,136	-	77,136
Issue of ordinary shares under warrant agreements	57	3,214	-	-	3,271	-	3,271
Issue of ordinary shares under employee share option plan	185	-	-	-	185	-	185
							-
Balance at 31 December 2007	$ 98,962	$ 4,738	$ 1,124	$ (30,088)	$ 74,736	$ 5,093	$ 79,829

The accompanying notes are an integral part of this consolidated historical financial information.

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

	2007	2006
Cash flows from operating activities		
Loss for the year	$ (3,388)	$ (3,647)
As adjustmented for:		
Depreciation and amortization	10,244	5,444
Increase in provisions	1,056	1,796
Increase in fair value of derivative financial instruments	1,881	189
Share of post tax profits in associates	190	(141)
Loss on disposal of other assets	226	1,464
Stock-based compensation	1,034	229
Finance Income	(464)	(237)
Finance Costs	10,458	6,068
Taxes Expense	2,913	2,309
Foreign exchange	(1,044)	(607)
Changes in non-cash working capital items:		
Increase in trade, other receivables	(3,207)	(92)
(Increase) decrease in inventories	(1,374)	43
Increase in accounts payable and accrued liabilities	7,916	(464)
Cash generated from operations	26,441	12,354
Taxes Paid	(2,389)	(2,265)
Interest Paid	(9,242)	(5,129)
Net cash generated by operating activities	14,810	4,960
Cash flows from investing activities		
Loans receivable	79	790
Expenditures on property plant and equipment	(75,918)	(19,947)
Investments in subsidiaries	(4,612)	-
Advances to joint ventures	(1,240)	-
Investment in and advances to associates	(371)	(1,122)
Interest Received	464	237
Net cash used in investing activities	(81,598)	(20,042)
Cash flows from financing activities		
Proceeds from issuance of common shares	77,378	8
Proceeds from issuance of debt	73,207	33,194
Funding of cash deposits	-	8,551
Proceeds from minority interests	-	1,500
Repayment of loans and leases payable	(17,111)	(23,075)
Net cash provided by financing activities	133,474	20,178
Effect of foreign exchange on cash and cash equivalents	(317)	18
Change in cash and cash equivalents during the year	66,369	5,114
Cash and cash equivalents, beginning of year	10,532	5,418
Cash and cash equivalents, end of year	$ 76,901	$ 10,532

The accompanying notes are an integral part of this consolidated historical financial information.

1. BASIS OF PREPARATION OF THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The Company's consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') and IAS Interpretations as issued by the IASB under the historical cost convention, except for financial assets and financial liabilities, which are fair valued through the income statement.

A summary of the Company's significant accounting policies is set out below. Except where noted below these policies have been consistently applied.

2. SIGNIFICANT ACCOUNTING POLICIES

Transition to IFRS
For all periods up to and including the year ended December 31, 2006, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting practice. This consolidated historical financial information, for the year ended December 31, 2007, is the first the Company has elected to prepare in accordance with the basis of preparation set out above.

Accordingly, the Company has prepared its consolidated historical financial information in compliance with IFRS for applicable periods beginning on or after January 1, 2006 and the significant accounting policies meeting those requirements are described in note 2.

IFRS 1 allows first-time adopters to take certain exemptions from the general requirement of IFRS as effective for the December 2007 year end. The Company has taken the following exemptions:

- IFRS 2 Share-based Payment did not apply to any equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments that were granted after November 7, 2002 that vested before January 1, 2006. For cash-settled share based payment arrangements, the Company has not applied IFRS to liabilities that were settled before January 1, 2006.
- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries or of interest in associates and joint ventures that occurred before January 1, 2006.

Note 32 to this consolidated historical financial information explains the principal adjustments made by the Company on restating its Canadian GAAP balance sheet as of January 1, 2006, and its previously published Canadian GAAP financial statements for the year ended December 31, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical accounting estimates and judgments

The preparation of financial information, in conformity 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.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results, and are discussed below.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Land is not depreciated. Historical 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 Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

-properties,	20 - 30 years
-furniture and equipment,	3 – 5 years
-gaming machines,	3 – 5 years
-leasehold improvements,	over the lease term

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of intangible assets and property, plant and equipment

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

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

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

A reversal of an impairment loss is recognized as income in the income statement immediately.

Impairment of goodwill is not reversed.

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 historical financial information. However, if deferred tax arises from the initial recognition of goodwill it is not recognized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Withholding taxes on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits

The Company's subsidiaries are liable for a number of defined benefit pension schemes, severance or seniority plans to their employees. The benefits are treated in accordance with the provisions of IAS 19.

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

The subsidiary employee benefit plans by country are as follows:

Costa Rica:

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

Panama:

Panama Labor Code legislation has established the recognition of a severance payment plan for employee services. The Company has established 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 the year. Law 44 of August 12, 1995 establishes that starting from its inception the employer is obligated to form a retirement fund to pay employees for the seniority premium and indemnity for unjustified dismissal established by the Labor Code. The Company's fund has been established, part relating to the seniority premium and part relating to monthly quota.

Philippines:

The Company is in the process of setting up a formal retirement plan, it did not have a plan established for the year ended 2006 or 2007. 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 Company, even if plan assets for the 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 Company's retirement cost accrual covers all regular full-time employees.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits (cont'd)

Philippines (cont'd)

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

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

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 Company's employees, according to the service term and the Republic of Guatemala Labor Code. The Company recognizes 8.33% of labor compensation paid to the employees as an estimate of the possible disbursements. As of December 31, 2007, the Company has recorded a provision amounting to $109,668, which represents managements best estimate of the liability.

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 can not be less than one month's salary or more than five months salary. The Company records a monthly provision as an expense to the respective period to cover any severance payment reimbursement incurred by the Company to terminated employees under this plan. The Company has recorded a provision amounting to $295,039, which represents managements best estimate of the liability.

Share-based compensation

The Company recognizes compensation expense for stock options granted in the consolidated income statement using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instrument was granted, for all options issued on or after November 7, 2002. Any cash paid by the employee on the exercise of stock options is added to the stated value of common shares. The expense is recognized over the vesting period. The Company records the corresponding credit entry as an other reserve within share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical judgments in applying the entity's accounting policies

Litigation provisions and contingent liabilities

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

(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

Reporting and foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in equity.

(c) Company subsidiaries

The results and financial position of all the Company 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:

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Reporting and foreign currency translation (cont'd)

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. The closing rates against the dollar applicable for the December 31, 2007 and 2006 balance sheet are as follows:

	2007	2006
Canadian Dollar	0.98	1.17
Chilean Peso	497.70	532.55
Costa Rican Colon	500.97	519.95
Guatemalan Quetzal	7.63	7.59
Nicaraguan Cordoba	18.90	18.00
Philippine Peso	41.40	49.13
Peruvian Sole	3.00	-----
Polish Zloty	2.45	-----
Colombian Peso	2044.20	-----

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) for the period presented. The average country rates against the dollar for the years ended December 31, 2007 and 2006,are as follows:

	2007	2006
Canadian Dollar	1.07	1.13
Chilean Peso	522.37	539.39
Costa Rican Colon	518.74	512.55
Guatemalan Quetzal	7.67	7.61
Nicaraguan Cordoba	18.45	17.57
Philippine Peso	46.22	51.35
Peruvian Sole	3.06	-----
Polish Zloty	2.46	-----
Colombian Peso	2119.62	-----

(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 income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidation

The Company's consolidated historical financial information consolidate the historical financial information of Thunderbird Resorts, Inc. and the entities it controls drawn up to December 31, 2007 and its comparatives.

(a) Subsidiaries

Subsidiaries are entities over which the Company 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 Company controls another entity. All subsidiaries are fully consolidated from the date on which control is transferred to the Company. 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 Company. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets for the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Company 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 Company.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Company and are presented separately within equity in the consolidated balance sheet, from parent shareholders' equity.

(b) Joint Ventures

The Company 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 Panamanian and Costa Rican operations. The strategic financial and operating decisions relating to these operations require the unanimous consent of the both parties.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidation (cont'd)

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

(c) Investments in associates

An associate is an entity over which the Company 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 this consolidated historical financial information using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Company'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 Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognized to the extent of the Company's legal or constructive obligation.

General accounting policies

a. Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Company'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 as at January 1, 2006 plus cost for any business combination completed after January 1, 2006 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 Company capitalizes the cost to acquire casino and other gaming licenses. These costs are amortized over the term of the license.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Leases

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

(a) Finance leases

Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included on other long term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

All leases which are not classified as finance leases and where the Company does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement. Where the lessor has offered an incentive to the Company 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.

c. Provisions

Provisions are recognized when the Company 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.

d. Financial instruments

Financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Financial instruments (cont'd)

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

Trade 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. Trade and other receivables are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the income statement.

Provision against trade receivables is made when there is objective evidence that the Company 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.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognized in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

An assessment for impairment is undertaken at least at each balance sheet date.

In the case of impairment of available-for-sale assets, any loss previously recognized in equity is transferred to the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognized previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognized in the income statement.

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 Company 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 Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Financial instruments (cont'd)

Financial liabilities

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

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

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

e. 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.

f. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized costs using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganizations and default or delinquency in payments more than 30 days overdue are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "operating general and administration costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "operating general and administrative costs" in the income statement.

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

i. Borrowings and borrowing Costs

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

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

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

All other borrowing costs are recognized in profit or loss in the period in which are incurred.

j. Share capital

Common shares are classified as equity.

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

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

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

k. Classification of equity instruments as debt

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are held at the lower of the carrying amount on the dates they are classified as held for sale or fair value less costs to sell. The liabilities associated with non-current assets held for sale are classified separately on the balance sheet.

m. Net gaming wins and revenue recognition

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

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

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

n. Segmental reporting

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o. Exceptional items

The Company presents as exceptional items on the face of the income statement those material items of income and expense, which because of their nature 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.

p. Earnings per share

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

q. Project development and pre-opening costs

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

r. Comparative figures

IAS 1 requires that in addition to information regarding the reporting period, the entity must present comparative financial information for all amounts reported in the consolidated historical financial information.

s. Adoption of IFRS 7 Financial Instruments: Disclosures

IFRS 7 *Financial Instruments: Disclosures* is mandatory for reporting periods beginning on January 1, 2007 or later. The new Standard replaces and amends disclosure requirements previously set out in IAS 32 *Financial Instruments: Presentation and Disclosures* and has been adopted by the Company in its 2007 consolidated historical financial information. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, The Company's financial statements now feature:

- A sensitivity analysis, to explain the Company's market risk exposure in regards to its financial instruments, and
- A maturity analysis that shows the remaining contractual maturities of a financial liabilities.

Each as at the balance sheet date. The first time application of IFRS 7, however, has not resulted in any prior period adjustments of cash flows, net income or balance sheet line items.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t. Standards and interpretations not applied

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Company's 2007 consolidated historical financial information.

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

  The main changes are to require that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.

  IAS 1 also changes the titles of financial statements as they will be used in IFRSs such that 'balance sheet' will become 'statement of financial position'; 'income statement' will become 'statement of comprehensive income' and 'cash flow statement' will become 'statement of cash flows').

- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions (effective 1 March 2007)
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

Standards and interpretations adopted early

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

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

The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. Earlier application is permitted.

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

3. SEGMENTAL INFORMATION

The primary segment reporting format is determined to be geographic segments as the Company's risks and rates of return are affected predominately by differences in the geographical areas where it operates. The operating businesses are organized and managed separately accordingly to the nature of each geographical area with each segment representing a geographic business unit that offers similar services in different markets. The accounting policies of the segments are the same as those described in Note 2 of the consolidated historical financial information.

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

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

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

3. SEGMENTAL INFORMATION (cont'd)

Geographical Segments:

	Panama 2007	Panama 2006	Guatemala 2007	Guatemala 2006	Costa Rica 2007	Costa Rica 2006	Nicaragua 2007	Nicaragua 2006
Continuing operations								
Segment revenue	28,121	24,233	3,426	4,742	13,535	9,281	12,871	13,402
Operating Profit (loss) before exceptional items	5,678	3,509	(197)	326	4,805	1,574	2,238	1,519
Exceptional operating profit (costs)	305	-	-	-	-	-	-	(85)
Segment result	5,983	3,509	(197)	326	4,805	1,574	2,238	1,434
Finance Costs	972	688	515	294	616	915	407	200
Finance (Income)	(53)	(144)	(5)	(5)	(19)	(60)	-	-
Management fees - intercompany charges	2,413	2,090	-	-	2,222	1,435	1,018	976
Profit before taxation	2,651	875	(707)	37	1,986	(716)	813	258
Taxation	720	585	150	195	538	279	380	467
Profit for the year from continuing operations	1,931	290	(857)	(158)	1,448	(995)	433	(209)
Minority Interests	-	-	-		(140)	20	(197)	(424)
Profit after minority interests	1,931	290	(857)	(158)	1,308	(975)	236	(633)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinate useful lives	-	-	-	-	-	-	-	-
Intangible assets with finite useful lives	909	998	-	-	-	-	-	-
Financial assets - investments	-	-	-				95	112
Segment tangible assets:								
Property, plant and equipment	13,368	11,646	4,353	2,893	11,888	6,801	6,547	6,730
Other segment assets (including cash)	4,829	3,527	952	624	2,887	1,184	2,540	2,040
Total segment assets - continuing operations	19,106	16,171	5,305	3,517	14,775	7,985	9,182	8,882
Assets held for sale	-	562						
Total assets	19,106	16,733	5,305	3,517	14,775	7,985	9,182	8,882
Total segment liabilities	11,860	9,481	5,386	3,013	9,846	5,600	5,133	5,876
Liabilities associated with assets held for sale	-	522	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-	-	-	-
Total liabilites - continuing operations	11,860	10,003	5,386	3,013	9,846	5,600	5,133	5,876
Net assets	7,246	6,730	(81)	504	4,929	2,385	4,049	3,006
Minority Interest					1,875	1,752	1,263	1,119
Other segment items - continuing operations								
Capital expenditure	4,146	3,823	1,733	2,352	5,449	3,401	835	4,049
Depreciation and amortization	3,089	2,313	294	237	798	574	696	430
Impairment losses	-	-	-	-	-	-	-	85
Share based compensation	-	-	-	-	-	-	-	-

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

3. SEGMENTAL INFORMATION (cont'd)

Geographical Segments (cont'd):

	Philippines 2007	Philippines 2006	Peru 2007	Peru 2006	Other 2007	Other 2006	Total 2007	Total 2006
Continuing operations								
Segment revenue	34,464	20,204	7,056	-	302	242	99,775	72,104
Operating Profit (loss) before exceptional items	8,779	2,359	1,504	-	(8,549)	(1,531)	14,258	7,756
Exceptional operating profit (costs)	-				(5,692)	(3,319)	(5,387)	(3,404)
Segment result	8,779	2,359	1,504	-	(14,241)	(4,850)	8,871	4,352
Finance Costs	2,490	2,032	3,151	-	2,307	1,939	10,458	6,068
Finance (Income)	(64)	(28)	(75)	-	(248)	-	(464)	(237)
Share of (losses)/ profits of associates	-	-	-	-	190	(141)	190	(141)
Management fees - intercompany charges	1,793	1,386	250	-	(7,696)	(5,887)	-	-
Profit before taxation	4,560	(1,031)	(1,822)	-	(8,794)	(761)	(1,313)	(1,338)
Taxation	54	-	(293)	-	1,364	783	2,913	2,309
Profit for the year from continuing operations	4,506	(1,031)	(1,529)	-	(10,158)	(1,544)	(4,226)	(3,647)
Minority Interests	(1,945)	90	-	-			(2,282)	(314)
Profit after minority interests	2,561	(941)	(1,529)	-	(10,158)	(1,544)	(6,508)	(3,961)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinate useful lives	-	-	-	-	1,603	1,306	1,603	1,306
Intangible assets with finite useful lives	125	299	-	-	-	-	1,034	1,297
Financial assets - investments	-	-	-	-	1,187	816	1,282	928
Segment tangible assets:								
Property, plant and equipment	26,297	14,016	51,267	-	805	938	114,525	43,024
Other segment assets (including cash)	10,287	5,380	15,988	-	59,373	7,512	96,856	20,267
Total segment assets - continuing operations	36,709	19,695	67,255	-	62,968	10,572	215,300	66,822
Assets held for sale	-	-					-	562
Total assets	36,709	19,695	67,255	-	62,968	10,572	215,300	67,384
Total segment liabilities	33,554	22,774	52,717	-	15,179	17,735	133,675	64,479
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	522
Unallocated liabilities	-	-	-	-	1,796	1,796	1,796	1,796
Total liabilites - continuing operations	33,554	22,774	52,717	-	16,975	19,531	135,471	66,797
Net assets	3,155	(3,079)	14,538	-	45,993	(8,959)	79,829	587
Minority Interest	1,955	18	-	-	-	-	5,093	2,889
Other segment items - continuing operations								
Capital expenditure	10,844	6,029	52,425	-	486	293	75,918	19,947
Depreciation and amortization	2,863	1,797	2,347	-	157	93	10,244	5,444
Impairment losses	-	-	-	-			-	85
Share based compensation	-	-	-	-	1,034	229	1,034	229

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

3. SEGMENTAL INFORMATION (cont'd)

Business Segments:

	Gaming 2007	Gaming 2006	Hotel 2007	Hotel 2006	Other 2007	Other 2006	Total 2007	Total 2006
Continuing operations								
Segment revenue	92,417	71,649	7,056	213	302	242	99,775	72,104
Operating Profit (loss) before exceptional items	21,493	9,146	1,504	-	(8,739)	(1,390)	14,258	7,756
Exceptional operating profit (costs)	305	(85)			(5,692)	(3,319)	(5,387)	(3,404)
Segment result	21,798	9,061	1,504	-	(14,431)	(4,709)	8,871	4,352
Finance Costs	5,000	4,129	3,151	-	2,307	1,939	10,458	6,068
Finance (Income)	(141)	(237)	(75)	-	(248)	-	(464)	(237)
Share of (losses)/ profits of associates	-	-	-	-	190	(141)	190	(141)
Management fees - intercompany charges	7,446	5,887	250	-	(7,696)	(5,887)	-	-
Profit before taxation	9,493	(718)	(1,822)	-	(8,984)	(620)	(1,313)	(1,338)
Taxation	1,842	1,526	(293)	-	1,364	783	2,913	2,309
Profit for the year from continuing operations	7,651	(2,244)	(1,529)	-	(10,348)	(1,403)	(4,226)	(3,647)
Minority Interests	(2,282)	(314)	-	-			(2,282)	(314)
Profit after minority interests	5,369	(2,558)	(1,529)	-	(10,348)	(1,403)	(6,508)	(3,961)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinate useful lives	-	-	-	-	1,603	1,306	1,603	1,306
Intangible assets with finite useful lives	1,034	1,297	-	-	-	-	1,034	1,297
Financial assets - investments	95	112	-	-	1,187	816	1,282	928
Segment tangible assets:								
Property, plant and equipment	62,453	42,086	51,267	-	805	938	114,525	43,024
Other segment assets (including cash)	22,735	24,105	15,988	-	58,133	(3,838)	96,856	20,267
Total segment assets - continuing operations	86,317	67,600	67,255	-	61,728	(778)	215,300	66,822
Assets held for sale	-	562					-	562
Total assets	86,317	68,162	67,255	-	61,728	(778)	215,300	67,384
Total segment liabilities	67,019	46,744	52,717	-	13,939	17,735	133,675	64,479
Liabilities associated with assets held for sale	-	522	-	-	-	-	-	522
Unallocated liabilities	-	-	-	-	1,796	1,796	1,796	1,796
Total liabilites - continuing operations	67,019	46,744	52,717	-	15,735	19,531	135,471	66,797
Net assets	19,298	21,418	14,538	-	45,993	(20,309)	79,829	587
Minority Interest	5,093	2,889	-	-	-	-	5,093	2,889
Other segment items - continuing operations								
Capital expenditure	23,007	19,654	52,425	-	486	293	75,918	19,947
Depreciation and amortization	7,740	5,351	2,347	-	157	93	10,244	5,444
Impairment losses	-	85	-	-	-	-	-	85
Share based compensation	-	-	-	-	1,034	229	1,034	229

There are no discontinued operations.

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

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

4. EXCEPTIONAL ITEMS

	2007	2006
Write off of Chile assets	$ -	$ (1,419)
Litigation provisions	-	(1,796)
Management bonuses	(3,280)	-
Other write offs of assets	(188)	-
Fair value adjustment for financial derivative contracts	(1,881)	(189)
Gain from sale of Panama administration building	304	-
Settlements - employee and consulting agreements	(342)	-
Total	$ (5,387)	$ (3,404)

a. Chile Assets
During the year ended December 31, 2006, the Company reserved $1,419,000 for other assets associated with its development in Chile. The reserve was created as a result of the Chilean Supreme Court's decision upholding the Chilean gaming authority's decision to exclude the Company from participating in the bid process in Chile. (Note 24h)

b. Litigation provisions
As reported in prior years, the Company is involved in a number of legal disputes in which courts have ruled against it during the year. The Company has filed appeals against these judgments. In accordance with the Company's accounting policies, the Company has reserved for these obligations in their entirety pending the outcome of the appeals.

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

d. Other write offs of assets
Other write offs of assets includes write offs of property, plant and equipment, other assets, as well as the Company's costs to litigate the NAFTA dispute with Mexico.

e. Fair value adjustments for financial derivative contracts
The adjustment for the fair value of financial derivative contracts is derived from the revaluation of 781,667 outstanding warrants granted at December 31, 2002, of which 666,666 were exercised on June 4, 2007, with a further 58,470 being issued under the same agreement leaving 173,471 outstanding as of December 31, 2007.

