



## Thunderbird Resorts Inc.

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

### Offering of up to 75,000,000 common shares at a price per share expected to be between \$1.00 and \$1.25 per share (the "Offer Price Range")

We are an international provider of branded casino entertainment and hospitality services, focused mainly on markets in Central and South America, southeast Asia, India, and eastern Europe. Our goal is to be a leading operator of casinos and recreational gaming facilities in each local market where we operate and to create genuine value for our shareholders and our employees. We operate dynamic, themed and integrated casino entertainment venues, where we work to create extraordinary experiences for our guests. We are organized as a British Virgin Islands company.

We are offering (the "Offering") up to 75,000,000 common shares, no par value (the "Offer Shares"). The Offer Shares are being offered and sold in (i) a public offering in the Netherlands (including to qualified investors within the meaning of the Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time and the rules promulgated thereunder, the "Financial Supervision Act" or "FSA") and (ii) a private placement to institutional or qualifying investors in certain jurisdictions outside the Netherlands, including (a) within the United States to "qualified institutional buyers" (within the meaning of Rule 144A ("Rule 144A") under the United States Securities Act of 1933, as amended (the "US Securities Act")) in reliance on Rule 144A or to "accredited investors" (within the meaning of Rule 501 of Regulation D ("Regulation D") under the US Securities Act) in reliance on Rule 506 of Regulation D or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (b) outside the United States to persons who are not US Persons ("US Persons") as such term is defined under Regulation S ("Regulation S") under the US Securities Act in reliance on Regulation S.

In this document (the "Prospectus"), unless otherwise specified or the context so requires, references to "Thunderbird Resorts Inc.," "Thunderbird," the "Company," the "Group," "we," "us," and "our" refer to Thunderbird Resorts Inc. and, as applicable, all of its Group companies as defined in Article 24b Book 2 of the Dutch Civil Code. Any reference to "shares" shall refer to our common shares, including the Shares (as defined herein), outstanding from time to time.

Our existing shares are listed and traded on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam"), the regulated market of Euronext Amsterdam N.V. ("Euronext"), under the symbol TBIRD and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. Application will be made for all of the Offer Shares to be admitted to listing and trading on Euronext Amsterdam ("Admission"). It is expected that Admission will become effective on Euronext Amsterdam at 09.00 hours Amsterdam time on or about 23 October 2009 (the "Trading and Settlement Date"). Delivery of the Offer Shares will take place on the Trading and Settlement Date in book-entry form through the facilities of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), against payment therefore in immediately available funds. The subscription period for prospective investors is expected to begin on 30 September 2009 and end on 14 October 2009 at 17.00 hours Amsterdam time, subject to acceleration or extension of the timetable for the Offering (the "Subscription Period").

If closing of the Offering does not take place on the Trading and Settlement Date or at all, the Offering will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation. Withdrawal of the Offering can only take place prior to the Trading and Settlement Date (or prior to 09.00 hours Amsterdam time on the Trading and Settlement Date).

**Our business and any investments in the Shares involve a high degree of risk. Risk factors you should consider are described under "Risk Factors" beginning on page 13 of this Prospectus.**

This document has been prepared for the benefit of members of the public in the Netherlands and for the limited number of prospective investors to whom it has been addressed and delivered outside of the Netherlands. Neither the Company nor Friedman, Billings, Ramsey International, Limited/FBR Capital Markets & Co. (together, "FBR" or the "Manager"), nor any of its or their respective representatives is making any representation to you regarding the legality of an investment in the Offer Shares. In making an investment decision, you must rely on your own examination of the Group's business and the terms of the Offering and of the Offer Shares, including the merits and risks involved. The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. This document does not constitute an offer to sell or invitation to subscribe for, or the solicitation of an offer to subscribe for or buy, Offer Shares to any person in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements for the Company or the Manager in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction. The Offer Shares offered by this document have not been and will not be registered under the US Securities Act, or under the applicable state securities laws of the United States. For a description of restrictions on offers, sales and transfers of the Offer Shares and the distribution of this Prospectus in the United States and other jurisdictions, see Chapter 25 "Selling and Transfer Restrictions."

We have appointed FBR to act as underwriter, initial purchaser, and placement agent in connection with the Offering. We have granted the Manager an option (the "Over-Allotment Option") exercisable in whole or in part during the period commencing on the Trading and Settlement Date and ending no later than 30 calendar days after the Trading and Settlement Date pursuant to which the Manager may require us to issue up to 11,250,000 additional common shares (the "Additional Shares," and, together with the Offer Shares the "Shares") at the Final Offer Price (the "Final Offer Price") to cover over-allotments made in connection with the Offering and any short positions arising from stabilization transactions.

We reserve the right to change the Offer Price Range and to increase the number of Offer Shares prior to the end of the Subscription Period. Any change in the Offer Price Range or any increase of the amount of the Offering will be announced in a press release and, if deemed material, will be published in a supplementary prospectus which is subject to approval by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) (the "AFM") and published in accordance with all applicable laws and regulations. In the event a supplementary prospectus is published two days or less prior to the Trading and Settlement Date, the Subscription Period will be extended. If, prior to the commencement of trading of the Offer Shares on Euronext Amsterdam, a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises or is noted, which is capable of affecting the assessment of the Offer Shares, a supplementary Prospectus will be published and investors who have already agreed to purchase Offer Shares may invoke their rights pursuant to Article 5:23 (6) of the FSA and may thus withdraw their subscriptions within two business days following the publication of such supplementary Prospectus.

The final number of Offer Shares and the final offer price will be determined by the Company after consultation with the Manager, after the end of the Subscription Period, after taking into account the conditions described in Chapter 23 "The Offering - Final Offer Price and Change of Price Range" and "The Offering - Number of Offer Shares," and will be incorporated in a pricing statement (the pricing statement, together with this Prospectus, the "Final Prospectus") which will be deposited with the AFM on or about 16 October, 2009 in accordance with Article 5:18 in conjunction with 5:21 of the Financial Supervision Act, and published on the Euronext Amsterdam website, subject to acceleration or extension of the timetable of the Offering.

Any acceleration or extension of the timetable for the Offering will be announced in a press release, in the event of an accelerated timetable for the offering, at least three hours before the proposed expiration of the accelerated Subscription Period or, in the event of an extended timetable for the Offering, at least three hours before the expiration of the original Subscription Period. Any extension of the timetable for the Offering will be for a minimum of one full business day.

This Prospectus constitutes a prospectus for the purposes of Article 3 of Directive 2003/71/EC (the "Prospectus Directive") and has been prepared in accordance with Article 5:2 of the Financial Supervision Act. This Prospectus has been approved by and filed with the AFM.

**FRIEDMAN, BILLINGS, RAMSEY INTERNATIONAL, LIMITED**

This Prospectus is dated 29 September 2009.

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## 1. SUMMARY

*THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE SHARES SHOULD BE BASED ONLY ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE, INCLUDING THE RISK FACTORS AND THE FINANCIAL INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS. YOU SHOULD READ THIS ENTIRE PROSPECTUS CAREFULLY. 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.*

*All references in this Prospectus to (i) 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 (ii) “dollars,” “USD” or “\$” are to the lawful currency of the United States of America. Unless the context otherwise requires or it is expressly provided to the contrary, this Prospectus assumes total gross proceeds of the Offering of \$84,750,000 million, a Final Offer Price of \$1.13, the mid-point of the Offer Price Range, and no exercise of the Over-Allotment Option.*

*All information in this Prospectus is as of the date of this Prospectus and you should not assume that such information will be correct as of any future date. We do not intend to, and do not undertake any obligation to, publicly update or revise any information herein.*

### Overview

We are an international provider of branded casino entertainment and hospitality services, focused mainly on markets in Central and South America, southeast Asia, India, and eastern Europe. Our goal is to be a leading operator of casinos and recreational gaming facilities in each local market where we operate and to create genuine value for our shareholders and our employees. We operate dynamic, themed and integrated casino entertainment venues, where we work to create extraordinary experiences for our guests. We have over 20,000 square meters of gaming space in 30 gaming facilities worldwide, totaling approximately 7,300 gaming positions. In addition, we have ownership interests in approximately 760 hotel rooms and one nine-hole golf course. We currently have facilities operating or under development in eight countries on four continents.

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, including significant experience dealing with Latin American, European and Asian gaming regulatory issues.

### Our Objective and Business Strategies

Our primary business objective is to become a leading recreational property operator in our existing markets. We may enter into new markets as opportunities are presented to us, but have no immediate plans to do so. We have developed and intend to pursue the following business strategies:

- focus on profitability and cash generation;
- expand our footprint in select markets where we currently operate;
- use a “hub and spoke” growth strategy;
- manage each country as a business unit;
- implement technology-based infrastructure and controls;
- utilize player tracking measures; and

- maintain quality standards at our facilities.

### **Our Competitive Strengths**

We believe that our competitive strengths include the following:

- experienced management;
- brand identity;
- diversity of locations;
- strategic local partners; and
- fully-integrated project development, completion and operation teams.

### **Working Capital Statement**

Our current cash flow from operations and other financing sources do not provide us with sufficient working capital for the next 12 months following the date of this Prospectus. However, we do have sufficient working capital for our present requirements until mid-December 2009.

If the Offering (at the Offer Price Range set forth herein) is completed, the net proceeds of the Offering, expected to be approximately \$77.7 million, together with our cash flow from operations and other financing resources (see Chapter 9 “Operating and Financial Review – Capital Resources and Liquidity”), will provide us with sufficient working capital for our present requirements for the next 12 months following the date of this Prospectus. As stated elsewhere in this Prospectus, the Offering will be fully underwritten upon execution of the Underwriting Agreement described in Chapter 24 “Plan of Distribution.”

If we do not execute the Underwriting Agreement, or if the Offering has not closed by mid-December 2009, and we have not raised at least \$19.7 million through other equity or debt issuances (of which we would need approximately \$4.6 million by mid-December 2009, \$14.4 million by the end of June 2010, and the entire \$19.7 million by the end of December 2010), we will need to successfully negotiate definitive agreements to: (i) obtain a further extension of the maturity date for certain unsecured debt related to the purchase of our Peru hotels and (ii) refinance certain unsecured debt among our two Philippines entities and various lenders to provide for longer amortization periods and to finalize new financing (all of which debt will be secured by certain of our Philippines real estate assets). Alternatively, we may be forced to sell some of our assets or a portion of our equity interests in certain operating entities. In this respect, we refer to Chapter 2 “Risk Factors – We have a substantial amount of indebtedness, a significant portion of which is due prior to 30 September 2010. If we default on such indebtedness, such indebtedness and other portions of our indebtedness may become immediately due and payable, which may adversely affect our cash flow, our ability to operate our business and the market price of our common shares.” and “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 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](http://www.thunderbirdresorts.com). Except as expressly stated herein, information on our website should not be considered a part of, or incorporated into, this Prospectus.

### **Our Structure**

We are a British Virgin Islands company and hold our investments and conduct our operations through our subsidiaries and other entities in which we own equity interests. For a chart illustrating our organizational structure see Chapter 11 “Business – Our Structure”.

### **Settlement**

Trades of our common shares will not trade or settle through the facilities of the Depository Trust Company (“DTC”) or any other US exchange or clearing system, but will be traded over the Euronext Amsterdam and will be settled with Euroclear Nederland through Euroclear Bank N.V./S.A. (“Euroclear

Bank"). Some of our common shares have been deposited with DTC and CDS Clearing and Depository Services Inc. ("CDS"). If you own common shares that have been deposited with DTC, your bank or broker that holds your common shares would be required to cross border your common shares into Euroclear Bank through CDS into an agent bank that is either a participant of Euroclear Bank or Euroclear Nederland in order to settle your trade.

Trades are generally required to settle on the Euronext Amsterdam on a regular settlement cycle of T+3. If your bank or broker requires additional time to settle a trade, a request may be filed with LCH Clearnet, the clearing facility for Euronext Amsterdam, and if granted, the trade must settle by the extension deadline, which will be no more than seven additional days. If the trade is unable to be settled within such extension period, LCH Clearnet will immediately impose penalties and/or effect a buy-in. We advise you to consult with your bank or broker regarding process and timing for settlement of your trades on Euronext Amsterdam. See Chapter 19 "Book Entry; Delivery and Form; Settlement."

## The Offering

Offering .....	A total of up to 75,000,000 Offer Shares are being offered by us. The Offer Shares are being offered and sold in (i) a public offering in the Netherlands (including to qualified investors) and (ii) a private placement to institutional or qualifying investors in certain jurisdictions outside the Netherlands, including (a) within the United States to “qualified institutional buyers” (within the meaning of Rule 144A under the US Securities Act) in reliance on Rule 144A or to “accredited investors” (within the meaning of Rule 501 of Regulation D under the US Securities Act) in reliance on Rule 506 of Regulation D or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (b) outside the United States to persons who are not US Persons in reliance on Regulation S.
Issuer .....	Thunderbird Resorts Inc., a British Virgin Islands company limited by shares, with its registered office in Tortola, British Virgin Islands.
Offer Price Range .....	Between \$1.00 and \$1.25 per Offer Share. We reserve the right to change the Offer Price Range prior to the end of the Subscription Period. Any change in the Offer Price Range will be announced in a press release and, if deemed material, published in a supplementary prospectus to be approved by the AFM and published in accordance with all applicable laws, regulations and market practices. In the event a supplementary prospectus is published two days or less before the Trading and Settlement Date, the Subscription Period will be extended.
Current Price.....	The closing price of our common shares on 25 September 2009 was \$1.40.
Shares Outstanding .....	Immediately prior to the Offering, we have 19,736,412 common shares, (no par value) outstanding. Immediately after completion of the Offering, we expect to have 94,736,412 shares outstanding, assuming the maximum number of Offer Shares being issued.
Subscription Period .....	The period commencing on 30 September 2009 and ending on 14 October 2009 at 17:00 hours Amsterdam time.  The timetable for the Offering may be accelerated or extended. Any such acceleration or extension of the timetable for the Offering will be announced in a press release, in the event of an accelerated timetable for the Offering, at least three hours before the proposed expiration of the accelerated Subscription Period, or, in the event of an extended timetable for the Offering, at least three hours before the expiration of the original Subscription Period. Any extension of the timetable for the Offering will be for a minimum of one full business day. If, prior to the commencement of trading of the Offer Shares on Euronext Amsterdam, a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises or is noted, which is capable of affecting the assessment of the Offer Shares, a supplementary Prospectus will be published and investors who have already agreed to purchase Offer Shares may invoke their rights pursuant to Article 5:23 (6) FSA and may thus withdraw their subscriptions within two business days following the publication of such supplementary Prospectus.
Final Offer Price and Number of Offer Shares .....	The Final Offer Price and the final number of Offer Shares will be determined by the Company after consultation with the Manager after the end of the Subscription Period and after taking into account the conditions described in Chapter 23 “The Offering — Final Offer Price and Change of Price Range” and “The Offering — Number of Offer Shares,” and will be incorporated in a pricing statement, which will be deposited with the AFM on or about 16 October 2009, subject to acceleration or extension of the timetable of the Offering. The Final Offer Price and the final number of Offer Shares will also be published on the Euronext Amsterdam website. We reserve the right to change the Offer Price Range and to increase the number of Offer Shares prior

to the end of the Subscription Period. Any such change or increase will be announced in a press release and, if deemed material, published in a supplementary prospectus which shall be subject to approval by the AFM and published in accordance with all applicable laws and regulations.

Allotment..... The allotment will occur following the end of the Subscription Period, subject to acceleration or extension of the Subscription Period. The Manager (in consultation with the Company) may, at its own discretion and without stating the grounds, reject any subscriptions wholly or partly. Consequently, investors may receive a smaller number of Offer Shares than they applied to subscribe for, or none at all.

Listing and Trading ..... Our existing shares are listed and traded on Euronext Amsterdam under the symbol "TBIRD." Application will be made for all of the Shares to be admitted to listing and trading on Euronext Amsterdam. Delivery of the Offer Shares will take place on the Trading and Settlement Date. It is expected that Admission will become effective on Euronext Amsterdam at 09.00 hours Amsterdam time on the Trading and Settlement Date. If closing of the Offering does not take place on the Trading and Settlement Date or at all, the Offering will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation. Withdrawal of the Offering can only take place prior to the Trading and Settlement Date (or prior to 09.00 hours Amsterdam time on the Trading and Settlement Date). All dealings in the Offer Shares prior to settlement and delivery are at the sole risk of the parties concerned. Euronext Amsterdam has indicated that it does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering.

Payment, Delivery, Clearing and Settlement ..... Payment for the Offer Shares, and payment for Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Trading and Settlement Date, will take place on the Trading and Settlement Date. Delivery of the Offer Shares, and delivery of the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Trading and Settlement Date, are expected to take place on the Trading and Settlement Date through the book-entry facilities of Euroclear Bank, in accordance with their normal settlement procedures applicable to equity securities and against payment for the shares in immediately available funds.

Trading and Settlement Date ..... Expected to be on or about 23 October 2009, subject to acceleration or extension of the timetable for the Offering.

Manager..... Friedman, Billings, Ramsey International, Limited /FBR Capital Markets & Co.

Over-Allotment Option ..... We have granted the Manager an option, exercisable in whole or in part during the period commencing on the Trading and Settlement Date and ending no later than 30 calendar days after the Trading and Settlement Date pursuant to which the Manager may require us to issue up to 11,250,000 Additional Shares at the Offer Price. The Manager may exercise the Over-Allotment Option at its discretion to cover over-allotments made in connection with the Offering and short positions arising from stabilization transactions.

Use of Proceeds ..... We estimate that the net proceeds we will receive from the Offering will be approximately \$77.7 million (\$89.7 million if the Over-Allotment Option is exercised in full) after deducting the Manager's discount and fees and the estimated expenses of the Offering.

We intend to use the net proceeds of the Offering as follows:

- Debt Repayment – Approximately \$29.2 million will be used to repay existing indebtedness, including approximately \$4.0 million that

matures in January 2010.

- Peru – Approximately \$10.8 million will be used for the purchase and installation of additional slot machines, the purchase and installation of a player tracking software system and for the acquisition of an existing casino in our Hotel Las Americas Carrera in Lima.
- The Philippines – Approximately \$13.0 million will be used to complete our ongoing casino expansions at our Rizal location in Manila (approximately \$8.4 million) and Poro Point (approximately \$4.6 million); and approximately \$7.2 million will be used for leasehold improvements in an existing six-story building in Mandaue City in the province of Cebu, the Philippines, where we intend to open a new 30-room hotel, spa and casino, with approximately 440 gaming positions.

Any net proceeds remaining after the uses set forth above will be used for general corporate purposes, including for country-level casino working capital. See Chapter 5 “Use of Proceeds.” Until the net proceeds from this Offering have been deployed as described above, we may invest such proceeds in short-term investments, including money market accounts.

The debt repayments, projects, expansions, and acquisitions (including the acquisition of additional slot machines) listed above are scheduled to occur after the completion of this Offering. There can be no assurance that any of these investments will be completed on time, on budget, or at all. See Chapter 2 “Risk Factors.”

Lock-Up Arrangements .....	We, the members of our board of directors and executive officers have each agreed with the Manager that, for a period of 90 days after the Trading and Settlement Date, we will not offer, pledge, issue, sell, contract to sell, sell any option or contract to sell, grant any option right or warrant for the sale of, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares or any securities convertible into or exchangeable or exercisable for or repayable with our shares or depositary receipts for shares, or enter into any swap or other arrangement that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our shares, without the prior written consent of the Manager, or under certain other exceptions set forth in the lock-up arrangements. See Chapter 24 “Plan of Distribution — Lock-Up Arrangements”.
Dividends.....	We do not anticipate paying any dividends for the foreseeable future. See Chapter 8 “Dividend Policy”.
Voting Rights .....	Holders of our shares will be entitled to one vote per share at our annual meeting of shareholders. See Chapter 17 “Share Capital”.
Transfer Restrictions .....	Our shares will be subject to certain transfer restrictions in the United States. See Chapter 25 “Selling and Transfer Restrictions.”
Share Trading Information .....	ISIN Code: VGG885761061 Euronext Amsterdam Symbol: “TBIRD”
Listing Agent.....	Friedman, Billings, Ramsey International, Limited
Paying Agent .....	ING Bank N.V.
Risk Factors .....	Investing in our securities involves a high degree of risk. For a discussion of factors you should consider in making an investment, see Chapter 2 “Risk Factors,” beginning on page 13.

### 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 2008 and balance sheet as of 31 December 2008, and (b) unaudited statements of income and cash flows for each of the six month periods ended 30 June 2008 and 2009 and our unaudited balance sheets as of 30 June 2008 and 2009, each presented in accordance with International Financial Reporting Standards (“IFRS”). The financial statements described in (a) are incorporated into this Prospectus by reference and the financial statements described in (b) are included in Chapter 31 of this Prospectus.

You should read this financial information in conjunction with Chapter 9 “Operating and Financial Review,” as well as our historical financial information which is incorporated into this Prospectus.

<i>(In thousands, except per share data)</i>	<b>Six Months Ended 30 June 2009 (Unaudited)</b>	<b>Six Months Ended 30 June 2008 (Unaudited)</b>	<b>Year Ended 31 December 2008 (Audited)</b>	<b>Year Ended 31 December 2007 (Audited)</b>
<b>Income statement data:</b>				
Net gaming wins .....	\$ 76,950	\$ 66,497	\$ 144,415	\$ 88,193
Food, beverage and hospitality sales .....	12,001	13,131	27,428	11,582
Cost of goods sold .....	<u>(31,329)</u>	<u>(28,782)</u>	<u>(57,624)</u>	<u>(36,885)</u>
<b>Gross profit</b> .....	57,622	50,846	114,219	62,890
<b>Other operating costs</b>				
Operating, general and administrative .....	(41,920)	(31,960)	(82,097)	(40,127)
Project development .....	(241)	(3,590)	(7,518)	(2,482)
Depreciation and amortization .....	(11,558)	(8,941)	(20,964)	(10,244)
Other gains and losses <sup>(1)</sup> .....	<u>(1,589)</u>	<u>(2,311)</u>	<u>(7,665)</u>	<u>(6,421)</u>
<b>Operating (loss)/profit</b> .....	2,314	4,044	(4,025)	3,616
<b>Financing</b>				
Foreign exchange (loss)/profit .....	659	(2,259)	(10,192)	5,255
Financing costs .....	(10,991)	(7,652)	(18,215)	(10,458)
Financing income .....	838	892	1,144	464
Finance costs, net .....	<u>(9,494)</u>	<u>(9,019)</u>	<u>(27,263)</u>	<u>(4,739)</u>
Share of losses of associates .....	--	--	--	190
<b>Loss before tax</b> .....	(7,180)	(4,975)	(31,288)	(1,313)
<b>Income taxes expense</b> .....	<u>(1,320)</u>	<u>(1,979)</u>	<u>(2,217)</u>	<u>(2,913)</u>
<b>Profit (loss) for the period</b> .....	\$ (8,500)	\$ (6,954)	\$ (33,505)	\$ (4,226)
Attributable to:				
Equity holders of Thunderbird Resorts Inc. ....	(8,688)	(8,048)	(32,794)	(6,508)
Non-controlling interest .....	<u>188</u>	<u>1,094</u>	<u>(711)</u>	<u>2,282</u>
<b>Basic and diluted income (loss) per share (\$)</b> .....	(0.43)	(0.54)	(1.67)	(0.66)
<b>Diluted income (loss) per share</b> <sup>(2)</sup> .....	(0.43)	(0.54)	(1.67)	(0.66)
<b>Basic shares outstanding (000's)</b> .....	19,686	19,532	19,586	9,929
<b>Diluted shares outstanding (000's)</b> .....	20,072	19,981	20,030	10,184

(1) The amounts included in “Other gains and losses” for 2008 and 2007 include non-recurring cost of the Company’s 2007 private placement and subsequent Euronext Amsterdam listing, stock compensation costs, gains from asset sales, and write-offs or Group reserves on assets and, for 2007 only, costs for certain management bonuses.

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

<i>(In thousands)</i>	<b>Six Months Ended 30 June 2009 (Unaudited)</b>	<b>Six Months Ended 30 June 2008 (Unaudited)</b>	<b>Year Ended 31 December 2008 (Audited)</b>	<b>Year Ended 31 December 2007 (Audited)</b>
<b>Other financial data:</b>				
Net cash (used)/generated by operating activities	\$ 7,134	\$ (5,637)	\$ (13,526)	\$ 14,810
Net cash used in investing activities .....	(13,924)	(59,839)	(100,164)	(81,598)
Net cash provided by financing activities .....	(2,482)	35,357	59,694	133,474
Property EBITDA <sup>(1)</sup> .....	21,777	24,892	47,488	28,962
Adjusted EBITDA <sup>(2)</sup> .....	16,761	18,886	35,139	22,763
<b>Balance sheet data:</b>				
Cash and cash equivalents .....	12,137	47,073	21,783	76,901
Total assets .....	249,577	264,178	258,542	215,300
Total liabilities .....	208,702	189,698	209,429	135,471
Total equity .....	40,875	74,480	49,113	79,829

- (1) 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.
- (2) Adjusted EBITDA represents net earnings before net interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, non-controlling 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.

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

<i>(In thousands)</i>	<b>Six Months Ended 30 June 2009</b>	<b>Six Months Ended 30 June 2008</b>	<b>Year Ended 31 December 2008</b>	<b>Year Ended 31 December 2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
Net profit/(loss) for the period attributable to the equity holder of Thunderbird Resorts Inc...	\$ (8,688)	\$ (8,048)	\$ (32,794)	\$ (6,508)
Income tax expense .....	1,321	1,979	2,217	2,913
Net interest expense.....	10,153	6,760	17,071	9,994
Depreciation and amortization.....	11,558	8,941	20,964	10,244
EBITDA .....	<u>\$ 14,344</u>	<u>\$ 9,632</u>	<u>\$ 7,458</u>	<u>\$ 16,643</u>
Other losses and derivative financial instruments .....	958	944	4,953	5,577
Project development .....	241	3,590	7,518	2,482
Non-controlling interest (gain)/loss .....	188	1,094	(711)	2,282
Management fee attributable to non-controlling interest .....	1,058	--	3,017	--
Stock based compensation.....	631	1,367	2,712	1,034
Foreign exchange loss /(gain).....	(659)	2,259	10,192	(5,255)
Adjusted EBITDA .....	<u>\$ 16,761</u>	<u>\$ 18,886</u>	<u>\$ 35,139</u>	<u>\$ 22,763</u>
Corporate and other .....	5,016	6,006	12,349	6,199
Property EBITDA.....	<u>\$ 21,777</u>	<u>\$ 24,892</u>	<u>\$ 47,488</u>	<u>\$ 28,962</u>

### Summary of Risk Factors

Prospective investors in our Company should consider the following risks associated with our business:

- The gaming and hospitality industries and the markets in which we compete are highly competitive, and we expect competition to intensify.
- The gaming and hospitality 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 a material 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.
- Certain of our expansion, renovation and construction projects have been abandoned or delayed pending our ability to obtain adequate financing to complete such projects, and our inability to complete projects could have a material adverse effect on our business, financial condition and results of operations.
- Recent disruptions in the United States and international credit markets and other financial systems and the deterioration of the U.S. and global economic conditions, could, among other things, impede our access to capital or increase our cost of capital.
- The recent economic downturn and adverse conditions in the local, regional, national and global markets could reduce the amounts consumers spend on gaming, entertainment and leisure activities, which could adversely affect our business, financial condition and results of operations.
- We have a substantial amount of indebtedness, a significant portion of which is due prior to 30 September 2010. If we default on such indebtedness, such indebtedness and other portions of our indebtedness may become immediately due and payable, which may adversely affect our cash flow, our ability to operate our business and the market price of our common shares
- 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 are, and from time to time may be, 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.
- The Final Offer Price may not accurately reflect the actual value of our Shares.
- If closing of the Offering does not take place on the Trading and Settlement Date or at all, subscriptions for the Offer Shares will be disregarded.
- We may not be able to sustain a market for our shares on Euronext Amsterdam, which would adversely affect the liquidity and 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.
- The market price and trading volume of our common shares may be volatile and may be affected by market conditions beyond our control.
- Our outstanding options and warrants may adversely affect the market price of our common shares.
- We do not anticipate paying any dividends on our common shares in the foreseeable future.
- Your percentage ownership in us may be diluted in the future.
- Because Thunderbird Resorts Inc. is a British Virgin Islands company, our shareholders may not be able to enforce judgments against us.
- Because Thunderbird Resorts Inc. is a British Virgin Islands company, our shareholders rights may be less clearly established as compared to the rights of shareholders of companies incorporated in other jurisdictions.

- Our governing documents and British Virgin Islands law contain provisions that may have the effect of delaying or preventing a change in control of us.
- Future sales of securities could depress the price of our securities.
- We are subject to certain Canadian securities legislation, which may affect our shareholders.
- We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common shares.
- 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.
- ERISA plan risks may limit our potential investor base.

## 2. 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 common shares may not be suitable for all of the recipients of this Prospectus.*

### **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, access to capital, 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;
- changes in laws, rules, regulations and licensing requirements relating to gaming or hotel operations in the jurisdictions in which we operate or intend to operate;
- 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 a material 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 financing to fund development and construction projects;
- 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 Peru, Panama, Costa Rica, India or the Philippines, 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, ongoing operations and acquisitions that we may develop in the future will require significant capital. Although we intend to finance ongoing operations and 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 and, even if we do obtain financing commitments, the lenders or other financing participants may fail to fund those commitments. The failure to obtain or maintain such financing could adversely affect our ability to construct or complete any particular project, or reduce the profitability of such project. In addition, the failure to obtain or maintain 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.

**Certain of our expansion, renovation and construction projects have been abandoned or delayed pending our ability to obtain adequate financing to complete such projects, and our inability to complete projects could have a material adverse effect on our business, financial condition and results of operations.**

We have abandoned certainly previously announced projects, including the Desamparados project in Costa Rica and the Cavite project in the Philippines, and we are re-evaluating the merits and timing of the development of a casino in Managua (Masaya), Nicaragua. We have also delayed certain of our expansion, projects pending our ability to obtain adequate financing to complete such projects. For example, our projects in India and the Philippines have been delayed, and our Tres Rios and Escazu projects in Costa Rica have been indefinitely suspended. There can be no assurance that we will be able to obtain financing on satisfactory terms or at all to complete these projects. To the extent that we are unable to obtain financing to complete these projects, we may postpone or abandon activities on these projects which would impede our ability to expand our business and generate revenues, and may result in a write-down of our assets related to these projects (if the net realizable value of such asset is less than current market value). Each of these results could have a material adverse effect on our business, financial condition and results of operations.

**Recent disruptions in the United States and international credit markets and other financial systems and the deterioration of the U.S. and global economic conditions, could, among other things, impede our access to capital or increase our cost of capital.**

Recent market events and conditions, including unprecedented disruptions in the current credit and financial markets and the deterioration of economic conditions in the United States and internationally have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, including us. These disruptions as described in Chapter 9 “Operating and Financial Review – Liquidity” have made, and could continue to make it more difficult for us to obtain, or significantly increase our cost of obtaining, capital and financing for our operations and expansion plans. Difficulties in obtaining capital and financing or increased costs for obtaining capital and financing for our operations and expansion projects would have an adverse effect on our business, financial condition and results of operations.

**The recent economic downturn and adverse conditions in the local, regional, national and global markets could reduce the amounts consumers spend on gaming, entertainment and leisure activities, which could adversely affect our business, financial condition and results of operations.**

The demand for gaming, entertainment and leisure activities is sensitive to consumers’ disposable incomes, and thus can be affected by downturns in the economy. The gaming, entertainment and leisure

activities that we offer represent discretionary expenditures and participation in such activities may decline during economic downturns, during which consumers generally earn less disposable income. Continued adverse developments affecting the economies in which we operate and throughout the world, including a general tightening of the availability of credit, increasing interest rates, increasing energy costs, acts of war or terrorism, natural disasters or declining consumer confidence could lead to a further reduction in discretionary spending on gaming, entertainment and leisure activities, which could adversely affect our business, financial and results of operations.

**We have a substantial amount of indebtedness, a significant portion of which is due prior to 30 September 2010. If we default on such indebtedness, or any of our lenders' declare us in default on such indebtedness, such indebtedness and other portions of our indebtedness may become immediately due and payable, which may adversely affect our cash flow, our ability to operate our business and the market price of our common shares.**

As of 30 June 2009, we had approximately \$170.2 million of indebtedness, \$43.7 million in aggregate principal amount of which is due prior to 30 September 2010. If we fail to repay or refinance such debt or if an event of default (including any breach of financial covenants) occurs under any of the agreements evidencing such indebtedness, such indebtedness (and other portions of our indebtedness) may become immediately due and payable, or the lenders may foreclose on any collateral securing such indebtedness. For example, we are currently in non-compliance with certain financial covenants under the agreements governing approximately \$18.1 million of our outstanding Peru indebtedness. Although we have executed a non-binding term sheet with this lender to renegotiate the repayment terms and the related financial covenants for this indebtedness, we have not finalized any agreements and there can be no guarantee that this lender will not declare us in default under our existing agreements. If this occurred, we would have 30 days to cure our non-compliance and, absent cure, we would be required to place \$1 million in a reserve account with the lender during a subsequent 12-month cure period during which time the lender could accelerate the loan. If we do not cure our non-compliance during the subsequent 12-month cure period, the lender has the right to select a management company to operate our Peru hotels and casino and to pursue other legal remedies under the terms of the agreement.

Generally, the acceleration of any of our indebtedness or the foreclosure on any of our collateral securing such indebtedness would materially adversely affect our cash flow and our ability to operate our business or may force us to consider selling assets we would not otherwise consider selling in order to satisfy our obligations. Such sales may be at prices less than we consider to be fair market value. Additionally, we are often required to amortize the principal amount of such debt over a four to five year term. This creates an environment where we must focus on cash flows rather than expansion. Consequently, the cash generated by our operations is currently dedicated to paying down principal and interest on our debt rather than for other uses, such as expansion or growth, and our available cash flow may not be adequate to maintain our current operations. If we are unable to refinance or repay our debt as it becomes due and maintain sufficient cash flow, our business, financial condition, results of operations and share price will be materially adversely affected.

**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 and 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. For example, our two properties in Guatemala, Fiesta Intercontinental Guatemala and Video Suerte Mazatenango, were temporarily closed due to a declaration statement made by the Deputy in charge of the Commission for Transparency in Guatemala which called into question the legitimacy of "video lottery" operations in Guatemala. These two facilities have subsequently been reopened, but remain subject to Guatemalan gaming laws and the local interpretations and declarations with respect to such laws. Additionally, 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;
- outbreaks of contagious diseases and the measures taken by the governments of affected countries against such outbreaks or potential outbreaks;
- 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, which we refer to as the new Costa Rican gaming decree, that includes stricter licensing requirements and a more formal regulatory structure and process. The legality and constitutionality of this decree has been challenged, however, this decree is supported by the current Vice President of Costa Rica. Beginning in May of 2009, this decree started limiting the hours of operation of new and existing casinos to 14 hours per day, from 3:00 p.m. to 5:00 a.m. Prior to the new Costa Rican gaming 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. As of 30 June 2009, this decree has had a materially adverse impact on our operations in Costa Rica, and has resulted in a decrease in revenue generated by our Costa Rican operations. 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 64% 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 such 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 such 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 through 2015 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 Chapter 11 “Business—Our Local Partners and Ownership Structure.” 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. For example, we are currently in a legal dispute with our Polish partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. (a Polish corporation which we refer to as our “Poland Operating Entity”) as well as the agreements that give us voting control. 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 PAGCOR. PAGCOR is a government owned and controlled corporation. PAGCOR was created to regulate gaming, to raise funds for the government and to boost tourism. Under this “Grant of Authority,” we believed that as a franchisee of PAGCOR, we are entitled to certain tax benefits, as authorized by the PAGCOR charter. Recently, however, the taxation status of our Philippine operations has come under scrutiny from the local and national Philippine tax authorities, including the Philippine Bureau of Internal Revenue (BIR), due to the recent passing of two BIR rulings and court decisions that challenge the tax incentives offered to PAGCOR and its franchisees. As a result, as a franchisee of PAGCOR, we may be subject to payment of various local and national taxes. This tax dispute is currently being contested by PAGCOR and until the issue is settled or becomes law by way of ruling of the Philippine Supreme Court, we will not make any accrual for the VAT or any other tax. In the event that this dispute is decided adversely to PAGCOR, the Company will seek a renegotiation of its contract with PAGCOR.

**We are, and from time to time may be, 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 Chapter 11 “Business—Legal Proceedings” 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, bird flu or swine flu), travel-related accidents, as well as geopolitical uncertainty and international conflict, which impact domestic and international travel, may cause our results to differ materially from anticipated results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact our business, financial position and results of operations.

Although we have all-risk property insurance for our properties covering damage caused by a casualty loss (such as fire and natural disasters), each such policy has certain exclusions. Our level of insurance coverage for our properties may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, deterioration or corrosion, insect or animal damage and pollution, might not be covered at all under our policies. Therefore, certain acts could expose us to heavy, uninsured losses.

In addition, although we currently have certain insurance coverage for occurrences of terrorist acts and certain losses that could result from these acts, our terrorism coverage is subject to the same risks and deficiencies as those described above for our all risk property coverage. The lack of sufficient insurance for these types of acts could expose us to heavy losses in the event that any damages occur, directly or indirectly, as a result of terrorist attacks, which could have a significant negative impact on our operations.

In addition to the damage caused to our property by a casualty loss (such as fire, natural disasters, acts of war or terrorism), we may suffer disruption of our business as a result of these events or be subject to claims by third parties injured or harmed. While we carry business interruption insurance and general liability insurance, such insurance may not be adequate to cover all losses in such event.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

**We may have difficulties managing our worldwide operations.**

We derive our revenue from operations located on four continents and expect to further expand our business. As a result of long distances, different time zones, culture, management and language differences, our worldwide operations pose risks to our business. These factors make it more challenging to manage and administer a globally-dispersed business and increase the resources necessary to operate under several different regulatory and legislative regimes.

**We rely on technology that may not be secure and may become outdated.**

We use sophisticated information technologies and systems that are interconnected through the Internet. Any disaster, disruption or other impairment in our technology capabilities could harm our business. Our information technology system is vulnerable to damage or interruption from:

- earthquakes, fires, typhoons, floods and other natural disasters;
- power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; and

- computer viruses, penetration by individuals seeking to disrupt operations or misappropriate information and other breaches of security.

We rely on this system to perform functions critical to our ability to operate, including our central reservation systems. Accordingly, an extended interruption in the systems' function could significantly curtail, directly and indirectly, our ability to conduct our business and generate revenue. In addition, if a breach of security were to occur, it could cause interruptions in our communications and loss or theft of data. To the extent our activities involve the storage and transmission of information such as credit card numbers, security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies might not be sufficient to reimburse us for losses caused by such security breaches.

Our technologies can be expected to require refinements and there is the risk that our competitors will introduce advanced new technologies. Further, the development and maintenance of these technologies may require significant capital. There can be no assurance that as various systems and technologies become outdated or new technology is required we will be able to replace or introduce them as quickly as our competition or within budgeted costs and timeframes for such technology. Further, there can be no assurance that we will achieve the benefits that may have been anticipated from any new technology or system.

**Customer demand could be adversely affected by changes in customer preferences.**

Our properties must offer themes, products and services that appeal to potential customers. We may not anticipate or react quickly enough to any significant changes in customer preferences, such as jackpot fatigue (declining play levels on smaller jackpots) or the emergence of a popular gaming option provided by our competitors, or hotel amenities supplied by our competitors. In addition, general changes in consumer behavior, such as redirection of entertainment dollars to other venues or reduced travel activity, could materially affect our business, financial position and results of operations.

**We may experience losses due to fraudulent activities.**

We incorporate security features into the design of our gaming operations designed to prevent us and our patrons from being defrauded. However, we cannot assure you that such security features will continue to be effective in the future. If our security systems fail to prevent fraud, our business, financial position and results of operations could be adversely affected and our brand could suffer.

**We may not effectively promote our brands.**

We intend to promote the brands that we own and operate to differentiate ourselves from our competitors and to build goodwill with our customers. These promotional efforts may require substantial expenditures on our part. However, our efforts may be unsuccessful and these brands may not provide the competitive advantage that we anticipate, in which case we would not realize the expected benefits from our expenditures related to our brands.

**We are a holding company and our only material source of cash is and will be distributions and other payments from our subsidiaries and joint ventures.**

We are a holding company with no material business operations of our own. Our only significant asset is the capital stock of our subsidiaries and joint ventures. We conduct virtually all of our business operations through our direct and indirect subsidiaries and joint ventures. Accordingly, our only material sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries and joint ventures and management fees paid to us by certain of our joint ventures, all of which are dependent on the earnings and cash flow generated by the operating properties owned by our subsidiaries and joint ventures. Our subsidiaries and joint ventures might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. In addition, our subsidiaries' and joint ventures' debt instruments and other agreements may from time to time limit or prohibit certain payment of dividends or other distributions to us.

**Our ownership of real estate subjects us to various risks, including those arising under environmental laws.**

Our business strategy contemplates our ownership of significant amounts of real estate, which investments are subject to varying degrees of risk. Real estate values are affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning, tax and eminent domain laws), interest rate levels and the availability of financing. For example, existing or new real estate, zoning or

tax laws can make it more expensive and/or time consuming to develop real estate or expand, modify or renovate hotels.

Governments can, under eminent domain laws, take real estate, sometimes for less compensation than the owner believes the real estate is worth. When prevailing interest rates increase, the expense of acquiring, developing, expanding or renovating real estate increases, and values decrease as it becomes more difficult to sell real estate because the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire real estate and, because of the diminished number of potential buyers, to sell real estate. Any of these factors could have a material adverse impact on our business, financial position and results of operations.

Ownership of real estate also exposes us to potential environmental liabilities. Environmental laws, ordinances and regulations of various governments regulate our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under, or in real estate we currently own or operate or that we previously owned or operated. These laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real estate or to borrow using the real estate as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Other laws, ordinances and regulations could require us to manage, abate or remove lead or asbestos containing materials. Similarly, the operation and closure of storage tanks are often regulated by foreign laws. Certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real estate.

**Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.**

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions may be limited. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods and other natural disasters and acts of war or terrorism, which may result in uninsured losses.

We may decide to sell one or more of our properties in the future. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements.

**We are subject to foreign exchange risk 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). 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 AND THIS OFFERING**

**The Final Offer Price may not accurately reflect the actual value of our Shares.**

The Final Offer Price will reflect the result of negotiations between us and the Manager. The Final Offer Price may not accurately reflect the value of a common share, and may not be realized upon any subsequent disposition of the common shares.

**If closing of the Offering does not take place on the Trading and Settlement Date or at all, subscriptions for the Offer Shares will be disregarded.**

Application will be made for all of the Shares to be admitted to listing and trading on Euronext Amsterdam under the symbol "TBIRD." The Trading and Settlement Date, on which the closing of the Offering is scheduled to take place, is expected to occur on or about 23 October 2009, the fifth business day following the pricing date ("T+5"). The closing of the Offering may not take place on the Trading and Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see Chapter 24 "Plan of Distribution") are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of officers' certificates and legal opinions and such events include the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets. If closing of the Offering does not take place on the Trading and Settlement Date or at all, the Offering will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation.

**We may not be able to sustain a market for our shares on Euronext Amsterdam, which would adversely affect the liquidity and price of our shares.**

The price of our shares after the admission to listing also can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Although our current intention is to maintain a listing on Euronext Amsterdam, we cannot assure you that we will always do so. In addition, an active trading market for our shares on Euronext Amsterdam may not develop or, if developed, may not be maintained. You may be unable to sell your shares unless a market can be established and maintained, and if we subsequently obtain another listing on an exchange in addition to, or in lieu of, Euronext Amsterdam, the level of liquidity of your shares may decline. In addition, because a large percentage of Euronext Amsterdam's market capitalization and trading volume is represented by a limited number of companies, fluctuations in the prices of those companies' securities may have an effect on the market prices for the securities of other listed companies, including the price of our shares.

**Euronext Amsterdam may delist our securities, which could limit the ability of our shareholders to make transactions in our securities and subject us to additional trading restrictions.**

Although we have met the listing standards of Euronext Amsterdam on admission and our common shares are currently listed and trading, we cannot assure you that our securities will continue to be listed and traded 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.**

The market price of our 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 operating results;
- failure to meet earnings estimates, if applicable;
- 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.

The Euronext Amsterdam market may 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 954,618 shares as of 30 June 2009. The potential issuance of additional common shares on exercise of these options and warrants could make us a less attractive investment. This is because exercise of the options and warrants will increase the number of our issued and outstanding common shares and reduce the value of our existing shares. If and to the extent these options and warrants are exercised, shareholders will experience dilution to their holdings.

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

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

into credit agreements or other borrowing arrangements in the future that restrict our ability to declare or pay cash dividends on our common shares.

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

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

**Because Thunderbird Resorts Inc. is a British Virgin Islands company, our shareholders may not be able to enforce judgments against us.**

We are incorporated under the laws of the British Virgin Islands. As a result, it may be difficult for investors to effect service of process upon us in other jurisdictions to enforce against us judgments obtained in other jurisdictions, including judgments predicated upon the civil liability provisions of the securities laws of other foreign jurisdictions.

We have been advised by our British Virgin Islands counsel that judgments predicated upon the civil liability provisions of the securities laws of other jurisdictions may be difficult to enforce in British Virgin Islands courts and that there is doubt as to whether British Virgin Islands courts will enter judgments in original actions brought in British Virgin Islands courts predicated solely upon the civil liability provisions of the securities laws of other foreign jurisdictions.