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

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

4. EXCEPTIONAL ITEMS (cont'd)

g. Employee and consulting settlement agreements

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

5. COMPENSATION OF KEY PERSONNEL

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

		2007		2006
Salaries and bonuses	$	5,455	$	1,002
Short-term benefits		41		30
Post-employment benefits		-		50
Other long-term benefits		14		25
Share-based payments		331		36
	$	5,841	$	1,143

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

6. FINANCING COSTS AND REVENUE

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

Finance Cost		**2007**		**2006**
Bank loans	$	1,007	$	4,478
Other loans		7,473		583
Related party loans		235		186
Finance charges payable under finance leases and hire purchase contracts		878		32
Amortization of borrowing costs		865		789
Total finance costs (on a historical cost basis)	$	10,458	$	6,068

Finance Revenue		**2007**		**2006**
Bank interest receivable		464		237
Total finance revenue (on a historical cost basis)	$	464	$	237

(Expressed in United States dollars)
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7. INCOME TAXES AND DEFERRED TAX LIABILITY

Tax charged in the income statement

	2007	2006
Current Income Tax		
Foreign tax	$ 4,048	$ 2,349
Current income tax charge	4,048	2,349
Amounts overprovided in previous years	-	(40)
Total current income tax	$ 4,048	$ 2,309
Deferred Tax		
Origination and reversal of temporary differences	$ (1,135)	$ -
Total deferred tax	1,003	748
Tax charge in the income statement	$ 2,913	$ 2,309

b) Reconciliation of the total tax charge

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

	2007	2006
Accounting loss before income tax	$ (1,313)	$ (1,338)
Accounting loss multiplied by the tax rate of 0%	-	-
Higher taxes on overseas earnings	2,913	2,349
Tax overprovided in previous years	-	(40)
Total tax expense reported in the income statement	$ 2,913	$ 2,309

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

	2007	2006
Future income tax assets:		
Non-capital loss carry forwards	$ 17,847	$ 14,999
Property and equipment – unamortized tax cost in excess of net book value	-	567
Total future tax assets	17,847	15,566
Valuation allowance	(17,847)	(15,566)
Future income tax assets, net of allowance	-	-
Future income tax liabilities:		
Property and equipment - net book value in excess of unamortized capital cost	546	459
Other assets - net book value in excess of unamortized tax cost	273	300
Withholding tax on repatriation of retained earnings from foreign subsidiaries	170	142
Other	17	-
Total future tax liabilities	1,006	901
Net future income tax liability	$ 1,006	$ 901

Potential future tax benefits

At December 31, 2007, the Company has United States operating losses of approximately $26,000,000. The operating losses expire at various dates prior to 2014 and 2024, respectively. The potential income tax benefits related to the loss carry forwards have not been reflected in the accounts. The Company has recorded a deferred tax asset for its Peruvian operation in the amount of $293,000, consisting of $1,149,000 attributable to losses offset by a $856,000 liability for the future amortization of debt issuance costs over the term of the Peruvian borrowings from the tax loss recorded for the year. The losses will be offset against future net income.

(Expressed in United States dollars)
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8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2007	2006
Land held for sale	$ -	$ 175
Building held for sale	-	387
	-	562
Liabilities associated with non-current assets held for sale	$ -	$ 522

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

9. INTANGIBLE ASSETS

Goodwill and other intangible assets

	2007			2006		
	Gaming Licenses	Goodwill	Total	Gaming Licenses	Goodwill	Total
Cost						
Balance at beginning of year	$ 2,259	$ 1,306	$ 3,565	$ 2,259	$ 1,306	$ 3,565
Additions	-	297	297	-	-	-
Balance at end of year	2,259	1,603	3,862	2,259	1,306	3,565
Accumulated amortization						
Balance at beginning of year	962	-	962	684	-	684
Additions	263	-	263	278	-	278
Balance at end of year	1,225	-	1,225	962	-	962
Carrying amount						
At beginning of year	1,297	1,306	2,603	1,575	1,306	2,881
At end of year	$ 1,034	$ 1,603	$ 2,637	$ 1,297	$ 1,306	$ 2,603

The gaming licenses consist of costs associated with the acquisition of gaming licenses in Panama and the Philippines; both are amortized over the remaining term of the gaming license. The amortized balance of the Panama licenses is $909,000 as of December 31, 2007 (2006 - $998,000) and is amortized over 20 years. The Philippines amortized balance is $125,000 as of December 31, 2007 (2006 - $300,000) and is amortized over 3 years.

9. INTANGIBLE ASSETS (cont'd)

During February of 2007, the Company acquired 2% from its minority shareholders in Nicaragua for $96,000 and recorded additional goodwill of $81,000. In addition to the shares in the Nicaraguan operation in February of 2007 the Company purchased for $124,000, 5% of Thunderbird Gran Entretenimiento, a subsidiary of the Costa Rican joint venture, recording goodwill of $124,000 and the company purchased 2% of the Philippines for $96,000 (1% of the East Bay operation and 1% of the Poro Point operation), recording goodwill of $92,000. The acquisition has been accounted for using the purchase method of accounting and minority interests have been adjusted for the purchase of the additional shares.

Impairment Review:

Nicaragua

In October 2004, the Company acquired control of its Nicaraguan investment by purchasing an additional 32% of the issued and outstanding shares of Buena, 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 Company recorded goodwill in the amount of $1,306,000.

The total goodwill recorded for Nicaragua is $1,387,000 as a result of both acquisitions.

In Nicaragua, as of December 31, 2007, 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 $1,900,000 million (2006 – 1,400,000).

All of the Company's Nicaragua 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 Company's strategic plan, which was also approved by the Board. The pre-tax discount rate applied to the cash flow projections is 12%.

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

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

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

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

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

Discount rates reflect management's estimate of the Company's pre-tax average cost of debt in Nicaragua as there is no equity funding directly attributable to that group of assets.

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9. INTANGIBLE ASSETS (cont'd)

Impairment Review (cont'd):

Sensitivity to changes in assumptions

With regard to the assessment of value in use of Nicaragua, 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

Net win is calculated by applying the win margin to the customer drop. If the net win were to decrease by $1,470,000 each year, the value in use would equal the carrying value of the cash-generating unit.

10. INVESTMENTS IN ASSOCIATES

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

Name of associate	Principal Activities	Place of Incorporation and operation	Owner interest 2007	Published fair value 2007	Published fair value 2006
East Bay Property and Development, Inc.	Owns and Leases Real Estate to East Bay Resorts, Inc.	Philippines	40%	$ 1,187	$ 816
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				$ 1,187	$ 816

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

	Year Ended 12/31/2007	Year Ended 12/31/2006
Total Assets	$ 1,703	$ 1,485
Total Liabilities	(288)	(277)
Net Assets	1,415	1,208
Company's share of associates' net assets	$ 566	$ 483
Total Revenue	$ 60	$ 60,175
Total Profit for the period	-475	350
Share of associates' profit for the period	$ (190)	$ 141

	2007	2006
Beginning of year	$ 816	$ 829
Advances to associates	-	138
Share of (losses)/profits	(190)	141
Fees due (to) from associates	629	(358)
Transfer of assets to fully consolidated subsidary	(138)	-
Foreign exchange adjustments	70	66
Total	$ 1,187	$ 816

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

The Company 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 Company's investees include pre-opening costs which are expensed by the investees in the year the costs are incurred

a) In Mexico, as at December 31, 2007, the Company 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 Company 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 Company's Philippine partners. Advances made by the Company 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. The Company does not have any contingent liabilities. The Company does not believe impairment of the investment is necessary as the land value in the area along with the its proceeds from a newly negotiated lease agreement exceed the fair value of its investment.

11. PROPERTY, PLANT AND EQUIPMENT

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

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

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

	Property	Leasehold Improvements	Gaming Machines	Furniture and Equipment	Construction in Process and Advances	Total
Cost						
As of January 1, 2006	$ 4,695	$ 10,777	$ 12,190	$ 7,055	$ 5,849	$ 40,566
Additions	3,287	1,144	6,701	2,891	4,538	18,561
Capitalized Interest	-	45	-	(10)	-	35
year	(562)	-	-	-	-	(562)
Disposal	-	-	(5)	(26)	(140)	(171)
Transfers	3,944	189	1,149	57	(5,338)	-
As of December 31, 2006	11,364	12,155	20,035	9,966	4,909	58,429
Depreciation						
As of January 1, 2006	365	1,914	5,119	2,841	-	10,239
Additions	390	889	2,633	1,254		5,166
As of December 31, 2006	755	2,803	7,752	4,095	-	15,405
Net book value as of January 1, 2006	4,330	8,863	7,071	4,214	5,849	30,327
Net book value as of December 31, 2006	$ 10,609	$ 9,352	$ 12,283	$ 5,872	$ 4,909	$ 43,024

Building and land from the Panama operation are net of property available for sale of $387,000 and $175,000, respectively for the period ended December 31, 2006.

ASSETS PLEDGED AS SECURITY

Assets with the following carrying amounts have been pledged to secure borrowings of the company. (Note 17 and 23)

	2007	2006
Freehold land and buildings	$ 5,903	$ 4,223
Gaming equipment	13,118	$ 11,455
Trade receivables	8,284	9,737
	$ 27,305	$ 25,415

The carrying value of assets held under finance leases and hire purchase contracts at December 31, 2007 was $45,236,000. As of December 31, 2006 the carrying value of assets held under finance leases and hire purchase contacts was $833,000 and additions during the year amounted to $508,000.

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12. PURCHASES AND ACQUISITIONS

Peru Acquisition:

On July 27, 2007, the Company acquired the Hoteles Las Americas hotel chain, consisting of six hotels in Lima, Peru. The results of the hotels operations have been included in the consolidated historical financial information since that date.

The purchase price was $43,502,000 for the buildings, land and hotel assets, plus closing costs of $2,451,000 and recoverable value added taxes of $3,818,000. The Company did not acquire any liabilities of the operation. The buildings and land were encumbered by a judgment against the previous owner. The amount of the purchase price equivalent to the liens will be held in an escrow account until a judgment to remove those liens is recorded in the public register in Peru. The funds held in escrow have not been accounted for as a judgment to remove these liens was received in January 2008, but is awaiting to be recorded in the public register.

The following table summarizes the estimated fair value of the assets acquired. The Company is in the process of obtaining third-party valuations of the furniture and fixtures; thus, the allocation of the purchase price is subject to refinement.

As of July 27, 2007	
Inventories	$ 478
Land	9,101
Buildings	31,760
Property Plant and Equipment	4,614
Total assets acquired	**$ 45,953**

The acquisition was financed through loans payable of $33.9 million (Note 17) and a finance lease payable of $20,000,000, secured by the building and land assets (Note 23).

From the date of the acquisition, July 27, 2007, the hotels contributed ($736,000) to the net loss of the Company. If the acquisition had taken place at the beginning of 2007 the net income would have been $15,000,000 and the revenue from continuing operations would have been $105,000.

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13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Trade and other receivables (current)		**2007**		**2006**
Trade receivables	$	1,978	$	631
Value added tax and employee receivables		1,086		1,045
Receivables from Joint Ventures		4,366		3,405
Prepaid expenses		1,230		1,128
Related party receivables (Note 22)		759		636
Deposits		-		536
Total trade and other receivables (current)	$	9,419	$	7,381

Trade and other receivables (long term)		**2007**		**2006**
Investment in Carnival		-		112
Severance Funds		878		750
Receivables from Joint Ventures		1,240		-
Prepaid expenses		389		150
Cash bond to secure Pagcor gaming license in Philippines		218		-
Deposits		698		64
Recoverable value added tax		3,818		-
Related party receivables (Note 22)		251		396
Total trade and other receivables (long term)	$	7,492	$	1,472

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

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of $373,000 (2006 - $193,000) has been recorded accordingly. The impaired trade receivables are mostly markers due from customers that are experiencing financial difficulties.

(Expressed in United States dollars)
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13. TRADE AND OTHER RECEIVABLES (cont'd)

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of the trade receivables not impaired is as follows:

	2007	2006
Not more than 3 months	$ 1,807	$ 631
More than 3 months but not more than 6 months	11	-
More than 6 months but not more than 1 year	74	-
More than 1 year.	86	-
Total	$ 1,978	$ 631

Receivables from joint ventures and related party receivables

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

Deposits

The Company was actively pursuing development opportunities within Chile and identified six possible locations where it could establish integrated hotel-casino-tourism operations that would be held in individual operating companies. These companies were required to bid for casino licenses in their respective markets. A major requirement of these bids was to secure performance bonds equivalent to 5% of the total investment, pursuant to the Chile Casino Law. The Company placed deposits of $9,087,000 with the Chilean gaming regulators. Following an unsuccessful pursuit of the bid, all of the bonds were released and corresponding deposits were refunded in third quarter of 2006 except for $536,000. The remaining $536,000 in bonds were released December 31, 2006 and the deposits securing the bonds were released in January 2007.

The Company entered into an agreement with three banks, Multi Credit Bank of Panama, Banco Bilbao Vizcaya Panama (BBVA Panama) and Banco Bilbao Vizcaya Chile (BBVA Chile) whereby the banks would supply the security for and issuance of the performance bonds. (Note 17c). The debt instruments with private investors and bank notes used to secure the funds for the deposits have also been released proportionately with the release of the bonds.

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

14. INVENTORIES

	2007	2006
Food and beverage supplies	$ 432	$ 170
Casino goods and promotional items	583	369
Hotel food service and room supplies	1,117	-
Uniform and operational supplies	244	201
Gaming machine parts	470	254
Total	$ 2,846	$ 994

Cost of goods sold within cost of sales was $2,906,000 for the year ended December 31, 2007 and $1,807,000 for the year ended December 31, 2006. There were no inventory write downs during the year.

15. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at December 31, 2007 and December 31, 2006.

	2007	2006
Cash at banks and on hand	$ 71,656	$ 7,353
Restricted cash	5,245	3,179
	$ 76,901	$ 10,532

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 Company, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $71,656,000 as of December 31, 2007 (2006 - $7,353,000.)

Restricted cash includes the casino's bankroll and hopper loads in Panama, Nicaragua, Costa Rica, Guatemala and the Philippines. The Company 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 Company. The fair value of restricted cash is $5,245,000 at December 31, 2007 (2006 - $3,179,000).

16. TRADE AND OTHER PAYABLES

Trade and other payables (current)	**2007**	**2006**
Trade payables	$ 6,663	$ 4,328
Other accrued liabilities	14,139	5,818
Total trade and other payables (currrent)	$ 20,802	$ 10,146

Terms and conditions of the above financial liabilities:

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

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

17. BORROWINGS

Borrowings consist of loans payable detailed as follows:

	Collateral	Interest Rate	Maturity Date	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
The Company and wholly owned subsidiaries:									
Loans with Financial Entities									
Banco Continental, principal of $520,000, principal payments due in monthly installments of $5,000 plus interest, secured by fidelity bond from Company and Panama operation and 50% of real estate	Fidelity Bond and Real Estate	Prime plus 0.5%	Oct-13	403	-	403	452	-	452
Banistmo, semi annual principal payments due of $215,799 and quarterly interest payments.	Shares of Buena Esperanza owned by the Company	Bank of Panama Prime plus 4.5%	Oct-09	863	-	863	1,295	-	1,295
Panama:									
Banco Bilbao Vizcaya Argentaria (Panama), S.A. Principal $1,800,000, payments due in monthly installments of $35,724. Loan consists of three loans secured by cash in the amount of $106,523, properties owned by third parties and gaming machines.	Cash, Properties and Gaming Machines	9.25%	Sep-13	689	-	689	902	-	902
Banco Bilbao Vizcaya Argentaria (Panama), S.A. Principal $842,500, payments due in monthly installments of $21,989	None	Prime plus 1.0%	Dec-10	556	-	556	774	-	774
Banco General, S.A., Principal $500,000, payments made in monthly installments of $6,463.	Gaming Machines for $728,720	FECI, plus 7.5%	Dec-08	150	-	150	327	-	327
Banistmo, S.A., Principal $182,135, payments due in monthly installments of $5,059, secured by properties owned by third parties and guarantee of International Thunderbird Gaming (Panama), S.A.	Properties; and Subsidiary guarantee	Prime plus 1.75%	Nov-08	56	-	56	127	-	127
Primer Banco del Istmo, S.A. Principal $722,019, payments due in monthly installments of $20,056.	Gaming Machines	Prime plus 1.5%	Dec-09	401	-	401	681	-	681
Towerbank, Int'l, Inc. Principal $450,000, payments due in monthly installments of $5,057.	Land and Buildings	Libor plus 3%	Dec-09	418	-	418	229	-	229

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

17. BORROWINGS (cont'd)

				2007			2006		
	Collateral	Interest Rate	Maturity Date	Principal	Issuance Costs	Total Debt	Principal	Issuance Costs	Total Debt
Panama:									
Loans with Financial Entities (cont'd)									
Cooperativa de Ahorro y Credito Colfi, R.L., principal $750,000, payments due in monthly installments of $20,560.	None	14.00%	Jan-10	443	-	443	614	-	614
Multicredit Bank (Hemisphere Bank), principal $250,000, payments due in monthly installments of $6,462.	Gaming Machines	11.00%	Aug-07	152	-	152	234	-	234
Multicredit Bank, S.A., principal $1,300,000, payments due in monthly installments of $32,971.	Gaming Machines for $728,000	10.00%	Dec-11	1,165	-	1,165	-	-	-
Metrobank, S.A., principal $750,000, payments due in monthly installments of $19,021.		10.00%	Dec-11	720	-	720	-	-	-
Global Bank, S.A., principal $1,000,000, payments due in monthly installments of $25,362.	Gaming Machines for $1,281,000	10.00%	Dec-11	940	-	940	-	-	-
Banistmo, S.A. credit line.	None	8.25%	Aug-09	315	-	315	262	-	262
Costa Rica									
Multicredit Bank, Inc., principal of $1,632,000, principal payments of $59,000 plus interest due in monthly installments. Secured by the Company's shares in the following Costa Rican entities: Thunderbird Gran Entretenimiento, S.A., Inmobilaria Piedra Dora.	Shares of Costa Rican Subsidiaries	Prime plus 1.75%	Jan-11	1,278	-	1,278	1,632	-	1,632
Banco Nacional de Costa Rica, principal $1,100,000, payments due in monthly installments of $12,242.	Land	7.73%	Mar-19	1,095	33	1,062	-	-	-
Banco Nacional de Costa Rica, payments due in monthly installments; interest only to October 2008, then payments of principal and interest of $17,064.	Land	7.29%	Apr-19	1,500	92	1,408	-	-	-
Banco HSBC, principal of $9,000, payments due in monthly installments of $188.	Auto	9.75%	Jul-10	4	-	4	-	-	-

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

17. BORROWINGS (cont'd)

	Collateral	Interest Rate	Maturity Date	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
Nicaragua:									
Loans with Financial Entities (cont'd)									
Banco de America Central, principal $595,000, payments due in monthly instalments of $16,022.	Machinery and Equipment and credit card sales	9.50%	Mar-10	384	-	384	528	-	528
Banco de America Central, principal of $2,171,224, principal payments due in monthly installments of $18,094, plus interest.	Land, credit card sales and a company guarantee	10.00%	Nov-13	1,954	35	1,919	2,171	43	2,128
Banco de America Central, principal of $300,000, payments due in monthly installments of $5,558.	Land, furniture and equipment	10.00%	Dec-13	300	-	300	-	-	-
Banco HSBC Nicaragua S.A., line of credit up to $1,800,000, principal outstanding $800,000, principal payments due in monthly installments of $9,523 plus interest.	Land	Between 9.45% and 10.2%	May-11	177	-	177	765	-	765
Total Loans with Financial Institutions				**13,963**	**160**	**13,803**	**10,993**	**43**	**10,950**
The Company and wholly owned subsidiaries:									
Loans with non-financial entities									
Langton International Holdings, Ltd., principal of $2,928,009, payments due in monthly installments of $105,057.	None	14% (18% upon default)	Jun-07	-	-	-	606	-	606
MRG, principal of $1,500,000, 14% term loan, interest paid quarterly plus $4,500 per quarter in administration fees.	None	14% (20% upon default)	Jan-07	-	-	-	214	-	214
Multiple banks, interest paid monthly, principal is due upon maturity.	Shares in Thunderbird Chile S.A.	9.00%	Jan-07	-	-	-	321	-	321
Multiple Lenders, principal of $1,281,000, payments due in monthly installments of $19,973.8%, (Note 18c).	None	8.00%	Oct-13	1,114	-	1,114	1,281	-	1,281

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

17. BORROWINGS (cont'd)

				2007			2006		
	Collateral	Interest Rate	Maturity Date	Principal	Issuance Costs	Total Debt	Principal	Issuance Costs	Total Debt
The Company and wholly owned subsidiaries (cont'd)									
Loans with non-financial entities									
Langton International Holdings, Ltd., principal of $850,040, payments due in monthly installments of $23,328.	None	14% (18% upon default)	Aug-10	618	-	618	796	-	796
Transcom Bank, principal of $200,000, payments due in monthly installments of $6,483.	None	8.25%	Dec-08	78	-	78	156	-	156
Universal Marketing Group, Ltd., principal of $6,000,000, payments due in monthly payments; interest only for the first twelve months, then principal and interest of $163,959, (Note 18h).	Shares of Int'l Thunderbird Gaming Panama, Inc.	14.00%	May-11	5,319	23	5,296	6,000	74	5,926
Multiple Lenders, principal of $6,200,000, payments due quarterly; interest only for the first four quarters, then principal and interest of $618,034.	Equipment of Subsidiaries to value of loan and Company guarantee	12.00%	Sep-11	5,848	107	5,741	5,000	104	4,896
$730,000 note due in monthly installments of principal only of $10,000 (Note 18a).	None	13.00%	Dec-07	-	-	-	130	-	130
Langton International Holdings, Ltd., principal of $1,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $33,792.	None	13% (18% upon Default)	Dec-10	1,000		1,000	1,000	33	967
Private Lender, principal of $1,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $39,222. Loan refinanced 2007 in subsidary operations.	None	13.00%	Jun-10	-	-	-	1,000	-	1,000
Langton International Holdings, Ltd., principal of $600,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $20,582.	None	14% (18% upon default)	Apr-10	488	-	488	600	-	600
Langton International Holdings, Ltd., principal of $350,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $12,006.	None	14% (18% upon default)	Apr-10	285	-	285	350	-	350
Langton International Holdings, Ltd., principal of $1,000,000, interest only for the first six months, then principal and interest of $1,000,000 paid on maturity.	None	14% (18% upon default)	Apr-08	1,000	-	1,000	-	-	-

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

17. BORROWINGS (cont'd)

				2007			2006		
	Collateral	Interest Rate	Maturity Date	Principal	Issuance Costs	Total Debt	Principal	Issuance Costs	Total Debt
The Company and wholly owned subsidiaries (cont'd)									
Loans with non-financial entities (cont'd)									
Private Lender, principal of $1,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $34,178.	None	14.00%	Aug-11	1,000	44	956	-	-	
Langton International Holdings, Ltd., principal of $440,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $15,082. Funds used to purchase shares in subsidiaries 5% Thunderbird Gran Entretenimiento, 2% Philippine operations and 2% Buena Esperanza Limitada.	Shares of subsidiaries purchased with loan proceeds	14.00%	Jan-11	440	7	433	-	-	-
Langton International Holdings, Ltd, principal of $2,000,000, interest only for the first twelve months, then due in monthly payments of principal and interest of $68,517.	None	14.00%	May-11	2,000	60	1,940	-	-	-
Multiple Lenders, principal of $1,100,000, payments due monthly installments of $37,595.	None	14.00%	May-10	867	-	867	1,100	-	1,100
PDS Gaming, Inc., principal of $872,862, payments due in monthly installments of $22,502.	Gaming machines and Company guarantee	10.00%	Feb-10	523	6	517	729	10	719
PDS Gaming, Inc., principal of $581,134, payments due in monthly installments of $15,306.	Gaming machines and Company guarantee	10.00%	Jan-10	345	5	340	485	6	479
Private Lender, principal of $35,000, payments due in monthly installments of $3,296.	Revenues of Guatemalan operation	12.00%	Mar-07	-	-	-	35	-	35
Multiple Lenders, principal of $1,700,000, payments due monthly installments of $37,595 (Note 18j).	None	14.00%	Oct-12	1,700	46	1,654	-	-	-
Panama									
Loans with non-financial entities									
AGM Holding Corporation, Principal $50,000, payments due in monthly installments of $1,268.	None	10.00%	Oct-09	25	-	25	38	-	38