**Because Thunderbird Resorts Inc. is a British Virgin Islands company, our shareholders rights may be less clearly established as compared to the rights of shareholders of companies incorporated in other jurisdictions.**

Our corporate affairs are governed by our Memorandum of Association and Articles of Association and by the BVI Business Companies Act. 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 Chapter 16 “Description of Securities” and Chapter 18 “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 our securities, or the perception that a large number of our securities will be sold, following this Offering could depress the market price of our common shares. We, our executive officers, directors, and certain employees have agreed with FBR not to, among other things, dispose of or hedge any common shares or securities convertible into or exchangeable for common shares, subject to specified exceptions and extensions, during the period from the date of this prospectus continuing through the date that is 90 days after the Trading and Settlement Date, except with the prior written consent of FBR. FBR may release any of the securities subject to these lock-up agreements at any time without notice.

Our governing documents authorize us to issue up to 500.0 million preferred shares, 500.0 million common shares, of which approximately 19.7 million common shares are outstanding, approximately 1.0 million common shares are issuable upon the exercise of outstanding stock options and warrants, approximately 0.9 million shares available for issuance under our pre-2007 equity incentive plans (which shares our board of directors has resolved not to issue), and approximately 1.0 million shares available for issuance under our 2007 Equity Incentive Plan (which represents 5% of our issued and outstanding shares as of 31 August 2009).

**We are subject to certain Canadian securities legislation, which may affect our shareholders.**

Prior to 1 July 2009, our common shares were listed on the Canadian National Stock Exchange, or CNSX, (formerly the CNQ). Effective 1 July 2009 and thereafter, and at the request of the Company, our shares have been delisted from the CNSX. Though delisted, we continue to be a “reporting issuer” subject to securities laws of British Columbia, Ontario and the Yukon territory. 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 any holder acquires 10% or more of our outstanding common shares, such holder will be required to file an “insider report form” within 10 business days from the date their ownership exceeded 10%, and then within 10 business days after any trades or other changes in their holdings of common shares. They would also be required to issue a press release and file a report every time such holder acquired an additional 2% or more of our common shares.

If such holder acquired 20% or more of our outstanding common shares, they would be a “control person” of ours under those provincial securities laws. As such, they would be deemed to be not only are knowledgeable about our affairs, but they would be deemed to have the ability, by virtue of their significant equity position, to direct our affairs. Thereafter, any sale by them of common shares would be deemed under provincial law to be a distribution, requiring the filing of an annual report and compliance with other securities disclosure laws.

In addition, if a shareholder acquires 20% or more of our common shares, they will be deemed under provincial securities laws to have made a “take-over bid” and, accordingly, unless they can obtain an exemption, they would be required to comply with detailed rules governing bids. 20% holders are also required to file insider reports within three calendar days versus the normal 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 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. For example, in 1998, the Group's Panama subsidiary, International Thunderbird Gaming (Panama) Corp. (Fiesta-Panama), by means of an Administration and Operation Contract, purchased a 20-year license from the Government of Panama for the operation and administration of three casinos in the Republic of Panama. The relevant sections of the license are set forth below:

- Article XV of the license requires Fiesta-Panama to make monthly payments to the Panamanian government equal to 10% of the casino's gross revenues for the 20-year duration of the license.
- Article XXII of the license provides that the license cannot be modified without the prior written consent of the Panamanian government and Fiesta-Panama.
- Article XXVI of the license provides that Fiesta-Panama shall have the right to "economic financial balance" if the terms of the license are breached by the exercise of the Panamanian government's unilateral powers.
- Article XXX of the license provides that if a dispute arises, the parties shall enter into a binding arbitration before the Center for Conciliation and Arbitration of the Panamanian Commerce, Agriculture and Industries Chamber.

Article 61 of the Panama Law Decree 2 dated 10 February 1998 ("Law Decree 2") governs the percentage of gross income that the government is to receive for casino and slot parlors in Panama. On 17 September 2009, Article 61 was amended by virtue of the passage of Law 49 which states in part: "*Casinos shall pay to the gaming control board 12.5% of their gross income, monthly, from January 1, 2010 until December 31, 2011. Beginning January 1, 2012 casinos shall pay to the gaming control board 15% of the gross income on a monthly basis.*" Thunderbird believes that any changes in Law Decree 2, increasing the rate above 10% during Fiesta-Panama's 20-year license, would be a breach of the license terms described above, and would entitle Fiesta Panama, pursuant to the terms of the license, to be made whole by the government for its unilateral revisions to the license. If we are unable to resolve this issue, we would consider arbitration, but there is no assurance of the outcome of such arbitration. An increase of the rate above 10% during Fiesta-Panama's 20-year license could adversely affect our cash flow and results of operations in Panama, which, in turn, could reduce the market price of our common shares.

**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 (the "Code") prohibit certain transactions that involve (i) 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 (ii) any person who is a "party-in-interest" or "disqualified person" with respect to such a plan. Consequently, the fiduciary of a plan contemplating an investment in our common shares should consider whether we, any other person associated with the issuance of our common shares or any of their affiliates is or might become a "party-in-interest" or "disqualified person" with respect to the plan and, if so, whether an exemption from such prohibited transaction

rules is applicable. In addition, the Department of Labor Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA (as so modified, 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.

### 3. 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 or the Manager. 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.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Pursuant to Article 5:23 of the FSA, we are obliged to publish a supplementary prospectus in the event of a significant new development, material mistake or inaccuracy with respect to the information contained in this Prospectus which is capable of affecting the assessment of the Offer Shares and which arises or is noticed between the date of this Prospectus and the Trading and Settlement Date. Without prejudice to this obligation, neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, imply that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in our affairs since such date. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by us or the Manager as to the future.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used in connection with any offer or solicitation in any such jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. Other than in the Netherlands, no action has been or will be taken in any jurisdiction by us or the Manager that would permit a public offering of the Shares or possession or distribution of this Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required by us and the Manager to inform themselves about and to observe these restrictions. Neither we nor the Manager accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of our Shares, of any of these restrictions.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Manager or any person affiliated with the Manager in connection with any investigation of the accuracy of such information or its investment decision, (ii) no person has been authorized to give any information or to make any representation concerning us or the Shares (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Manager and (iii) the Manager is acting exclusively for the Company, and no one else, in connection with the Offering. The Manager will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for the giving of advice in relation to the Offering, the contents of this Prospectus or any transaction or arrangement or other matter referred to in this Prospectus.

In making an investment decision, investors must rely on their own examination of our Group and the terms of the Offering, including the merits and risks involved. The Company confirms that the information in this Prospectus that has been obtained from a third party has been accurately reproduced and that as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Unless otherwise stated, statements herein regarding market positions of companies (including the Company) and market conditions are based on good faith estimates by our management which are derived from the Company's review of internal surveys, as well as external sources. External sources relate to market data and other statistical information of independent industry publications, government publications, reports by market research firms or other published (independent) sources, press releases and various annual reports. Without prejudice to the statement in the previous paragraph, although it believes these sources are reliable, the Company cannot guarantee accuracy and completeness of such sources as it does not have access to the information, methodology and other bases for such information and has not independently verified the information.

## **Euronext**

Euronext has indicated that it does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering.

## **Incorporation by Reference**

The following financial statements are incorporated into this Prospectus by reference: (i) the consolidated financial statements of the Group for the two years ended 31 December 2007, including the corresponding audit report, and (ii) the consolidated financial statements of Thunderbird Resorts Inc. (the Group) for the year ended 31 December 2008 as set out on pages 63 to 142 of the Thunderbird Resorts Annual Report 2008, including the corresponding audit report for such financial statements. Each of the financial statements of the Group in (i) and (ii) above were audited by Grant Thornton UK LLP and were prepared in accordance with IFRS and can be obtained free of charge on the internet at [www.thunderbirdresorts.com](http://www.thunderbirdresorts.com) and are on display at ING Bank N.V. from 29 September 2009 to at least 30 September 2010.

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.

## **Other Assumptions**

Unless the context otherwise requires or it is expressly provided to the contrary, this Prospectus assumes (i) total gross proceeds of the Offering of \$75.0 million, (ii) a Final Offer Price of \$1.13, the mid-point of the Offer Price Range, and (iii) no exercise of the Over-Allotment Option.

## **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,” “are scheduled to,” 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.

#### **4. WORKING CAPITAL STATEMENT**

Our current cash flow from operations and other financing sources do not provide us with sufficient working capital for the 12 months following the date of this Prospectus. However, we do have sufficient working capital for our present requirements until mid-December 2009.

If the Offering (at the Offer Price Range set forth herein) is completed, the net proceeds of the Offering, expected to be approximately \$77.7 million, together with our cash flow from operations and other financing resources (see Chapter 9 "Operating and Financial Review – Capital Resources and Liquidity"), will provide us with sufficient working capital for our present requirements for the next 12 months following the date of this Prospectus. As stated elsewhere in this Prospectus, the Offering will be fully underwritten upon execution of the Underwriting Agreement described in Chapter 24 "Plan of Distribution."

If we do not execute the Underwriting Agreement, or if the Offering has not closed by mid-December 2009, and we have not raised at least \$19.7 million through other equity or debt issuances (of which we would need approximately \$4.6 million by mid-December 2009, \$14.4 million by the end of June 2010, and the entire \$19.7 million by the end of December 2010), we will need to successfully negotiate definitive agreements to: (i) obtain a further extension of the maturity date for certain unsecured debt related to the purchase of our Peru hotels and (ii) refinance certain unsecured debt among our two Philippines entities and various lenders to provide for longer amortization periods and to finalize new financing (all of which debt will be secured by certain of our Philippines real estate assets). Alternatively, we may be forced to sell some of our assets or a portion of our equity interests in certain operating entities. In this respect, we refer to Chapter 2 "Risk Factors – We have a substantial amount of indebtedness, a significant portion of which is due prior to 30 September 2010. If we default on such indebtedness, such indebtedness and other portions of our indebtedness may become immediately due and payable, which may adversely affect our cash flow, our ability to operate our business and the market price of our common shares." and "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."

## 5. USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Offering will be approximately \$77.7 million (\$89.7 million if the Over-Allotment Option is exercised in full) after deducting the placement agent's discount and fees and the estimated expenses of the Offering.

We intend to use the net proceeds of the Offering as follows:

- Debt Repayment – Approximately \$29.2 million will be used to repay existing indebtedness, including approximately \$4.0 million that matures in January 2010.
- Peru – Approximately \$10.8 million of the Offering proceeds will be used for the purchase of approximately 525 additional slot machines in our existing locations in Peru, including in our Fiesta Casino Benavides and Luxor Casino in Lima (approximately 100 slot machines in each location), our Luxor Casino in Tacna (approximately 75 slot machines), our Mystic Slot in Cuzco (approximately 50 slot machines), for the acquisition of an existing casino in our Hotel Las Americas Carrera in Lima (which will include approximately 200 slot machines), and for the purchase and installation of a player tracking software system for about 400 slot machines in various existing Peru locations.
- The Philippines – Approximately \$20.2 million of the Offering proceeds will be deployed in the Philippines, with \$8.4 million used to complete our ongoing casino expansions at our Rizal location in Manila (adding approximately 163 new slot positions, 49 new table positions and additional food, beverage and gaming areas). Approximately \$4.6 million will be used to complete expansions of our existing casino facilities at Poro Point (adding approximately 1,000 square meters of gaming space, 75 new slot machines, 42 new table positions and expanded food and beverage operations). We expect to be able to complete such projects within 90 to 120 days after the closing of this Offering. Additionally, the Group intends to add an additional entertainment facility in Mandaue City which is located in the Province of Cebu. We and our local partners plan to spend approximately \$12 million with our share approximately \$7.2 million on leasehold improvements for a new 30-room hotel, spa and casino (with approximately 300 slot positions and 140 table positions). We expect to be able to complete this entertainment facility within six to nine months after the closing of this Offering.

Until the net proceeds from this Offering have been deployed as described above, we may invest the net proceeds of this offering in short-term investments, including money market accounts. Any net proceeds remaining after the uses set forth above will be used for general corporate purposes, including for country-level casino working capital.

The debt repayments, projects and acquisitions (including the acquisition of additional slot machines) listed above are scheduled to occur after the completion of this Offering. There can be no assurance that any of these projects or acquisitions will be completed on time, on budget, or at all. See Chapter 2 “Risk Factors—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 a material adverse effect on our business, financial condition and results of operations.”

## 6. CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Group's consolidated capitalization as at 30 June 2009 and is derived from and should be read in conjunction with the Group's unaudited consolidated financial statements and the notes thereto included in our unaudited consolidated historical financial information and the notes thereto.

<i>(In thousands)</i>	<b>30 June 2009</b>	<b>Pro forma 30 June 2009<sup>(1)</sup></b>
<b>Short-term borrowings and obligations</b>		
Guaranteed and secured <sup>(2)</sup> .....	6,817	2,618
Guaranteed <sup>(3)</sup> .....	8,377	1,510
Secured .....	13,020	11,583
Unguaranteed and unsecured <sup>(4)</sup> .....	4,189	2,721
<b>Total short-term borrowings and obligations</b> .....	<b>\$ 32,403</b>	<b>\$ 18,432</b>
<b>Long-term borrowings and obligations (excluding short-term portion of long-term borrowings and obligations)</b>		
Guaranteed and secured <sup>(2)</sup> .....	26,262	22,861
Guaranteed <sup>(3)</sup> .....	17,992	9,634
Secured .....	54,770	52,096
Unguaranteed and unsecured <sup>(4)</sup> .....	38,783	37,951
<b>Total long-term borrowings and obligations</b> .....	<b>\$ 137,807</b>	<b>\$ 122,542</b>
<b>Shareholders equity</b>		
Share capital .....	99,318	167,700
Other reserves.....	5,367	5,367
Retained profit.....	(71,570)	(71,929)
Non-controlling interest .....	7,760	7,760
<b>Shareholders equity</b> .....	<b>\$ 40,875</b>	<b>\$ 108,898</b>
<b>Liquidity</b>		
Cash .....	5,959	44,746
Cash equivalents.....	6,178	6,178
<b>Liquidity</b> .....	<b>\$ 12,137</b>	<b>\$ 50,924</b>
<b>Current financial indebtedness</b>		
<b>Current financial receivables</b> .....	<b>\$ —</b>	<b>\$ —</b>
Current bank debt .....	824	824
Current portion of non current ebt.....	28,314	14,652
Other current financial debt.....	3,265	2,956
<b>Total Current Financial Debt</b> .....	<b>\$ 32,403</b>	<b>\$ 18,432</b>
<b>Net Current Financial Indebtedness</b> .....	<b>\$ 20,266</b>	<b>\$ (32,492)</b>
<b>Non current financial indebtedness</b>		
Non current bank loans.....	24,017	24,017
Bonds issued.....	—	—
Other non current loans .....	113,790	98,525
<b>Non current financial indebtedness</b> .....	<b>\$ 137,807</b>	<b>\$ 122,542</b>
<b>Net financial indebtedness</b> .....	<b>\$ 158,073</b>	<b>\$ 90,050</b>

- (1) On a pro forma basis to reflect the completion of this Offering and the use of proceeds therefrom as described in Chapter 5 "Use of Proceeds.
- (2) Guaranteed and secured loans include all secured third-party loans to Thunderbird Resorts Inc. and all secured and guaranteed third-party loans to any member of the Group other than Thunderbird Resorts Inc.
- (3) Guaranteed debt includes unsecured third-party loans to Thunderbird Resorts Inc. and unsecured third-party loans to members of the Group other than Thunderbird Resorts Inc. which are guaranteed by Thunderbird Resorts Inc.

(4) Unsecured loans include all third-party loans to any member of the Group which are not secured.

Since 30 June 2009, there has been no material change in the Group's consolidated capitalization described above.

## **7. DILUTION**

Issuing new Shares upon the closing of the Offering will dilute our existing shareholders interest in the Company. The extent of this dilution will depend on the Final Offer Price of the Shares and the amount subscribed for in the Offering (including the Additional Shares). Assuming 86,250,000 Shares are issued (including the Additional Shares), the dilution for the current shareholders will be 81.4%.

## **8. DIVIDEND POLICY**

We have never paid any cash dividends on Thunderbird Resorts Inc. common shares. We do not expect to declare or pay any cash or other dividends in the foreseeable future on our 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 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 press release.

## 9. OPERATING AND FINANCIAL REVIEW

*For the year ended 31 December 2008 and the six months ended 30 June 2009 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 indicated or 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, or incorporated by reference into, this Prospectus. The following discussion includes forward-looking statements that are not historical facts but reflect our current expectation regarding future results. See Chapter 3 “Important Information – Cautionary Note Regarding Forward Looking Statements.” 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 Resorts, Inc.,” “Thunderbird,” “the Company,” the “Group,” “we,” “us” or “our” refer to Thunderbird Resorts Inc. and all of its Group Companies, as defined in Article 24b, Book 2 of the Dutch Civil Code. All references in this Prospectus to (i) 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 (ii) “dollars” or “\$” are to the lawful currency of the United States of America.*

### Overview

Since 1997, we have strived to be an international provider of branded casino entertainment and hospitality services, focusing mainly on markets in Central and South America, southeast Asia, India and eastern Europe. Our goal is to be a leading operator of casinos and recreational gaming facilities in each local market where we operate and to create genuine value for our shareholders and our employees. We operate dynamic, themed and integrated casino entertainment venues, where we work to create extraordinary experiences for our guests.

Thunderbird Resorts Inc. is a British Virgin Islands company that is a holding company, owning our assets through subsidiaries and joint ventures. We have over 20,000 square meters of gaming space in 30 gaming facilities worldwide, totaling approximately 7,300 gaming positions. In addition, we have ownership interests in approximately 760 hotel rooms and one nine-hole golf course. We currently have facilities operating or under development in eight countries on four continents.

### Outlook

Historically, we have worked to strategically position the Group for 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. Currently, we are focused on maintaining and strengthening our presence in existing markets and building a presence in India, initially through our project under development in Daman, India. We are currently evaluating additional expansion opportunities in our existing markets, including Peru and the Philippines. These potential expansions, if any, will be affected by and determined by several key factors, including (i) the outcome of any license selection processes; (ii) identification of and agreement with appropriate local partners, if any; (iii) availability of acceptable financing; and (iv) the expected risk-adjusted return on our investment. Any such project may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which investments and costs we may fund through cash flow from operations only after careful consideration. To the extent such source of funds is insufficient, we may also seek to raise such additional funds through public or private equity or debt financings, at the project level, country level or through Thunderbird Resorts Inc. Any such additional financing may not be available on attractive terms, or at all.

## Recent Events and Developments

### *India.*

*Daman.* Construction continues on our joint venture development of a hotel, casino, and event center in Daman, India, which we originally announced in March 2008. The civil works are mostly complete and, assuming we obtain additional debt financing described below before the end of the fourth quarter of 2009, we expect to complete construction by the end of the second quarter of 2010. The Group contributed cash of approximately \$9.0 million through 30 June 2009 and our 50% local partner contributed approximately \$9.0 million (consisting of land valued at approximately \$6.5 million, other intangibles and licenses valued at approximately \$1.5 million, and cash equity of approximately \$1.0 million) towards the development of this planned 177-room, luxury resort which we expect will include: (i) 2,700 square meter indoor event and meeting areas; (ii) 6,500 square meters of outdoor pools and event areas for up to 2,000 people; (iii) three bars, including a branded Salsa's Bar, a bar/disco, and a lounge bar, all with facilities for live music; (iv) four restaurants, including one Vegas-style buffet, one Szechuan restaurant, a pool bar and one cafe near the event center; (v) a 450 square meter Zaphira Spa; (vi) 200 square meter gym for guests and club members; (vii) 750 square meter shopping area; and (h) and a 5,700 square meter casino and entertainment venue. The casino, when fully operational, is expected to have approximately 450 gaming positions split equally between tables and slots. Our local partner will own the gaming operations, and will rent space from our jointly-owned India corporation, Daman Hospitality Private Limited ("DHPL"), for the casino.

As of 30 June 2009, DHPL received funding of approximately \$5.4 million from third parties, of which the Group's portion is \$2.7 million, as part of an approximately \$15 million fully convertible debenture offering being undertaken by DHPL. DHPL is also seeking approximately \$25.0 million in additional senior secured financing, which, if obtained, is expected to fund the completion of the construction and opening of the hotel and hospitality complex. If we are unable to obtain such financing, construction will be delayed indefinitely.

### *Costa Rica.*

*Tres Rios.* We started construction on a resort project in the eastern suburbs of San Jose. This 22-acre "Tres Rios" facility was intended to be a 108-room resort hotel with a convention center, spa, and a Fiesta-brand casino. As of 30 June 2009, the joint venture had invested approximately \$15.8 million (of which our portion is \$7.9 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property but have delayed further development of this project due to lack of additional financing. We are currently pursuing financing options to construct the hotel, convention center and casino, as well as alternatives, including additional financial investors in the hotel and/or converting the hotel into a "condo hotel" with the Group acting as manager of the hotel and seeking buyers for the commercial lots on the property. While these options are being pursued, the "on-site" construction at Tres Rios was suspended during the fourth quarter of 2008. We are not currently projecting an opening date for Tres Rios. If we fail to obtain additional financing and/or are unable to sell the commercial lots, we will be forced to re-evaluate our strategy and options. In addition, a new Costa Rican gaming decree will cause the Tres Rios hotel to have less than the number of slot machines and tables originally planned. In February 2009, our Costa Rica joint venture entity acquired the interests of certain shareholders in King Lion Network, S.A., which owns our Tres Rios real estate, for approximately \$1.5 million. Our Costa Rican joint venture entity now owns approximately 71% of King Lion Network, S.A.

*Escazu.* In 2007, we acquired land in the southwestern suburb of San Jose, where we previously planned to build a new hotel and casino project (the "Escazu project"). As a result of the new Costa Rican gaming decree mentioned above, we are developing a structure to sell two-thirds of the ownership interest in the land owned by Grupo Thunderbird de Costa Rica, S.A. to a third-party who will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. We intend that land for the associated casino will be retained by Grupo Thunderbird de Costa Rica, S.A. Due to these changed circumstances, we do not currently project an opening date for the Escazu project.

### *Guatemala.*

*Gran Plaza.* On 15 July 2009, the Company closed its Gran Plaza location in Guatemala due to continuing underperformance. We believe the underperformance was caused by decreasing customer visitation resulting from a degradation in the general security of the area since the Company opened this location in June 2008. We expect to relocate approximately 30 of our Gran Plaza video lottery machines to our other two locations in Guatemala in the second half of 2009 and to move the other 87 video lottery machines to other

existing locations in Central or South America. Any surplus furniture, fixtures and equipment may be utilized in other Group locations or sold. With the closing of Gran Plaza, our Guatemala work force was reduced by approximately 90 persons. Our total investment in the Gran Plaza project (since inception) was approximately \$5.4 million of which \$4.7 million was written down as of 30 June 2009.