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

17. BORROWINGS (cont'd)

	Collateral	Interest Rate	Maturity Date	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
Panama									
Loans with non-financial entities (cont'd)									
Atronic International, principal $150,105, payments due in monthly installments of $13,196.	Gaming Machines	10.00%	Jul-08	89	-	89	-	-	-
International Gaming Technology, principal $602,589.	Gaming Machines	8.0% and 10.0%	Dec-05 and Dec-07	-	-	-	49	-	49
Banco Bilbao Vizcaya Argentaria (Panama), S.A., principal $644,321.	Building and Land	Prime plus 3%	Jul-07	-	-	-	261	-	261
Banco Continental, S.A. principal $644,321.	Building and Land	Prime plus 3%	Jul-07	-	-	-	261	-	261
Costa Rica:									
San Jose Garni, S.A., principal of $325,000, payments due in monthly installments of $11,925	None	9.00%	Jul-07	-	-	-	81	-	81
Multiple Lenders, principal of $700,000, payments due in monthly installments of $23,900 (Note 18d)	None	14.00%	Oct-08	225	-	225	442	9	433
Multiple Lenders, principal of $1,250,000, payments due in monthly installments of $42,500, (Note 18e).	None	14.00%	May-10	932	-	932	1,263	108	1,155
Langton International Holdings, principal $250,000, due in monthly installments of $8,326 including interest plus $0.38 per day per machine up to 166 machines.	Gaming Machines	12.00%	Oct-10	86	-	86	170	-	170
PDS Gaming Corporation, principal $1,103,059 payments due in monthly payments of $36,262.	Gaming Machines and Company guarantee	10.00%	Apr-2009 and Aug-2011	952	12	940	762	13	749

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

17. BORROWINGS (cont'd)

				2007			2006		
	Collateral	Interest Rate	Maturity Date	Principal	Issuance Costs	Total Debt	Principal	Issuance Costs	Total Debt
Philippines:									
Loans with non-financial entities (cont'd)									
Multiple Lenders, principal $3,500,000, payments due in monthly installments of $118,425 (Note 18b).	None	14.00%	Oct-08	1,279	30	1,249	2,431	76	2,355
Multiple Lenders, principal $3,850,000, payments due in monthly installments of $120,399 (Note 18f).	None	14.00%	Aug-10	2,435	69	2,366	3,477	122	3,355
R & S Investments, principal of $1,500,000, payments due in monthly installments of $43,913.	Gaming Machines	12.00%	Aug-09	792	18	774	1,198	42	1,156
PDS Gaming Incorporated, principal of $864,625, payments due in monthly installments of $21,981.	Gaming Machines and Company guarantee	10.00%	Feb-10	511	10	501	712	20	692
Multiple Lenders, principal of $875,000, payments due in monthly installments of $29,905 (Note 18g).	None	14.00%	Feb-10	667	41	626	875	40	835
Multiple Lenders, principal of $2,600,000, payments due in monthly installments of $92,802.	None	14.00%	Sep-10	2,372	39	2,333	2,600	70	2,530
Multiple Lenders, principal $5,550,000, payments due in monthly installments, interest only for the first twelve months then principal and interest of $151,662 (Note 18i).	None	14.00%	Nov-12	5,550	228	5,322	-	-	-
Multiple Lenders, principal $228,000, payments due in monthly installments.	Land	14.00%	Dec-12	228	-	228	-	-	-
Peru									
Multiple Lenders, principal of $14,336,000, interest only payments due in monthly installments of $91,134, 100% of principal due on maturity.	None	12.00%	Jul-09	9,336	296	9,040	-	-	-
Private Lender, principal of $1,000,000, interest payments only first 12 months of $11,250 then principal and interest of $39,459.	None	13.50%	Jan-11	1,000	-	1,000	-	-	-
Multiple Lenders, principal of $18,590,000, (Note 18k).	None	10.00%	--	18,590	638	17,952	-	-	-
Total loans with non-financial institutions				**67,694**	**1,679**	**66,015**	**34,423**	**727**	**33,696**

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

17. BORROWINGS (cont'd)

	Collateral	Interest Rate	Maturity Date	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
Panama									
Loans with Related Parties (Note 23)									
First Federal Financial Corp, principal of $191,000, interest only first twelve months, then payments of principal and interest due in monthly installments of $6,446.	None	13.00%	Dec-11	191	-	191			
Ambar Financial, Inc. principal $107,570, interest only first twelve months then payments of principal and interest due in monthly installments of $3,624.	None	13.00%	Apr-11	108	-	108	-	-	-
Ancar Holdings, Corp., principal $50,030, payments due in monthly installments of 1,367.	None	14.00%	Nov-09	26	-	26	38	-	38
Argona Financial, principal of $107,570, interest only first twelve months then payments of principal and interest due in monthly installments of $3,624.	None	13.00%	Apr-11	108	-	108	-	-	-
Atlantic Sales Co. Ltd., principal $200,120, payments due in monthly installments of 5,469.	None	14.00%	Dec-09	114	-	114	160	-	160
Calimar Valle, S.A., principal $85,030,interest only first twelve months then payments of principal and interest due in monthly installments of $2,546.	None	13% and 14%	Nov-09 and Apr-11	61	-	61	38	-	38
Corporate & Financial Services, Principal $211,182, interest only first twelve months then payments due in monthly installments of $8,273.	None	13% and 14%	Mar-10 and Apr-11	317	-	317	170	-	170
Ivan Jurado Abadia, principal $28,015,payments due in monthly installments of $683.	None	14.00%	Feb-10	15	-	15	21	-	21
Ivan Jurado Tribaldos, principal $366,720, interest only first twelve months then payments of principal and interest due in monthly installments of $10,934.	None	13% to 14%	Jan-09,Feb 10 to Jul-11	284	-	284	164	-	164
Jorge Jurado Abadia, principal $28,015, payments due in monthly installments of $683.	None	14.00%	Feb-10	15	-	15	21	-	21

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

17. BORROWINGS (cont'd)

	Collateral	Interest Rate	Maturity Date	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
Panama									
Loans with Related Parties (cont'd) (Note 23)									
Servicios Electricios, S.A., principal $217,690, interest only first twelve months then payments of principal and interest due in monthly installments of $2,771.	None	13% to 14%	Feb-10 to Dec-11	197	-	197	41	-	41
Note payable to Universal Marketing Group, Ltd., principal $749,640, payments due in monthly installments of $20,237.	None	12% to 14%	Nov-09 and Dec-09	409	-	409	583	-	583
Nicaragua:									
Loans with related parties (Note 23)									
Inversiones Santa Catarina, principal of $375,000, payments due in monthly installments of $9,601.	None	10.50%	Jan-09	117	-	117	216	-	216
Total loans with Related parties				**1,962**	**-**	**1,962**	**1,452**	**-**	**1,452**

Loan Summary	2007 Principal	2007 Issuance Costs	2007 Total Debt	2006 Principal	2006 Issuance Costs	2006 Total Debt
Loans with financial institutions	$ 13,963	$ 160	$ 13,803	$ 10,993	$ 43	$ 10,950
Loans with non-financial institutions	67,694	1,679	66,015	34,423	727	33,696
Loans with Related parties	1,962	-	1,962	1,452	-	1,452
Borrowings associated with property held for sale	-	-	-	(522)	-	(522)
Total loans payable	83,619	1,839	81,780	46,346	770	45,576
Less current portion of notes payable			(15,426)			(10,521)
Loans payable long term			**$ 66,354**			**$ 35,055**

17. BORROWINGS (cont'd)

a) 13% loan:

During the year ended December 31, 2000, the Company renegotiated the terms of a loan on which it was in arrears in payments and in default. The loan was renegotiated two times by December 31, 2001 and during the year ended December 31, 2002, the Company renegotiated the terms to $10,000 per month for 73 months, without interest (13% payable upon default). During the year ended December 31, 2004, pursuant to the terms of the renegotiated agreement, the Company committed to increasing to $20,000 the monthly payment for July 2004 through April 2005. The ten months of increased payments reduced the maturity date to December 2007.

b) 14% term loans:

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

In August of 2005, $4,000,000 of this funding was refinanced whereby the interest only payments were extended through August 31, 2006, followed by 36 months of principal and interest payments. In June of 2006 the $4,000,000 of this funding was again refinanced extending the interest only payments through June 30, 2007 followed by 48 months of principal and interest payments. (Note 17h)

c) 8% note payable:

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

d) 14% note payable:

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

17. BORROWINGS (cont'd)

e) 14% note payable:

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

f) 14% note payable:

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

g) 14% note payable:

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

h) 14% note payable:

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

i) 14% note payable:

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

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

17. BORROWINGS (cont'd)

j) 14% note payable:

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

k) 10% note payable:

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

18. PROVISIONS

	Current 2007	Non-current 2007	Current 2006	Non-current 2006
Employee benefits	$ 779	$ 1,704	$ 610	$ 1,392
Other	700	-	125	-
Litigation provisions	-	1,796	-	1,796
	$ 1,479	$ 3,500	$ 735	$ 3,188

(Expressed in United States dollars)
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18. PROVISIONS (cont'd)

	Employee Benefits	Litigation	Other	Total
Balance at January 1, 2006	$ 1,609	$ -	$ 125	$ 1,734
Additional provisions recognized	1,332		125	1,457
Litigation provisions		1,796		1,796
Reductions arising from payments/other sacrifices of future economic benefits	(898)	-	(125)	(1,023)
Reductions resulting from re-measurements or settlement without cost	(51)	-	-	(51)
Other	10	-	-	10
Balance at December 31, 2006	$ 2,002	$ 1,796	$ 125	$ 3,923
Additional provisions recognized	1,518	-	700	2,218
Reductions arising from payments/other sacrifices of future economic benefits	(918)	-	(125)	(1,043)
Reductions resulting from re-measurements or settlement without cost	(96)	-	-	(96)
Other	(23)	-	-	(23)
Balance at December 31, 2007	$ 2,483	$ 1,796	$ 700	$ 4,979

Current employee benefits are paid time off for vacations and sick time earned but not yet used by the employee. Non-current employee benefits include severance pay, which is the cost associated with the severance packages described in Note 2.

Former directors and associated companies

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

Employee Benefits

A provision is recognized for the expected liability arising under the defined benefits schemes that are required in the Philippines in the amount of $443,000. 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 Company operates have various severance requirements as described in Note 2. The severance and defined benefit schemes are classified as long term. The short term employee benefits are primarily accrued vacation payable to employees.

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

18. PROVISIONS (cont'd)

Litigation provision

During 2006, the company filed a petition with the U.S. District Court to over-turn the NAFTA arbitration decision denying the Company'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 Company has taken a provision for the $1,250,000 cost and attorney fee award. The Company 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 Company provided for a judgment for past consulting fees owed for the Mexico operations in the amount of $546,000.

19. RETIREMENT BENEFITS OBLIGATIONS

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

	2007	2006
Present Value of the obligation	$ 504	$ 519
Unrecognized actuarial losses	(86)	(354)
	$ 418	$ 165

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

	2007	2006
Balance at beginning of year	$ 519	$ 100
Actuarial (losses) / gains	(259)	276
Current service cost	296	131
Interest cost	43	12
Benefits paid	(61)	-
	$ 538	$ 519

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

	2007	2006
Current service cost	$ 296	$ 129
Interest costs	43	12
Net actuarial losses recognized during the year	10	5
	$ 349	$ 146

For determination of the pension liability in 2007, the following actuarial assumptions were used:

	2007	2006
Discount rates	8.2%	8.3%
Expected rate of salary increases	8.0%	10.0%

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

(Expressed in United States dollars)
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20. SHARE CAPITAL

A majority of the Company's shareholders voted in favor of continuing the Company's charter from the Yukon, Canada to the British Virgin Islands. The Company formally continued its corporate charter into the BVI effective October 6, 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 Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation. The Company has not issued preferred shares. The Company'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 December 31, 2005	8,288,158	$	21,584
Exercise of options	109,833		-
Balance as at December 31, 2006	8,397,991		21,584
Exercise of options	287,347		185
Issued	9,500,000		77,136
Exercise of warrants	666,666		57
Balance as at December 31, 2007	18,852,004	$	98,962

Warrants

	2007			2006		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	781,667	$	0.10	781,667	$	0.10
Exercised	666,666		0.10	-		-
Issued	58,470		0.10	-		-
Outstanding, end of year	173,471	$	0.10	781,667	$	0.10

The warrant set out above is classified under non-current liabilities as a derivative financial instrument in accordance with IAS 32 and 39. The fair value of the derivative financial instrument as of December 31, 2007 was $1,196,000 (2006 - $2,529,000).

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

20. SHARE CAPITAL (cont'd)

Options

The Company, through its Board of Directors and shareholders, adopted two Stock Option Plans the first on July 1, 1997, and the second on June 25, 2005. Both plans will continue separate and apart from one another. The Company 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 Company.

Stock option plan I dated July 1, 1997 and Stock option plan II dated June 25, 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 Company shares as of the award date. Option grants have ceased under both plans as of November 19, 2007

2007 Equity incentive plan dated November 20, 2007

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 Company shares as of the award date

	Number of Shares	Weighted Average Exercise Price
Balance as at December 31, 2005	1,162,265	$1.08
Granted	25,000	2.01
Exercised	(109,833)	0.33
Cancelled	(37,521)	2.44
Balance as at December 31, 2006	1,039,911	1.13
Granted	433,311	4.85
Exercised	(287,341)	0.61
Expired	(25,831)	0.33
Balance as at December 31, 2007	1,160,050	$2.71
Number of options currently exercisable	740,696	$2.04

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

The following table summarizes information about the stock options outstanding at December 31, 2007:

Range of Exercise prices	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.61 - \$1.00	279,996	1.00 years	0.78
\$1.01 - \$2.00	145,499	1.29 years	1.27
\$2.01 - \$3.00	301,244	3.93 years	2.13
\$3.01 - \$5.00	433,311	4.53 years	4.85
	1,160,050	3.11 years	\$2.71

Stock-based compensation

Effective November 7, 2002, the Company recognizes compensation expense for stock options granted in the consolidated statements of operations and deficit using the fair value based method of accounting for all options issued on or after November 7, 2002. During the current year, the Company granted 433,311 stock options that vested when they were issued with a fair value of \$1,034,000, which is included in general and administrative expense.

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

	2007 January Grant	2007 July Grant	2006
Risk-free interest rate	4.00%	4.56%	5.00%
Expected life of options	5 years	5 years	5 years
Annualized volatility	137%	138%	70%
Dividend rate	0%	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.

Option series	Number	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
(1) Issued	11,111	1/17/2007	1/17/2012	\$ 3.30	\$ 2.93
(2) Issued	11,111	1/17/2007	1/17/2013	3.30	3.03
(3) Issued	11,111	1/17/2007	1/17/2014	3.30	3.10
(4) Issued	399,978	7/25/2007	7/25/2012	4.98	4.44

Translation reserve

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

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

20. SHARE CAPITAL (cont'd)

Retained earnings
Retained earnings are the accumulated retained profits

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

21. EARNINGS PER SHARE

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

	2007	2006
Weighted average shares used in computation of basic earnings per share	9,929	8,352
Effect of diluted securities:		
Stock options and warrants	255	1,137
Weighted average shares used in computation of diluted earnings per share	10,184	9,489
Net loss for the year	$ (6,508)	$ (3,961)

22. RELATED PARTY TRANSACTIONS

Transactions with joint ventures
Included in accounts receivable is $2,383,000 (2006 - $2,292,000) due from Thunderbird Panama. Also included in accounts receivable is $3,223,000 (2006 - $1,157,000) due from Thunderbird de Costa Rica S.A. These amounts represent the balances due in excess of the Company'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 Company 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 Company's partners relate primarily to accrued yet un-paid management fees. Included in loans payable are loans from partners in the Company's operating entities. The loans outstanding are as follows (Note 17):

		2007		2006	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Panama partners	Panama	$ 1,845	$ 203	$ 1,236	$ 187
Nicaragua partners	Nicaragua	117	18	216	28
Total		$ 1,962	$ 221	$ 1,452	$ 215

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

Transactions with partners in operating entities (cont'd)

Included in other liabilities are amounts due to the Company's partner in Costa Rica for $444,000 as of December 31, 2007 (2006 - $243,000) for their portion of management fees, which have been fully eliminated in the consolidated income statement. In other liabilities are amounts due to the Company's partner in its Philippines entity East Bay Resorts, Inc., as of December 31, 2007 for $302,000 (2006 - $407,000), for amounts due for their expenses associated with the securitization of the gaming license for that facility. Additionally, in other liabilities is $135,000 due to a shareholder of the Nicaraguan operation for a loan due for a small acquisition completed by the entity for Masaya.

Included in other assets is $246,000 as of December 31, 2007 (2006 - $329,000) 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.

Transactions with officers and directors

Included in accounts receivable is $Nil (2006 - $521,000) receivable from officers of the Company. The receivable amounts are unsecured, non-interest bearing and due on demand. Included in accounts payable is $2,012,000 (2006 - $523,000) of bonuses payable to the officers, which represent the unpaid bonuses approved by the board for the closing of the private offering in November 2007.

A Director received compensation under a consulting agreement in the amount of $78,000 for December 31, 2007 (2006 - $39,000), and received commissions from the successful securitization of loans payable, in the amount of $39,000 for December 31, 2007 (2006 - $32,000) in addition to directors fees. In addition, Directors have loaned various amounts to the Company. The outstanding loans are as follows:

		2007		2006	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Philippines	$ 44	$ 9	$ 76	$ 13
Director	Philippines	68	11	92	14
Director	Corporate	104	9	118	2
Director	Costa Rica	-	-	-	8
Mother of Director	Philippines	91	14	100	4
Mother of Director	Costa Rica	-	-	-	8
Director	Philippines	80	18	100	28
Total		$ 387	$ 61	$ 486	$ 77

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

The Fantasy Group, S.A. receivable is an unsecured promissory note dated June 4, 2003, with 48 monthly payments of principal and interest of $5,200, beginning March 2004. The obligor under the note is The Fantasy Group, S.A., the president and principal of which were coordinating the Company's pre-2006 efforts to establish operations in Chile. The balance due as of December 31, 2007 was $46,000 (December 31, 2006 - $146,000).

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

22. RELATED PARTY TRANSACTIONS (cont'd)

Transactions with officers and directors (cont'd)

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

Relation	Position	2007 Salary (1)	2006 Salary
Spouse	Executive Assistant	$ 28	$ 28
Brother-in-law	Regional Counsel	82	46
Brother-in-law	General Manager	46	-
Brother-in-law	General Manager	39	-
Daughter	Assistant Analyst	44	5
Brother	Project Manager	78	83
Total		$ 317	$ 162

(1) Salary includes bonuses and other compensation

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

Obligations under finance leases and hire purchase contracts

The Company uses leases and hire purchase contracts to finance their vehicles and some video lottery equipment. As at December 31, 2007, future minimum lease payments under finance leases and hire purchase contracts of the Company and the Company's share of minimum payments of joint ventures are as follows:

	Future Commitments Due			
	2007		2006	
Finance lease commitments	Commitment	Present Value	Commitment	Present Value
Not longer than 1 year	$ 4,892	$ 3,327	$ 317	$ 285
After one year but not more than five years	14,212	11,844	483	438
After five years	14,696	7,802	10	9
Sub total	33,800	22,973	810	732
Less finance charges allocated to future periods				
Less deferred transaction costs	-	(492)	-	-
Present value of minimum lease payments	-	22,481	-	732
Obligations under leases and hire purchase contracts current	-	(2,755)	-	(367)
Obligations under leases and hire purchase contracts non-current	$ -	$ 19,726	$ -	$ 365

(Expressed in United States dollars)
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23. OBLIGATIONS UNDER OPERATING LEASES AND FINANCE LEASES AND HIRE PURCHASE CONTRACTS (cont'd)

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

Assets held under finance leases and hire purchase contracts as of December 31, 2007:

	2007		2006	
	Cost	Amortized Cost	Cost	Amortized Cost
Autos	$ 247	$ 217	$ 140	$ 131
Gaming Machines	1,182	940	693	436
Buildings	34,706	34,024	-	-
Land	9,101	9,101	-	-
Total	$ 45,236	$ 44,282	$ 833	$ 567

Obligations under operating leases

As at December 31, 2007, minimum operating lease payments of the Company and the Company's share of minimum operating lease payments of joint ventures were as follows:

	Future Commitments Due
Not longer than 1 year	$ 3,765
After one year but not more than five years	10,808
After five years	34,164
	$ 48,737

In addition to the above, Thunderbird Panama is committed to pay minimum annual rentals for two of the casinos equal to 9% of the net win less the income participation payable to the Government of the Republic of Panama.

Operating lease expense for the year ended December 31, 2007 was $4,887,000 (2006 - $3,831,000).

24. COMMITMENTS AND CONTINGENCIES

a) Thunderbird Panama is committed to pay the Government of the Republic of Panama an annual minimum income participation equal to $4,216,000 in the first year, which increases by 2% per year, or 10% of Thunderbird Panama's gross income, whichever is higher. This commitment commenced in August 1998, on the opening of the first casino in the Republic of Panama, and related payments commenced shortly thereafter. Amounts paid under the agreement by Thunderbird Panama were $5,312,000 in 2007 (2006 - $4,595,000).

24. COMMITMENTS AND CONTINGENCIES (cont'd)

b) Thunderbird Panama is committed to pay a 2% profit interest, defined as gross revenue less operating expenses, in the Panamanian operations to a third party. The Company is committed to pay to a third party $6,700 (2006 - $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 December 31, 2004, the Company 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 Company has opened both of its Philippine casinos under the Philippine Amusement Gaming authority's (PAGCOR) charter. Under this charter, PAGCOR is granted an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, or levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its casino operations. The Company, 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 Company'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 January 1, 2006, under Section 102 for RA 7716 (now section 108 of NIRC of 1997), PAGCOR ceased to qualify for payment of franchise tax in lieu of all other taxes. The BIR ruled that legislative franchises grantees, except only 'electric, gas and water utilities'; have been expressly subjected to the 10% VAT pursuant to this Section 102. Based on the BIR ruling and RA 7716, the Company, 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 Company 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 Company. The estimated VAT liability arising from the Rizal casino's 2006 activity is approximately $650,000. The Company's position on RA 9337 and the BIR ruling is based on the following:

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

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

24. COMMITMENTS AND CONTINGENCIES (cont'd)

In the Acesite case (regarding payment of VAT by contractors of PAGCOR), dated February 16, 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.

b. The Petition for Certiorari and Prohibition before the Supreme Court filed by PAGCOR in case No. C.R. 172087 dated April 17, 2006. This Petition is supported by the highest level legal department, that being the Office of the Solicitor General, who filed a "Manifestation in Lieu of Comment" dated April 25, 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 January 1, 1996, nor has there been any payment of income tax for the period November 1, 2005 to December 31, 2007.

d) The Company'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 PHP 5,200,000,000, ($100,000,000), investment in phases which are as follows:

Phase	Required Completion Date		Investment Amount	Expected Timing of Cash Outflows					
					2005 and 2006		2007		2008 and After
1	2006	PHP	162,300,000	PHP	162,300,000	PHP	-	PHP	-
2	2008		216,400,000		80,000,000		26,400,000		110,000,000
3	To be determined		193,300,000						193,300,000
4	To be determined		1,928,000,000						1,928,000,000
5	To be determined		2,700,000,000						2,700,000,000
		PHP	5,200,000,000	PHP	242,300,000	PHP	26,400,000	PHP	4,931,300,000

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

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

24. COMMITMENTS AND CONTINGENCIES (cont'd)

The Company's agreements with PAGCOR and PPMC/BCDA requires the Company 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 Company 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.

e) The Company's casino, in Rizal, Philippines, is required by the addendum to the MOA with PAGCOR dated January 18, 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	January 18, 2009	PHP	1,505,000,000	PHP	448,933,333	PHP	524,066,666	PHP	532,000,001
2	See note below		1,015,000,000		-		-		1,015,000,000
		PHP	2,520,000,000	PHP	448,933,333	PHP	524,066,666	PHP	1,547,000,001

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

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

As of December 31, 2007, the Company had already spent PHP 97.6 million and received an extension from PAGCOR for the first six months in 2008 for the remainder of the investment commitment. As of December 31, 2006 the Company spent PHP 449.4 million for the phase one of the commitment.

e) Thunderbird Gaming Inc. ("TGI"), a wholly-owned subsidiary of the Company 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 CDN$380,000.

24. COMMITMENTS AND CONTINGENCIES (cont'd)

TGI submitted applications to CRA utilizing its net operating loss ("NOL") in a manner that reduced the actual tax liability to zero and is taking the position that the valuation of assets was accurate in order to preserve its NOL. By taking this position, TGI believes it avoids the imposition of interest on tax, which is the subject of the reassessment. Further, TGI filed a fairness application with the appropriate Canadian taxing authority requesting a complete abatement of the alleged interest imposed on the alleged tax liability. In this filing, management alleges that TGI received unconscionable and egregious treatment from CRA in addition to experiencing excessive delays in the reassessment process. TGI also recently filed an appeal of CRA's assessment with the tax courts in Canada in which TGI will attempt to establish that the underlying tax liability should never have been assessed. The fairness application was rejected and in March 2007, TGI abandoned further appeal to the tax courts in Canada. Although the Company 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 Company's parent and subsidiaries have no exposure to the TGI liability. The Company does not expect that CRA will collect the judgment as TGI is insolvent and therefore there is no accrual in these consolidated historical financial information related to this reassessment.

f) The Company's 1999, 2001, and 2002, Canadian tax returns are under audit by Canada Revenue Agency ("CRA"). On January 26, 2006, the Company 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 company charged to its subsidiary operations and (2) the alleged failure to report settlement proceeds from California Indian gaming business. To date, the Company has submitted a vigorous challenge to the re-assessment. In any event, if the Company is not successful in its challenge, the entire re-assessed tax will be offset by the Company'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 company failed to report the Indian settlement proceeds as taxable income and that a tax penalty is not reduced or eliminated by the NOL . The Company is contending that the penalty is without basis in fact and in law. The Company's subsidiary operation, Thunderbird Greeley Inc., properly reported the Indian Settlement proceeds. In October of 2006, the Company received an assessment of approximately $880,000 for a tax penalty (including interest). The Company is filing a notice of appeal and is vigorously opposing the assessment of the tax penalty, taking the position that the income was property reported in its United States Tax returns upon the advice of its tax preparer.

g) 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 company owes it fees for assisting in the Panama casino bid back in 1998. The company deems this matter completely frivolous and intends a vigorous defense. The Company entered into an agreement with attorney Juan Raul De La Guardia, who has agreed to indemnify and hold the company free and harmless from any all liability which may be imposed by the court.

h) The Company 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 favor of Thunderbird's petitions against the Chilean Gaming Commission's resolutions that had excluded Thunderbird from the current casino bid process. The Court found that the Gaming Commission's resolutions were arbitrary and illegal. The Commission appealed the decision to the Supreme Court. The Supreme Court ruled against the Company and no further legal challenges are now pending. The Company's Chilean subsidiaries are engaged in litigation in Chile with respect to potential collection of damages from a real estate transaction incurred by the Company's Chilean subsidiary. The Company is not expecting any material impact to its financials as a result of these proceedings, as the Company believes that the Chilean litigation is without merit. The Company does not expect that the parties in Chile will collect if a judgment is made as the Chilean subsidiary is insolvent and therefore there is no accrual in this consolidated historical financial information related to this liability.

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

24. COMMITMENTS AND CONTINGENCIES (cont'd)

i) As at December 31, 2007, principal payments required under the terms of the loan agreements and their liabilities in each of the next five years are as follows:

Year ending December 31:	
2008	$ 16,374
2009	26,603
2010	11,625
2011	5,713
2012	1,820
Thereafter	21,484
Subtotal	83,619
Less: Debt Issuance Costs	(1,839)
	$ 81,780

j) The Company 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 Company 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 Company 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. The Company 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 Company being subject to additional Canadian taxes.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

Thunderbird Resorts 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 Company'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.

Thunderbird Resorts 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 Company's transactions are carried out in the functional currency where the operations reside. Exposures to currency exchange rates arise from the Company's loans payable, intercompany payables and cash balances, which are primarily denominated in dollars. The loans, intercompany payables and cash designated at fair value through profit or loss.

To mitigate the Company's exposure to foreign currency risk, non functional currency cash flows are monitored. Generally, where the amounts to be paid for purchases completed in 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 dollar compared to the functional currency.

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

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

Dollar currency denominated financial assets and liabilities in entities whose functional currency is not dollars are as follows:

		US-Dollar amounts	
		2007	2006
Nominal amounts	**Country**		
Financial Assets			
	Guatemala	$ 10	$ 53
	Costa Rica	848	674
	Nicaragua	86	221
	Philippines	2,510	459
	Peru	14,058	-
	Poland	2,000	-
Financial Liabilitites			
	Guatemala	(2,061)	(1,064)
	Costa Rica	(4,072)	(2,387)
	Nicaragua	(2,428)	(1,472)
	Philippines	(14,528)	(5,192)
	Peru	(6,607)	-
Short term Exposure		$ (10,184)	$ (8,708)
Financial Liabilitites			
	Guatemala	(3,789)	(1,812)
	Costa Rica	(6,666)	(2,930)
	Nicaragua	(2,574)	(3,159)
	Philippines	(291)	(65)
	Peru	(48,191)	-
Long Term Exposure		$ (61,511)	$ (7,966)

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

It assumes a percentage change of the dollar against the other currencies for the year ended at December 31, 2007 and 2006. 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)

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

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

	2007		**2006**	
Country	Percentage Change	Net Income for the year	Percentage Change	Net Income for the year
Guatemala	2.05%	$ 120	1.25%	$ 35
Nicaragua	0.00%	-	0.00%	-
Costa Rica	3.17%	314	0.69%	32
Philippines	6.26%	771	4.11%	197
Peru	2.08%	847	0.00%	-
Poland	10.75%	(215)	0.00%	-
Total		$ 1,837		$ 264

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

	2007		**2006**	
Country	Percentage Change	Net Income for the year	Percentage Change	Net Income for the year
Guatemala	2.05%	$ (120)	1.25%	$ (35)
Nicaragua	0.00%	-	0.00%	-
Costa Rica	3.17%	(314)	0.69%	(32)
Philippines	6.26%	(771)	4.11%	(197)
Peru	2.08%	(847)	0.00%	-
Poland	10.75%	215	0.00%	-
Total		$ (1,837)		$ (264)

Interest rate sensitivity:

Thunderbird Resorts' 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 2007, Thunderbird Resorts is exposed to changes in market interest rates through some of its bank borrowings approximately $4,100,000 million as of December 31, 2007 (2006 - $5,500,000), which are subject to variable interest rates. As in previous year, all other financial assets and liabilities have fixed rates. The impact on profit or loss of a reasonably possible change in interest rates of +/-0.75% as of December 31, 2007 (2006: +/-1.0%), with effect from the beginning of the year, would be an increase of $31,000 (2006 - $55,000) or a decrease of $31,000 (2006 - $55,000). These changes in interest rates are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company'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)

26. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

Credit risk analysis:

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

The Company'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 Company's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company 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;

Thunderbird Resorts 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 2007, Thunderbird Resorts' 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	$ 16,146	$ 11,036	$ 78,163	$ 37,091
Finance lease obligations	718	4,174	14,212	14,696
Trade payables	6,663	-	-	-
Other short-term financial liabilitites	14,139	-	-	-
Derivatives	-	-	1,196	-
Total	$ 37,666	$ 15,210	$ 93,571	$ 51,787

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

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

This compares to the maturity of the Company'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	$ 9,581	$ 8,626	$ 59,342	$ 3,675
Finance lease obligations	32	285	483	10
Trade payables	4,328	-	-	-
Other short-term financial liabilitites	5,818	-	-	-
Derivatives	-	-	2,529	-
Total	$ 19,759	$ 8,911	$ 62,354	$ 3,685

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

27. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company'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 Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its leverage ratio. This ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total borrowings (including 'borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents, less accrued interest and less un-amortized debt issuance costs. EBITDA is calculated as operating profit before exceptional items plus depreciation and amortization.

During 2007, the Company's long term strategy, was to maintain a leverage ratio of 3.0 to 4.0 times in order to secure access to finance at a reasonable cost. Due to the cash received from the private offering the Company's leverage ratio was improved to 0.96 times.

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

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

The leverage ratios at December 31, 2007 and 2006 were as follows:

	2007	**2006**
Total borrowings and finance lease obligations (Notes 16 and 22)	103,021	46,308
Less: Cash and cash equivalents	(76,901)	(10,532)
Less: Accrued interest	(1,033)	(629)
Less: Unamortized debt issuance costs	(1,839)	(770)
Net Debt	23,248	34,377
Operating profit from continuing operations before exceptional items	14,068	7,897
Add: Depreciation and amortization	10,244	5,444
EBITDA	24,312	13,341
Leverage ratio	0.96	2.58

The decrease in the leverage ratio during 2007 resulted primarily from the increased in cash received from the private offering completed in November of 2007.

28. INVESTMENT IN JOINT VENTURES

The Company has 50% interest in the following Joint Ventures:

a) Int'l Thunderbird Gaming (Panama) Corp.
b) GFN Finance Corp
c) Thunderbird de Costa Rica
d) Thunderbird Chile S.A.
e) Hopland Joint Venture

Amounts included in this consolidated historical financial information related to the Company's interest in joint ventures are as follows:

	2007	2006
Current assets	$ 1,426	$ 1,781
Current liabilities	9,451	9,944
Long-term liabilities	14,096	10,649
Revenue	41,656	33,514
Expenses	36,844	31,813
Net income before taxes	4,812	1,701
Cash flows from operating activities	6,991	5,907
Cash flows from financing activities	4,599	1,878
Cash flows from investing activities	(9,209)	(7,408)

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

29. PRINCIPAL SUBSIDIARIES

The Company owns directly or indirectly the following companies. The principal operations are carried out in the country of registration; all subsidiaries have a December 31 year-end. The Company 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 Company.

Entity	Place of Incorporation (or Registration) and Operation	2007 Proportion of Ownership Interest	2007 Proportion of Voting Power Held	2006 Proportion of Ownership Interest	2006 Proportion of Voting Power Held	Principal Activity
Subsidiaries						
East Bay Resorts, Inc.	Philippines	51%	60%	50%	60%	Owns and operates the casino operation at Rizal outside of Manila. The company is sublicensed as a casino operator under the Philippine Amusement Gaming Corp.
South American Entertainment Corp. II Ltd -- regional operating head quarters (ROHQ)	Philippines	100%	100%	100%	100%	Regional operating headquarters in Philippines
Thunderbird Pilipinas Hotels and Resorts, Inc.	Philippines	52%	61%	51%	61%	Owns and operates the casino operation at Poro Point. The company is sublicensed as a casino operator under the Philippine Amusement Gaming Corp.
Thunderbird de Guatemala S.A.	Guatemala	100%	100%	100%	100%	Owns and operates three video lottery parlors.
Buena Esperanza Limitada S. A.	Nicaragua	54.6%	54.6%	52.6%	52.6%	Owns and operates three casinos in Managua
Thunderbird Hoteles Las Americas S.A. (1)	Peru	100%	100%	--	--	Owns and operates six hotels in Lima, Peru

(1) Certain lenders have the right to receive 80% of the cash flow until principal and interest are paid and then are entitled to 14% of the available cash flow thereafter.

The non-controlling interest liability of $5,093,000 as of December 31, 2007 (2006 - $2,889,000) represents the net assets in the Company's non-wholly owned subsidiaries that are due to the minority shareholders in the Company's subsidiaries.

The non-controlling interest expense of $2,282,000 for 2007 relates to the Company's Nicaraguan operation of $197,000, the Philippine Poro Point operation of $1,945,000, and the Costa Rica operation of $140,000.

The non-controlling interest of $314,000, as of December 31, 2006, is related to the Company's Nicaraguan operation of $424,000, offset by $20,000 recovered against non-controlling interest investments in a Costa Rica Subsidiary and $90,000 recovered from the Philippines subsidiaries.

30. SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2007:

a) The Company's shareholders at the special meeting held January 18, 2008, voted by a "super majority" in favor of several resolutions which had been previously approved by the Board of Directors on November 20, 2007, including the following:

- a resolution to cease the issuance of any further options under Thunderbird's existing stock option plans.
- a resolution to approve the 2007 Equity Incentive Plan and authorize the Board of Directors to issue stock or stock options out of the plan. The Company's 2007 Equity Incentive Plan authorizes the issuance of 1.1 million common shares; the Company's Board of Directors approved the issuance of 500,000 common shares to various executives subject to certain restrictions and vesting rights.
- a special resolution to amend Thunderbird's Memorandum of Association and Articles of Association to add provisions:

  i. allowing Thunderbird to redeem the shares of any shareholder who causes or would cause Thunderbird to lose any of its gaming licenses in any country where Thunderbird operates.
  ii. removing the staggered Board of Directors provision as members come up for reelection with 2009 elections.
  iii. allowing shareholders to remove a director without cause with a vote of two-thirds of the outstanding shares.
  iv. forcing a shareholder to transfer or sell its shares to Thunderbird if the ownership of such shares would result in Thunderbird triggering a violation under the Employee Retirement Security Act of 1974 ("ERISA").
  v. allowing the Secretary of Thunderbird to convene a special meeting of the shareholders to consider and vote on the removal of the directors of Thunderbird in the event that Thunderbird defaults on its obligation to apply to list on the London Stock Exchange or Euronext or file a registration of statement with the United States Securities and Exchange Commission as required by the Listing/Registration Rights Agreement Thunderbird has entered into in connection with Thunderbird's private placement of common shares.

b) On January 15, 2008, the Company acquired an additional 11.36% of the total outstanding shares in the Panama operation resulting in the Company owning 61.36% of the net assets, giving the Company control over Panamanian operations. The Company consolidates 100% of revenue, costs, assets and liabilities of the Panama entity while recognizing a "non-controlling interest" expense and a liability for the interests held by shareholders remaining in the entity as of the acquisition date. As of December 31, 2007, the Company proportionally consolidated 50% of the Panama entity and did not recognize any non-controlling interests. The acquisition price was $10,695,000 and the excess over net book value of $9,570,000 was recognized as goodwill. In addition, the Panama operation held an interest in the Nicaraguan subsidiary, the recognition of this additional interest increased the goodwill recognized in the Nicaraguan subsidiary by $182,000.

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

30. SUBSEQUENT EVENTS (cont'd)

The acquisition and the corresponding change in control had the following impact on the Company's balance sheet as of January 15, 2008:

Current assets	$	1,595
Property and equipment		13,369
Intangible assets		909
Other assets		923
Goodwill		9,752
Total Assets		26,548
Current liabilities		(4,860)
Long term debt		(5,456)
Deferred tax liability		(819)
Other long term liabilities		(721)
Total liabilities		(11,856)
Non-controlling interest		(3,882)
Net income at January 15, 2008		(115)
Total purchase price	**$**	**10,695**

c) The Company has now funded its phase one obligation of $8.0 million in equity against the over 40,000 square meters of land contributed by local partners. The Company will own 50% of Daman Hospitality Private Limited ("DHPL"), a company incorporated under the laws of India that will own the land and a 5-star resort to be developed on this land. The resort, which will begin construction during the second quarter of 2008, and will include a 5-star hotel, an event center and restaurants and bars, all to be operated by Thunderbird under a long-term management contract. DHPL will also build and lease facilities to an Indian company that is eligible to operate the area's first gaming license under the 1976 Gambling Act of Goa, Daman & Diu. Thunderbird's subsidiary, Impacto, is managing the design and engineering of the facility.

d) During the first quarter of 2008, there was a fire at the under construction facility, the Gran Plaza, in Guatemala.

The construction and anticipated opening have been delayed until second quarter of 2008. The Company expects the damage to be covered by insurance.

e) The Company was unable to consummate the acquisition of an additional 25% interest in the Costa Rican operation based on a letter of intent signed in 2007 and as disclosed in an information statement posted on the Company's website. The Company is no longer pursuing the acquisition at this time. The Company had also announced in its Information Statement that it intending to spend certain capital on a project known as Cavite, Philippines. The Company has decided not to pursue this project because of delays in securing the gaming license.

f) In December, 2007 in Peru, the Company entered into a $10 million loan facility with "Interbank-Peru" for hotel improvements, a portion of which is leased to our flagship casino space. The loan agreements calls for a fixed interest rate of 9.75% and terms of four and seven years, depending on the type of collateral that secures the loan. The loan was signed, however, not funded as of December 31, 2007. We have drawn $2.1 million as of June 2008 and have $7.9 of remaining availability.

30. SUBSEQUENT EVENTS (cont'd)

g) In April, 2008, the Company entered into a $20 million loan transaction with Capital International Assets Corporation, a privately held Panama equity investment firm. The 72 month, 13% loan will be drawn in three installments with $4.7 million drawn by early May 2008, and the second and third draws in mid-May and early June 2008. The Company intends to use the $20 million in proceeds for potential acquisitions and/or development of various gaming facilities in Peru. Certain proceeds may also be used to fund the construction of gaming facilities located within the Thunderbird Hoteles Las Americas in Peru that are now under construction or in the design phase. We have drawn down approximately $10.0 million as of June 11, 2008.

h) In May 2008, the Company entered into a $19.5 million loan transaction with a syndicate of private banks in Panama (Banco Panameño de la Vivienda S.A., Grupo Mundial Tenedora and Mundial Fiduciaria S.A.), of which $17.5 million has been drawn. The loan is secured by a pledge of our equity in our Panama operating entity. The loan is fully amortized over a 10 year period at 9.5%. The entire amount of the loan was approved in May 2008 by the Panama Gaming Board. If the Panama Gaming Board approves our planned acquisition of an additional 2.27% of the Panama Operating Entity's shares, we intend to use the proceeds of the loan as follows: approximately $15.9 million will be used to replenish the Company's cash reserves that was used when the company paid approximately $10.7 million to acquire 11.36 % of the International Thunderbird Gaming (Panama) Corporation ("Thunderbird-Panama") shares in January 2008, and approximately $5.2 million of certain Company debt that was repaid. Also, approximately $2.1 million will be used to purchase an additional 2.27% of Thunderbird-Panama shares, which is subject to approval of the Panama Gaming Board.

i) On April 28, 2008 the Company is no longer actively pursuing the $122 million revolving line of credit that the Company announced on September 30 2007 as the loan was not funded. The Company may pursue similar type corporate financing with other parties.

j) On May 17, 2008, in Panama, the Hotel Washington - Colón; casino expansion was completed ahead of schedule with 80 new slot machines, an additional 20 machines will be installed in June. The expansion added 750 square meters for a cost of $1.5 million.

k) During the first week of May 2008, in Panama, a smoking ban went into effect for all casinos in Panama. The Company is evaluating the impact this may have, if any.

l) On May 27, 2008, in the Philippines at the Company's Poro Point location, the Company was honored by the presence of the Philippine President Gloria Macapagal-Arroyo, members of her cabinet, and local government officials in the inauguration ceremony of our 40 room hotel and 9-hole golf course. The hotel and golf course opened in April of 2008.

m) On May 16, 2008, the Company's Costa Rica subsidiary operation closed on the acquisition of a 21 room hotel where our Perez Zeledon casino is located. The Perez Zeledon hotel will be renamed the Hotel Thunderbird Resorts. The acquisition cost of the hotel was approximately $2,000,000, with a local bank financing $1.5 million of the acquisition over a 12 year term at a fixed interest rate of 9.5%. The Company is in the planning stages for the remodeling of the hotel to include a bar and a restaurant.

31. GENERAL INFORMATION

The Company's registered address is Icaza, Gonzalez-Ruiz, Aleman (BVI) Trust Limited, Vanterpool Plaza, Second Floor Road Town, Tortola, British Virgin Islands.

32. TRANSITION TO IFRS

For all periods up to and including the year ended December 31, 2006, the Company prepared its financial statements in accordance with Canadian generally accepted accounting practice.

The Company has prepared this consolidated historical financial information in accordance with the basis of preparation and the significant accounting policies meeting those requirements are described in Note 2.

In preparing this consolidated historical financial information, the Company has started from an opening balance sheet as at January 1, 2006 which will be the Company's date of transition to IFRSs and made those changes in accounting policies and other restatements required by IFRS 1 for the first-time adoption of IFRSs. This note explains the principal adjustments made by the Company in restating its GAAP balance sheet as at January 1, 2006 and its previously published Canadian GAAP financial statements for the year ended December 31, 2006. The adjustments to IFRS are classified below under the heading: "reclassifications and remeasurements".

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRSs as effective for December 2007 year ends retrospectively. The Company has taken the following exemptions:

- IFRS 2 Share-based Payment has not been applied to any equity instruments that were granted on or before November 7, 2002, nor has it been applied to any equity instruments that were granted after November 7, 2002 that vested before January 1, 2006. For cash-settled share-based payment arrangements, the Company has not applied IFRS 2 to liabilities that were settled before January 1, 2006.
- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries or of interest in associates and joint ventures that occurred before January 1, 2006.

See next page.