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

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

### ***Nicaragua.***

*Carretera Masaya Project.* Our Nicaragua subsidiary had begun preparations for a major market-style casino in downtown Managua on land purchased by the Group in 2003 and 2006. With the current economic climate, the Group is re-evaluating the merits and timing of the development of this facility which had been scheduled to start in the fourth quarter of 2008. While we own the necessary land in a premium location and have preliminary construction plans, we will not move forward with this project in the immediate future and have not invested in the project other than the \$2.6 million we invested in the land and the preliminary plans.

### ***Panama.***

*Soloy.* On 20 March 2009, the Group's Panama subsidiary had a grand opening for the expansion of its existing Soloy casino, located inside the Gran Hotel Soloy in downtown Panama City, with 117 new slots machines and a new beach bar and restaurant.

*Licensing and Regulatory Developments.* In 1998, the Group's Panama subsidiary, International Thunderbird Gaming (Panama) Corp, (Fiesta-Panama), by means of an Administration and Operation Contract, purchased a 20-year license from the Government of Panama for the operation and administration of three casinos in the Republic of Panama. The relevant sections of the license are set forth below:

- Article XV of the license requires Fiesta-Panama to make monthly payments to the Panamanian government equal to 10% of the casino's gross revenues for the 20-year duration of the license.
- Article XXII of the license provides that the license cannot be modified without the prior written consent of the Panamanian government and Fiesta-Panama.
- Article XXVI of the license provides that Fiesta-Panama shall have the right to "economic financial balance" if the terms of the license are breached by the exercise of the Panamanian government's unilateral powers.
- Article XXX of the license provides that if a dispute arises, the parties shall enter into a binding arbitration before the Center for Conciliation and Arbitration of the Panamanian Commerce, Agriculture and Industries Chamber.

Article 61 of Law Decree 2 dated 10 February 1998 governs the percentage of gross income that the government is to receive for casino and slot parlors in Panama. On 17 September 2009, Article 61 was amended by virtue of the passage of Law 49 which states in part Article 61 was amended by virtue of the passage of Bill no. 33 which states in part: "*Casinos shall pay to the gaming control board 12.5% of their gross income,*

monthly, from January 1, 2010 until December 31, 2011. Beginning January 1, 2012 casinos shall pay to the gaming control board 15% of the gross income on a monthly basis.” Thunderbird believes that any changes in Law Decree 2, increasing the rate above 10% during Fiesta-Panama’s 20-year license, would be a breach of the license terms described above, and would entitle Fiesta Panama, pursuant to the terms of the license, to be made whole by the government for its unilateral revisions to the license. If we are unable to resolve this issue, we would consider arbitration, but there is no assurance of the outcome of such arbitration. The Gaming Association of Panama has taken a similar position on the law change and has indicated that it believes that the law constitutes a violation of the gaming licenses granted by the government of Panama.

In addition to any legal recovery of damages, Fiesta-Panama believes it would also be entitled to damages from the Panamanian government arising from any increase in the 10% rate under the Investment Stability Law (Law No. 54 of July 22, 1998). This law provides stability for foreign and international investors by limiting adverse changes in legal, tax, customs, municipal and labor rules in place at the time of an investment. Article 61 of Law Decree 2 was in place at the time Fiesta-Panama purchased the license and it is also qualified as a law that was protected under the Investment Stability Act. Fiesta-Panama became an approved participant in the program under the Investment Stability Law by Resolution 15, dated 8 July 2009.

#### ***Peru.***

*Sun Nippon.* On 9 July 2008, we purchased 100% of the equity in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru S.A. for approximately \$12.5 million. The five properties previously owned by these two companies have been consolidated to four locations and as of 30 June 2009 have approximately 492 slot positions. We are currently evaluating other slot parlor opportunities in and around Lima.

#### ***Philippines.***

*Poro Point and Rizal.* We are expanding our facilities at our two casinos in the Philippines with multi-stage expansion projects ongoing for each property. The Group previously announced that the expansions of the Fiesta Casino and Resort at Rizal and the Fiesta Casino at Poro Point would be completed in the first quarter of 2009. We expect to deploy a portion of the net proceeds from this offering to each of the Philippine projects. We expect to be able to complete such projects within 90 to 120 days after the closing of this Offering. See Chapter 5 “Use of Proceeds.” In July 2009, we deployed approximately 50 of the slot machines which were slated for the expansion areas of these projects. These slot machines have been placed in available spaces in our existing facilities, in areas such as former hotel suites at Rizal and adjacent to our existing cabana bar at Poro Point. During August 2009, we deployed 22 additional machines.

#### ***Poland.***

*Casino Centrum.* In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through our two Cyprus subsidiaries. Through those two subsidiaries we own, of record, 37.9% of all of the shares of Casino Centrum Sp.z.o.o., and together with our local partner, collectively own 71.3% of all of the shares of Casino Centrum Sp.z.o.o. We also have a shareholders agreement and other agreements with our local partner that give us ownership and require distributions (on the 71.3% ownership interest) that our joint venture receives from Casino Centrum Sp.z.o.o. to be split 66.7% to our two Cyprus subsidiaries and 33.3% to our local partner. Through other agreements, the Company has voting control over 50.6% of the Casino Centrum Sp.z.o.o. shares. We are currently in a legal dispute with our local partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control. Our two Polish casinos are located in the central part of Lodz, Poland and operate under one casino license and one slot license. The gaming area of the casino locations is approximately 397 square meters in the aggregate with approximately 87 slot positions and 37 table positions.

#### ***Other Events.***

*Deferral of Director Fees and a Portion of Executive Salaries.* Effective 1 August 2009, our board of directors and senior executive officers temporarily elected to defer monthly director fees and 20% of executive salaries until the Group’s cash flow meets internal targets. The deferred compensation will continue to accrue. This deferral may be revoked at any time upon notice from the revoking director or senior executive officer.

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

*Beneficial Holdings, Inc. Unsolicited Letter.* On 8 September 2009, Thunderbird received an unsolicited letter from Beneficial Holdings, Inc. (“BHI”) dated 1 September 2009 addressed to each member of the Company's board of directors. The letter purported to be an offer to purchase a majority of the Company's outstanding common stock. Since 8 September 2009, BHI has issued additional press releases, at least one of which indicates or implies that discussions with Thunderbird would be forthcoming or imminent, and that BHI fully intends to engage the Company in mutually beneficial discussions regarding the offer. Since 8 September 2009 and as of 09.00 hours Amsterdam time on the date of this Prospectus, BHI has not contacted Thunderbird directly and Thunderbird has not received any information on BHI's operating history, gaming experience, financial performance, or financial capacity to complete any such transaction.

In further press releases, BHI has stated that it has been in contact with the AFM and that the AFM has determined that BHI's 8 September 2009 release, constituted an announcement of a takeover offer. BHI has also announced that it intends to make a further public announcement no later than 6 October 2009 in which it shall state that it will submit a request for approval of an offer document no later than 4 December 2009 or that it will not make a formal offer. If BHI makes this further public announcement, Thunderbird will issue a press release setting forth its position or response.

While Thunderbird's goal is, and always has been, to maximize long-term shareholder value, until Thunderbird receives credible, verifiable information establishing the bona fide intent and capability on the part of BHI, as well as evidence of regulatory compliance, Thunderbird will take no action with respect to the BHI letter received on 8 September 2009, and will not enter into discussions with BHI. When considering the Offering, investors should take into account that BHI may or may not make an offer for Thunderbird's outstanding common shares

## **Past Material Investments**

### **2008**

During 2008, we invested approximately \$96.5 million in our properties, including: \$20.8 million on construction and start up costs at our Fiesta Casino Benavides in Peru, \$9.0 million for our joint venture investment and construction of a hotel and entertainment complex in Daman, India, \$9.4 million on renovation of our six hotels in Lima, Peru, including the development of a flagship Fiesta casino at one of these hotels, \$12.4 million at our hotel and golf course in Poro Point and \$2.5 million at our event center and casino in Rizal, \$5.4 million at Gran Plaza, \$12.7 million for the acquisition of five slot parlors in Lima, Peru (which we have since consolidated into four locations), \$12.9 million for 13.6% of the equity interest in International Thunderbird Gaming Corp. (our Panama operating entity), \$2.7 million for an expansion of our existing Hotel Soloy Fiesta Casino, \$2.3 million for an expansion of our existing Hotel Nacional Fiesta Casino, \$1.7 million for the acquisition of 12.34% of the equity interest in Holiday Inn Express (formerly Garden Court), \$2.0 million for our Hotel Perez Zeledon acquisition in Costa Rica \$1.5 million for a new facility at Zona Pharaohs in Nicaragua, and \$1.2 million on several other non-material projects.

### **2007**

During 2007, we invested \$77.0 million in our properties, including: \$52.4 million to acquire the Hoteles Las Americas chain in Peru (which we renamed Thunderbird Hotel Las Americas Suites), 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 million was spent on further expansion and the addition of gaming equipment to our existing locations.

### **2006**

During 2006, we invested \$21.0 million in our properties, primarily in the Philippines, including: \$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.

## **Financing**

For a description of our outstanding indebtedness as of 31 December 2008, see Note 17 to the Group's consolidated financial statements for the year ended 31 December 2008, which are incorporated into this Prospectus. Since 31 December 2008, material changes in our financing arrangements include:

In February 2009, the Group obtained approximately \$1.2 million of 36 month financing with approximately \$530,000 used for its Peru Fiesta Benavides Casino and the balance used for general corporate purposes. The loan has an annual interest rate of approximately 12%;

Through 30 June 2009, DHPL closed on convertible debt agreements in the amount of approximately \$5.4 million with multiple private lenders for the financing of Thunderbird Daman, a hotel and event center joint venture development in Daman, India, of which the Group's portion is \$2.7 million. This convertible debt is secured by a second lien on land, plant, and equipment, and has an annual interest rate of 15%. The interest accrues for the first 12 months, then partial interest of 6% is paid over 6 months, and interest payments of 15% will begin on the 18th month after the funding date or after month 13 of operations, whichever comes first. The unpaid and underpaid interest during the first 18 months shall accrue and be paid from available cash flow after debt service of any senior loan, taxes and operational expenses, commencing on the earlier of the 18 month anniversary of the funding date and 1 January 2013. The lenders can exercise a put option (not sooner than 40 months after funding and not later than the 78th month after funding) pursuant to which DHPL is obligated to repay the loan in cash at an aggregate 22% rate of return or convert the loan to non-voting common stock of DHPL, at the lender's option. The debt converts to non-voting common stock of DHPL automatically as of the 78th month, at which time \$1,000,000 of debt is converted into non-voting common stock with rights to receive 1.334% of all dividends declared or distributed;

In July 2009, we obtained a six month extension of the maturity date on approximately \$4.0 million of debt related to Peru that originally matured during July 2009. During April, May, June and July of 2009 the Group negotiated a deferment of principal debt payments with more than 25 private lenders who held over 50 separate loans, that deferred payments of approximately \$6.3 million on approximately \$24.0 million of aggregate principal amount of loans which were due over the 12 month period following the deferment. In certain cases, fees were incurred in connection with the deferral. We also continue to work with Interbank to renegotiate the terms of our existing financing arrangements.

## **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 year ended 31 December 2008 incorporated by reference into this Prospectus.

## **Abandoned Projects**

We had previously announced certain opportunities and projects in Costa Rica and the Philippines which we are no longer pursuing. 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. We are no longer pursuing our plans in Costa Rica on the Desamparados project due to license delays. We will no longer pursue a project known as Cavite, in the Philippines, because of delays in securing the gaming license. Costs associated with abandoned projects have been expensed as project development costs during previous periods and there are no ongoing costs at this time. Also, we have not accrued any additional costs from the abandoned projects described in this section.

## **Certain Financial Measures**

*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.

*Adjusted EBITDA.* Adjusted EBITDA represents net earnings before net interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, non-controlling 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.

*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.

### **Transition to IFRS**

The Group'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 Group prepared its consolidated historical financial information in accordance with Canadian generally accepted accounting practice. The Group 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 Group has elected to prepare in accordance with the paragraph above.

Accordingly, the Group 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 incorporated into 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 Group 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 Group 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 for the year ended 31 December 2008 incorporated into this Prospectus.

Property, plant and equipment .....	Estimated economic lives and residual values
Impairment of intangible assets and property, plant and equipment .....	Semi-annually prepared 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 2009 and 2008

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 2009 and 2008 and comparative balance sheet information from 31 December 2008. The selected financial data should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto included in this Prospectus.

<i>(In thousands, except per share data)</i>	<b>Six Months Ended 30 June</b>		<b>% Change</b>
	<b>2009 (Unaudited)</b>	<b>2008 (Unaudited)</b>	
Net gaming wins and sales .....	\$ 88,951	\$ 79,628	11.7%
Income (loss) for the period attributable to the equity holders of Thunderbird Resorts Inc. ....	(8,688)	(8,048)	8.0%
Earnings (loss) per share—basic .....	(0.43)	(0.54)	
Earnings (loss) per share—fully diluted <sup>(1)</sup> .....	(0.43)	(0.54)	
Adjusted EBITDA .....	16,761	18,886	-11.3%
Property EBITDA .....	21,777	24,892	-12.5%

<i>(In thousands)</i>	<b>Six Months Ended 30 June</b>		<b>% Change</b>
	<b>2009</b>	<b>2008</b>	
Working capital .....	\$ (29,705)	\$ 23,014	-229.1%
Total assets .....	249,577	264,178	-5.5%
Borrowings and obligations under leases .....	170,210	153,892	10.6%
Total liabilities .....	208,702	189,698	10.0%
Share capital .....	99,318	99,244	0.1%
Translation reserve .....	(2,714)	(1,461)	85.8%
Deficit .....	(71,570)	(38,136)	87.7%

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

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

<i>(In thousands)</i>	<b>Six Months Ended</b>		<b>% Change</b>
	<b>2009</b>	<b>2008</b>	
	(Unaudited)	(Unaudited)	
Net profit/(loss) for the period attributable to the equity holder of Thunderbird Resorts Inc.....	\$ (8,688)	\$ (8,048)	8.0%
Income tax expense .....	1,321	1,979	-33.2%
Net interest expense .....	10,153	6,760	50.2%
Depreciation and amortization .....	11,558	8,941	29.3%
EBITDA .....	\$ 14,344	\$ 9,632	48.9%
Other losses and derivative financial instruments .....	983	944	1.5%
Project development .....	241	3,590	-93.3%
Non-controlling interest (gain)/loss .....	188	1,094	-82.8%
Management fee attributable to non-controlling interest.....	1,058	—	—
Stock-based compensation .....	631	1,367	-53.8%
Foreign exchange loss/(gain).....	(659)	2,259	-129.2%
Adjusted EBITDA.....	\$ 16,761	\$ 18,886	-11.3%
Corporate and other.....	5,016	6,006	-16.5%
Property EBITDA .....	\$ 21,777	\$ 24,892	-12.5%

### ***Results of Operations for the Six Month Periods ended 30 June 2009 and 2008***

During the six month period ended 30 June 2009, we generated sales of \$89.0 million as compared to \$79.6 million for the same period in 2008, an 11.7% increase. The increase in sales of \$9.4 million for 2009 was the result of the consolidation of 100% of the Costa Rican flagship casino operation as compared to the proportional consolidation during the same period last year which accounts for 27.2% of the increase or \$2.5 million, new operations that generated an increase of \$12.5 million, and was partially offset by a decrease in existing operations of \$5.6 million. As previously described, in the third quarter of 2008 the Group acquired a controlling interest in the Costa Rica flagship Fiesta Casino entity, hence changing the consolidation of the entity from proportional consolidation (of 50% of the operation in 2008) to 100% consolidation of the operation and recognition of minority interests. The increase from new operations was primarily due to the addition of the Peru casino operation accounting for \$10.8 million of the increase and the new Poland operation accounting for \$1.7 million. The decrease in sales for existing operations of \$5.6 million was primarily due to Panama posting a \$2.2 million decrease, Peru hotel operation accounting for \$1.8 million of the decrease, Costa Rica with a \$1.0 million decrease, Nicaragua with a \$0.4 million decrease and other sales accounting for \$0.2 million of the decrease.

Property EBITDA decreased 12.5% to \$21.8 million for the six month period ended 30 June 2009 as compared to \$24.9 million for the same period in 2008. The decrease of \$3.1 million is focused in three areas:

- the existing operations accounted for \$5.5 million of the decrease, primarily due to the Peru hotels which accounted for \$2.3 million, Panama decreased by \$2.0 million, Guatemala by \$0.9 million, Nicaragua by \$0.6 million and Costa Rica by \$0.4 million, partially offset by the Philippines with an increase of \$0.7 million
- the new operations in Peru generated a gain of \$1.8 million, mainly due to the new casinos in Peru
- the Costa Rica flagship casino consolidation also generated a gain of \$0.6 million.

During the six month period ended 30 June 2009, Property EBITDA decreased as a percentage of sales to 24% compared to 31% for the same period last year. This decrease was primarily due to the lower margins in the Peru Hotel operation and the ramp-up of the Peru flagship Fiesta Casino and to a lesser extent the lower table drops in Panama along with the losses incurred by the Guatemala operation.

Adjusted EBITDA for the six month period ended 30 June 2009 decreased to \$16.8 million from \$18.9 million for the same period in 2008. As a percentage of sales, Adjusted EBITDA decreased to 19% as compared to 24% for the same period in 2008. This decrease was primarily the result of the Property EBITDA decreasing to \$21.8 million for the six month period ended 30 June 2009 as compared to \$24.9 million for the same period in 2008 even though corporate costs for the 2009 period decreased to \$5.0 million from \$6.0 million for the 2008 period.

Net loss for the six month period ended 30 June 2009 attributable to the equity holders of Thunderbird Resorts Inc. increased to a net loss of \$8.7 million from a net loss of \$8.0 million for the same period in 2008. This increase was affected by depreciation and amortization expense which was \$11.6 million for the period. The net loss for the year was also impacted by other losses of \$1.0 million, which includes \$0.7 million related to the provision established in anticipation of asset impairment associated with the acquisition of the Casino Centrum entity in Poland, \$0.2 million related to the assets write-off due to the close of the Gran Plaza property in Guatemala and \$0.1 million related to Euronext Amsterdam listing costs. A non-cash item of stock based compensation accounted for \$0.6 million, and project development accounted for \$0.2 million. In contrast, the net loss for the six month period ended 30 June 2009 contains an unrealized foreign exchange profit of \$0.6 million that was recorded in association with the large USD loans and intercompany payables outstanding in Peru. The net loss of \$8.7 million would have been a \$4.0 million net gain after adding the depreciation and amortization and other mentioned items. The effect these items had on the profitability of the Group is depicted in the table below:

<i>(In thousands)</i>	<b>Six Months Ended 30 June</b>		<b>% Change</b>
	<b>2009</b> (Unaudited)	<b>2008</b> (Unaudited)	
Loss for the period attributable to the equity holder of Thunderbird Resorts Inc.....	\$ (8,688)	\$ (8,048)	8.0%
Depreciation and amortization .....	11,558	8,941	29.3%
Foreign exchange loss/(gain).....	(659)	2,259	-129.2%
Project development.....	241	3,590	-93.3%
Other losses .....	983	835	17.7%
Stock-based compensation .....	631	1,367	-53.8%
Derivative financial instruments .....	(25)	109	122.9%
<b>Adjusted Net Earnings</b>	<b>\$ 4,041</b>	<b>\$ 9,053</b>	<b>-55.4%</b>

***Comparative cash flows for the six month period ended 30 June 2009 compared to the six month period ended 30 June 2008***

Net cash generated by operating activities for the six month period ended 30 June 2009 was \$7.1 million, an increase of \$12.7 million when compared to the \$5.6 million used for the same period in 2008. The year over year variance was primarily due to a decrease of \$9.7 million in trade/other receivables and prepaid expenses as a result of the previous year including significant prepaid expenses and deposits associated with the Group's new property in Guatemala (Gran Plaza, which was subsequently closed on 15 July 2009), the new Peru casino operations, the new Poland operation, the Philippines expansions and the India project which were subsequently classified as property, plant and equipment or expensed. In addition, trade payables and accrued liabilities increased by \$0.7 million compared to a decrease of \$3.1 million for the same period in 2008 primarily as a result of increased trade payables related to our Peru hotel operation. The remainder of the variance was caused by changes in the items not affecting cash offset by an increase in interest paid from \$6.4 million in the 2008 period compared to \$9.7 million in 2009.

Net cash used in investing activities for the six month period ended 30 June 2009 was \$13.9 million compared to \$59.8 million for the same period in 2008. Expenditures on property, plant and equipment accounted for \$14.7 million of the cash used while interest received created \$0.8 million of cash for the first half of 2009. The major decrease from the 2008 period was caused by the 2008 period including the effect of consolidating 100% of the Panama operations due to the acquisition of the additional 11.36% of the Panama operation in January 2008 which added \$25.6 million of additional expenditure on property, plant and equipment in the six month period ended 30 June 2008. Additionally, in the six month period ended 30 June 2008, \$12.0 million was used for investments in subsidiaries consisting of \$10.7 million for the additional 11.36% of the Panama operation, \$0.8 million for the goodwill recognized on the India investment and \$0.5 million for an additional 4.5% of the Garden Court casino in Costa Rica. Also, in the six month period ended 30 June 2008, the Group placed deposits for \$3.7 million, for future investments primarily in Poland, which was consummated in July 2008. The remainder \$4.6 million of the decrease was due to loans receivable, additional expenditure on property plant and equipment, investment in other companies and interest received.

Net cash used by financing activities for the six month period ended 30 June 2009 was \$2.5 million compared to \$35.4 million provided for the same period in 2008, a decrease of \$37.9 million. The six month

period ended 30 June 2008 includes issuance of new debt of \$63.2 million and \$0.6 million from issuance of common shares and non-controlling interest, partially offset by \$19.7 million of principal payment and \$8.7 million used to secure loans for the Peru casino operations. The six month period ended 30 June 2009 includes issuance of new debt of \$9.3 million, partially offset by \$11.9 million of principal debt payments.

Cash and cash equivalents, including restricted cash, decreased to \$12.1 million at 30 June 2009 from \$21.8 million at 31 December 2008. This decrease is primarily due to the net cash generated by operations of \$7.1 million being offset by investing activities using \$13.9 million of cash, financing activities using \$2.5 million, and effect of foreign exchange of \$0.4 million resulting in a net change in cash and cash equivalents of \$9.7 million for the six month period ended 30 June 2009. The key items reducing cash were principal payments on debt of \$11.9 million and total capital expenditures of \$14.7 million.

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 2009 and 2008 and was prepared in accordance with IAS 34 using IFRS.