32. TRANSITION TO IFRS (cont'd)

	Canadian GAAP (IFRS Format) 1-Jan-06	Reclassifications Remeasurements	IFRS
Assets			
Non-current assets			
Property, plant and equipment	$ 28,369	$ -	$ 28,369
Intangible assets	4,316	-	4,316
Investments in associates	1,091	-	1,091
Trade and other receivables	108	-	108
Total non-current assets	33,884	-	33,884
Current assets			
Trade and other receivables	16,583	-	16,583
Inventories	1,037	-	1,037
Restricted cash	2,019	-	2,019
Cash and bank balances	2,239	-	2,239
Total current assets	21,878	-	21,878
Total assets	$ 55,762	$ -	$ 55,762
Equity and liabilities			
Capital and reserves			
Share capital	$ 21,837	$ -	$ 21,837
Retained earnings	(17,279)	(2,340)	(19,619)
Translation reserve	(828)	-	(828)
Equity attributable to equity holders of the parent	3,730	-	3,730
Minority interest	1,075	-	1,075
Total equity	4,805	-	4,805
Non-current liabilities			
Borrowings	18,851	-	18,851
Obligations under leases and hire purchase contracts	147	-	147
Derivative financial instruments	-	2,340	2,340
Other financial liabilities	-	173	173
Deferred tax liabilities	805	-	805
Provisions	-	1,310	1,310
Due to related parties	-	676	676
Other liabilities	2,471	(2,159)	312
Total non-current liabilities	22,274	2,340	24,614
Current liabilities			
Trade and other payables	10,142	(490)	9,652
Borrowings	17,425	-	17,425
Obligations under leases and hire purchase contracts	135	-	135
Other financial liabilities	54	-	54
Current tax liabilities	926	-	926
Provisions	-	490	490
Total current liabilities	28,682	-	28,682
Total liabilities	50,956	-	50,956
			-
Total equity and liabilities	$ 55,761	$ -	$ 55,761

See next page.

32. TRANSITION TO IFRS (cont'd)

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Assets			
Non-current assets			
Property, plant and equipment	$ 43,024	$ -	$ 43,024
Intangible assets	2,603	-	2,603
Investments in associates	816	-	816
Trade and other receivables	1,472	-	1,472
Total non-current assets	47,915	-	47,915
Current assets			
Trade and other receivables	7,381	-	7,381
Inventories	994	-	994
Restricted cash	3,179	-	3,179
Cash and bank balances	7,353	-	7,353
Non-current assets classified as held for sale	562	-	562
Total current assets	19,469	-	19,469
Total assets	$ 67,384	$ -	$ 67,384
Equity and liabilities			
Capital and reserves			
Share capital	$ 21,584	$ -	$ 21,584
Reserves	490	-	490
Retained earnings	(21,051)	(2,529)	(23,580)
Translation reserve	(796)	-	(796)
Equity attributable to equity holders of the parent	(2,302)	-	(2,302)
Minority interest	2,889	-	2,889
Total equity	587	-	587
Non-current liabilities			
Borrowings	35,311	(256)	35,055
Obligations under leases and hire purchase contracts	365	-	365
Derivative financial instruments	-	2,529	2,529
Other financial liabilities	-	135	135
Deferred tax liabilities	901	-	901
Provisions	-	3,188	3,188
Due to related parties	-	650	650
Other liabilities	4,748	(3,973)	775
Total non-current liabilities	41,325	2,273	43,598
Current liabilities			
Trade and other payables	10,878	(732)	10,146
Borrowings	10,787	(266)	10,521
Obligations under leases and hire purchase contracts	367	-	367
Other financial liabilities	50	(3)	47
Current tax liabilities	861	-	861
Provisions	-	735	735
Borrowings directly associated with non-current assets			-
classified as held for sale	-	522	522
Total current liabilities	22,943	256	23,199
Total liabilities	66,797	-	66,797
Total equity and liabilities	$ 67,384	$ -	$ 67,384

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

32. TRANSITION TO IFRS (cont'd)

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Net gaming wins	$ 68,055	$ -	$ 68,055
Food, beverage and hospitality sales	4,049	-	4,049
Cost of goods sold	(27,120)	-	(27,120)
Gross profit	44,984	-	44,984
Other operating (costs) income			-
Operating, general and administrative	(29,740)	-	(29,740)
Project development	(1,999)	-	(1,999)
Depreciation and amortization	(5,444)	-	(5,444)
Other gains and losses	(3,260)	(189)	(3,449)
Operating profit	4,541	-	4,352
Financing			0
Financing (costs)	(5,831)	(237)	(6,068)
Financing income	-	237	237
Finance costs, net	(5,831)	-	(5,831)
Share of (losses)/ profits of associates	141	-	141
Profit (loss) before tax	(1,149)	-	(1,338)
			-
Income taxes expense			-
Current	(1,561)	-	(1,561)
Deferred	(748)	-	(748)
			-
Taxation	(2,309)	-	(2,309)
			-
Profit (loss) for the year	$ (3,458)	$ -	$ (3,647)
Attributable to:			
Equity holders of the parent	(3,961)	-	(3,961)
Minority interest	314	-	314
	$ (3,458)	$ -	$ (3,647)
Basic earnings (loss) per share	$ (0.35)		$ (0.37)
Diluted earnings (loss) per share	$ (0.35)		$ (0.37)

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

32. TRANSITION TO IFRS (cont'd)

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Cash flows from operating activities			
Loss for the year	$ (3,458)	$ (189)	$ (3,647)
As adjustmented for:			
Depreciation and amortization	5,444	-	5,444
Increase in provisions	1,796	-	1,796
Increase in fair value of derivative financial instruments	-	189	189
Share of post tax profits in associates	(141)	-	(141)
Loss on disposal of other assets	1,464	-	1,464
Stock-based compensation	229	-	229
Finance Income	-	(237)	(237)
Finance Costs	-	6,068	6,068
Taxes Expense	-	2,309	2,309
Foreign exchange	(607)	-	(607)
Changes in non-cash working capital items:			
Increase in trade, other receivables	(92)	-	(92)
(Increase) decrease in inventories	43	-	43
Increase in accounts payable and accrued liabilities	519	(983)	(464)
Cash generated from operations	5,197	7,157	12,354
Taxes Paid	-	(2,265)	(2,265)
Interest Paid	-	(5,129)	(5,129)
Net cash generated by operating activities	5,197	(237)	4,960
Cash flows from investing activities			
Loans receivable	790	-	790
Expenditures on property plant and equipment	(19,947)	-	(19,947)
Investment in and advances to associates	(1,122)	-	(1,122)
Interest Received	-	237	237
Net cash used in investing activities	(20,279)	237	(20,042)
Cash flows from financing activities			
Proceeds from issuance of common shares	8	-	8
Proceeds from issuance of debt	33,194	-	33,194
Funding of cash deposits	8,551	-	8,551
Proceeds from minority interests	1,500	-	1,500
Repayment of loans and leases payable	(23,075)	-	(23,075)
Net cash provided by financing activities	20,178		20,178
Effect of foreign exchange on cash and cash equivalents	18	-	18
Change in cash and cash equivalents during the year	5,114		5,114
Cash and cash equivalents, beginning of year	5,418	-	5,418
Cash and cash equivalents, end of year	$ 10,532	$ -	$ 10,532

THUNDERBIRD RESORTS, INC.
Bridge from the audited Canadian GAAP financial statements
For the year ended December 31, 2006

The Company is exempted from providing a three year financial history drawn up under IFRS "bridge approach" of the CESR Recommendation of February 2006. The following tables reconcile the historical financial information drawn up under IFRS for the year ended 31 December 2006 end and the previously reported Canadian GAAP financial statements for the year ended 31 December 2006, thus providing a "bridge" from the Canadian GAAP information incorporated by reference into this Prospectus and the historical financial information included in this prospectus drawn up under IFRS.

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Assets			
Non-current assets			
Property, plant and equipment	$ 43,024	$ -	$ 43,024
Intangible assets	2,603	-	2,603
Investments in associates	816	-	816
Trade and other receivables	1,472	-	1,472
Total non-current assets	47,915	-	47,915
Current assets			
Trade and other receivables	7,381	-	7,381
Inventories	994	-	994
Restricted cash	3,179	-	3,179
Cash and bank balances	7,353	-	7,353
Non-current assets classified as held for sale	562	-	562
Total current assets	19,469	-	19,469
Total assets	$ 67,384		$ 67,384

THUNDERBIRD RESORTS, INC.
Bridge from the audited Canadian GAAP financial statements
For the year ended December 31, 2006

Continued

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Equity and liabilities			
Capital and reserves			
Share capital	$ 22,074	$ -	$ 22,074
Retained earnings	(21,051)	(2,529)	(23,580)
Translation reserve	(796)	-	(796)
Equity attributable to equity holders of the parent	(2,302)	(2,529)	(4,831)
Minority interest	2,889	-	2,889
Total equity	587	(2,529)	(1,942)
Non-current liabilities			
Borrowings	35,311	(256)	35,055
Obligations under leases and hire purchase contracts	365	-	365
Derivative financial instruments	-	2,529	2,529
Other financial liabilities	-	135	135
Deferred tax liabilities	901	-	901
Provisions	-	3,188	3,188
Due to related parties	-	650	650
Other liabilities	4,748	(3,973)	775
Total non-current liabilities	41,325	2,273	43,598
Current liabilities			
Trade and other payables	10,878	(732)	10,146
Borrowings	10,787	(266)	10,521
Obligations under leases and hire purchase contracts	367	-	367
Other financial liabilities	50	(3)	47
Current tax liabilities	861	-	861
Provisions	-	735	735
Brrowings directly associated with non-current			-
classified as held for sale	-	522	522
Total current liabilities	22,943	256	23,199
Total liabilities	64,268	2,529	66,797
			-
Total equity and liabilities	$ 67,384	$ -	$ 67,384

THUNDERBIRD RESORTS, INC.
Bridge from the audited Canadian GAAP financial statements
For the year ended December 31, 2006

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Net gaming wins	$ 68,055	$ -	$ 68,055
Food, beverage and hospitality sales	4,049	-	4,049
Cost of goods sold	(27,120)	-	(27,120)
Gross profit	44,984	-	44,984
Other operating (costs) income			-
Operating, general and administrative	(29,740)	-	(29,740)
Project development	(1,999)	-	(1,999)
Depreciation and amortization	(5,444)	-	(5,444)
Other gains and losses	(3,260)	(189)	(3,449)
Operating profit	4,541	(189)	4,352
Financing			0
Financing (costs)	(5,831)	(237)	(6,068)
Financing income	-	237	237
Finance costs, net	(5,831)	-	(5,831)
Share of (losses)/ profits of associates	141	-	141
Profit (loss) before tax	(1,149)	(189)	(1,338)
			-
Income taxes expense			-
Current	(1,561)	-	(1,561)
Deferred	(748)	-	(748)
			-
Taxation	(2,309)	-	(2,309)
			-
Profit (loss) for the year	$ (3,458)	$ (189)	$ (3,647)
Attributable to:			
Equity holders of the parent	(3,772)	(189)	(3,961)
Minority interest	314		314
	$ (3,458)	$ (189)	$ (3,647)
Basic earnings (loss) per share	$ (0.35)		$ (0.37)
Diluted earnings (loss) per share	$ (0.35)		$ (0.37)

THUNDERBIRD RESORTS, INC.
Bridge from the audited Canadian GAAP financial statements
For the year ended December 31, 2006

	Canadian GAAP (IFRS Format) 31-Dec-06	Reclassifications Remeasurements	IFRS
Cash flows from operating activities			
Loss for the year	$ (3,458)	$ (189)	$ (3,647)
As adjustmented for:			-
Depreciation and amortization	5,444	-	5,444
Future income taxes			-
Increase in provisions	1,796	-	1,796
Increase in fair value of derivative financial instruments	-	189	189
Share of post tax profits in associates	(141)	-	(141)
Loss on disposal of other assets	1,464	-	1,464
Stock-based compensation	229	-	229
Finance Income	-	(237)	(237)
Finance Costs	-	6,068	6,068
Taxes Expense	-	2,309	2,309
Foreign exchange	(607)	-	(607)
Changes in non-cash working capital items:			-
Increase in trade, other receivables and inventories	(92)	-	(92)
(Increase) decrease in inventories	43	-	43
Increase in accounts payable and accrued liabilities	519	(983)	(464)
Cash generated from operations	5,197	7,157	12,354
Taxes Paid	-	(2,265)	(2,265)
Interest Paid	-	(5,129)	(5,129)
Net cash generated by operating activities	5,197	(237)	4,960
			-
Cash flows from investing activities			-
Loans receivable	790	-	790
Expenditures on property plant and equipment	(19,947)	-	(19,947)
Investment in and advances to associates	(1,122)	-	(1,122)
Interest Received	-	237	237
Net cash used in investing activities	(20,279)	237	(20,042)
			-
Cash flows from financing activities			-
Proceeds from issuance of common shares	8	-	8
Proceeds from issuance of debt	33,194	-	33,194
Funding of cash deposits	8,551	-	8,551
Proceeds from minority interests	1,500	-	1,500
Repayment of loans and leases payable	(23,075)	-	(23,075)
Net cash provided by financing activities	20,178	-	20,178
Effect of foreign exchange on cash and cash equivalents	18	-	18
Change in cash and cash equivalents during	5,114	-	5,114
Cash and cash equivalents, beginning of year	5,418	-	5,418
			0
Cash and cash equivalents, end of year	$ 10,532	$ -	$ 10,532

Grant Thornton

Accountants' report (Reporting accountants report on historical financial information)

Our ref JAR/PMDE/T01930
The Directors
Thunderbird Resorts Inc
12155 Dearborn Place
POWAY
CA 92064
15 October 2008

Dear Sirs

INDEPENDENT REVIEW REPORT TO THUNDERBIRD RESORTS INC. (THE COMPANY)

Introduction

We have been engaged by the company to review the interim financial information for the six months ended 30 June 2008 which comprises the consolidated interim balance sheet, the consolidated interim income statement, the consolidated interim cash flow statement and notes 1 to 13 to the interim financial information.

This report is made solely to the directors of the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the directors of the Company those matters we are required to state to them in a review 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 directors of the Company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim financial information is the responsibility of, and has been approved by, the directors.
As disclosed in Note 1, the annual financial statements of the Company are prepared in accordance with IFRS: International Financial Reporting Standards. This interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting.'

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Yours faithfully

GRANT THORNTON UK LLP

THUNDERBIRD RESORTS, INC.
CONSOLIDATED INTERIM BALANCE SHEET (unaudited)
(Expressed in thousands of United States dollars)
AT JUNE 30, 2008

	6/30/2008	12/31/2007
Assets		
Non-current assets		
Property, plant and equipment (Note 5)	$ 152,175	$ 114,525
Intangible assets (Note 7)	14,365	2,637
Investments in associates	1,296	1,187
Deferred tax asset	875	293
Trade and other receivables (Note 8)	17,985	7,492
Total non-current assets	186,696	126,134
Current assets		
Trade and other receivables (Note 8)	26,776	9,419
Inventories	3,633	2,846
Restricted cash	5,799	5,245
Cash and bank balances	41,274	71,656
Total current assets	77,482	89,166
Total assets	$ 264,178	$ 215,300
Equity and liabilities		
Capital and reserves		
Share capital (Note 11)	$ 99,244	$ 98,962
Reserves	6,105	4,738
Retained earnings	(38,136)	(30,088)
Translation reserve	(1,461)	1,124
Equity attributable to equity holders of the parent	65,752	74,736
Minority interest	8,728	5,093
Total equity	74,480	79,829
Non-current liabilities		
Borrowings (Note 10)	103,836	66,354
Obligations under leases and hire purchase contracts	22,336	19,726
Derivative financial instruments	1,305	1,196
Other financial liabilities	57	82
Deferred tax liabilities	1,920	1,006
Provisions	4,339	3,500
Due to related parties (Note 12)	1,117	881
Other liabilities	320	688
Total non-current liabilities	135,230	93,433
Current liabilities		
Trade and other payables	23,619	20,802
Borrowings (Note 10)	24,451	15,426
Obligations under leases and hire purchase contracts	3,269	2,755
Other financial liabilities	53	51
Current tax liabilities	1,650	1,525
Provisions	1,426	1,479
Total current liabilities	54,468	42,038
Total liabilities	189,698	135,471
Total equity and liabilities	$ 264,178	$ 215,300

THUNDERBIRD RESORTS, INC.
CONSOLIATED INTERIM INCOME STATEMENT (unaudited)
(Expressed in thousands of United States dollars)
AT JUNE 30, 2008

	6/30/2008			6/30/2007		
	Before exceptional items	**Exceptional items (note 4)**	**Total**	**Before exceptional items**	**Exceptional items (note 4)**	**Total**
Net gaming wins	$ 66,732	$ -	$ 66,732	$ 40,600	$ -	$ 40,600
Food and beverage sales	12,896	-	12,896	2,236	-	2,236
Cost of goods sold	(28,782)	-	(28,782)	(15,758)	-	(15,758)
Gross profit	50,846	-	50,846	27,078	-	27,078
Other operating costs	(48,117)	(944)	(49,061)	(21,029)	(1,612)	(22,641)
Operating profit (loss)	2,729	(944)	1,785	6,049	(1,612)	4,437
Financing						
Financing costs	(7,652)	-	(7,652)	(3,458)	-	(3,458)
Financing income	892	-	892	85	-	85
Profit (loss) before tax	(4,031)	(944)	(4,975)	2,676	(1,612)	1,064
Income taxes expense						
Current	(1,266)	-	(1,266)	(927)	-	(927)
Deferred	(713)	-	(713)	(574)	-	(574)
Taxation	(1,979)	-	(1,979)	(1,501)	-	(1,501)
Income (loss) for the year	$ (6,010)	$ (944)	$ (6,954)	$ 1,175	$ (1,612)	$ (437)
Attributable to:						
Equity holders of the parent			(8,048)			(1,286)
Minority interest			1,094			849
			$ (6,954)			$ (437)
Basic and diluted (loss) earnings per share (Note 9)	$ (0.31)		(0.41)	$ 0.14		(0.15)

THUNDERBIRD RESORTS, INC.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)
(Expressed in thousands of United States dollars)
AT JUNE 30, 2008

	Share capital	Other Reserves	Translation Reserve	Retained earnings	Total	Minority interest	Total Equity
Balance at 1 January 2007	$ 21,584	$ 490	$ (796)	$ (23,580)	$ (2,302)	$ 2,889	$ 587
Exchange differences arising on translation of foreign operations	-	-	757	-	757	(111)	646
Loss for the period	-	-	-	(1,286)	(1,286)	849	(437)
Total recognized income (loss) for the period	-	-	757	(1,286)	(529)	738	209
Buy back of Subsidiary shares	-	-	-	-	-	(35)	(35)
Recognition of share-based payments	-	23	-	-	23	-	23
Issue of ordinary shares under warrant agreements	57	3,214	-	-	3,271	-	3,271
Issue of ordinary shares under employee share option plan	82	-	-	-	82	-	82
Balance at 30 June 2007	$ 21,723	$ 3,727	$ (39)	$ (24,866)	$ 545	$ 3,592	$ 4,137
Exchange differences arising on translation of foreign operations	-	-	1,163	-	1,163	111	1,274
Loss for the period	-	-	-	(5,222)	(5,222)	1,433	(3,789)
Total recognized income (loss) for the period	-	-	1,163	(5,222)	(4,059)	1,544	(2,515)
Buy back of Subsidiary shares	-	-	-	-	-	(43)	(43)
Recognition of share-based payments	-	1,011	-	-	1,011	-	1,011
Issue of ordinary shares	77,136	-	-	-	77,136	-	77,136
Issue of ordinary shares under employee share option plan	103	-	-	-	103	-	103
Balance at 31 December 2007	$ 98,962	$ 4,738	$ 1,124	$ (30,088)	$ 74,736	$ 5,093	$ 79,829
Exchange differences arising on translation of foreign operations	-		(2,585)	-	(2,585)	-	(2,585)
Loss for the period	-	-	-	(8,048)	(8,048)	1,094	(6,954)
Total recognized income (loss) for the period	-	-	(2,585)	(8,048)	(10,633)	1,094	(9,539)
Minority interest in Panama acquisition	-	-	-	-	-	3,809	3,809
Panama subsidiary dividends paid to minority interests	-	-	-	-	-	(1,274)	(1,274)
Minority Interest purchased in Costa Rica	-	-	-	-	-	(97)	(97)
Minority Interest contributions	-	-	-	-	-	103	103
Recognition of share-based payments	-	1,367	-	-	1,367	-	1,367
Issue of ordinary shares under employee share option plan	282		-	-	282	-	282
Balance at 30 June 2008	$ 99,244	$ 6,105	$ (1,461)	$ (38,136)	$ 65,752	$ 8,728	$ 74,480

THUNDERBIRD RESORTS, INC.
CONSOLIDATED INTERIM CASH FLOW STATEMENT (unaudited)
(Expressed in thousands of United States dollars)
AT JUNE 30, 2008

	6/30/2008	6/30/2007
Cash flows from operating activities		
Income (loss) for the period	$ (6,954)	$ (437)
As adjustmented for:		
Depreciation and amortization	8,941	3,452
Increase in provisions	786	181
Increase in fair value of derivative financial instruments	109	1,612
Loss on disposal of other assets	343	44
Euronext listing costs	492	-
Share-based compensation	1,367	23
Financing costs	7,652	3,458
Financing income	(892)	(85)
Tax expense	1,979	1,501
Foreign exchange	(189)	(249)
Changes in non-cash working capital items:		
Increase in trade and other receivables	(6,090)	(2,934)
Increase in inventories	(787)	(220)
Increase in accounts payable and accrued liabilities	(4,207)	2,933
Cash generated from operations	2,550	9,279
Taxes paid	(1,785)	(996)
Interest paid	(6,402)	(2,770)
Net cash generated by operating activities	(5,637)	5,513
Cash flows from investing activities		
Loans receivable, net	-	(8)
Expenditures on property plant and equipment, net	(42,757)	(11,305)
Deposits in future investments	(3,676)	-
Investment in subsidiaries	(11,836)	-
Advances to joint ventures	(2,353)	-
Advances in and advances to associates	(109)	(344)
Interest received	892	85
Net cash used in investing activities	(59,839)	(11,572)
Cash flows from financing activities		
Proceeds from issuance of common shares	282	82
Loans payable	63,227	16,036
Proceeds from minority interests	285	-
Cash used to secure loans	(8,700)	-
Repayment of loans and leases payable	(19,737)	(8,487)
Net cash provided by financing activities	35,357	7,631
Effect of foreign exchange on cash and cash equivalents	291	23
Change in cash and cash equivalents during the period	(29,828)	1,595
Cash and cash equivalents, beginning of period	76,901	10,532
Cash and cash equivalents, end of period	$ 47,073	$ 12,127

(Expressed in thousands of United States dollars)

1. Basis of preparation and accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Company's historical financial information for the year ended December 31, 2007. The accounting policies have been consistently applied to all periods presented.

The financial information contained in this report has not been audited.

2. Foreign Exchange

The results and financial position of all the Company 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:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. The closing country rates against US Dollar are as follows:

	6/30/2008	6/30/2007
Canadian Dollar	1.01	1.06
Chilean Peso	513.20	527.80
Costa Rican Colon	522.76	520.72
Guatemalan Quetzal	7.55	7.72
Nicaraguan Cordoba	19.37	18.44
Philippine Peso	44.76	46.33
Peruvian Sole	2.97	-----
Polish Zloty	2.13	-----
Colombian Peso	1,903.40	-----
Indian Rupee	42.85	-----

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). The average country rates against the US Dollar are as follows:

	6/30/2008	6/30/2007
Canadian Dollar	1.01	1.14
Chilean Peso	467.10	533.81
Costa Rican Colon	505.40	520.66
Guatemalan Quetzal	7.59	7.68
Nicaraguan Cordoba	19.14	18.22
Philippine Peso	41.97	47.79
Peruvian Sole	2.85	-----
Polish Zloty	2.29	-----
Colombian Peso	1,853.49	-----
Indian Rupee	41.62	-----

(c) 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 income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(Expressed in thousands of United States dollars)

3. Segmental Information

The primary segment reporting format is determined to be geographic segments as the Company's risks and rates of return are affected predominately by differences in the geographical areas it operates. The operating businesses are organized and managed separately according to the nature of each geographical area with each segment representing a geographic business unit that offers similar services in different markets. The accounting policies of the segments are the same as those described in Note 1 of the historical financial information as at December 31, 2007.

The Company's primary geographic segments are Panama, Guatemala, Costa Rica, Nicaragua, Philippines, and Peru. There are no discontinued operations. Other includes corporate costs that are not a part of the revenue generating subsidiaries.

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

Geographical Segments as at June 30, 2008:

	Six months ended June 30, 2008							
	Panama	**Guatemala**	**Costa Rica**	**Nicaragua**	**Philippines**	**Peru**	**Other**	**Total**
Continuing operations								
Segment gaming wins and sales	30,642	1,981	8,547	6,924	22,405	8,715	414	79,628
Operating Profit (loss) before exceptional items	6,421	(134)	2,593	1,493	1,675	(1,234)	(8,085)	2,729
Exceptional operating profit (costs)	-	(332)	-	-	-		(612)	(944)
Segment result	6,421	(466)	2,593	1,493	1,675	(1,234)	(8,697)	1,785
Finance Costs	(1,059)	(316)	(245)	(140)	(1,279)	(3,211)	(1,285)	(7,535)
Finance (Income)	48	71	6	-	38	411	201	775
Management fees - intercompany charges	(3,022)	(225)	(1,498)	(550)	(1,857)	-	7,152	-
Profit (loss) before taxation	2,388	(936)	856	803	(1,423)	(4,034)	(2,629)	(4,975)
Taxation	(710)	(88)	(376)	(307)	(8)	400	(890)	(1,979)
Profit (loss) for the year	1,678	(1,024)	480	496	(1,431)	(3,634)	(3,519)	(6,954)
Minority Interests	(649)	-	(40)	(225)	(179)	-	(1)	(1,094)
Profit (loss) after minority interests	1,029	(1,024)	440	271	(1,610)	(3,634)	(3,520)	(8,048)
Assets and liabilities								
Segment intangible assets:								
Intangible assets with indefinite useful lives	-	-	-	-	-	-	12,519	12,519
Intangible assets with finite useful lives	1,731	-	-	-	115	-	-	1,846
Financial assets - investments	-	-	-	-	-	-	1,296	1,296
Segment tangible assets:								
Property, plant and equipment	31,036	5,445	17,312	7,552	13,794	54,879	22,157	152,175
Other segment assets (including cash)	7,983	1,034	47	1,187	45,570	18,493	22,028	96,342
Total segment assets	40,750	6,479	17,359	8,739	59,479	73,372	58,000	264,178
Total segment liabilities	27,353	10,483	14,097	5,878	45,071	62,675	22,345	187,902
Unallocated liabilities	-	-	-	-	-	-	1,796	1,796
Net assets	13,397	(4,004)	3,262	2,861	14,408	10,697	33,859	74,480
Minority Interest	3,003	-	1,872	1,487	2,138	-	228	8,728
Other segment items								
Depreciation and amortization	3,318	229	599	349	1,831	2,480	135	8,941
Share based compensation	-	-	-	-	-	-	1,367	1,367

(Expressed in thousands of United States dollars)

3. Segmental Information (cont'd)

Geographical Segments as at June 30, 2007:

	Six months ended June 30, 2007							
	Panama	**Guatemala**	**Costa Rica**	**Nicaragua**	**Philippines**	**Peru**	**Other**	**Total**
Continuing operations								
Segment gaming wins and sales	13,111	1,538	6,014	6,567	15,459	-	147	42,836
Operating Profit (loss) before exceptional items	2,757	(384)	2,170	1,275	3,293	-	(3,062)	6,049
Exceptional operating profit (costs)	-				-	-	(1,612)	(1,612)
Segment result	2,757	(384)	2,170	1,275	3,293	-	(4,674)	4,437
Finance Costs	(454)	(211)	(309)	(195)	(1,252)	-	(952)	(3,373)
Finance (Income)	-	-	-	-	-	-	-	-
Management fees - intercompany charges	(970)	-	(1,226)	(564)	(615)	-	3,375	-
Profit (loss) before taxation	1,333	(595)	635	516	1,426	-	(2,251)	1,064
Taxation	(401)	(66)	(203)	(154)	(13)	-	(664)	(1,501)
Profit (loss) for the year	932	(661)	432	362	1,413	-	(2,915)	(437)
Minority Interests	-	-	(103)	(167)	(580)	-	1	(849)
Profit (loss) after minority interests	932	(661)	329	195	833	-	(2,914)	(1,286)
Assets and liabilities: December 31, 2007								
Segment intangible assets:								
Intangible assets with indefinite useful lives	-	-	-	-	-	-	1,603	1,603
Intangible assets with finite useful lives	909	-	-	-	125	-	-	1,034
Financial assets - investments	-	-		95	-	-	1,187	1,282
Segment tangible assets:								
Property, plant and equipment	13,368	4,353	11,888	6,547	26,297	51,267	805	114,525
Other segment assets (including cash)	4,829	952	2,887	2,540	10,287	15,988	59,373	96,856
Total segment assets	19,106	5,305	14,775	9,182	36,709	67,255	62,968	215,300
Total segment liabilities	11,860	5,386	9,846	5,133	33,554	52,717	15,179	133,675
Unallocated liabilities	-	-	-	-	-	-	1,796	1,796
Total liabilities	11,860	5,386	9,846	5,133	33,554	52,717	16,975	135,471
Net assets	7,246	(81)	4,929	4,049	3,155	14,538	45,993	79,829
Minority Interest			1,875	1,263	1,955	-	-	5,093
Other segment items - as at June 30, 2007								
Depreciation and amortization	1,398	143	315	330	1,194	-	72	3,452
Share based compensation	-	-	-	-	-	-	23	23

(Expressed in thousands of United States dollars)

3. Segmental Information (cont'd)

Business Segments as at June 30:

	Six months ended June 30, 2008			
	Gaming	**Hotel**	**Other**	**Total**
Continuing operations				
Segment gaming wins and sales	70,499	8,715	414	79,628
Operating Profit (loss) before exceptional items	12,048	(1,234)	(8,085)	2,729
Exceptional operating profit (costs)	(332)	-	(612)	(944)
Segment result	11,716	(1,234)	(8,697)	1,785
Finance Costs	(3,039)	(3,211)	(1,285)	(7,535)
Finance (Income)	163	411	201	775
Management fees - intercompany charges	(7,152)	-	7,152	-
Profit (loss) before taxation	1,688	(4,034)	(2,629)	(4,975)
Taxation	(1,489)	400	(890)	(1,979)
Profit (loss) for the year	199	(3,634)	(3,519)	(6,954)
Minority Interests	(1,093)	-	(1)	(1,094)
Profit (loss) after minority interests	(894)	(3,634)	(3,520)	(8,048)
Assets and liabilities				
Segment intangible assets:				
Intangible assets with indefinite useful lives	-	-	12,519	12,519
Intangible assets with finite useful lives	1,846	-	-	1,846
Financial assets - investments	-	-	1,296	1,296
Segment tangible assets:				
Property, plant and equipment	75,139	54,879	22,157	152,175
Other segment assets (including cash)	55,821	18,493	22,028	96,342
Total segment assets	132,806	73,372	58,000	264,178
Total segment liabilities	102,882	62,675	22,345	187,902
Unallocated liabilities	-	-	1,796	1,796
Total liabilities	102,882	62,675	24,141	189,698
Net assets	29,924	10,697	33,859	74,480
Minority Interest	8,500	-	228	8,728
Other segment items				
Depreciation and amortization	6,326	2,480	135	8,941
Share based compensation	-	-	1,367	1,367

(Expressed in thousands of United States dollars)

3. Segmental Information (cont'd)

Business Segments as at June 30:

	Six months ended June 30, 2007			
	Gaming	**Hotel**	**Other**	**Total**
Continuing operations				
Segment gaming wins and sales	42,689	-	147	42,836
Operating Profit (loss) before exceptional items	9,111	-	(3,062)	6,049
Exceptional operating profit (costs)	-	-	(1,612)	(1,612)
Segment result	9,111	-	(4,674)	4,437
Finance Costs	(2,421)	-	(952)	(3,373)
Finance (Income)	-	-	-	-
Management fees - intercompany charges	(3,375)	-	3,375	-
Profit (loss) before taxation	3,315	-	(2,251)	1,064
Taxation	(837)	-	(664)	(1,501)
Profit (loss) for the year	2,478	-	(2,915)	(437)
Minority Interests	(850)	-	1	(849)
Profit (loss) after minority interests	1,628	-	(2,914)	(1,286)
Assets and liabilities: December 31, 2007				
Segment intangible assets:				
Intangible assets with indefinite useful lives	-	-	1,603	1,603
Intangible assets with finite useful lives	1,034	-	-	1,034
Financial assets - investments	95	-	1,187	1,282
Segment tangible assets:				
Property, plant and equipment	62,453	51,267	805	114,525
Other segment assets (including cash)	21,495	15,988	59,373	96,856
Total segment assets	85,077	67,255	62,968	215,300
Total segment liabilities	65,779	52,717	15,179	133,675
Unallocated liabilities	-	-	1,796	1,796
Total liabilities	65,779	52,717	16,975	135,471
Net assets	19,298	14,538	45,993	79,829
Minority Interest	5,093	-	-	5,093
Other segment items - as at June 30, 2007				
Depreciation and amortization	3,380	-	72	3,452
Share based compensation	-	-	23	23

(Expressed in thousands of United States dollars)

4. Exceptional Items

The Company defines exceptional items as those items which, by their size or nature, are separately disclosed in order to give a full understanding of the Company's financial performance and aid comparability of the Company's result between periods. This would include, to the extent they are material, gains or losses on the disposal of assets, and fair value adjustment of derivative financial instruments.

	6/30/2008	6/30/2007
Write off of assets	343	-
Euronext listing expense	492	
Fair value adjustment for financial derivative contracts	109	1,612
Total	$ 944	$ 1,612

Write off of assets:

The write off of assets is the write off of leasehold improvements and other assets damaged in a fire in one of the Company's Guatemalan properties.

Euronext listing expense:

The Company is in the process of listing on Euronext exchange in Amsterdam. The costs of the listing will be incurred through the third quarter of 2008.

Fair value adjustment for financial derivative contracts:

The fair value adjustment for financial derivative contract is attributable to the change in value of a warrant agreement issued in December 2002.

(Expressed in thousands of United States dollars)

5. Property, plant and equipment

	Property	Leasehold Improvements	Gaming Machines	Furniture and Equipment	Construction in Process and Advances	Total
Cost						
As of December 31, 2007	$ 49,909	$ 20,387	$ 32,249	$ 17,930	$ 20,929	$ 141,404
Foreign exchange adjustments	59	(188)	(989)	(642)	(1,636)	(3,396)
Additions	8,381	2,632	5,547	2,092	17,487	36,139
Additions Panama acquisition (Note 6)	664	5,148	5,230	1,879	447	13,368
Disposals	-	-	-	(18)	(330)	(348)
Transfers	725	11,905	531	507	(13,668)	-
As of June 30, 2008	$ 59,738	$ 39,884	$ 42,568	$ 21,748	$ 23,229	$ 187,167
Depreciation						
As of December 31, 2007	769	5,055	12,125	8,930	-	26,879
Foreign exchange adjustments	(26)	(133)	(361)	(211)	-	(731)
Additions	936	1,262	3,745	2,901	-	8,844
As of June 30, 2008	$ 1,679	$ 6,184	$ 15,509	$ 11,620	$ -	$ 34,992
Net book value as of December 31, 2007	$ 49,140	$ 15,332	$ 20,124	$ 9,000	$ 20,929	$ 114,525
Net book value as of June 30, 2008	$ 58,059	$ 33,700	$ 27,059	$ 10,128	$ 23,229	$ 152,175

6. Acquisitions

On January 15, 2008, the Company acquired an additional 11.36% of the total outstanding shares in the Panama operation resulting in the Company owning 61.36% of the net assets giving the Company control over Panamanian operations. The Company consolidates 100% of revenue, costs, assets and liabilities of the Panama entity while recognizing a minority interest expense and a liability for the interests held by shareholders remaining in the entity as of the acquisition date. At December 31, 2007, the Company proportionally consolidated 50% of the Panama entity and did not recognize any minority interests. The acquisition price was $10,695,000 and the excess over net book value of $9,570,000 was recognized as goodwill. In addition, the Panama operation held an interest in the Nicaraguan subsidiary, the recognition of this additional interest reduced non controlling interest in the Nicaraguan subsidiary by $140,000. The acquisition and the corresponding change in control had the following impact on the Company's balance sheet as of January 15, 2008:

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(Expressed in thousands of United States dollars)

6. Acquisitions (cont'd)

Current assets	$	1,595
Property and equipment		13,369
Intangible assets		909
Other assets		923
Goodwill		9,752
Total Assets		26,548
Current liabilities		(4,860)
Long term debt		(5,456)
Deferred tax liability		(819)
Other long term liabilities		(721)
Total liabilities		(11,856)
Non-controlling interest		(3,882)
Net income at January 15, 2008		(115)
Total purchase price	**$**	**10,695**

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

7. Goodwill and other intangible assets

	2008			2007		
	Gaming Licenses	Goodwill	Total	Gaming Licenses	Goodwill	Total
Cost						
Balance at beginning of year	$ 2,259	$ 1,603	$ 3,862	$ 2,259	$ 1,306	$ 3,565
Increase due to recognition of 100% of Panama operations	910	-	910	-	-	-
Additions	-	10,916	10,916	-	297	297
At June 30, 2008	3,169	12,519	15,688	2,259	1,603	3,862
Accumulated amortization						
Balance at beginning of year	(1,225)	-	(1,225)	(962)	-	(962)
Charges	(98)	-	(98)	(263)	-	(263)
At June 30, 2008	(1,323)	-	(1,323)	(1,225)	-	(1,225)
Carrying amount						
At beginning of year	1,034	1,603	2,637	1,297	1,306	2,603
At June 30, 2008	$ 1,846	$ 12,519	$ 14,365	$ 1,034	$ 1,603	$ 2,637

The gaming licenses consist of costs associated with the acquisition of gaming licenses in Panama and the Philippines; both are amortized over the remaining term of the gaming license. The amortized balance of the Panama license is $1,731,000 as of June 30, 2008 and $909,000 as of December 31, 2007 and is amortized over twenty years. The amortized balance of the Philippines license is $115,000, as of June 30, 2008, and $125,000, as of December 31, 2007, and is amortized over three years.

(Expressed in thousands of United States dollars)

8. Trade and other receivables

The trade and other receivables as of June 30, 2008 and December 31, 2007 are as follows:

Trade and other receivables (current)		**June 30, 2008**		**December 31, 2007**
Trade receivables	$	3,573	$	1,978
Prepaid expenses		3,721		1,230
Deposits		10,331		
Other receivables		3,560		1,086
Receivables from Joint Ventures		3,442		4,366
Related party receivables		890		759
Insurance claim receivable from Guatemala fire in January 2008		1,259		-
Total trade and other receivables (currrent)	$	26,776	$	9,419

Trade and other receivables (long term)		**June 30, 2008**		**December 31, 2007**
Value addded tax recoverable	$	4,482	$	3,818
Receivables from Joint Ventures		1,568		1,240
Severance Funds		1,869		878
Prepaid expenses		685		610
Cash bond to secure Pagcor gaming license in Philippines		239		218
Cash held in trust for Peruvian investment, funding of casino acquisitions		8,700		
Deposits		214		477
Related party receivables		228		251
Total trade and other receivables (long term)	$	17,985	$	7,492

9. Earnings per share

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

		June 30, 2008		June 30, 2007
Weighted average shares used in computation of basic earnings per share		19,532		8,496
Effect of diluted securities:				
Share options and warrants		449		650
Weighted average shares used in computation of diluted earnings per share		19,981		9,146
Net loss for the quarter	$	(8,048)	$	(1,286)

June 2007 shares above have been adjusted for the one for three reverse stock split that occurred in November 2007.

(Expressed in thousands of United States dollars)

10. Borrowings to net debt reconciliation

				Principal
Borrowings as at December 31, 2007:				
Borrowings with financial institutions				$ 13,803
Borrowings with non-financial institutions				66,015
Borrowings with related parties				1,962
Total borrowings				81,780
Additions:	Principal	Collateral	Monthly Payment	
14% Interest rate; Langton International Holdings, Ltd.	$ 2,000	None	$ 55	1,900
12% Interest rate; multiple lenders	4,120	Equipment	343	4,120
7.29% Interesr rate; Banco Nacional de Costa Rica	1,500	Land	23	1,500
14% Interest rate; multiple lenders	100	None	3	100
10% Interest rate; Airtronic International	78	Equipment	7	78
9.25% Interest rate; VMS	484	Equipment	23	322
0% Interest rate; Octavia	96	Equipment	8	48
9.5% Interest rate; Multicredit Bank	900	Equipment	22	900
11% Interest rate; Cooperativa	5,400	None	77	5,092
14% Interest rate; multiple lenders	800	None	22	800
11% Interest rate, Cooperativa de Servicios Multiples, Panama R.L.	8,700	Cash	80	8,700
14% Interest rate, multiple lenders	5,000	None	113	5,000
9.5% Interest rate, Banco Nacional	769	Building	9	766
12% Interest rate, PDS Gaming Inc.	244	Equipment	7	224
13.5% Interest rate, PDS Gaming Inc	633	Equipment	17	605
10% Interest rate, Capital Bank	521	None	87	521
14% Interest rate, Digitalizada Corp Escuelita	5	None	-	2
13% Interest rate, Calimar Valle	200	None	5	200
12% Interest rate, First Financial	300	None	8	300
9.5% Interest rate, Mundial	17,361	Panama Shares		17,361
13% Interest rate, CIA Corporation	9,221	None	226	9,221
14% Interest rate, Las Palmas	223	None		223
Total additions				57,983
Additions of borrowings due to Panama acquistion:				7,967
Adjustments for foreign exchange on US$ debt in foreign subsididaries				294
Less repayments of borrowings				(19,737)
Total borrowings as at June 30, 2008				128,287
Less current portion				(24,451)
Total borrowings non-current as at June 30, 2008				$ 103,836

(Expressed in thousands of United States dollars)

11. Share Capital

	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 December 31, 2006 (1)	8,397,991	21,584
Exercise of options	287,347	185
Issued	9,500,000	77,136
Exercise of warrants	666,666	57
Balance as at December 31, 2007	18,852,004	$ 98,962
Exercise of options	284,412	282
Issued	500,000	-
Balance as at June 30, 2008	19,636,416	99,244

(1) Number of shares have been adjusted for the one for three reverse stock split that occurred in November 2007.

12. Related party transactions

Transactions with joint ventures

The accounts receivable for Thunderbird Panama balance was reduced to $Nil as of June 30, 2008 (December 31, 2007 - $2,383,000) due to the consolidation of 100% of the entity rather than the proportional consolidation utilized in prior periods. Also included in accounts receivable and intercompany notes receivable is $3,442,000 as of June 30, 2008 (December 31, 2007 - $3,223,000) due from Thunderbird de Costa Rica S.A. These amounts represent the balances due in excess of the Company's proportionate share of the net assets included up on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

(Expressed in thousands of United States dollars)

12. Related party transactions (cont'd)

Transactions with partners in operating entities

Included in loans payable are loans from partners in the Company's operating entities. The loans outstanding are as follows:

		June 30, 2008		December 31, 2007	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Panama partners	Panama	$ 1,576	$ 150	$ 1,845	$ 203
Nicaragua partners	Nicaragua	13	5	117	18
Total		$ 1,589	$ 155	$ 1,962	$ 221

Included in other liabilities are amounts due to the Company's partner in Costa Rica for $763,000 as of June 30, 2008 (December 31, 2007 – $444,000) and included in current liabilities was $1,043,000 as of March 31, 2008 (December 31, 2007 - $1,043,000) for their portion of management fees, which have been fully eliminated in the income statement. In other liabilities are amounts due to the Company's partner in its Philippines entity Eastbay Resorts, Inc. as of June 30, 2008 for $250,000 (December 31, 2007 - $302,000), for amounts due for their expenses associated with the securitization of the gaming license for that facility. Additionally, in other liabilities is $102,000 as of June 30, 2008 (December 31, 2007 - $135,000) due to a shareholder of the Nicaraguan operation for a loan for a small acquisition completed by the entity for Masaya.

Included in trade and other receivables is $224,000 as of June 30, 2008 (December 31, 2007 - $246,000) due from a shareholder in the Nicaraguan operation for their portion of the loan attributed to the purchase of the majority interest in Nicaragua in October 2004. Also included in trade and other receivables as of June 30, 2008 is $125,000 (December 31, 2007 $125,000) due from our Costa Rican partner for their portion of the repurchase of minority interest shares in the Garden Court Casino, and $698,000 as of March 31, 2008 (December 31, 2007 - $583,000) due from our Poro Point partner.

An officer owns indirectly 10% of Angular Investments S.A., which owns 50% of the Costa Rica operating entity.

Transactions with officers and directors

A Director received compensation under a consulting agreement in the amount of $39,000 for June 30, 2008 (December 31, 2007 - $78,000), and received commissions from the successful securitization of loans payable in the amount of $16,000 for June 30, 2008 (December 31, 2007 - $39,000) in addition to directors fees.

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

		June 30, 2008		December 31, 2007	
	Country	Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Philippines	$ 26	$ 3	$ 44	$ 9
Director	Philippines	54	4	68	11
Director	Corporate	97	4	104	9
Mother of Director	Philippines	76	6	91	14
Director	Philippines	68	5	80	18
Total		$ 321	$ 22	$ 387	$ 61

(Expressed in thousands of United States dollars)

12. Related party transactions (cont'd)

The loans to Costa Rica contained an equity interest in the subsidiary Thunderbird Gran Entretenimiento for which the loans benefited. Both the Director and the Director's mother received a 0.04% interest in the entity as a result of their loans. As of June 30, 2008 the Director and the Director's mother received $700 each (December 31, 2007 - $3,000 each) related to their ownership interest in this entity.