<i>(In thousands)</i>	<b>Six Months Ended</b>		<b>%</b>
	<b>30 June</b>		
	<b>2009</b>	<b>2008</b>	<b>Change</b>
Net gaming wins.....	\$ 76,950	\$ 66,497	15.7%
Food and beverage sales .....	5,931	5,772	28%
Hospitality and other sales .....	6,070	7,359	-17.5%
<b>Sales</b> .....	<b>88,951</b>	<b>79,628</b>	<b>11.7%</b>
Promotional allowances.....	3,375	1,621	108.2%
Property, marketing and administration.....	63,799	53,115	20.1%
<b>Property EBITDA</b> .....	<b>21,777</b>	<b>24,892</b>	<b>-12.5%</b>
Corporate and other expenses .....	5,016	6,006	-16.5%
<b>Adjusted EBITDA</b> .....	<b>16,761</b>	<b>18,886</b>	<b>-11.3%</b>
Adjusted EBITDA as a percentage of sales.....	19%	24%	
Depreciation and amortization.....	11,558	8,941	29.3%
Interest and financing costs, net.....	10,153	6,760	50.2%
Non-controlling interest.....	188	1,094	-82.8%
Management fee attributable to non-controlling interest.....	1,058	—	—
Project development .....	241	3,590	-93.3%
Stock-based compensation.....	631	1,367	-53.8%
Foreign exchange loss/(gain).....	(659)	2,259	129.2%
Other losses .....	983	835	17.7%
Derivative financial instrument .....	(25)	109	122.9%
Income taxes .....	1,321	1,979	-33.2%
<b>Net earnings/(loss) for the period attributable to the equity holder of Thunderbird Resorts Inc.</b> .....	<b>\$ (8,688)</b>	<b>\$ (8,048)</b>	<b>8.0%</b>
Earnings (loss) per common share (in \$):			
Basic .....	\$ (0.43)	\$ (0.54)	
Diluted <sup>(1)</sup> .....	(0.43)	(0.54)	
Weighted average number of common shares			
Basic .....	19,686	19,532	
Diluted .....	20,072	19,981	

(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 2009. Total basic shares outstanding as of 30 June 2009 was 19.7 million. Total actual shares outstanding as of 30 June 2008 was 19.7 million.

Below is a discussion of sales, 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.

<i>(In thousands)</i>	<b>Six Months Ended</b>		<b>%</b>
	<b>30 June</b>		
	<b>2009</b>	<b>2008</b>	<b>Change</b>
<b>SALES BY COUNTRY</b>			
Panama .....	\$ 28,388	\$ 30,642	-7.4%
Guatemala.....	2,006	1,981	1.2%
Nicaragua .....	6,481	6,924	-6.4%
Costa Rica <sup>(1)</sup> .....	10,061	8,547	17.7%
Philippines.....	22,487	22,405	0.4%
Peru.....	17,662	8,715	102.7%
Poland.....	1,700	—	—
Other.....	166	414	-59.9%
<b>Total Sales</b> .....	<b>\$ 88,951</b>	<b>\$ 79,628</b>	<b>11.7%</b>
<b>PROPERTY EBITDA BY COUNTRY</b>			
Panama .....	\$ 7,737	\$ 9,739	-20.6%
Guatemala.....	(861)	(9)	-9466.7%
Nicaragua .....	1,706	2,332	-26.8%
Costa Rica <sup>(1)</sup> .....	3,941	3,796	3.8%
Philippines.....	7,084	6,317	12.1%
Peru.....	2,177	2,717	-19.9%
Poland.....	(7)	—	—
<b>Property EBITDA</b> .....	<b>21,777</b>	<b>24,892</b>	<b>-12.5%</b>
<b>Property EBITDA as a percentage of sales</b> .....	<b>24%</b>	<b>31%</b>	
Other.....	(5,016)	(6,006)	-16.5%
<b>Adjusted EBITDA</b> .....	<b>\$ 16,761</b>	<b>\$ 18,886</b>	<b>-11.3%</b>
<b>Adjusted EBITDA as a percentage of sales</b> .....	<b>19%</b>	<b>24%</b>	

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

#### ***Panama (1) – Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008***

We entered this market in 1998 and now operate six casinos. In January 2008, we acquired controlling interest in the operations and now own 64%, thereby consolidating 100% of the sales and costs. In our six locations, we now offer 1,865 slot machines and 520 table positions and we believe we are the market leader in full service casinos.

<i>(In thousands)</i>	<b>Six Months Ended</b>		<b>%</b>
	<b>30 June</b>		
	<b>2009</b>	<b>2008</b>	<b>Change</b>
Net gaming wins.....	\$ 26,532	\$ 28,759	-7.7%
Food and beverage and other sales .....	1,856	1,883	-1.4%
<b>Sales</b> .....	<b>28,388</b>	<b>30,642</b>	<b>-7.4%</b>
Promotional allowances.....	790	630	25.4%
Property, marketing and administration.....	19,861	20,273	-2.0%
<b>Property EBITDA</b> .....	<b>\$ 7,737</b>	<b>\$ 9,739</b>	<b>-20.6%</b>
<b>as a percent of sales</b> .....	<b>27%</b>	<b>32%</b>	

(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.

For the six month period ended 30 June 2009 results for the Group's Panama operations decreased over the same period in the previous year. Full year sales decreased by 7.4% while Property EBITDA decreased by

20.6% . During 2009, the Group added approximately 117 new slot positions, primarily due to the grand opening for the expansion of its existing Soloy casino.

## Sales

Sales decreased to \$28.4 million for the six month period ended 30 June 2009 versus the \$30.6 million reported for the same period in 2008, a decrease of \$2.2 million or 7.4% . The decrease was caused by lower results in the Fiesta Casino in Hotel El Panama, accounting for \$2.0 million of the decrease, the Fiesta Casino at Hotel Washington with \$1.1 million, the Fiesta Casino at Hotel Decameron with \$0.8 million and the Fiesta Casino at Hotel Guayacanes with \$0.7 million, mainly due to lower table drops and lower table holds. This decrease was partially offset by an increase of \$1.4 million in the Fiesta Casino at Hotel Nacional, primarily due to the increase in slot positions, causing the increase in drop and therefore the increase in slot hold and Fiesta Casino at Hotel Soloy casino with \$1.0 million, primarily due to its expansion that opened in March 2009.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administration expenses decreased to \$19.9 million from \$20.3 million, a \$0.4 million annual decrease. As a percentage of sales the property, marketing and administrative expenses increased to 69.9% for the six month period ended 30 June 2009 compared to the 66.1% reported for the same period in 2008. Promotional allowances increased to \$0.8 million for the six month period ended 30 June 2009 as compared to \$0.6 million for the same period in 2008. The increase of \$0.2 million was caused by increased promotional activities in the casinos related to the opening of new expansion.

## Property EBITDA

Property EBITDA decreased to \$7.7 million for the six month period ended 30 June 2009, a 20.6% decrease or \$2.0 million decrease over the \$9.7 million for the same period in 2008. As a percentage of sales, Property EBITDA also decreased to 27% from the 32% in the prior year. The decrease in Property EBITDA is directly proportional to the decrease in sales, primarily in the Fiesta Casino at Hotel Washington, accounting for \$1.1 million of the decrease, Fiesta Casino at Hotel El Panama which decreased \$0.9 million, Fiesta Casino at Hotel Nacional which decreased \$0.2 million, Fiesta Casino at Hotel Decameron which decreased \$0.2 million, partially offset by an increase of \$0.4 million in Fiesta Casino at Hotel Soloy.

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

## Guatemala - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

We entered the Guatemalan market in 1997 and we now operate two video lottery parlors in Guatemala City with over 370 video lottery terminals. The six months ended 30 June 2009 results for the Group's Guatemala operation reflect higher sales and lower Property EBITDA than in the comparable 2008 period results due to losses incurred in all of the properties. During 2008, the Group replaced the management team, implemented a new cost control program and is attempting to rebuild its market presence. 2009 results reflect losses driven by the slow ramp-up of sales and profitability related to the new Gran Plaza property that opened in June 2008. The Group elected to close its Coatepeque property in February 2009 and its Gran Plaza property in July 2009 and to utilize the gaming machines from these properties in other locations around the country.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Video lottery terminal win.....	\$ 1,717	\$ 1,754	-2.1%
Food and beverage and other sales .....	289	227	27.3%
<b>Sales</b> .....	<u>2,006</u>	<u>1,981</u>	<u>1.3%</u>
Promotional allowances.....	—	—	%
Property, marketing and administration.....	2,867	1,990	44.1%
<b>Property EBITDA</b> .....	<u>(861)</u>	<u>\$ (9)</u>	<u>9,466.7%</u>
<b>as a percent of sales</b> .....	-43%	0%	

## Sales

Sales remained flat at \$2.0 million for both the six month periods ended 30 June 2009 and 2008. The net change of \$nil is primarily due to the Gran Plaza property which opened in June 2008, accounting for \$0.3 million of the increase and Mazatenango with \$0.1 million, partially offset by the Intercontinental operation with a decrease of \$0.3 million and Coatepeque with \$0.1 million, which ended their operations in February 2009.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administration expenses increased to \$2.9 million during the six month period ended 30 June 2009 from the \$2.0 million reported for the same period in 2008, a 44.1% increase. The increase is primarily due to the increase in rent expenses and wages and benefits, caused by the opening of the Gran Plaza operation.

## Property EBITDA

Property EBITDA decreased to a loss of \$0.9 million, representing a 43% loss as a percentage of sales. The decrease is due primarily to the loss of \$0.5 million incurred by the Gran Plaza property, \$0.3 million due to the Intercontinental operations and the remainder \$0.1 million incurred by Mazatenango and Coatepeque operations.

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

## Nicaragua (1) - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

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

<i>(In thousands)</i>	Six Months Ended		% Change
	2009	2008	
Net gaming wins .....	\$ 6,173	\$ 6,568	-6.0%
Food and beverage and other sales .....	308	356	-13.5%
<b>Sales</b> .....	<u>6,481</u>	<u>6,924</u>	<u>-6.4%</u>
Promotional allowances.....	825	483	70.8%
Property, marketing and administration.....	3,950	4,109	-3.9%
<b>Property EBITDA</b> .....	<u>\$ 1,706</u>	<u>\$ 2,332</u>	<u>-26.8%</u>
<b>as a percent of sales</b> .....	26%	34%	

(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 non-controlling shareholders.

## Sales

Sales decreased to \$6.5 million during the six month period ended 30 June 2009 from the \$6.9 million reported for the same period last year, a decrease of \$0.4 million or 6.4%. The decrease was primarily due to the Camino Real and Holiday Inn Casinos, which accounted for approximately \$0.9 million and Pharaoh's Managua for the remaining \$0.6 million decrease. These decreases were offset by an increase of sales in the Bello Horizonte facility of \$1.1 million, which began operations in late June 2008.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses decreased to \$4.0 million for the six month period ended 30 June 2009, a 3.9% decrease from the \$4.1 million reported for the same period in 2008. The decrease was primarily due to management's effort to reduce costs across all properties. Promotional allowances increased to \$0.8 million for the six month period ended 30 June 2009 as compared to \$0.5 million for the same period in 2008, primarily at the Bello Horizonte and Pharaoh's Managua Casinos, in order to attempt to retain our customer base, due to the increased competition for customers.

## Property EBITDA

Property EBITDA for the six month period ended 30 June 2009 was \$1.7 million compared to the \$2.3 million reported for the same period in 2008. As a percentage of sales, Property EBITDA was 26% for the six month period ended 30 June 2009 compared to 34% for the same period in 2008, primarily as a result of lower sales levels.

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

### *Costa Rica (1) - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008*

We entered the Costa Rica market in 2003 and operate nine casinos, one slot route location and one hotel. We have over 1,300 slots and 230 table positions.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Net gaming wins.....	\$ 9,232	\$ 7,989	15.6%
Room revenue.....	—	—	—%
Food and beverage and other sales .....	829	558	48.6%
<b>Sales</b> .....	<b>10,061</b>	<b>8,547</b>	<b>17.7%</b>
Promotional allowances.....	191	268	(28.7)%
Property, marketing and administration.....	5,929	4,483	32.3%
<b>Property EBITDA</b> .....	<b>\$ 3,941</b>	<b>\$ 3,796</b>	<b>3.8%</b>
<b>as a percent of sales</b> .....	<b>39%</b>	<b>44%</b>	

(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 Holiday Inn Express (formerly Garden Court) and now hold a 54% interest, but a 50% interest in our other operating Costa Rica operations.

The results for the period ended 30 June 2009, when compared to 2008, improved primarily due to the results of the flagship Fiesta Casino Holiday Inn Express (formerly the Garden Court Casino), as it is now consolidated at 100%.

## Sales

On an as reported basis, sales increased to \$10.0 million during the six month period ended 30 June 2009 from \$8.5 million reported for the same period last year, a 17.7% or \$1.5 million for the period. This is primarily due to an increase caused by the 100% consolidation of the Fiesta Casino Holiday Inn Express which resulted in \$2.5 million of the increase. This increase is partially offset by a decrease in existing operations of \$1.0 million, led by the Fiesta Casino at Hotel Presidente with \$0.6 million and the remainder \$0.4 million spread out evenly among all other operating properties. This decrease is primarily due to the new gaming decree that limits the hours of operation from 24 hours to 14 hours daily, which became effective in May 2009. In addition, the Costa Rican economy has been adversely affected by the world economic crisis resulting in a country-wide decrease in tourism revenues. This has negatively affected the visitation in our properties as, although we do not target tourist as clients, many of our players do work in the tourism industry and have lesser amounts of disposable income.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses increased to \$5.9 million during the six month period ended 30 June 2009 from \$4.5 million reported for the same period last year, a 32.3% or \$1.4 million increase. The increase is caused by the 100% consolidation of the Fiesta Casino Holiday Inn Express and general increases associated with the increase in the size of the operations, new locations and the increase in staffing to support the ongoing development within the country. Promotional allowances were \$0.2 million for the six month period ended 30 June 2009 as compared to \$0.3 million for the same period in 2008.

## Property EBITDA

Property EBITDA decreased as a percentage of sales to 39% in the six month period ended 30 June 2009 compared to 44% for the same period in 2008. This decrease can primarily be attributed to the overall decrease in sales for the current period, with the exception of the Fiesta Casino Holiday Inn Express property. Property EBITDA increased to \$3.9 million for 2009 from the \$3.8 million reported for the same period in 2008, an increase of \$0.1 million or 3.8%. \$0.6 million of the increase was generated by the 100% consolidation of the Fiesta Casino Holiday Inn Express property and \$0.1 million of existing operations in Fiesta Casino Herradura, Lucky's Colon and Hotel Diamante Perez Zeledon, partially offset by a total of \$0.6 million decrease performance in the Hotel Presidente property, \$0.4 million, and the balance of the properties accounting for the additional \$0.2 million of the decrease.

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

## Philippines -Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

We entered the Philippines market in 2005 and we now own controlling interests in, and operate, two casinos with over 600 slots machines and 370 table positions, as well as two hotels and a nine-hole golf course. We are expanding our facilities with multi-stage expansion projects ongoing for each property.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Net gaming wins.....	\$ 21,215	\$ 21,427	-1.0%
Room revenue.....	580	424	36.8%
Food and beverage and other sales .....	692	554	24.9%
<b>Sales</b> .....	<u>22,487</u>	<u>22,405</u>	<u>0.4%</u>
Promotional allowances.....	272	240	13.3%
Property, marketing and administration.....	15,131	15,848	-4.5%
<b>Property EBITDA</b> .....	<u>\$ 7,084</u>	<u>\$ 6,317</u>	<u>12.1%</u>
<b>as a percent of sales</b> .....	32%	28%	

For the six month period ended 30 June 2009, the sales increased 0.4% when compared to the same period for 2008. Property EBITDA margins increased to 32% for the six month period ended 30 June 2009, compared to the 28% for the same period in 2008.

## Sales

Sales increased slightly to \$22.5 million for the six month period ended 30 June 2009 compared to \$22.4 million for the same period in 2008. In light of the world economic crisis, this steady, yet flat, result was driven by continued solid visitation and associated drops supported by the increased number of slot machines in the Rizal and the Poro Point locations.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses decreased to \$15.1 million for the six month period ended 30 June 2009 from the \$15.8 million reported for the same period in 2008, a 4.5% or \$0.7 million decrease period over period. The decreases are due to cost savings programs initiated by management. Promotional allowances remained at \$0.2 million for both the six month period ended 30 June 2009 and 2008.

## Property EBITDA

During the six month period ended 30 June 2009, Property EBITDA increased to \$7.1 million, an 12.1% or \$0.8 million increase over the \$6.3 million reported for the same period in 2008. As a percentage of sales, Property EBITDA increased to 32% for the six month period ended 30 June 2009, as compared to 28% for the same period in 2008. The increase was primarily due to our cost savings programs.

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

***Peru Hotel - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008***

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.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Room revenue.....	\$ 5,160	\$ 6,360	-18.9%
Food and beverage and banquet sales.....	1,702	2,355	-27.7%
<b>Sales</b> .....	<u>6,862</u>	<u>8,715</u>	<u>-21.3%</u>
Promotional allowances.....	—	—	—%
Property, marketing and administration.....	6,513	5,998	8.6%
<b>Property EBITDA</b> .....	<u>\$ 349</u>	<u>\$ 2,717</u>	<u>-87.2%</u>
<b>as a percent of sales</b> .....	5%	31%	

**Sales**

Sales for the six month period ended 30 June 2009 were \$6.9 million as compared to \$8.7 million reported for the same period in 2008. This decrease was primarily due to the decline in room occupation, caused by the global economic downturn, which in turn, caused the sales average per available room to decrease to \$36.79 for the six month period ended 30 June 2009 as compared to \$49.34 for the same period in 2008. The decrease of \$1.8 million was comprised of lower sales as follows: El Pueblo Resorts & Convention Center, accounting for \$0.6 million of the decrease, Hotel Las Americas Suites & Casino with \$0.4 million of the decrease, Hotel Las Americas Carrera with \$0.3 million of the decrease, and the remaining \$0.6 million of the decrease spread out among all other properties, partially offset by Hotel Las Americas Bellavista, with an increase in sales of \$0.1 million.

**Property, marketing and administrative expenses and promotional allowances**

Property, marketing and administration expenses were \$6.5 million for the six month period ended 30 June 2009 and \$6.0 million for the same period in 2008. These expenses as a percentage of sales were 94.2% in 2009 and 68.9% in 2008. Promotional allowances are not separately reported for the hotel operation.

**Property EBITDA**

Property EBITDA was \$0.3 million for the six month period ended 30 June 2009 as compared to \$2.7 million reported for the same period in 2008. As a percentage of sales Property EBITDA was 5% for 2009 compared to 31% for 2008.

***Peru Casino - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008***

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. The five properties owned by these two companies have been consolidated into four locations and offer approximately 492 slot positions as of 30 June 2009. Our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites was completed and we opened on 19 September 2008 and as of 30 June 2009 has a total of 427 slot machines and 223 table positions.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Net gaming wins.....	\$ 10,404	—	—
Food and beverage and other sales .....	396	—	—
<b>Sales</b> .....	<u>10,800</u>	<u>—</u>	<u>—</u>
Promotional allowances.....	1,297	—	—
Property, marketing and administration.....	7,675	—	—
<b>Property EBITDA</b> .....	<u>\$ 1,828</u>	<u>—</u>	<u>—</u>
<b>as a percent of sales</b> .....	17%	—	—

## Sales

For the six month period ended 30 June 2009, the sales were \$10.8 million while there is no comparable data for 2008. The results were primarily driven by the flagship Fiesta Casino Benavides, accounting for \$7.3 million or 67.9% of the total sales for the period, with the remaining \$3.5 million from the slot parlor operations.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administration expenses were \$7.7 million for the six month period ended 30 June 2009 while there is no comparable data for 2008. Promotional allowances were \$1.3 million for the six month period ended 30 June 2009 of which \$0.8 million related to the flagship Fiesta Casino Benavides and \$0.5 million related to the slot parlor operations.

## Property EBITDA

Property EBITDA was \$1.8 million for the six month period ended 30 June 2009, which consists of \$1.1 million for the flagship Fiesta Casino Benavides property and \$0.7 million generated by the slot parlor locations.

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

## Poland - Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through two Cyprus subsidiaries. The acquisition included a small casino and a slot parlor in Lodz, Poland. The properties currently have 87 slot positions and 37 table positions. Since the facilities were not owned until mid year 2008, there is no comparison with prior year. Poland is currently not performing up to management's expectations and as a result a provision has been established in anticipation of asset impairment of \$0.7 million associated with the acquisition of the Casino Centrum entity, while it develops new market strategies and is implementing cost cutting measures.

<i>(In thousands)</i>	Six Months Ended 30 June		%
	2009	2008	
Net gaming wins.....	\$ 1,677	—	—
Food and beverage and other sales .....	23	—	—
<b>Sales</b> .....	<u>1,700</u>	<u>—</u>	<u>—</u>
Promotional allowances.....	—	—	—
Property, marketing and administration.....	1,707	—	—
<b>Property EBITDA</b> .....	<u>(7)</u>	<u>—</u>	<u>—</u>
<b>as a percent of sales</b> .....	0%	—	—

## Sales

Sales in the two properties during the six month period ended 30 June 2009 were \$1.7 million; \$1.0 million for the small full service casino and \$0.7 million for the slot parlor.

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses were \$1.7 million for the six month period ended 30 June 2009, primarily due to the small full service casino.

## Property EBITDA

Property EBITDA was \$nil for the six month period ended 30 June 2009 resulting from a loss of \$0.7 million in the full casino Centrum property as it ramps-up, offset by positive results of \$0.7 million generated by the slot parlor operation.

## Corporate and Other -Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

<i>(In thousands)</i>	Six Months Ended		% Change
	2009	2008	
Net gaming wins.....	\$ —	\$ —	—
Food and beverage sales.....	—	—	—
Hospitality and other sales.....	166	414	-59.9%
<b>Sales</b> .....	<u>166</u>	<u>414</u>	<u>-59.9%</u>
Promotional allowances.....	—	—	—
Property, marketing and administration.....	5,182	6,420	-19.3%
<b>Adjusted EBITDA</b> .....	<u>\$ (5,016)</u>	<u>\$ (6,006)</u>	<u>-16.5%</u>

## Property, marketing and administrative expenses and promotional allowances

Net corporate expenses for the six month period ended 30 June 2009 decreased to \$5.0 million as compared to \$6.0 million for the same period in 2008, a 16.5% decrease year over year. The decrease was due to the effective implementation of the cost saving program initiated in the fourth quarter of 2008, which included the reduction of corporate level staff by 28% and other cost cutting measures that were implemented regarding external consulting services, travel costs and certain general administration costs which led to total savings of approximately \$1.0 million for the period.

## Discussions of Items Excluded from EBITDA

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

## Depreciation and Amortization

For the six month period ended 30 June 2009, depreciation and amortization was \$11.6 million as compared to \$8.9 million for 2008, an increase of \$2.7 million. Of the total increase \$0.7 million is related to the Philippines, \$0.5 million related to Peru entities and \$0.5 million is related to 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 Group granted 500,000 stock awards that vest over a three year period beginning 20 November 2008. The price of the Group's stock on the day of the grant was \$7.00 per share, and the amortized expense recognized for the stock grants, as well as the vesting of outstanding options was recognized at \$0.6 million for the six month period ended 30 June 2009 compared to \$1.4 million for the same period of 2008. These grants and options vest on various dates and the valuation of the options is calculated using the Black Scholes method.

Please refer to Note 18 in our interim unaudited consolidated financial information of the Group for the six months ended 30 June 2009 included in this Prospectus for a discussion of a recent amendment to the 2007 Equity Incentive Plan.

### ***Project Development Costs***

Project development costs were \$0.2 million for the six month period ended 30 June 2009 as compared to \$3.6 million for the same period in 2008. For the six month period ended 30 June 2009, the development costs are mainly due to the construction of our hotel, casino, and event center in India. Prior year development costs included non-recurring, pre-opening costs associated with the flagship casino in Peru which were \$1.2 million for the same period in 2008. The other costs were comprised of \$0.6 million for the Philippines hotel and golf course at Poro Point, \$0.6 million for Poland development, \$0.4 million for Colombia, \$0.3 million for India, \$0.3 million for Nicaragua, and \$0.2 million for Costa Rica.

### ***Interest and Financing Costs***

Net interest and financing costs increased to \$10.2 million for the six month period ended 30 June 2009 from \$6.8 million for the same period in 2008. This increase of \$3.4 million resulted from higher debt levels. Corporate accounted for approximately \$2.1 million, Peru accounted for \$0.6 million, Panama accounted for \$0.3 million, Costa Rica accounted for \$0.3 million and Poland accounted for \$0.1 million.

### ***Non-controlling Interests***

For the six month period ended 30 June 2009 the minority interests in the Group's operational profits were \$0.2 million compared with \$1.1 million during the same period of 2008. The minority interests consisted primarily of \$0.2 million for the 45.4% share in the gain recognized by the Nicaragua business, and \$0.1 million share in the income of both the 36.67% minority interest in the net income of the Panama operation, and Poland minority interests combined, partially offset by \$0.1 million for the 48% minority interests in the losses of the Poro Point, Philippines operation and Costa Rica combined.

### ***Foreign Exchange***

For the six month period ended 30 June 2009, the unrealized foreign exchange differences improved to a \$0.6 million of income (gain) from the \$2.3 million of expense reported during the same period in 2008, a decrease of \$2.9 million.

An unrealized foreign exchange profit or loss is a non-cash item and recognized when the carrying balances of the loans and other debts, which are recorded in the functional currency of the subsidiary, are adjusted according to the current exchange rate at the end of the period. The profit for the six month period ended 30 June 2009 is primarily due to Peru and the Philippines. In Peru, the foreign exchange accounted for a profit of \$2.5 million for the six month period ended 30 June 2009 compared to a profit of \$nil in 2008 on an average USD debt balance of \$70.2 million, due to the value of the Peruvian Soles fluctuating against the USD in the six month period ended 30 June 2009 from 3.14 as of 31 December 2008 to 3.01 as of 30 June 2009 in comparison to the fluctuation for the same period in 2008 from 3.00 as of 31 December 2007 to 2.97 as of 30 June 2008. In the Philippines, a foreign exchange loss was recognized for \$0.5 million in the six month period ended 30 June 2009, decreasing from the \$2.0 million reported in the same period in 2008 on an average USD debt balance of \$36.5 million, due to the value of the Philippine Peso weakening against the USD from 47.49 as of 31 December 2008 to 48.31 as of 30 June 2009, a 0.82 total increase, in comparison to the weakening for the same period in 2008 from 41.40 as of 31 December 2007 to 44.76 as of 30 June 2008, a 3.36 total increase. The other \$0.5 million increase for the six month period ended 30 June 2009 over the same period in 2008 was attributable to our USD debt in Costa Rica due to the Costa Rican Colones weakening against the USD in the six month period ended 30 June 2009 from 560.85 as of 31 December 2008 to 579.91 as of 30 June 2009 in comparison to the weakening for the same period in 2008 from 500.97 as of 31 December 2007 to 522.76 as of 30 June 2008. The balance of the increase in expense is attributable to our operations in Nicaragua, Guatemala, Poland and non-operating entities in India and Canada.

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

### ***Other Expenses***

For the six month period ended 30 June 2009, other expenses totaled \$1.0 million, which included a provision of \$0.7 million in anticipation of asset impairment associated with the acquisition of the Casino Centrum entity in Poland, \$0.2 million related to the assets write-off due to the close of the Gran Plaza property in Guatemala and \$0.1 million in costs related to the successful Euronext Amsterdam application completed in October 2008.

### ***Income Taxes***

For the six month period ended 30 June 2009, income tax expense decreased to \$1.3 million from the \$2.0 million recorded in the prior year. This decrease was primarily due to the net loss before income taxes incurred in the Panama operations which resulted in a year-over-year decrease of \$0.7 million. In addition, the Costa Rican operation recorded lower income tax expense of \$0.3 million, corporate entities decreased \$0.3 million, and the Nicaragua operations had a decrease of \$0.1 million. These decreases are partially by the Peru operations which include tax expenses of \$0.3 million for the period ended 30 June 2009 compared to a gain in the deferred tax asset of \$0.4 million due to the loss incurred for the same period in 2008. The Philippines operations are primarily exempt from income taxes.

### **Results of Operations for the Years ended 31 December 2008 and 2007.**

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

The selected financial data should be read in conjunction with our audited consolidated financial statements and the notes thereto.

<i>(In thousands, except per share data)</i>	<b>Year Ended 31 December</b>	
	<b>2008</b>	<b>2007</b>
Sales.....	\$ 171,843	\$ 99,775
Loss for the period attributable to equity holders of Thunderbird Resorts Inc. ....	(32,794)	(6,508)
Loss per share—basic .....	(1.67)	(0.66)
Adjusted EBITDA .....	35,139	22,763
Property EBITDA.....	47,488	28,962

<i>(In thousands)</i>	<b>Year Ended 31 December</b>	
	<b>2008</b>	<b>2007</b>
Working capital .....	\$ (12,962)	\$ 47,128
Total assets .....	258,542	215,300
Borrowings and obligations under leases .....	172,281	104,261
Total liabilities.....	209,429	135,471
Share capital .....	49,113	98,962
Translation reserve .....	(3,015)	1,124
Deficit.....	(62,882)	(30,088)

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

<i>(In thousands)</i>	Year ended 31 December		%
	2008	2007	
Net gaming wins.....	\$ 144,415	\$ 88,193	63.7%
Food and beverage sales.....	12,886	6,120	110.6%
Hospitality and other sales.....	14,542	5,462	166.2%
<b>Sales</b> .....	<u>171,843</u>	<u>99,775</u>	<u>72.2%</u>
Promotional allowances.....	4,356	2,827	54.1%
Property, marketing and administration.....	119,999	67,986	76.5%
<b>Property EBITDA</b> .....	<u>47,488</u>	<u>28,962</u>	<u>64.0%</u>
Corporate Expenses.....	12,349	6,199	99.2%
<b>Adjusted EBITDA</b> .....	<u>35,139</u>	<u>22,763</u>	<u>54.4%</u>
Adjusted EBITDA as a percentage of sales.....	20%	23%	
Depreciation and amortization.....	20,964	10,244	104.6%
Interest and financing costs, net.....	17,071	9,994	70.8%
Non-controlling interest.....	(711)	2,282	(131.2)%
Management fee attributable to non-controlling interest.....	3,017	—	—
Project development.....	7,518	2,482	202.9%
Stock-based compensation.....	2,712	1,034	162.3%
Foreign exchange loss/(gain).....	10,192	(5,255)	(293.9)%
Other losses.....	5,917	3,696	60.1%
Derivative financial instrument.....	(964)	1,881	(151.2)%
Income taxes.....	2,217	2,913	(23.9)%
Net profit/(loss) attributable to the equity holder of Thunderbird Resorts Inc. ....	<u>\$ (32,794)</u>	<u>\$ (6,508)</u>	<u>403.9%</u>
Loss per common share (in \$): .....			
Basic.....	\$ (1.67)	\$ (0.66)	
Diluted <sup>(1)</sup> .....	<u>\$ (1.67)</u>	<u>\$ (0.66)</u>	
Weighted average number of common shares: .....			
Basic.....	19,586	9,929	
Diluted.....	<u>20,030</u>	<u>10,184</u>	

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

#### **Comparison of Results of Operations—Year ended 31 December 2008 Compared to Year ended 31 December 2007.**

During the twelve month period ended 31 December 2008, we generated sales of \$171.8 million as compared to \$99.8 million for the same period in 2007, a 72.2% increase. The increase in sales of \$72.1 million for 2008 was primarily comprised of four variables, (i) the consolidation of 100% of the Panama operation as compared to the proportional consolidation during the same period last year which accounts for 39.0% of the increase or \$28.1 million, (ii) the consolidation of 100% of the Costa Rican flagship casino operation as compared to the proportional consolidation during the same period last year which accounts for 3.5% of the increase or \$2.5 million, (iii) new operations that generated an increase of \$12.4 million or 17.2% of the total, and (iv) existing operations increased \$29.1 million or 40.40% of the total.

As previously described, the Group purchased an additional 11.36% of the Panama operations in January 2008 and 2.27% in the third quarter of 2008 which gave the Group a controlling interest in the entity, hence changing the consolidation of the entity from proportional consolidation, where only 50% of the operation was consolidated in 2007 to consolidating 100% of the operation and recognizing non-controlling interests. In addition, in the third quarter of 2008 the Group acquired controlling interest in the Costa Rica flagship Fiesta Casino entity. The increase from new operations was primarily due to the addition of the Peru casino operation which was \$7.8 million of the \$12.4 million increase with the new Poland operation accounting for \$2.3 million, a new Nicaragua property contributing \$1.6 million, a new Costa Rica property adding \$0.3 million and, a new Guatemala property adding \$0.4 million. The increase in revenue for existing operations of \$29.1 million was primarily comprised of the Peru hotel operation being operational for a full year as opposed to five months in 2007 accounting for \$11.2 million of the increase, the Philippines posting a \$9.8 million increase, Panama posting a \$4.5 million increase, Costa Rica posting an increase of \$3.1 million, Guatemala adding \$0.7 million, while Nicaragua existing properties decreased by \$0.2 million.

Property EBITDA increased 64% to \$47.5 million for 2008 as compared to \$29.0 million for 2007. The increase of \$18.5 million is focused in three areas: (i) the Panama consolidation and Costa Rica flagship casino consolidation added \$8.8 million and \$1.0 million respectively; (ii) the new operations generated a loss of \$0.2 million which was comprised of \$0.4 million of gain from new casinos in Peru, \$0.2 million of gain from new properties in Nicaragua and Poland, offset by losses of \$0.7 million in new Guatemala operations and \$0.1 million loss in Costa Rica; and (iii) the existing operations added \$8.7 million, led by the Peru hotels in operation for a full year contributing \$3.8 million, the Philippines with an increase of \$2.8 million, while Costa Rica contributed \$1.7 million to the increase, Panama contributed \$1.1 million, Nicaragua contributed \$0.1 million, and Guatemala contributed a \$0.5 million loss.

During 2008, Property EBITDA decreased as a percentage of sales to 28% compared to 29% for 2007. This decrease was primarily due to the effect of opening new operations in Peru and the losses incurred by the Guatemala operation.

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

Net loss for 2008 attributable to the equity holders of Thunderbird Resorts Inc. increased to a loss of \$32.8 million from a net loss of \$6.5 million for 2007. The 2008 net loss contains an unrealized, non-cash foreign exchange loss of \$10.2 million that was recorded in association with the large dollar loans and intercompany payables outstanding in Peru and the Philippines. The depreciation and amortization expense for 2008 was \$21.0 million compared to \$10.2 million for 2007. The net loss for the year was also impacted by project development and pre-opening costs of \$7.5 million, Euronext Amsterdam listing costs of \$1.9 million, Guatemala loss resulting from a fire at the Gran Plaza property of \$3.9 million, and non-cash items such as stock based compensation of \$2.7 million and gain on derivative financial instrument of \$1.0 million. The net loss of \$32.8 million would have been \$9.5 million in net loss after adding the foreign exchange loss, the project development, the Guatemala loss and other mentioned non-cash items. The \$9.5 million of remaining losses is due primarily to the new operations that were started during the year that included the Peru casino operations of \$6.2 million, Philippines Poro Point golf course and hotel of \$1.4 million, the Gran Plaza casino in Guatemala of \$0.8 million, while the remaining \$1.1 million was spread across other corporate operating costs.

#### ***Cash Flow Comparison—Year ended 31 December 2008 Compared to Year ended 31 December 2007.***

Net cash used by operating activities for the year ended 31 December 2008 was \$13.5 million, a decrease of \$28.3 million when compared to the \$14.8 million generated for the year ended 31 December 2007. The decrease was primarily due to the new operations opened and acquired during 2008 and the financing costs associated with these operations. Specifically, our operating cash flows in our Peru casino operations were a negative \$8.0 million primarily due to the ramp up of operations of the Fiesta Casino Benavides that opened in September of 2008 and the high financing costs associated with the hotels and slot parlor acquisition (Sun Nippon and Interstate Gaming). The operating cash flows of our new Poro Point hotel and golf course operations were a negative \$6.4 million as the facility opened in April of 2008 and the ramp up of operations has been slower than expected. The operating cash flow of our new operation in Guatemala, the Gran Plaza Casino, which opened in July of 2008, was a negative \$3.0 million due to poor performance from lack of patronage. We expect these operations to improve during the 2009 year with the exception of the Gran Plaza Casino, which we

closed in July 2009. The remaining use of cash was attributable to a reduction in accounts payable and accrued liabilities of \$4.3 million as compared to the increase of \$10.0 million for the same period last year. Our working capital decreased by \$60.1 million to a negative \$13.0 million in the year ended 31 December 2008 over the year ended 31 December 2007 due primarily to the reduction in cash that was received at the end of 2007 in connection with our \$85.5 million equity offering primarily used for the expansion of the Group in its Peru casinos, acquisition of additional Panama interests, Costa Rica interests, operations in Poland and the India project. Total borrowings and obligations under leases at 31 December 2007 were \$104.0 million and increased to \$172.3 million at 31 December 2008. The increase was due to additional debt brought into the Group for its continued expansions.

Cash and cash equivalents, including restricted cash, decreased to \$21.8 million at 31 December 2008 from \$76.9 million at 31 December 2007. This decrease was due to principal payments on debt and leases payable of \$35.1 million, \$8.7 million used as cash collateral to secure loans, the acquisition of the additional 13.63% of our Panama operations for \$13.0 million, the acquisition of the additional 4.5% of the Fiesta Casino Garden Court operations for \$1.7 million, an equity investment of \$9.0 million in our India hotel project, and total capital expenditures of \$75.8 million.

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

### Discussion of Results

Below is a discussion of sales, promotional costs, property, marketing and administration, and Property EBITDA on a country level basis for the twelve months ended 31 December 2008 compared to twelve months ended 31 December 2007. 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.

<i>(In thousands)</i>	<b>Year ended 31 December</b>		<b>% Change</b>
	<b>2008</b>	<b>2007</b>	
<b>SALES BY COUNTRY</b> .....			
Panama .....	\$ 60,740	\$ 28,121	116.0%
Guatemala.....	4,478	3,426	30.7%
Nicaragua .....	14,232	12,871	10.6%
Costa Rica .....	19,464	13,535	43.8%
Philippines.....	44,098	34,464	28.0%
Peru.....	26,027	7,056	268.9%
Poland.....	2,296	—	—
Other.....	508	302	68.2%
<b>Total sales</b> .....	<u>\$ 171,843</u>	<u>\$ 99,775</u>	<u>72.2%</u>
<b>PROPERTY EBITDA BY COUNTRY</b> .....			
Panama .....	\$ 18,608	\$ 8,767	112.3%
Guatemala.....	(1,111)	91	(1,320.9)%
Nicaragua .....	3,230	3,202	0.9%
Costa Rica .....	8,144	5,554	46.6%
Philippines.....	12,089	9,246	30.7%
Peru.....	6,443	2,102	206.5%
Poland.....	85	—	—
<b>Property EBITDA</b> .....	<u>\$ 47,488</u>	<u>\$ 28,962</u>	<u>64.0%</u>
<b>Property EBITDA as a percentage of sales</b> .....	28%	29%	
Other (corporate expenses).....	(12,349)	(6,199)	99.2%
<b>Adjusted EBITDA</b> .....	<u>\$ 35,139</u>	<u>\$ 22,763</u>	<u>54.4%</u>
<b>Adjusted EBITDA as a percentage of sales</b> .....	20%	23%	

### *Panama (1) – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007*

#### **Panama**

We entered this market in 1998 and now operate six casinos. In January 2008, we acquired controlling interest in the operations and now own 64% of International Thunderbird Gaming (Panama) Corp., thereby

consolidating 100% of the sales and costs. In our six locations, we now offer 1,675 slot machines and 500 table positions and are the Panama market leader in full service casinos.

<i>(In thousands)</i>	Year ended 31 December		%
	2008	2007	
Net gaming wins.....	\$ 56,609	\$ 26,423	114.2%
Food and beverage and other sales .....	4,131	1,698	143.3%
<b>Sales</b> .....	<u>60,740</u>	<u>28,121</u>	<u>116.0%</u>
Promotional allowances.....	1,344	543	147.5%
Property, marketing and administration.....	40,788	18,811	116.8%
<b>Property EBITDA</b> .....	<u>\$ 18,608</u>	<u>\$ 8,767</u>	<u>112.3%</u>
<b>as a percentage of sales</b> .....	31%	31%	

- (1) On 15 January 2008, the Group 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 Group 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 non-controlling interests.

The full year 2008 results for the Group's Panama operations increased over the same period in the previous year on an as adjusted basis (adjusted to reflect 100% consolidation) driven by the effects of the Group's expansion of existing properties carried out in 2008. On an as reported basis, full year revenues increased by 116% while Property EBITDA increased by 112%. During 2008, the Group added 190 new slot positions in Panama.

#### **Sales**

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

#### **Property, marketing and administrative expenses and promotional allowances**

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

#### **Property EBITDA**

Property EBITDA increased to \$18.6 million from the \$8.8 million as reported for 2007, a 112% increase. On an as adjusted basis (adjusted to reflect 100% consolidation), Property EBITDA for 2008 increased by \$1.1 million as compared to 2007. The primary cause was the increase in revenues and attributable to the consolidation of 100% of the Panama operations, as Property EBITDA as a percentage of sales remained the same at 31% period over period.

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

#### **Guatemala – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007**

We entered the Guatemalan market in 1997, and we now operate two video lottery parlors in Guatemala City with over 480 video lottery terminals. The full year 2008 results for the Group's Guatemala operation reflect higher revenues and lower Property EBITDA than in the 2007 full year results due to losses

incurred in all of the properties. During 2008, the Group replaced the Guatemala management team and implemented a new cost control program. 2008 results reflect losses driven by the slow ramp up of revenues and profitability related to the new Gran Plaza property that opened in June 2008 (and subsequently closed in July 2009). The Group elected to close its Coatepeque property in February 2009 and to utilize the gaming machines from this property and the Gran Plaza property in other properties around the country.

<i>(In thousands)</i>	Year ended 31 December		%
	2008	2007	
Video lottery terminals win .....	\$ 3,929	\$ 3,003	30.8%
Food and beverage and other sales .....	549	423	29.8%
<b>Sales</b> .....	<u>4,478</u>	<u>3,426</u>	<u>30.7%</u>
Promotional allowances.....	—	—	
Property, marketing and administration.....	5,589	3,335	67.6%
<b>Property EBITDA</b> .....	<u>\$ (1,111)</u>	<u>\$ 91</u>	<u>(1,320.9)%</u>
<b>as a percent of sales</b> .....	(25)%	3%	

### Sales

Sales increased to \$4.5 million during 2008 from the \$3.4 million reported for 2007, an increase of \$1.1 million or 31%. The increase is primarily due to a full year of results from the new Intercontinental operation, which opened in May of 2007, and the new Gran Plaza property, which opened in July 2008 (and subsequently closed in July 2009). In addition, during the first quarter of 2007, the Camino Real location was closed.

### Property, marketing and administrative expenses and promotional allowances

Property, marketing and administration expenses increased to \$5.6 million in 2008 from the \$3.3 million reported for 2007, a 67.6% increase. The increase is primarily due to the Intercontinental operations being in place for the entirety of 2008 and the opening of the new Gran Plaza property in July 2008 (which was subsequently closed in July 2009) which incurred \$1.1 million of expenses during the period.

### Property EBITDA

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

**Guatemala properties include:** Video Lotería Fiesta – Hotel Intercontinental, Guatemala City; Video Loteria Mazatenango – Mazatenango; Video Loteria Fiesta – Coatepeque (Closed in November 2008), and Gran Plaza Shopping Center, Guatemala City (Gran Plaza was subsequently closed in July 2009).

### Nicaragua (1) – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

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

<i>(In thousands)</i>	Year ended 31 December		%
	2008	2007	
Net gaming sales.....	\$ 13,661	\$ 12,770	7.0%
Food and beverage and other sales .....	571	101	465.3%
<b>Sales</b> .....	<u>14,232</u>	<u>12,871</u>	<u>10.6%</u>
Promotional allowances.....	1,186	891	33.1%
Property, marketing and administration.....	9,816	8,778	11.8%
<b>Property EBITDA</b> .....	<u>\$ 3,230</u>	<u>\$ 3,202</u>	<u>0.9%</u>
<b>as a percent of sales</b> .....	23%	25%	

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

### Sales

Sales increased to \$14.2 million during 2008 from the \$12.9 million reported for 2007, an increase of \$1.3 million or 11%. The increase comprised of new revenues of \$1.2 million related to the opening of the Bello Horizonte facility and increased revenues of \$0.5 million from the new Masaya property and sports book revenues offset by decreases of \$0.6 million in the Camino Real property. The table holds for the country decreased by 19% primarily due to increased competition in the Managua area.

### Property, marketing and administrative expenses and promotional allowances

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

### Property EBITDA

Property EBITDA for each of 2008 and 2007 was \$3.2 million. This flat result in spite of increased revenues was due to the general effect of increased competition and costs associated with ramping up of the new Bello Horizonte property. As a percentage of sales, Property EBITDA was 23% for 2008 compared to 25% for 2007.

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

### Costa Rica (1) – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

We entered the Costa Rica market in 2003 and operate nine casinos, one slot route location and one hotel. We have over 1,100 slots and 250 gaming positions.