The Company employs immediate family members of the President of the Company, they are as follows:

Relation	Position	June 30, 2008 Salary (1)	December 31, 2007 Salary (1)
Spouse	Executive Assistant	$ 12	$ 28
Brother-in-law	Regional Counsel	16	82
Brother-in-law	General Manager	38	46
Brother-in-law	General Manager	38	39
Daughter	Assistant Analyst	36	44
Brother	Project Manager	42	78
Total		$ 182	$ 317

(1) includes bonuses and other compensation

13. Subsequent Events

The following events occurred subsequent to June 30, 2008:

a) In September of 2007, the Company entered into a shareholders' agreement with a local partner to jointly develop casino properties in Poland, beginning with the city of Lodz. Our application to the Polish Ministry of Finance for approval of the acquisition of a controlling interest in this joint venture, which we refer to as Casino Centrum, was approved in June of 2008. On July 2, 2008 the Company closed on the acquisition of two Casino Centrum facilities. The Company's affiliates along with its Partner purchased 37.94% and 33.33%, respectively, for a total of 71.27% of Casino Centrum for approximately $1.5 million from various Polish shareholders. The Company's partner Nisterio Investments Limited obligated itself to sell 13% of its holdings in Casino Centrum to Thunderbird's affiliate subject to obtaining the Ministry of Finance consent upon which the above shares may be transferred so Thunderbird's affiliate may hold approximately 51% of Casino Centrum and through a power of attorney Nisterio Investments Limited gave the Company its voting rights associated with the remaining stock of Centrum that it owns. The Company's obligation is for distributions to be 66.67% to its share and 33.33% to the partner notwithstanding the current ownership in order to comply with the agreement of the parties. The Company's affiliates and its partner are attempting to acquire the balance of the shares of Casino Centrum, in which case if successful, the ultimate ownership will be 66.67% to Thunderbird affiliates and 33.33% to the Partner. The Company is currently in the process of getting a valuation on the assets of Casino Centrum, but estimates the total goodwill and other intangible assets including brands and casino licenses will be approximately $750,000. The Casino Centrum locations have approximately 720 square meters of gaming and entertainment space with approximately 73 slot positions and 28 table positions.

(Expressed in thousands of United States dollars)

13. Subsequent Events (cont'd)

b) Due to a series of events the company will be restructuring its participation in the Tres Rios and Escazu projects in Costa Rica. In Tres Rios, the Company and its affiliate, King Lion Network S.A., have invested approximately $12 million as of July 31, 2008, for the acquisition of the land, the infrastructure development including roads around and through the property, bridges, a highway off-ramp and major entrance bridge, and the eight commercial lots comprising the Tres Rios property. The Company and its affiliates had anticipated receiving additional loans to complete the infrastructure, the hotel and the shell for the casino. For financial reasons unrelated to the Tres Rios project, a local government-owned bank that had previously made a conditional financing commitment to the project, has temporarily suspended the granting of new loans of this magnitude.

The Company and its affiliates are currently pursuing other financing options. Additionally, as previously disclosed the Costa Rica executive branch has issued a decree scheduled to go into effect in December 2008 (barring legal or legislative action) which will limit new casinos to one slot machine per room and one table game per ten rooms at the associated hotel. The Tres Rios hotel will require more rooms for the associated casino to have the number of rooms and tables originally intended. Consequently other financing structures are being pursued, including additional financial investors in the hotel and converting the hotel into a "condo hotel" with the Company or its affiliate as manager of the hotel.

The Company's general plan with respect to Costa Rica development is to minimize the amount the Company will invest in the hotel and maximize third party investment in the hotel allowing the company to focus on the casino construction. While these options are being pursued the "on-site" construction at Tres Rios could be suspended during Q-4 2008 until the above options have been successfully implemented. Due to these "changed circumstances", we do not anticipate Tower One of the Tres Rios condo-hotel and the casino to be operational before the third quarter of 2009. Due to these "changed circumstances", we do not anticipate Tower One of the Tres Rios condo-hotel and the casino to be operational before the third quarter of 2009.

Also, as a result of the new decree mentioned above, the Company is developing a structure to advance during the third quarter of 2008, whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica at Escazu area of San Jose, Costa Rica, will be transferred to a third-party which will financially commit to construct a three hundred room hotel or condo-hotel within a given time frame. Land for the casino will be retained by Thunderbird's affiliate for the associated casino. Due to these "changed circumstances", we do not anticipate the Escazu hotel and casino to be operational before the first quarter of 2011.

These developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities.

c) On July 9, 2008, Thunderbird's wholly owned subsidiary in Peru purchased 100% 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. Over 70% of the purchase price was paid from funds previously raised by the Company in a recent debt offering with the balance of the purchase price being paid from the Company's cash reserves. Thunderbird has taken possession of the facilities and is managing the operations. The $12.5 million purchase price may be adjusted upward or downward in the 60 day period following the closing to reflect certain changes in working capital that may occur. In addition, a material portion of the purchase price will be held in escrow as certain liabilities and accounts receivables are resolved during the "post closing" period. The five facilities owned by these two Thunderbird subsidiaries have approximately 500 slot positions in five locations in Peru. There are no table games in these locations. The Company intends to upgrade current slots and add additional slot positions as demand warrants. The locations and facilities description are as follows:

	Total Square Meters	Slots
Lima	500	180
Cuzco	250	81
Tacna	400	140
Iquitos	200	91
La Oroya	150	45

13. Subsequent Events (cont'd)

d) In July 2008 the Company was notified by the British Columbia Securities Commission ("BCSC") that under its rules in Canada, the Company did not file a Business Acquisition Report ("BAR") with respect to its July 27, 2007 acquisition of the "Hoteles Las Americas" properties. According to the BCSC, the "BAR" was to have been filed within a 120 day time period (by November 27, 2007) following the completion of the Company's previously announced acquisition of the "Hoteles Las Americas" properties in Lima, Peru. The "Hoteles Las Americas" acquisition was consummated and announced on July 27, 2007. The Company "posted" substantially all of the information that is otherwise contained in the BAR on the Company's web page through two "Information Statements" dated October 17, 2007 and November 21, 2007. Regardless of these postings, the Company will file the BAR on SEDAR and with other appropriate regulators once the BCSC indicates it has no further comments with respect to the draft BAR. The BAR will also be posted on the Company's website. Due to the BAR not being filed on a timely basis, the BCSC has placed the Company on what is identified as an "Issuers in Default List" dated as of July 16, 2008 and posted to the BCSC website. The Company anticipates being removed from the "Issuers in Default List" after the filing and acceptance of the BAR by the BCSC.

e) The Company closed on a stock purchase agreement to acquire a controlling interest in our "flagship property" in Costa Rica. The stock purchase was made from the group of investors that had originally invested in this property in 2004 and had comprised a minority interest in the affiliate that operates this property. The Company previously owned a 42% interest in the affiliate and now owns 53 % of this property, "Fiesta Casino-Garden Court". The purchase price for the additional 12.34% acquisition was approximately $1.7 million. The Company will seek to acquire an additional 5.5% ownership in this affiliate from the minority owners as conditions allow.

f) In Panama, the Company currently owns 61.36% of International Thunderbird (Panama) Corporation and in August 2008 received approval to purchase another 2.27% of the shares in its Panama operation. The purchase of these shares is expected to close during the third quarter of 2008. Additionally, the Company has entered into a Stock Purchase Agreement to acquire an additional 4.55% of the total issued and outstanding shares in this operation from minority selling shareholders. The purchase price for this 4.55% is approximately $3.4 million. The closing is contingent on the Company receiving approval from the Panama regulatory authority that approved Thunderbird's acquisition in January 2008 of 11.36% of the total issued and outstanding shares. We anticipate approval on this purchase by the end of the fourth quarter 2008.

g) In Panama, Hotel Nacional – David, Chiriqui opened its 883 square meter expansion on August 8, 2008 with 73 slot machines along with a new Pirates Bar and Grill.

Our ref JAR/PMDE/T01930
The Directors
Thunderbird Resorts Inc
12155 Dearborn Place
POWAY
CA 92064

15 October 2008

Dear Sirs

THUNDERBIRD RESORTS INC. (THE COMPANY)

We report on the pro forma financial information (the "Pro forma financial information") set out on pages F-112 to F-122 of the Prospectus dated 15 October 2008, which has been prepared on the basis described on page F-112, for illustrative purposes only, to provide information about how the acquisitions of the acquisition of the HLA hotels and assets on 27 July 2007 and the acquisition of a controlling interest of International Gaming (Panama) Corporation might have affected the financial information presented on the basis of the accounting policies adopted by Thunderbird Resorts Inc. in preparing the historical financial information for the year ended 31 December 2007.

This report is required by paragraph 20.2 of Annex 1 to the Prospectus Regulation and is given for the purpose of complying with that regulation and for no other purpose.

RESPONSIBILITIES

Save for any responsibility arising under 20.2 of Annex 1 to the Prospectus Regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with 20.2 of Annex 1 to the Prospectus Regulation consenting to its inclusion in the Prospectus.

It is the responsibility of the directors of Thunderbird Resorts Inc. to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

BASIS OF OPINION

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Thunderbird Resorts Inc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Thunderbird Resorts Inc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated;

and

(b) such basis is consistent with the accounting policies of Thunderbird Resorts Inc.

DECLARATION

We are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the Prospectus Regulation.

Yours faithfully

GRANT THORNTON UK LLP

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information is based on the consolidated historical financial information of Thunderbird Resorts Inc. (Company), La Caja, Servico de Hoteles S.A.C., the prior owner of Hoteles Las Americas, and International Thunderbird Gaming (Panama), and has been prepared to illustrate the financial effect of the Company's acquisition of (1) the Hoteles Las Americas (HLA) properties and associated assets and (2) an additional 11.36% of International Thunderbird Gaming (Panama), Inc. (Panama) with associated companies. The pro forma financial information should be read in conjunction with the Company's consolidated historical financial information for the year ended December 31, 2007 and the audited financial statements of La Caja Servico de Hoteles S.A.C. for the period January 1, 2007 to July 26, 2007, all of which are located elsewhere in this prospectus. The financial statements of La Caja Servico de Hoteles S.A.C. were completed for the acquired properties and associated assets of the operating entity.

The unaudited pro forma financial information set out below assumes that the acquisitions of HLA and the 11.36% of International Thunderbird Gaming (Panama) with associated companies were consummated on January 1, 2007 for purposes of the unaudited pro forma income statement and balance sheet for the year ended December 31, 2007.

This unaudited pro forma financial information reflects the HLA and Panama acquisitions based upon purchase accounting adjustments.

Income and costs associated with the HLA assets subsequent to the acquisition for the HLA transaction have been included in the historical financial information of Thunderbird Resorts, Inc. for 2007; therefore, this pro forma analysis includes adjustments only for income and costs prior to the acquisition. Estimates for income and cost changes subsequent to the acquisition for the Panama transaction have not been included in this pro forma analysis.

On July 27, 2007, the Company completed the acquisition of the hotels and associated assets, including the plant, property and equipment and inventory, associated with the Hoteles Las Americas (HLA) chain of hotels. The assets, land, buildings and related assets were purchased and no liabilities were assumed for a purchase price of $43.5 million. The adjustments included in this pro forma financial information relate to the increase in depreciation and finance charges associated with the value of the assets acquired and from debt obligations arising from the funding of the acquisition price as if the transaction occurred on January 1, 2007. The assets and debt obligation arising from the acquisition are included in the Company's audited financial statements for the period ended December 31, 2007.

On January 15, 2008, the Company completed the acquisition of an additional 11.36% of the outstanding stock of International Thunderbird Gaming (Panama) Corporation, 11.36% of the Inmobilaria Bilbao S.A. and 22.72% of the outstanding stock of IGC. These purchases gave the Company a total of 61.36% ownership of the Panama entity and control over its operations. As a result the Company will consolidate 100% of the Panama operations versus the proportional consolidation of 50% of the Panama operation that was reported in the Company's historical financial information for the period ended December 31, 2007. The adjustments included in this pro forma financial information relate to the purchase accounting of the acquisition of the additional 11.36% of Panama and the associated entities as well as the change in accounting treatment, i.e. full consolidation due to the gain in control of the entity.

THUNDERBIRD RESORTS, INC.
UNAUDITED PROFORMA BALANCE SHEET
AS AT DECEMBER 31, 2007
(Expressed in thousands of United States dollars)

	Thunderbird Resorts Inc. (audited)	Hoteles Las Americas As at 7-27-07 (audited)	Panama Consolidated 50% (Note 4) (audited)	Proforma Adjustments (unaudited)	Note	Thunderbird Resorts Inc. Proforma (unaudited)
Assets						
Non-current assets						
Property, plant and equipment	$ 114,525	$ -	$ 13,369	$ (918)	2	$ 126,976
Intangible assets	2,637	-	910			3,547
Investments in associates	1,187	-	-	9,751	5	10,938
Deferred tax asset	293	-	183	(182)	5	294
Trade and other receivables	7,492	-	967			8,459
Total non-current assets	126,134	-	15,429	8,651		150,214
Current assets						
Trade and other receivables	9,419	-	698			10,117
Inventories	2,846	-	522			3,368
Restricted cash	5,245	-	1,366	-		6,611
Cash and bank balances (aa)	71,656	1,269	1,250	(14,249)	3,5	59,926
Total current assets	89,166	1,269	3,836	(14,249)		80,022
Total assets	$ 215,300	$ 1,269	$ 19,265	$ (5,598)		$ 230,236

(aa) The reduction in cash resulted from the purchase of the Panama interest of $10,695,000 (Note 5) and the additional interest expense associated with the HLA acquisition of $3,554,000 (Note 3).

THUNDERBIRD RESORTS, INC.
UNAUDITED PROFORMA BALANCE SHEET
AS AT DECEMBER 31, 2007
(Expressed in thousands of United States dollars)

(Continued ….)

	Thunderbird Resorts Inc. (audited)	Hoteles Las Americas As at 7-27-07 (audited)	Panama Consolidated 50% (Note 4) (audited)	Proforma Adjustments (unaudited)	Note	Thunderbird Resorts Inc. Proforma (unaudited)
Equity and liabilities						
Capital and reserves						
Issued capital	$ 103,700	$ -	$ 3,986	$ (3,986)	5	$ 103,700
Retained earnings (bb)	(30,088)	1,269	946	(7,152)	2,3,6	(35,025)
Translation adjustment	1,124	-		-		1,124
Equity attributable to equity holders of the parent	74,736	1,269	4,932	(11,138)		69,799
Minority interest	5,093			5,540	6	10,633
Total equity	79,829	1,269	4,932	(5,598)		80,432
Non-current liabilities						
Borrowings	66,354	-	7,333	-		73,687
Capital lease obligations	19,726	-	-	-		19,726
Derivative financial instruments	1,196	-	-	-		1,196
Other financial liabilities	82	-	-	-		82
Deferred tax liabilities	1,006	-	820	-		1,826
Provisions	3,500	-	721	-		4,221
Due to related parties	881	-	602	-		1,483
Other liabilities	688	-	-	-		688
Total non-current liabilities	93,433	-	9,476	-		102,909
Current liabilities						
Trade and other payables	20,802	-	1,607	-		22,409
Borrowings	15,426	-	2,432	-		17,858
Current portion of capital lease obligations	2,755	-	-	-		2,755
Other finaincial liabilities	51	-	-	-		51
Current tax liabilities	1,525	-	153	-		1,678
Provisions	1,479	-	665	-		2,144
Total current liabilities	42,038	-	4,857	-		46,895
Total liabilities	135,471	-	14,333	-		149,804
Total equity and liabilities	$ 215,300	$ 1,269	$ 19,265	$ (5,598)		$ 230,236

(bb) The pro forma adjustments related to retained earnings consist of the additional depreciation costs and the additional financing costs of for the HLA acquisition, the minority interest expense of associated with the Panama acquisition, and the elimination of the additional 50% of the Panama retained earnings. These adjustments are summarized as follows:

HLA deprecation adjustment – see Note 2	$	918,000
HLA interest adjustments – see Note 3		3,554,000
Panama acquisition – see Note 5		949,000
Panama minority interest – see Note 6		1,731,000
Total adjustments	$	7,152,000

THUNDERBIRD RESORTS, INC.
UNAUDITED PROFORMA INCOME STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2007
(Expressed in thousands of United States dollars)

	Thunderbird Resorts Inc. (audited)	Hoteles Las Americas As at 7-27-07 (audited)	Panama Consolidated 50% (Note 4) (audited)	Proforma Adjustments (unaudited)	Note	Thunderbird Resorts Inc. Proforma (unaudited)
Net gaming wins	$ 88,193	$ -	$ 26,423	$ -		$ 114,616
Food, beverage and hospitality sales	11,582	7,953	1,698	-		21,233
Net gaming and sales	99,775	7,953	28,121			135,849
Cost of goods sold	(36,885)	(3,614)	(12,989)	-		(53,488)
Gross profit	62,890	4,339	15,132	-		82,361
Other operating (costs) income						
General and administrative	(35,906)	(2,257)	(8,729)	-		(46,892)
Project development	(2,482)	-	-	-		(2,482)
Depreciation and amortization	(10,244)	(706)	(2,987)	(918)	2	(14,855)
Other gains and losses	(5,387)	(91)	472	-		(5,006)
Operating profit	8,871	1,285	3,888	(918)		13,126
Financing						
Financing (costs)	(10,458)	(45)	(917)	(3,554)	3	(14,974)
Financing income	464	29		-		493
Finance costs, net	(9,994)	(16)	(917)	(3,554)	3	(14,481)
Share of (losses)/profits of associates	(190)					(190)
Profit (loss) before tax	(1,313)	1,269	2,971	(4,472)		(1,545)
Income taxes expense						
Income tax expense	(2,913)	-	(731)	-		(3,644)
Profit (loss) for the year	$ (4,226)	$ 1,269	$ 2,240	$ (4,472)		$ (5,189)
Attributable to:						
Equity holders of the parent	(6,508)	1,269	2,240	(6,203)		(9,202)
Minority interest	2,282			1,731	6	4,013
	$ (4,226)	$ 1,269	$ 2,240	$ (4,472)		$ (5,189)

NOTE 1: BASIS OF PROFORMA PRESENTATION HOTELES LAS AMERICAS ACQUISITION

The purchase of the assets and the debt obligations associated with the acquisition are included in the Company's historical financial information for the period ended December 31, 2007. The pro forma financial information has been adjusted to only include the pre-acquisition earnings for the audited period from of January 1, 2007 to July 27, 2007. This adjustment increased retained earnings and increased cash in this pro forma balance sheet, as the revenues associated with the business are primarily derived from cash sales.

The pro forma financial information treats the acquisition of the assets of HLA as if it had occurred on January 1, 2007.

The acquisition has been accounted for using the purchase method of accounting; accordingly, the Company's acquisition cost has been allocated to the assets acquired at their respective provisional fair values on the date of the acquisition and any excess over the aggregate provisional fair value has been recognized as goodwill.

The pro forma financial information includes estimated adjustments based on the provisional fair values of the assets acquired and represents management's estimates based on available information. The pro forma adjustments included herein may be revised as additional information becomes available and as additional analyses are performed.

(Expressed in thousands of United States dollars)

NOTE 2: HOTELES LAS AMERICAS DEPRECIATION EXPENSE

Depreciation expense has been increased for the period from January 1, 2007 to July 27, 2007 to reflect increased deprecation for the fair value of the assets. Management has estimated the remaining useful lives of the assets as explained below. The depreciation is then calculated on a straight line basis over the estimated life of the asset. The pro forma depreciation expense adjustment is calculated on a yearly basis according to the table below, then the estimated depreciation expense charged from August to December 2007, and actual depreciation expense recorded pre-acquisition, are removed to determine the amount of the depreciation adjustment. The depreciation expense calculation is as follows:

	Basis	Depreciation Rate year (a)	Monthly Depreciation	Accum Dep 12 months
Buildings (1)	$ 31,007	5%	$ 129	$ 1,550
Furniture (2)	4,614	20%	77	923
Other assets (2)	1,561	20%	26	312
Trademark (3)	29	10%	0	3
Total	$ 37,210		$ 232	$ 2,788

Description	Value
Yearly depreciation	$ 2,788
Depreciation from August to December 2007	(1,162)
Depreciation recorded by HLA	(708)
Adjustment	$ 918

(a) The depreciation rates above represent the yearly percentage of the asset carrying value that is depreciated.

(1) A majority of the buildings were built during the mid 1990s and the condition of the buildings is good; for this reason management estimates the useful lives for the building assets to be approximately 20 years.
(2) The estimated useful life of furniture and other assets when new is 10 years. Management estimates that on average the remaining lives of these assets is 5 years.
(3) The carrying value of the trademark is amortized over 10 years.

THUNDERBIRD RESORTS, INC.
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFOMRATION
(Expressed in thousands of United States dollars)

NOTE 3: INTEREST AND FINANCING COSTS

Pro forma interest and financing costs included in the pro forma financial information include debt issuance costs in the amount of $1,914,000 that were paid for the closing of loans taken out to fund the HLA acquisition. The debt issuance costs are netted against the gross loan and will be amortized as financing costs over the life of the loans. If a loan is paid off prior to the end of the term the remaining capitalized debt issuance costs will be expensed. The pro forma interest expense of $6,169,000 for December 31, 2007 was calculated as follows:

Financing costs (in thousands)	**Principal**	**Interest Rate**	**12 months 12/31/2007**
Bank funding $20,000,000	$ 20,000	9.75%	$ 1,950
Private funding $18,590,000	18,590	10.0%	1,859
Private funding $1,000,000	1,000	13.5%	135
Private funding $14,336,000	14,336	12.0%	1,720
Total funding and financing costs	$ 53,926		$ 5,664

Amortization of debt Issuance costs	**Debt Issuance Cost**	**Years amortized**	**12 months 12/31/2007**
Bank funding $20,000,000	$ 357	10	$ 36
Private funding $18,590,000	844	7	121
Private funding $18,590,000	40	3.5	11
Private funding $14,336,000	673	2	337
Total	$ 1,914		$ 505
Total proforma financing costs			$ 6,169

Description	**Value**
Yearly interests and costs	$ 6,169
Interest recognized from August to December 2007	(2,570)
Interest recorded by HLA pre acquisition	(45)
Adjustment	$ 3,554

THUNDERBIRD RESORTS, INC.
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFOMRATION
(Expressed in thousands of United States dollars)

NOTE 4: BASIS OF PROFORMA PRESENTATION PANAMA ACQUISITION

On January 15, 2008, the Company acquired an additional 11.36% of the total outstanding shares of International Thunderbird Gaming (Panama) Corporation, 11.36% Inmobiliaria Bilbao, S.A., and 22.72% of IGC, which purchases resulted in the Company owning 61.36% of the Panama entity and control over its Panamanian operations. Due to the change in control, the Company will consolidate 100% of revenue, costs, assets and liabilities of the Panama entity and recognize a minority interest expense and a liability as of the acquisition date. As of December 31, 2007, the Company proportionally consolidated 50% of the Panama entity and did not recognize minority interests. Inmobiliaria Bilbao S.A. is consolidated within the audited financial statements of International Thunderbird Gaming (Panama) Corporation and GFN is consolidated within the audited financial statements of Thunderbird Resorts, Inc. GFN Finance Corp. holds a loan receivable from International Thunderbird (Panama) Corporation as its only asset and has minor expenses associated with the management of the entity. The consolidation of the entities is shown below and 50% of the consolidated total is used as the basis for the Panama adjustments within this pro forma financial information.