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Net gaming wins.....	\$ 18,007	\$ 12,625	42.6%
Room revenue.....	136	—	—
Food and beverage and other sales .....	1,321	910	45.2%
<b>Sales</b> .....	<u>19,464</u>	<u>13,535</u>	<u>43.8%</u>
Promotional allowances.....	657	617	6.5%
Property, marketing and administration.....	10,663	7,364	44.8%
<b>Property EBITDA</b> .....	<u>\$ 8,144</u>	<u>\$ 5,554</u>	<u>46.6%</u>
<b>as a percent of sales</b> .....	42%	41%	

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

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

## Sales

Sales increased to \$19.5 million during 2008 from \$13.5 million reported for 2007, a 44% or \$6.0 million increase for the period. The 100% consolidation of the Fiesta Casino Holiday Inn Express (formerly the Garden Court casino) resulted in \$2.5 million of the increase and new operations for Lucky's Colon and Hotel Diamante (Perez Zeledon) of \$0.3 million. In addition, existing operations generated new revenues of \$3.2 million led by the Herradura casino which was operated for the full year 2008 as compared to a partial year of 2007 resulting in \$1.0 million of the increase, the Lucky's Casinos which increased \$1.1 million, Fiesta Casino Holiday Inn Express property which increased \$0.6 million on an as adjusted basis (adjusted to reflect 100% consolidation), \$0.3 million for the Heredia casino and \$0.4 million for the Hotel Presidente casino, partially offset by a decrease of \$0.3 million due to the close of the Gran Hotel in 2007.

## Property, marketing and administrative expenses and promotional allowances

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

## Property EBITDA

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

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

## Philippines – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

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

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Net gaming wins.....	\$ 42,341	\$ 33,377	26.9%
Room revenue.....	857	323	165.3%
Food and beverage and other sales .....	900	764	17.8%
<b>Sales</b> .....	<u>44,098</u>	<u>34,464</u>	<u>28.0%</u>
Promotional allowances.....	525	776	(32.3)%
Property, marketing and administration.....	31,484	24,442	28.8%
<b>Property EBITDA</b> .....	<u>\$ 12,089</u>	<u>\$ 9,246</u>	<u>30.7%</u>
<b>as a percent of sales</b> .....	27%	27%	

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

## Sales

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

## Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses increased to \$31.5 million for 2008 from the \$24.4 million reported for 2007, a 29% or \$7.1 million 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. Promotional allowances decreased to \$0.5 million for 2008 as compared to \$0.8 million for 2007. The decrease was due to the successful marketing efforts in 2007 resulting in increased visitation which was sustained during 2008.

## Property EBITDA

Property EBITDA increased to \$12.1 million, a 31% or \$2.9 million increase over the \$9.2 million reported for 2007. As a percentage of sales, Property EBITDA held steady at 27% for both 2008 and 2007.

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

## *Peru Hotel – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007*

We entered Peru in July 2007, when we acquired the Hoteles Las Americas properties located in Lima for \$43.5 million. The six hotels under this brand, which include a resort/convention center, have 660 rooms and 14 restaurants, bars and entertainment venues. During the fourth quarter of 2008, the Group substantially completed a \$10 million renovation program of the six hotels in Lima, Peru, while our flagship Fiesta Casino in Lima opened in September 2008 in the Thunderbird Hotel Las Americas Suites with approximately 414 slot machines and 188 table positions. This flagship Fiesta Casino required a capital investment of approximately \$20.8 million, which included budgeted pre-opening costs and working capital of \$4.5 million.

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Room sales.....	\$ 12,086	\$ 4,185	188.8%
Food and beverage and banquet sales.....	5,370	2,250	138.7%
<b>Other sales</b> .....	803	621	29.3%
<b>Sales</b> .....	<u>18,259</u>	<u>7,056</u>	<u>158.8%</u>
Promotional allowances.....	—	—	—%
Property, marketing and administration.....	12,386	4,954	150.0%
<b>Property EBITDA</b> .....	<u>\$ 5,873</u>	<u>\$ 2,102</u>	<u>179.4%</u>
<b>as a percent of sales</b> .....	32%	30%	

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

## Sales

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

### Property, marketing and administrative expenses and promotional allowances

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

### Property EBITDA

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

### Peru casinos

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

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Net gaming wins.....	\$ 7,606	—	—
Food and beverage and other sales .....	162	—	—
<b>Sales</b> .....	<u>7,768</u>	<u>—</u>	<u>—</u>
Promotional allowances.....	644	—	—
Property, marketing and administration.....	6,554	—	—
<b>Property EBITDA</b> .....	<u>\$ 570</u>	<u>—</u>	<u>—</u>
as a percent of sales .....	7%	—	—

### Sales

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. During approximately six months of operations, the slot parlors produced \$4.1 million of revenue.

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

### Property, marketing and administrative expenses and promotional allowances

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

### Property EBITDA

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

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

## Poland - Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through two Cyprus subsidiaries. The acquisition included a small casino and a slot parlor in Lodz, Poland. As of 31 December 2008, the properties have 71 slot positions and 37 table positions. Lodz is located in the center of Poland and is the second most populated city in the country with approximately a 1.8 million population within the city and its 50 mile radius. Since the facilities were not owned until 2008, there is no comparison with 2007. Poland is currently not performing up to management's expectations and as a result the goodwill has been impaired from \$1.0 million to \$0.7 million associated with the acquisition of the Casino Centrum entity.

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Net gaming wins.....	\$ 2,263	\$ —	—
Food and beverage and other sales .....	33	—	—
<b>Sales</b> .....	<u>2,296</u>	<u>—</u>	<u>—</u>
Promotional allowances.....	—	—	—
Property, marketing and administration.....	2,211	—	—
<b>Property EBITDA</b> .....	<u>\$ 85</u>	<u>—</u>	<u>—</u>
as a percent of sales .....	4%	—	—

### Sales

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

### Property, marketing and administrative expenses and promotional allowances

Property, marketing and administrative expenses were \$2.2 million for 2008, \$1.7 million for the small full service casino and \$0.5 million for the slot parlor. There were no promotional allowances.

### Property EBITDA

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

## Corporate and Other – Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

<i>(In thousands)</i>	Year ended 31 December		% Change
	2008	2007	
Net gaming wins.....	\$ —	\$ —	—
Food and beverage sales .....	—	—	—
Hospitality and other sales.....	508	302	68.2%
Sales.....	<u>508</u>	<u>302</u>	<u>68.2%</u>
Promotional allowances.....	—	—	—
Property, marketing and administration.....	12,857	6,501	97.8%
Adjusted EBITDA .....	<u>\$ (12,349)</u>	<u>\$ (6,199)</u>	<u>99.2%</u>

### Expenses

Net corporate expenses for the full year 2008 increased to \$12.3 million as compared to \$6.2 million for the full year 2007, a 99.2% increase, due to the increased size of the corporate and development staffing and headquarters costs that have been necessary to expand the operation to its current levels and to also manage the existing operations. In addition, since the Group has listed on Euronext Amsterdam, it has been necessary to increase staff size and recruit experienced professionals from the United States and other parts of the world to

move to the Panama headquarters, thereby increasing costs. In response to the world economic crisis, the Group implemented a cost savings program in the fourth quarter of 2008 whereby the development staff and the internal architectural and design groups were significantly reduced for an anticipated annual savings of approximately \$1.0 million.

### **Discussions of items excluded from Property and Adjusted EBITDA**

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

#### ***Depreciation and amortization***

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

#### ***Stock based compensation***

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

#### ***Project development costs***

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

#### ***Interest and financing costs***

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

#### ***Non-controlling interests***

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

#### ***Foreign exchange***

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

An unrealized foreign exchange gain or expense is a non-cash item and recognized when the carrying balances of the loans and other debts, which are recorded in the functional currency of the subsidiary, are adjusted according to the current exchange rate at the end of the period. The expense for 2008 is primarily due to the Philippines and Peru. In the Philippines the foreign exchange gain decreased from a gain of \$2.6 million

in 2007 to an expense of \$3.8 million on an average USD debt balance of \$41.2 million, due to the value of the Philippine Peso weakening against the USD from 41.40 as of 31 December 2007, to 47.49 as of 31 December 2008. In Peru, the foreign exchange of \$2.7 million in 2007 was an expense of \$4.4 million in 2008 on an average USD debt balance of \$69.3 million, due to the value of the Peruvian Soles weakening against the USD from 3.00 as of 31 December 2007 to 3.14 as of 31 December 2008. The other \$2 million increase in 2008 over 2007 was attributable to our USD debt in Costa Rica due to the Costa Rican Colones weakening against the USD from 500.97 at 31 December 2007 to 560.85 at 31 December 2008. The balance of the increase in expense is attributable to our operations in Nicaragua and Guatemala.

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

#### ***Other expenses (gains)***

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

#### ***Income taxes***

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

#### **Results of Operations for the Years ended 31 December 2007 and 2006**

The following tables set forth selected consolidated financial data, which data is derived from our audited consolidated financial statements for the years ended 31 December 2007 and 2006 and was prepared in accordance with IFRS. The selected financial data should be read in conjunction with our audited consolidated financial statements and the notes thereto incorporated into this Prospectus.

	<b>Year Ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
<i>(In thousands, except per share data)</i>		
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

	<b>Year Ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
<i>(In thousands)</i>		
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)

<i>(In thousands)</i>	Year ended 31 December		%
	2007	2006	
Gaming Revenues.....	\$ 88,193	\$ 68,055	30%
Food & Beverage Revenues .....	6,120	3,360	82%
Hospitality and Other Revenues .....	5,462	689	693%
<b>Revenues</b> .....	<u>99,775</u>	<u>72,104</u>	<u>38%</u>
Promotional Allowances.....	2,827	2,406	17%
Property, Marketing and Administration .....	67,986	51,138	33%
<b>Property EBITDA</b> .....	<u>28,962</u>	<u>18,560</u>	<u>56%</u>
Corporate Expenses .....	6,199	3,782	64%
<b>Adjusted EBITDA</b> .....	<u>22,763</u>	<u>14,778</u>	<u>54%</u>
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%
<b>Net Profit/(Loss)</b> .....	<u>\$ (6,508)</u>	<u>\$ (3,961)</u>	<u>64%</u>
Earnings (loss) per common share: .....			
Basic .....	\$ (0.66)	\$ (0.47)	
Diluted <sup>(1)</sup> .....	<u>\$ (0.66)</u>	<u>\$ (0.47)</u>	
Weighted average number of common shares .....			
Basic .....	9,929	8,352	
Diluted .....	<u>10,184</u>	<u>9,489</u>	

(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.

#### ***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 Group'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 Group's former Mexico interests and the write-off of \$1.4 million associated with the Group's former 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 Group's depreciation, non-controlling interests and corporate expenditures.

During 2007 the Group'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 Group has a 48% non-controlling shareholder interest. The Group'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 Group.

#### ***Cash Flow Comparison—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 our private placement of stock 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.

#### **Other Information**

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 \$43.0 million at 31 December 2006 to \$114.5 million at 31 December 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.

<i>(In thousands)</i>	Year ended 31 December		%
	2007	2006	
<b>REVENUES BY COUNTRY</b> .....			
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%
<b>Total Revenues</b> .....	<u>\$ 99,775</u>	<u>\$ 72,104</u>	<u>38%</u>
<b>EBITDA BY COUNTRY</b> .....			
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	—	—
<b>Property EBITDA</b> .....	<u>\$ 28,962</u>	<u>\$ 18,560</u>	<u>56%</u>
Other.....	(6,199)	(3,782)	64%
<b>Adjusted EBITDA</b> .....	<u>\$ 22,763</u>	<u>\$ 14,778</u>	<u>54%</u>
<b>Adjusted EBITDA as a % of revenues</b> .....	23%	20%	

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

<i>(In thousands)</i>	Year ended 31 December		%
	2007	2006	
Gaming revenues .....	\$ 26,423	\$ 22,895	15%
Food & beverage revenues .....	1,698	1,338	27%
<b>Revenues</b> .....	<u>28,121</u>	<u>24,233</u>	<u>16%</u>
Promotional allowances.....	543	508	7%
Property, marketing and administration.....	18,811	16,589	13%
<b>Property EBITDA</b> .....	<u>\$ 8,767</u>	<u>\$ 7,136</u>	<u>23%</u>
<b>Property EBITDA as a % of revenues</b> .....	31%	29%	

- (1) In 2008, the Group purchased an additional 13.63% of the Panama operations. The additional interest gave the Group 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 non-controlling 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 Group'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

<i>(In thousands)</i>	Year ended 31 December		% Change
	2007	2006	
Gaming revenues .....	\$ 2,999	\$ 3,876	-23%
Food & beverage revenues .....	427	866	-51%
<b>Revenues</b> .....	<u>3,426</u>	<u>4,742</u>	<u>-28%</u>
Promotional allowances.....	—	—	—
Property, marketing and administration.....	3,335	3,814	-13%
<b>Property EBITDA</b> .....	<u>\$ 91</u>	<u>\$ 928</u>	<u>-90%</u>
<b>Property EBITDA as a % of revenues</b> .....	3%	20%	

### 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 Group 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. Since 2007, the Group has closed the Coatepeque location (February 2009) the Gran Plaza location (opened in June 2008; closed in July 2009) as described in Chapter 9 “Operating and Financial Review—Recent Events and Developments—Guatemala”.

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

<i>(In thousands)</i>	Year ended 31 December		% Change
	2007	2006	
Gaming revenues .....	\$ 12,770	\$ 13,288	-4%
Food & beverage revenues .....	101	114	-11%
<b>Revenues</b> .....	<u>12,871</u>	<u>13,402</u>	<u>-4%</u>
Promotional allowances.....	891	745	20%
Property, marketing and administration.....	<u>8,778</u>	<u>9,222</u>	<u>-5%</u>

<b>Property EBITDA</b> .....	\$ 3,202	\$ 3,435	-7%
<b>Property EBITDA as a % of revenues</b> .....	25%	26%	

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

<i>(In thousands)</i>	Year ended 31 December		% Change
	2007	2006	
Gaming revenues.....	\$ 12,624	\$ 8,709	45%
Food & beverage revenues.....	911	572	59%
<b>Revenues</b> .....	<u>13,535</u>	<u>9,281</u>	<u>46%</u>
Promotional allowances.....	617	450	37%
Property, marketing and administration.....	7,364	5,954	24%
<b>Property EBITDA</b> .....	<u>\$ 5,554</u>	<u>\$ 2,877</u>	<u>93%</u>
<b>Property EBITDA as a % of revenues</b> .....	41%	31%	

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

## 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 (subsequently renamed the Fiesta Casino—Holiday Inn Express), 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.

## 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 Group 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.

#### *Philippines – Year Ended 31 December 2007 Compared to Year Ended 31 December 2006*

*(In thousands)*

	Year ended 31 December		% Change
	2007	2006	
Gaming revenues .....	\$ 33,377	\$ 19,287	73%
Food & beverage revenues .....	757	470	61%
Hospitality and other revenues .....	330	447	-26%
<b>Revenues</b> .....	<u>34,464</u>	<u>20,204</u>	<u>71%</u>
Promotional allowances.....	776	703	10%
Property, marketing and administration.....	24,442	15,317	60%
<b>Property EBITDA</b> .....	<u>\$ 9,246</u>	<u>\$ 4,184</u>	<u>121%</u>
<b>Property EBITDA as a % of revenues</b> .....	27%	21%	

### 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		% Change
	2007	2006	
Gaming revenues .....	\$ —	\$ —	—
Food & beverage revenues .....	2,227	—	—
Hospitality and other revenues .....	4,829	—	—
<b>Revenues</b> .....	<u>7,056</u>	<u>—</u>	<u>—</u>
Promotional allowances.....	—	—	—
<b>Property, marketing and administration</b> .....	<u>4,954</u>	<u>—</u>	<u>—</u>
<b>Property EBITDA</b> .....	<u>\$ 2,102</u>	<u>\$ —</u>	<u>—</u>
<b>Property EBITDA as a % of revenues</b> .....	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**

<i>(In thousands)</i>	<b>Year ended</b>		<b>% Change</b>
	<b>2007</b>	<b>2006</b>	
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 .....	<u>\$ (6,199)</u>	<u>\$ (3,782)</u>	<u>-64%</u>

**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, Thunderbird Resorts Inc. granted 33,333 stock options and on 25 July 2007, Thunderbird Resorts Inc. 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.

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.

***Project Development Costs***

Project development costs were \$2.5 million for 2007 year. The 2007 development expenditures stem primarily from the Group'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 Group spent nearly \$400,000 in pursuing other development opportunities in Colombia (which we are no longer pursuing), Poland and India. Another \$300,000 was spent on the Group'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 Group'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 Group'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 Group'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 non-controlling interest in losses up to the non-controlling 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 Group does not record non-controlling 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 \$3.7 million for 2007 compared to expenses of \$3.0 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 North American Free Trade Agreement (NAFTA) arbitration of \$200,000, and a gain of \$300,000 related to the sale of the Group'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 our 2005 year-end 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 Group'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 Group from its subsidiary operations.

### ***Capital Resources and Liquidity***

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments and other general business needs. Our primary source of liquidity has historically been cash provided by our operating activities (including cash

provided by distributions from joint ventures, subsidiaries, management fees), as well as capital raised at the corporate or subsidiary level from investors, banks and other similar credit providers. Our primary liquidity and capital requirements are for acquisition and construction of new properties, expansions of existing properties and repayment of debt.

As we have historically pursued growth, we continually monitored the capital resources available to us to meet our future financial obligations and planned capital expenditures. Our future success in growing our operations will be highly dependent on capital resources available to us as well as our success in developing, acquiring and expanding additional properties. We continue to consider acquisition and development opportunities. If we were to make significant additional acquisitions and developments for cash, we would need to obtain additional debt or equity financing. In light of the worldwide trends of tightening credit and capital markets, we expect that any future debt financing instruments will impose covenants that would restrict our ability to obtain additional debt financing as we anticipate paying our obligations with cash flow generated from operations. To the extent we continue to grow through the addition of new gaming positions, we will continue to attempt to access the international credit markets to borrow capital to fund such expenses. For example, when acquiring additional slot machines, we will likely seek secured financing from the slot machine manufacturers or from private lenders.

During 2008 and 2009, we have delayed or stopped certain material projects as a result of the lack of available financing. In addition, we are facing significant debt service payments over the next 12 months and as a result, have renegotiated deferment of principal payments with certain private lenders and are seeking similar arrangements with other lenders. Although we believe in the fundamentals of our underlying gaming business, our debt service payments have resulted in a tightening of our free cash flow. Although we are seeking to refinance our debt under better terms, there can be no certainty as to the success of those efforts. Additionally, we are currently in non-compliance with certain financial covenants under the agreements governing approximately \$18.1 million of our outstanding Peru indebtedness. Although we have executed a non-binding term sheet with this lender to renegotiate the repayment terms and the related financial covenants for this indebtedness, we have not finalized any agreements and there can be no guarantee that this lender will not declare us in default under our existing agreements. If this occurred, we would have 30 days to cure our non-compliance and, absent cure, we would be required to place \$1 million in a reserve account with the lender during a subsequent 12-month cure period during which time the lender could accelerate the loan. If we do not cure our non-compliance during the subsequent 12-month cure period, the lender has the right to select a management company to operate our Peru hotels and casino and to pursue other legal remedies under the terms of the agreement.

In response to the slowdown in the economy and the possible negative impact on revenues, the Group may seek alternative debt or equity financing. While we were successful in securing approximately \$95 million in new debt in 2008, we are and will continue to be challenged in 2009 to secure the funding necessary to complete the expansions of our two Philippine casinos, as well as to continue to fund expansion into India, Costa Rica, Peru and Panama. In addition, in light of our high short term principal debt payments and the desire to fund these ongoing projects, we will continue to seek to renegotiate principal debt repayment terms with certain of our lenders to extend amortization periods which in turn will free up cash flow that will allow us to fund operations and continue these expansions. We have recently successfully negotiated a deferment of principal payments on certain of our private debt, which will free up approximately \$6.3 million of cash over the 12 month period ending 30 June 2010.

During the six month period ended 30 June 2009, the Group, through its property level joint ventures, successfully raised approximately \$9.3 million of debt. Of that amount, \$2.7 million correspond's to the 50% of our India joint venture, Panama with \$2.4 million primarily used for the Soloy casino expansion, Peru with \$1.9 million used as working capital, parent company with \$1.2 million used as working capital, Costa Rica with \$0.6 million used for stock repurchase and Philippines with \$0.5 million used as working capital. Please refer to Note 2 in our interim unaudited consolidated financial information of the Group for the six months ended 30 June 2009 included in this Prospectus for additional discussion.

### **Transactions with Related Parties**

Included in trade and other amounts receivable at 30 June 2009 is \$1.7 million due from the Group's partner in Costa Rica for the capitalization of the Group's King Lion entity that holds the Tres Rios property and amounts due for the purchase of non-controlling interest in the Thunderbird Gran Entretenimiento entity, \$0.8 million due from the Group's Philippines Poro Point partner for advances to be offset against future dividends, \$0.9 million for the Group's advances to its Polish partner for the capitalization of the Polish entities and \$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 2009 is \$3.0 million due to our Panamanian joint venture partners and Philippines partner.

In addition, included in the balance sheet at 30 June 2009 is \$7.1 million due to related parties. This amount is comprised of \$4.0 million is due to the Group's Panamanian partners for their portion of royalty fees and management fees paid by the Panama entity, \$2.8 million due to Angular Investments, the Group's joint venture partner in Costa Rica, and \$1.0 million due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity. Additionally, in other liabilities is \$nil due to a shareholder of the Nicaraguan operation for a loan used in the acquisition completed for Masaya. An offset amount of \$0.7 million is to be collected from Prime East, the Group's non-controlling interest partner in the Philippines East Bay, Inc. operation.

Included in assets as of 30 June 2009 is \$nil due from Angular Investments for their portion of the repurchase of non-controlling interest shares in the Garden Court Casino and \$nil due from our Poro Point partner. Michael Fox, our chief financial officer, has a 10% equity interest in Angular. See Chapter 15 "Related Party Transactions."

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

### Indebtedness and Contractual Obligations

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

As at 30 June 2009, the Group's liabilities have contractual maturities which are summarized below (such amounts include interest and other fees):

<i>(In thousands)</i>	<b>Six months ended 31</b>							<b>Total</b>
	<b>December 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Thereafter</b>	
Long-term bank loans	\$ 22,138	\$ 42,572	\$ 41,120	\$ 46,678	\$ 18,071	\$ 7,415	\$ 14,323	\$ 192,317
Finance lease obligations	5,040	8,411	7,563	5,825	5,253	5,240	11,636	48,968
Trade payables	10,281	-	-	-	-	-	-	10,281
Other short-term financial liabilities	7,536	-	-	-	-	-	-	7,536
Derivatives	-	207	-	634	265	-	-	1,106
<b>Total</b>	<b>\$44,995</b>	<b>\$ 51,190</b>	<b>\$ 48,683</b>	<b>\$53,137</b>	<b>\$23,589</b>	<b>\$12,655</b>	<b>\$25,959</b>	<b>\$260,208</b>

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

<i>(In thousands)</i>	<b>Payments Due by Period</b>				<b>Total</b>
	<b>Less than Six Months</b>	<b>Six to 12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>	
<b>Contractual Obligations<sup>(1)</sup></b>					
Borrowings, including interest and current maturities...	\$ 26,071	\$ 22,692	\$ 125,079	\$ 42,428	\$ 216,270
Obligations under leases and hire purchase contracts....	3,580	2,748	25,069	13,672	45,069
Operating leases.....	3,917	3,917	37,756	46,855	92,445
Total contractual obligations .....	<u>\$ 33,568</u>	<u>\$ 29,357</u>	<u>\$ 187,904</u>	<u>\$ 102,955</u>	<u>\$353,784</u>

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

## **Financing**

*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 a 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 (which bears interest at 10%), (i) 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 (ii) 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 (i.e., the lending group’s rights to 80% and 14% as described above) 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 cause an adjustment in the income statement.