Assets	TB Panama 2007	GFN/IGC 2007	Total	*Eliminations*	Consolidated *Total*	Panama/GFN 2007 at 50%
Non-current assets						
Property, plant and equipment	$ 26,737	$ -	$ 26,737		$ 26,737	$ 13,369
Intangible Assets	1,819	-	1,819		1,819	910
Investments in associates	365	-	365		365	183
Trade and other receivables	1,933	-	1,933		1,933	967
Total Non-current assets	30,854	-	30,854	-	30,854	15,429
Current assets						
Trade and other receivables	1,395	-	1,395		1,395	698
Related party receivables	-	3,742	3,742	(3,742)	-	-
Inventories	1,044	-	1,044		1,044	522
Restricted Cash	2,731	-	2,731		2,731	1,366
Cash and bank balances	2,395	105	2,500		2,500	1,250
Total current assets	7,565	3,847	11,412	(3,742)	7,670	3,836
Total assets	$ 38,419	$ 3,847	$ 42,266	$ (3,742)	$ 38,524	$ 19,265
Equity and liabilities						
Capital and reserves						
Issued Capital	$ 4,400	$ 3,572	$ 7,972		$ 7,972	$ 3,986
Retained Earnings	1,604	282	1,886		1,886	946
Equity attributable to equity holders of the parent	6,004	3,854	9,858	-	9,858	4,932
Total equity	6,004	3,854	9,858	-	9,858	4,932
Non-current liabilities						
Borrowings	14,665	-	14,665		14,665	7,333
Deferred tax liabilities	1,639	-	1,639		1,639	820
Provisions	1,442	-	1,442		1,442	721
Total non-current liabilities	17,746	-	17,746	-	17,746	8,873
Current liabilities						
Trade and other payables	3,222	(7)	3,215		3,215	1,608
Borrowings	4,864	-	4,864		4,864	2,432
Due to Related parties	4,946	-	4,946	(3,742)	1,204	602
Current tax liabilities	306	-	306		306	153
Accrud expenses and other liabililities	1,331	-	1,331		1,331	665
Total current liabilities	14,669	(7)	14,662	(3,742)	10,920	5,460
Total liabilities	32,415	(7)	32,408	(3,742)	28,666	14,333
Total equity and liabilities	$ 38,419	$ 3,847	$ 42,266	$ (3,742)	$ 38,524	$ 19,265

THUNDERBIRD RESORTS, INC.
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFOMRATION
(Expressed in thousands of United States dollars)

NOTE 4: BASIS OF PROFORMA PRESENTATION PANAMA ACQUISITION (cont'd)

INCOME STATEMENT	TB Panama 2007	GFN/IGC 2007	Total	*Eliminations*	Consolidated *Total*	Panama/GFN 2007 at 50%
Net gaming wins	$ 52,845	$ -	$ 52,845		$ 52,845	$ 26,423
Food, beverage and hospitality sales	3,396	-	3,396		3,396	1,698
Net gaming and sales	56,241	-	56,241	-	56,241	28,121
Cost of goods sold	(25,977)	-	(25,977)		(25,977)	(12,989)
Gross Profit	30,264	-	30,264	-	30,264	15,132
Other operating (costs) income						
General and administrative	(17,449)	(8)	(17,457)		(17,457)	(8,729)
Project development	-	-	-		-	-
Depreciation and amortization	(5,974)	-	(5,974)		(5,974)	(2,987)
Other gains and losses	942	3	945		945	473
Share of profits of associates	-	-	-		-	-
Operating Profit	7,783	(5)	7,778	-	7,778	3,889
Financing						
Financing (costs)	(2,473)	-	(2,473)	639	(1,834)	(917)
Financing income	-	639	639	(639)	-	-
Profit before tax	5,310	634	5,944	-	5,944	2,972
Income taxes expense						
Current	(1,279)	(22)	(1,301)		(1,301)	(651)
Future	(161)	-	(161)		(161)	(81)
Income tax expense	(1,440)	(22)	(1,462)	-	(1,462)	(731)
Profit for the year	$ 3,870	$ 612	$ 4,482	$ -	$ 4,482	$ 2,241

(Expressed in thousands of United States dollars)

NOTE 5: THUNDERBIRD PANAMA ACQUISITION

A. The amount paid for the purchase of the additional shares in the Panama operations was $10,695,000. The additional shares were purchased for cash; therefore, this pro forma shows the decrease in cash of $10,695.000. For pro forma purposes the transaction is presented as if it occurred on January 1, 2007 to show the effect of the acquisition for the entire 2007 year.

The purchase price exceeded the acquired assets' net book value by $9,571,000 and that excess amount was recognized as goodwill. In addition, the Panama operation held an interest in the Company's Nicaraguan subsidiary; the recognition of this additional interest increased goodwill recognized in the Company's Nicaragua subsidiary by $182,000. Thunderbird management did not commission a third party valuation of the assets and liabilities as they consider that the book value of the assets is equivalents to the fair value of the assets due to the following:

- Most of the Panama entities' operations are based out of leased buildings or areas within leased buildings.
- Thunderbird owns all trademarks and brands used by the Panamanian entity.
- The Panama entity owns one building, which was recently purchased and upgraded within the year prior to the acquisition.
- The liabilities consist of borrowings which are presented at cost, net of borrowing cost incurred, which is materially the same as the fair value.

The resulted goodwill is calculated as follows:

International Thunderbird Gaming (Panama) net assets as of December 31, 2007	$	9,858
Increased by pre-acquisition net income		57
Assumed Panama net assets at January 15, 2008		9,915
Total Company investments through January 31, 2008		10,695
Book value of 11.36% investment at January 15, 2008		1,126
Excess over book value		9,569
Investment in Nicaragua held by Panama		182
Goodwill	$	9,751

B. To consolidate the Panama operations in to the financial results of Thunderbird an adjusting consolidating entry must be completed whereby the investment in subsidiary of 10,695,000 is eliminated, 50% of prior retained earnings plus capital are eliminated, and goodwill and minority interest are recognize.

The entry is as follows:

Description		**Value**
Equity	$	(3,986)
Retained earnings		(949)
Minority interest		3,809
Additional interest in Nicaragua		182
Elimination of investment in subsidiary		10,695
Goodwill	$	9,751

THUNDERBIRD RESORTS, INC.
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFOMRATION
(Expressed in thousands of United States dollars)

NOTE 6: MINORITY INTEREST CALCULATION

After the acquisition, the minority interest of Thunderbird Gaming (Panama) and GFN consist of 38.64% of total net assets. Minority interest is calculated as follows:

Description		**Value**
Total Assets as of December 31, 2007	$	38,524
Total Liabilities as of December 31, 2007		28,666
Net Asset		9,858
Minority Interest 38.64% of net assets	$	3,809
Profit for the year	$	4,481
Minority interest 38.64% of profits		1,731
Total minority interest	$	5,540

AUDITED FINANCIAL STATEMENTS OF
LA CAJA, SERVICIO DE HOTELES S.A.C.
FOR THE PERIOD FROM 1 JULY 2007 TO 26 JULY 2007
AND FROM 1 JANUARY 2007 TO 30 JUNE 2007.

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS AND STOCKHOLDERS
THUNDERBIRD RESORTS, INC.

We have audited the accompanying financial statements of **LA CAJA, SERVICIO DE HOTELES S.A.C.** (hereinafter the Company), a subsidiary of Caja de Pensiones Militar Policial, which comprise of the balance sheets as of July 26, 2007 and June 30, 2007, and the related statements of income and comprehensive income, changes in shareholders' equity and cash flows for the period from July 1, 2007 to July 26, 2007 and January 1, 2007 to June 30, 2007 (all expressed in U.S. dollars), and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financing Reporting Standard (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Company as of July 26, 2007 and June 30, 2007, and the results of its operations and its cash flows for the period from July 1, 2007 to July 26, 2007 and January 1, 2007 to June 30, 2007, in accordance with International Financing Reporting Standard (IFRS).

Financial statements have been prepared assuming that the Company will continue to operate under the accounting principle of going concern. In this respect, as described in Note 1, on July 26, 2007 the Caja de Pensiones Militar Policial from Peru sold all the buildings, furniture, operating assets, and inventories, that the Company had recorded as this date, and assigned all its rights in the trademarks, licenses and software, which conform to its hotel business, leaving the company without assets to continue operating as a going concern. The financial statements do not include any adjustments if the Company is unable to continue as a going concern.

The accompanying financial statements have been translated into English for convenience of the readers.

Countersigned by:

______________________________(Partner)
ADRIANO WENCIS VIGO SILVA
CPC REGISTER No. 12680

Lima, Perú
March 28, 2008

LA CAJA, SERVICIO DE HOTELES S.A.C.

BALANCE SHEETS
AS OF JULY 26, 2007 AND JUNE 30, 2007

ASSETS	Notes	July 26	June 30
		US$000	US$000
NON-CURRENT ASSETS:			
Property, furniture and equipment, net	6	25,053	25,154
Operating assets		916	907
Intangible, net		30	30
Total non-current assets		25,999	26,091
CURRENT ASSETS:			
Cash		816	974
Trade accounts receivable, net	3	1,307	1,246
Other accounts receivable, net	4	160	59
Inventories	5	389	430
Prepaid expenses		16	34
Total current assets		2,688	2,743
TOTAL ASSETS		28,687	28,834
LIABILITIES AND STOCKHOLDERS' EQUITY			
STOCKHOLDERS' EQUITY:			
Retained earnings	8	(13,754)	(13,443)
Accumulated other comprehensive income		1,045	1,096
Total stockholders' equity		(12,709)	(12,347)
NON-CURRENT LIABILITIES:			
Deferred revenue		2	4
CURRENT LIABILITIES:			
Tax payable		88	51
Trade accounts payable		213	347
Accounts payable to related companies	7	40,874	40,557
Other accounts payable		219	222
Total current liabilities		41,394	41,177
Total liabilities		41,396	41,181
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		28,687	28,834

See notes to financial statements.

LA CAJA, SERVICIO DE HOTELES S.A.C.

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 1, 2007 TO JULY 26, 2007 AND
JANUARY 1, 2007 TO JUNE 30, 2007

	July 1, to July 26 US$000	January 1, to June 30 US$000
NET SALES	1,117	6,836
COST OF SALES	(583)	(3,031)
GROSS MARGIN	534	3,805
OPERATING EXPENSES:		
Third-party services	(378)	(1,230)
Taxes	(26)	(164)
Sundry management charges	(119)	(340)
Provisions:		
Depreciation and amortization	(116)	(590)
Doubtful accounts	-	(26)
Total	(639)	(2,350)
INCOME (LOSS) FROM OPERATIONS	(105)	1,455
OTHER INCOME (EXPENSES):		
Financial income	2	27
Finance charges	(8)	(37)
Miscellaneous, net	(200)	135
Total	(206)	125
NET INCOME (LOSS) BEFORE OTHER COMPREHENSIVE INCOME	(311)	1,580
OTHER COMPREHENSIVE INCOME:		
Current translation adjustment	(51)	(377)
NET INCOME (LOSS)	(362)	1,203

See notes to financial statements.

LA CAJA, SERVICIO DE HOTELES S.A.C.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JULY 1, 2007 TO JULY 26, 2007 AND JANUARY 1, 2007 TO
JUNE 30, 2007

	Retained Earnings	Accumulated Other Comprehensive Income	Total
	US$000	US$000	US$000
Balance as of January 1, 2007	(15,023)	1,473	(13,550)
Net income	1,580	-	1,580
Current translation adjustment	-	(377)	(377)
Balance as of June 30, 2007	(13,443)	1,096	(12,347)
Net loss	(311)	-	(311)
Current translation adjustment	-	(51)	(51)
Balance as of July 26, 2007	(13,754)	1,045	(12,709)

See notes to financial statements.

LA CAJA, SERVICIO DE HOTELES S.A.C.

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2007 TO JULY 26, 2007 AND
JANUARY 1, 2007 TO JUNE 30, 2007

	July 1, to July 26 US$000	January 1, to June 30 US$000
OPERATING ACTIVITIES:		
Net income (loss)	(362)	1,203
Adjustments to net income (loss):		
Depreciation and amortization	116	590
Other	(15)	32
Changes in balance sheet accounts:		
Trade accounts receivable	(61)	(315)
Other accounts receivable	(101)	10
Inventories	41	9
Prepaid expenses	18	(10)
Tax payable	37	(24)
Trade accounts payable	(134)	(121)
Accounts payable to related companies	317	(973)
Defered revenue	(2)	2
Other accounts payable	(3)	197
Net cash provided by (used in) operating activities	(149)	600
INVESTING ACTIVITIES:		
Purchase of operating assets	(9)	-
Cash used in investing activities	(9)	-
NET INCREASE (DECREASE) IN CASH	(158)	600
CASH AT BEGINNING OF THE PERIOD	974	374
CASH AT END OF THE PERIOD	816	974

See notes to financial statements

LA CAJA, SERVICIO DE HOTELES S.A.C.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM JULY 1, 2007 TO JULY 26, 2007 AND JANUARY 1, 2007 TO JUNE 30, 2007

1. ECONOMIC ACTIVITY

LA CAJA, SERVICIO DE HOTELES S.A.C. (hereinafter the Company), a 99.90%-owned subsidiary of Caja de Pensiones Militar Policial from Peru (CPMP), was constituted in Lima, Peru by public deed dated May 15, 2001, develops its hotel activities through the operation of the following hotels: Hotel & Suites Las Américas, Suites Las Américas, Apart Hotel Las Américas, and Residencial Las Americas, in the district of Miraflores; Hotel Carrera, in the district of Lince, and Resort & Centro de Convenciones El Pueblo, in the district of Ate Vitarte. The Company's legal domicile, where its administrative and marketing offices are located, is at Av. Benavides 415, Miraflores, Lima, Perú.

Subsequent events

On July 26, 2007, CPMP and Thunderbird Hoteles Las Américas S.A. (Thunderbird) signed the following contracts:

- Real estate purchase and sale contract, by which CPMP sold to Thunderbird the related to its hotel business including land, customs, servitude, entrances and exits, open air, constructions and in general all formal and legal matters involving the buildings.
- Movable assets purchase and sale contract, by which CPMP sold to Thunderbird the furniture related to hotel business, including pieces of furniture, operating assets, stocks and commission expenses refunds.
- Contractual position give in contract, by which CPMP gave in to Thunderbird its contractual rights and obligations against third parties contract.
- Rights give in contract, by which CPMP gave in to Thunderbird its rights over trades registered in INDECOPI as well as licenses and software.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting principles and practices applied by the Company for recording the transactions and the preparation of the financial statements are as follows:

(a) Remeasurement of Peruvian Nuevo Sol Statements to U.S. Dollar Statements

The Company books of record are maintained in Peruvian nuevos soles the currency of the country in which the Company is incorporated and operates, and the financial statements in Peruvian nuevos soles, have been remeasured into U.S. dollars, (the functional currency of the Company), for purposes of inclusion in the consolidated financial statements of Thunderbird Resorts, Inc., in accordance with International Accounting Standards N° 21 (IAS 21). Such remeasurement should not be construed as a representation that Peruvian nuevos soles could be translated into U.S. dollars at the rate used or at any other rate. The financial statements for the period from July 1, 2007 to July 26, 2007 and January 1, 2007 to June 30, 2007, have been prepared in conformity with the International Financing Reporting Standard (IFRS), to be including in the consolidated financial statements of Thunderbird Resorts, Inc.

(b) Use of Estimates in Preparing Financial Statements

The preparation of financial statements requires management to make estimates and assumptions, based on their best judgement and knowledge, for the determination of certain balances of assets and liabilities and of income and expense amounts included in the financial statements, and for the disclosure of contingent assets and liabilities. If in the future, the circumstances on which the estimates and assumptions are based were different, the corresponding estimates would be modified and their effects would be included in the determination of net income/loss for the year in which such change occurred.

(c) Foreign Currency Transactions and Translation

Monetary assets and liabilities, including the inventories, have been translated into U.S. dollars at the offer and demand exchange rate at period – end of S/.3.164 sale and S/.3.163 purchase (S/.3.169 sale and S/.3.167 purchase to June 30, 2007) per US$1.00. Non monetary assets (fixed assets, accumulated depreciation, intangible assets, accumulated amortization, and operating assets) and the equity accounts at the U.S. dollar historical exchange rate. Income and expense items have been translated at exchange rate of S/.3.166 (S/.3.181 in the period January 1, 2007 to June 30, 2007) per US$1.00, which approximate the weighted average of the rates prevailing during the periods July 1, 2007 to July 25, 2007 and January 1, 2007 to June 30, 2007. Translation adjustment is reported as a separate component of accumulated other comprehensive income.

(d) Trade Accounts Receivable and Provisions for doubtful accounts

Trade accounts receivable are recorded at their nominal value and stated net of the provision for doubtful accounts, which the Company estimates according to policies established by Management, considering, among other factors, age of debt and payment history, so that their amount be maintained at a level considered adequate by Management to cover potential losses in accounts receivable as of the balance sheet date.

(e) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method, while the cost of inventories in transit is determined using the specific identification method of individual costs.

(f) Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, trade accounts receivable and payable, other accounts receivable and payable, and accounts payable to related companies, approximate fair value at July 26, 2007 and June 30, 2007, because of the relatively short maturity of those instruments.

(g) Property, Furniture and Equipment

Property, furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed based on the useful lives of the assets; using the straight-line method.

Expenditures subsequent to the initial recording of the assets are capitalized when their condition is improved to contribute to the generation of future economic benefits beyond their originally assessed standard of performance. Expenditures for repairs or maintenance are recognized as an expense when incurred. The cost and related accumulated depreciation of assets sold, or permanently withdrawn from use and no future economic benefits are expected from their sale, are eliminated from their respective accounts and any resulting gain or loss is credited or charged to income of the year in which the sale or disposal occurs.

(h) Impairment loss

When the book value of an asset exceeds its recoverable value, an impairment loss is recognized in the statement of income for an amount equivalent to the excess over the book value. Recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

The recoverable value of the long life asset is the higher between its net sale price and its useful value. The net sale price is the amount that may be obtained in the sale of an asset in a free market, while the useful value is the current value of estimated future cash flows from the continuous use of an asset and its disposal at the end of its useful life.

(i) Other assets

Other assets, mainly concessions, are recorded at cost and are shown net of accumulated amortization. Amortization is calculated using the straight-line method, based on the estimated useful life of the assets.

(j) Provisions

A provision is recognized only when the Company has a present obligation (legal or implicit) as a result of a past event and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are reviewed every year and adjusted to reflect the best estimate at balance sheet date. When the effect of value of money over time is material, the amount of a provision is the present value of future expenses expected to be incurred to settle the obligation.

(k) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements; they are disclosed in a note to the financial statements unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the financial statements, they are disclosed in a note to the financial statements only when it is probable that an inflow of resources will take place.

The items previously treated as contingent liabilities or assets, will be recognized in the financial statements for the year in which the change of probabilities occurs; that is, when in the case of liabilities it is determined to be likely, or virtually certain in the case of assets, that an outflow or inflow of resources will take place, respectively.

(l) Employee Severance Indemnities

The provision for employees severance indemnities is calculated in accordance with current legal regulations, and is deposited in a financial institution elected by each employee.

(m) Revenue Recognition

Service income are recognized when the service is rendered.

3. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consist of:

	July 26	June 30
	US$000	US$000
Invoices receivable	1,712	1,581
Credit card	51	122
Total	1,763	1,703
Provision for doubtful accounts	(456)	(457)
Total	1,307	1,246

4. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable consist of:

	July 26	June 30
	US$000	US$000
Claims to third parties	110	55
Operadora de Hoteles Las Americas S.A.C. (Ex-Administrator of the Cadena de Hoteles Las Americas)	2,295	2,295
Sundry accounts	50	4
Total	2,455	2,354
Provision for doubtful accounts	(2,295)	(2,295)
Total	160	59

5. INVENTORIES

Inventories consist of:

	July 26	June 30
	US$000	US$000
Food and beverages	182	171
Packages	1	1
Supplies	202	251
Inventories of operation	4	5
Inventories in transit	-	2
Total	389	430

6. PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of:

	.. July 26 ..			June 30	Depre-
		Accumulated			ciation
	Cost	Depreciation	Net	Net	Rates
	US$000	US$000	US$000	US$000	%
Land	6,208	-	6,208	6,208	
Buildings	60,294	8,986	51,308	51,308	3
Furniture and equipment	10,608	10,013	595	696	10, 25
Vehicles	300	298	2	2	20
Total	77,410	19,297	58,113	58,214	
Impairment of assets			(33,060)	(33,060)	
Total			25,053	25,154	

7. ACCOUNTS PAYABLE TO RELATED COMPANIES

Corresponds to land, buildings and other fixed assets granted by the Caja de Pensiones Militar Policial, pending of capitalization; as well as, the movement in accounts receivable from and payable to with this entity, as follows:

	July 26	June 30
	US$000	US$000
Land granted	5,600	5,592
Buildings granted	43,873	43,804
Other fixed assets granted	8,694	8,680
Accounts receivable and payable, net	(17,293)	(17,519)
Total	40,874	40,557

8. DISTRIBUTION OF PROFITS

As stated in Legislative Decree 945 of December 23, 2003, as from January 1, 2004, those domiciled legal entities that agree the distribution of dividends or any other form of profit distribution, shall withhold 4.1% of the amount to be distributed, except when the distribution is made to domiciled legal entities.

There are no restrictions on dividend remittance or capital repatriation for foreign investors.

9. FINANCIAL INSTRUMENTS

Exchange risk

The Company's mainly sales are in U.S. dollars, which permits it to face its obligations in said currency, and thus reduce its exposure to the risk of exchange rate fluctuations.

Credit risk

The Company's financial assets potentially exposed to credit risk concentrations are mainly bank balances and trade accounts receivable. The credit risk in bank balances is reduced because the Company keep accounts in different banks; however, it does not have any significant deposits in any particular bank. Also, the credit risk in trade accounts receivable is reduced because they are shown in the balance sheet net of provision for doubtful accounts. As of July 26, 2007 and June 30, 2007, the Company has no major credit risk concentrations.

Liquidity risk

Liquidity is controlled by matching asset and liability maturities, having an adequate number of funding sources and obtaining credit lines that will allow the Company to normally carry out its activities. The Company does not obtain financing from banking institutions. Therefore, in Management's opinion, there is no significant liquidity risk at the Company as of July 26, 2007 and June 30, 2007.

Interest rate risk

It is a policy of the Company to hold financial instruments accruing interest at fixed rates. As of July 26, 2007 and June 30, 2007, it does not have any financing obligation with any bank. The Company operating cash flows are substantially independent from market interest rate changes. Accordingly, in Management's opinion, the Company does not have an important exposure to interest rate risk.

Fair value of financial instruments

In Management's opinion, as of July 26, 2007 and June 30, 2007, the fair value of the Company financial instruments, considering the provisions recorded, are close to the book values, because a significant portion of its assets and liabilities are short-term financial instruments, with maturities of less than one year.