*Other.* For a description of our outstanding indebtedness, see Note 17 to the Group’s consolidated financial statements for the year ended 31 December 2008, which are incorporated by reference into this Prospectus. Since 31 December 2008, material changes in our financing arrangements include:

In February 2009, the Group obtained approximately \$1.2 million of 36 month financing with approximately \$530,000 used for its Peru Fiesta Benavides Casino and the balance used for general corporate purposes. The loan has an annual interest rate of approximately 12%;

Through 30 June 2009, our joint venture DHPL closed on convertible debt agreements in the amount of \$5.4 million, of which the Group’s portion is \$2.7 million, with multiple private lenders for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India.

In July 2009, we obtained a six month extension of the maturity date on approximately \$4.0 million of debt related to Peru that originally matured during July 2009; and

During April, May, June and July of 2009, the Group negotiated a deferment of principal debt payments with more than 25 private lenders who held over 50 separate loans, that deferred payments of approximately \$6.3 million on approximately \$24.0 million of aggregate principal amount of loans which were due over the 12 month period following the deferment.

As of the date of this Prospectus, we are currently in non-compliance with certain financial covenants under the agreements governing approximately \$18.1 million of our outstanding Peru indebtedness. Although we have executed a non-binding term sheet with this lender to renegotiate the repayment terms and the related financial covenants for this indebtedness, we have not finalized any agreements and there can be no guarantee that this lender will not declare us in default under our existing agreements. If this occurred, we would have 30 days to cure our non-compliance and, absent cure, we would be required to place \$1 million in a reserve account with the lender during a subsequent 12-month cure period during which time the lender could accelerate the loan. If we do not cure our non-compliance during the subsequent 12-month cure period, the lender has the right to select a management company to operate our Peru hotels and casino and to pursue other legal remedies under the terms of the agreement.

## **Subsidiary Debt Arrangements and Debt**

Our joint ventures and operating subsidiaries typically finance their projects with indebtedness, either borrowed from us or from third party lenders. As of 30 June 2009, our joint ventures owed us an aggregate of \$3.9 million.

## **Quantitative and Qualitative Disclosures about Market Risk**

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

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

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

## **Off Balance Sheet Arrangements and Commitments**

We have no off balance sheet arrangements except for operating lease commitments described in Note 3 to our consolidated financial statements for the year ended 31 December 2008, which are incorporated herein.

## **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 12 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 12 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 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.

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

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

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

### **No Significant Change**

Except as described in Chapter 9 “Operating and Financial Review—Financing” there has been no significant change in the financial or trading position of the Group since 30 June 2009, being the last day of the financial period in respect of which the most recent interim financial information has been prepared (and included herein).

## 10. ADDITIONAL DEBT INFORMATION

The interest rate and principal repayment schedule for our all of the Group's indebtedness (excluding lease obligations) are summarized below as of 30 June 2009:

<i>(in thousands)</i>	Six months ended 31 December 2009	2010	2011	2012	2013	2014	Thereafter	Issuance Costs	Total
<b>Interest Rate<sup>(1)</sup>:</b>									
>15%	\$ -	\$ -	\$ -	\$ 1,913	\$ 800	\$ -	\$ -	\$ -	\$ 2,713
13% to 14%	4,636	14,951	17,346	10,451	7,930	2,374	209	1,508	56,389
11% to 12%	4,541	7,627	7,320	4,569	530	113	-	385	24,315
<10%	3,657	5,733	5,506	22,825	5,635	3,195	11,882	1,973	56,460
<b>Total principal repayments</b>	<b>\$ 12,834</b>	<b>\$ 28,311</b>	<b>\$ 30,172</b>	<b>\$ 39,758</b>	<b>\$ 14,895</b>	<b>\$ 5,682</b>	<b>\$ 12,091</b>	<b>\$ 3,866</b>	<b>\$ 139,877</b>

(1) Floating rate loans are calculated as of the effective rate on June 30, 2009.

## 11. BUSINESS

### Business Overview

We are an international provider of branded casino entertainment and hospitality services, focused mainly on markets in Central and South America, southeast Asia, India, and eastern Europe. Our goal is to be a leading operator of casinos and recreational gaming facilities in each local market where we operate and to create genuine value for our shareholders and our employees. We operate dynamic, themed and integrated casino entertainment venues, where we work to create extraordinary experiences for our guests.

With twelve years 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 have over 20,000 square meters of gaming space in 30 gaming facilities worldwide, totaling approximately 7,300 gaming positions. In addition, we have ownership interests in approximately 760 hotel rooms and one nine-hole golf course. We currently have facilities operating or under development in eight countries on four continents.

A key aspect of our strategy is our use of product differentiation to achieve and retain market share. We work to ensure that our gaming facilities provide a 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 by our competitors in the relevant local market.

As we have grown, our corporate mission has matured from being simply a casino owner and operator, to being a recreational developer and operator whose integrated, thematic venues are anchored by our branded casinos. To further this mission, we continue to evaluate expansion of our operations in our existing markets, both through new developments and expansions of existing facilities, and to expand into other markets as opportunities and planning permit.

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 India, where we are developing operations. 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 12 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 have redeveloped one of these properties to include a full-scale casino. In addition, 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. The five properties previously owned by these two companies have been consolidated to four locations and as of 30 June 2009 have approximately 492 slot positions. 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 casino, which provides a more major-market gaming atmosphere is relatively unique in Peru. As a result, we believe our Fiesta casino appeals 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.

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 the United States and host country sources, has a track record of identifying, developing, acquiring and operating gaming and hospitality facilities in the United States, eastern Europe, Latin American and Asian markets, including experience dealing with Latin American, eastern Europe 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.

Like many other companies with multi-jurisdictional operations, we have been affected by disruptions in international credit markets and the deterioration of economic conditions in the countries in which we operate. Such disruptions and deterioration impedes our access to, and increases our cost of, capital, and has resulted in a decline in consumer spending on gaming, entertainment and leisure activities. In these difficult times, we continue to strive to obtain access to capital, to refinance existing indebtedness, and to increase our revenue and market share as further described below in our business strategies. We also have implemented, and are considering further implementing, cost savings programs such as further reducing our payroll.

## **Our Objective and Business Strategies**

Our primary business objective is to become a leading recreational property operator in our existing 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:

*Focus on Profitability and Cash Generation.* In recent years we were focused on development and growth through opening new markets and new facilities in existing markets. As we have now built what we

believe to be a solid fundamental business with over 7,300 gaming positions, we will focus on completing our projects currently under development or expansion as well as improving operational efficiencies and enhancing revenues in existing facilities wherever possible. Our expansion efforts will be focused on capital investments that result in new gaming positions that we expect to generate near-term cash flow while minimizing our investment in real estate.

*Expand our Footprint in Select Markets Where We Currently Operate.* We continue to work to improve and expand our footprint in select markets where we currently operate. For example, in Peru, we are considering adding additional slot parlors if and when financing becomes available. We are expanding certain of our facilities at our two casinos in the Philippines with multi-stage expansion projects ongoing for each property and, with the use of proceeds from this offering, expect to be able to complete such projects within 90 to 120 days after closing of this Offering. We also intend to open a new 30-room hotel, spa and casino, with approximately 440 gaming positions in Mandaue City in the province of Cebu, Philippines, which we expect to complete within six to nine months after closing of this Offering.

*Use a “Hub and Spoke” Growth Strategy.* Historically, from our hub in Panama City, we have grown throughout Panama, Costa Rica, Guatemala and Nicaragua, and when expansion opportunities present themselves (in existing markets), we may consider growing further throughout Central America. From our hub in Manila, Philippines, we use personnel to work on our India project. 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.* We operate our gaming facilities using consistent controls and procedures standards, and use interlinked communication and monitoring systems to allow real-time monitoring of operations. This allows us to market our facilities, and manage our people and assets, more effectively. We utilize in all of our country operations worldwide: (i) daily and per shift reporting and reconciliation of casino gaming activities; (ii) daily drop and win reports; (iii) weekly closing cycles for basic reconciliations; (iv) monthly variance reports; (v) interlinked communication and monitoring systems; (vi) country level transactional accounting; (vii) daily sales reports; and (viii) digital surveillance.

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 Player Tracking Measures.* We invest significant resources to establish, maintain and strengthen our relationships with our patrons. In certain of our properties, 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.

## **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.

*Brand Identity.* We feel that we have a unique and recognizable brand identities 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 in late 2008 we started advertising it in Peru, and our Thunderbird Hotel Las Americas Suites 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.

*Diversity of Locations.* We currently have facilities operating or under development in eight countries on four continents. Unlike many single jurisdiction gaming companies, this diversification significantly reduces our exposure to the political and economic risk of any particular country or market.

*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 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.

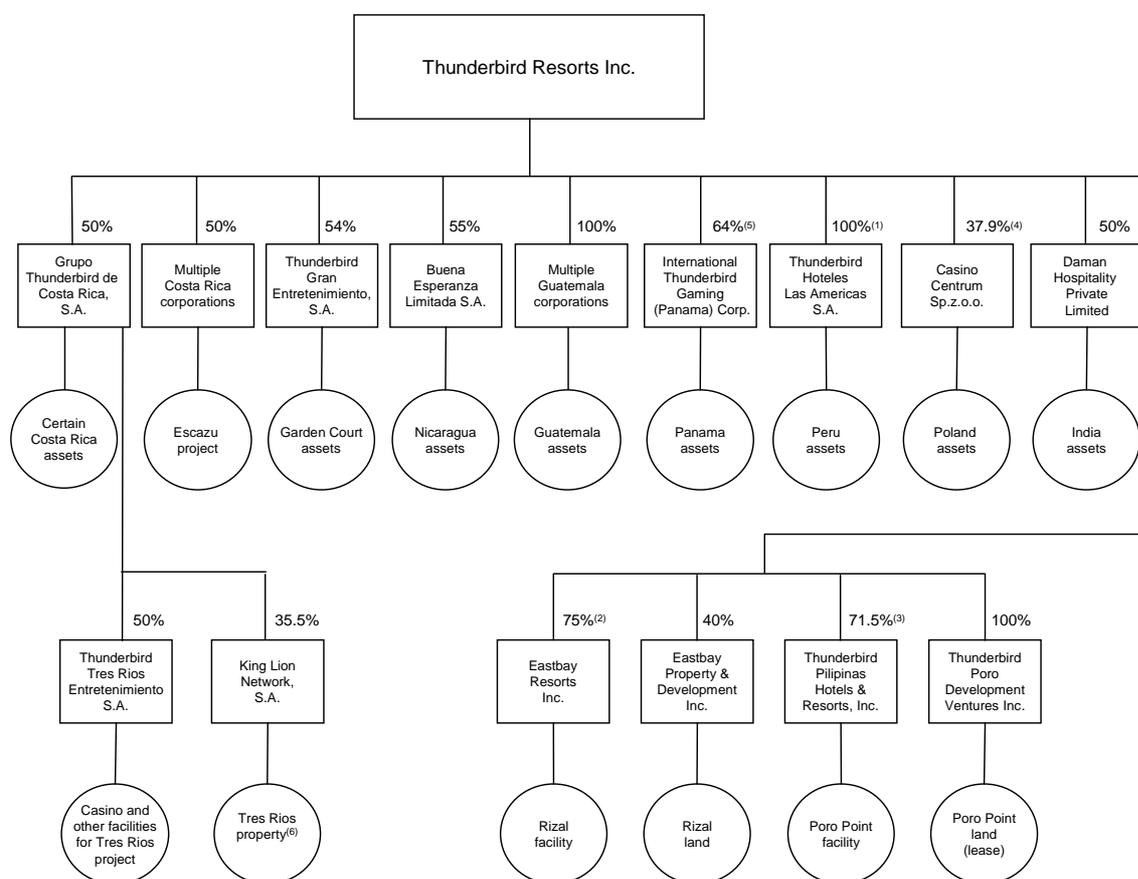
*Fully-Integrated Project Development, Completion and Operation Team.* Our operations encompass not only property operation and management, but also project sourcing and analysis (through our business intelligence group) and design, architecture and construction management (through Impacto, our in-house 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. As of 30 June 2009, Impacto employs more than 40 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 Structure

We are a British Virgin Islands company 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 30 June 2009:



- (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 at maturity and 14% of the available cash flow and sales proceeds thereafter, if any, generated by those subsidiaries. See Chapter 9 “Operating and Financial Review- Financing - 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. through two Cyprus subsidiaries and along with our local partner own 71.3% of all of the shares Casino Centrum Sp.z.o.o. We are currently in a legal dispute with our Polish partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control.
- (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 non-controlling selling shareholders. The closing is contingent on receiving approval from the Panama regulatory authorities. There is no assurance as to when and if we will obtain this approval. We will also need to obtain additional financing by 31 October 2009 (when our option to acquire the shares expires) to close this transaction. There is no assurance we will obtain such financing. If the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation. 64% of our equity in International Thunderbird Gaming (Panama) Corp. has been pledged to secure approximately \$19.5 million in aggregate principal amount of loans by several Panamanian banks.
- (6) Since the fourth quarter of 2008, we have indefinitely suspended our on-site construction of our Tres Rios location.

## Our Properties

The following table provides an overview of our existing locations and properties as of 30 June 2009:

Name	Location	Date/ Acquired Constructed	Type	Our Owner- ship <sup>(1)</sup>	Total Square Meter <sup>(2)</sup>	Gaming Square Meters	Slot Machines	Video Lottery	Gaming Table Positions <sup>(3)</sup>	Rooms and Suites
<b>Panama</b>										
Fiesta Casino—Hotel El Panamá	Panamá City	1998	Casino	64% <sup>(8)</sup>	16,791	2,257	560	—	202	—
Fiesta Casino— Hotel Soloy	Panamá City	1998	Casino	64% <sup>(8)</sup>	2,633	1,091	436	—	72	—
Fiesta Casino— Hotel Nacional	David	1999	Casino	64% <sup>(8)</sup>	3,181	1,025	302	—	74	—
Fiesta Casino—Hotel Washington	Colon	1998	Casino	64% <sup>(8)</sup>	1,708	1,442	275	—	84	—
Fiesta Casino—Hotel Guayacanes	Chitre	2004	Casino	64% <sup>(8)</sup>	1,545	628	188	—	41	—
Fiesta Casino—Decameron	Fallaron	2003	Casino	64% <sup>(8)</sup>	668	405	108	—	47	—
<b>Panamá Total</b>					<u>26,526</u>	<u>6,848</u>	<u>1,869</u>	<u>—</u>	<u>520</u>	<u>—</u>
<b>Costa Rica<sup>(3)</sup></b>										
Fiesta Casino Holiday Inn Express	San Jose	2005	Casino	54%	3,900	1,167	353	—	137	—
Fiesta Casino Hotel El Presidente	San Jose	2003	Casino	50%	910	495	234	—	—	—
Fiesta Casino Hotel America	Heredia	2005	Casino	50%	1,113	830	266	—	41	—
Fiesta Casino Ramada Plaza	San Jose	2007	Casino	50%	615	403	78	—	54	—
Lucky's—Perez Zeledon	San Jose	2007	Slot parlor	50%	264	230	116	—	—	—
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	57	—	—	—
Lucky's—Colon	Colon	2008	Slot parlor	50%	350	200	93	—	—	—
Hotel Diamante (Perez Zeledon)	San Jose	2008	Hotel	50%	1,374	—	—	—	—	21
<b>Costa Rica Total</b>					<u>9,134</u>	<u>3,770</u>	<u>1,322</u>	<u>—</u>	<u>232</u>	<u>21</u>
<b>The Philippines</b>										
Thunderbird Resort Rizal	Manila,									
Fiesta Casino <sup>(8)</sup>	Binangonan Rizal	2005	Casino	60% <sup>(4)</sup>	8,320	1,920	425	—	207	—
Thunderbird Resort Poro Point	San Fernando									
Fiesta Casino <sup>(5)</sup>	City, La Union	2006	Casino	61% <sup>(6)</sup>	13,373	1,150	270	—	172	—
Thunderbird Resort Rizal	Manila,									
Thunderbird Resort Poro Point <sup>(5)</sup>	Binangonan Rizal	2005	Hotel	60% <sup>(4)</sup>	10,130	—	—	—	—	41
Thunderbird Resorts Golf Course	San Fernando									
	City, La Union	2006	Hotel	61% <sup>(6)</sup>	11,750	—	—	—	—	36
	San Fernando									
	City, La Union	2008	Nine Hole Golf course	61% <sup>(6)</sup>	330,000	—	—	—	—	—
<b>Philippines Total</b>					<u>373,573</u>	<u>3,070</u>	<u>695</u>	<u>—</u>	<u>379</u>	<u>77</u>
<b>Peru<sup>(7)</sup></b>										
Hotel Principal Miraflores	Lima	2007	Hotel	100%	12,910	—	—	—	—	151
Thunderbird Suites & Fiesta Casino	Lima	2007	Hotel	100%	32,883	1,981	427	—	223	66
Hotel Pardo	Lima	2007	Hotel	100%	7,077	—	—	—	—	64
Hotel Bellavista	Lima	2007	Hotel	100%	5,840	—	—	—	—	45
Thunderbird Hotel Carrera	Lima	2007	Hotel	100%	7,328	—	—	—	—	99
El Pueblo Thunderbird FResort 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	—	—	—
Luxor	Tacna, Hotel El Emperador	2008	Slot Parlor	100%	573	248	140	—	—	—
<b>Peru Total</b>					<u>103,484</u>	<u>3,057</u>	<u>919</u>	<u>—</u>	<u>223</u>	<u>660</u>
<b>Nicaragua</b>										
Pharaoh's Managua	Managua	2000	Casino	55%	3,924	566	184	—	91	—
Pharaoh's at Hotel Camino Real	Managua	2005	Casino	55%	4,890	633	174	—	28	—
Pharaoh's at Hotel Holiday Inn Select	Managua	2006	Casino	55%	475	215	88	—	21	—
Zona Pharaohs Bello Horizonte	Managua	2008	Casino	55%	826	545	112	—	21	—
<b>Nicaragua Total</b>					<u>10,115</u>	<u>1,959</u>	<u>558</u>	<u>—</u>	<u>161</u>	<u>—</u>
<b>Guatemala<sup>(9)</sup></b>										
Fiesta Video Loteria Intercontinental	Guatemala City	2007	Video parlor	100%	1,173	922	—	260	—	—
Fiesta Mazatenango Video Suerte	Guatemala City	2005	Video parlor	100%	310	260	—	118	—	—
<b>Guatemala Total</b>					<u>1,483</u>	<u>1,182</u>	<u>—</u>	<u>378</u>	<u>—</u>	<u>—</u>
<b>Poland<sup>(10)</sup></b>										
Casino Centrum 1	Lodz	2008	Casino	37.9%	835	250 <sup>(11)</sup>	36	—	37	—
Casino Centrum 2	Lodz	2008	Slot Parlor	37.9%	240	147 <sup>(11)</sup>	51	—	—	—
<b>Poland Total</b>					<u>1075</u>	<u>397</u>	<u>87</u>	<u>—</u>	<u>37</u>	<u>—</u>
<b>Total for all properties</b>					<u>525,390</u>	<u>20,283</u>	<u>5,450</u>	<u>378</u>	<u>1,552</u>	<u>758</u>

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- (1) Other than the properties in the Philippines, Costa Rica and Peru, the real estate on which all of our properties are located is 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 Chapter 9 “Operating and Financial Review – Financing – 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 non-controlling selling shareholders. The closing is contingent on receiving approval from the Panama regulatory authorities. We will also need to obtain additional financing, on terms satisfactory to us, by 31 October 2009 (when our option to acquire the shares expires), to close this transaction, of which there can be no assurance we will obtain. Assuming the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation. 64% of our equity in International Thunderbird Gaming (Panama) Corp. has been pledged so secure approximately \$19.5 million in aggregate principal amount of loans by several Panamanian banks.
  - (9) On 15 July 2009 the Group closed its Gran Plaza location in Guatemala due to continuing underperformance. We expect to relocate approximately 30 of our Gran Plaza video lottery machines to our other two locations in Guatemala in the second half of 2009 and to move the other 87 video lottery machines to other existing locations in Central or South America.
  - (10) We own, of record, 37.9% of all of the shares of Casino Centrum Sp.z.o.o., and together with our local partner, collectively own 71.3% of all of the shares of Casino Centrum Sp.z.o.o. We also have a shareholders agreement and other agreements with our local partner that give us ownership and require distributions (on the 71.3% ownership interest) that our joint venture receives from Casino Centrum Sp.z.o.o. to be split 66.7% to our two Cypress subsidiaries and 33.3% to our local partner. Through other agreements, the Company has voting control over 50.6% of the Casino Centrum Sp.z.o.o. shares. We are currently in a legal dispute with our local partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control.
  - (11) The number shown reflects the number of slot positions; certain slot machines have multiple positions.

## **Panama**

We entered this market in 1998 and now operate six casinos with our local partner. We have 1,865 slots and 520 table positions. We intend to increase our gaming revenue in Panama by expanding our existing facilities, increasing our gaming square footage and gaming positions.

### ***Significant 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 an area heavily populated by government offices area of Panama City. It caters to a middle-class clientele and includes table games, slot machines and a VIP gaming area. On 20 March 2009, the Group’s Panama subsidiary had a grand opening for the expansion of its existing Soloy casino, with 117 new slots machines and a new Beach bar and restaurant.

*Fiesta Casino – 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, Chiriqui, 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 1,332 slots and 232 gaming positions.

### ***Significant properties and projects***

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

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

*Tres Rios Project.* We have started construction on a resort project in the eastern suburbs of San Jose. This 22-acre “Tres Rios” facility was intended to be a 108-room resort hotel with a convention center, spa and a Fiesta-brand casino. As of 30 June 2009, we have invested approximately \$15.8 million (of which our portion is \$7.9 million) for the acquisition of land, infrastructure development (including roads, ramps and a bridge) and the eight commercial lots comprising the Tres Rios property. This development, along with the new Costa Rica gaming decree, which limits new casinos to one slot machine per room and one table game per ten rooms at the associated hotel, has caused us to change plans with respect to this project. We have therefore minimized the amount we will invest in the hotel and will attempt to maximize third party investment. In addition, we will need to comply with the new gaming decree which cause the Tres Rios casino to have less than the number of slot machines and tables originally planned. Accordingly, we are considering other financing structures, including additional financial investors in the hotel. One such option being considered involves the construction of a 108 room hotel, with convention center and casino. While these options are being pursued however, the “on-site” construction at Tres Rios has been indefinitely suspended since the fourth quarter of 2008. There is no certainty that we will be successful in pursuing other options. Due to these changed circumstances, we cannot say when, or if, the Tres Rios hotel and the casino will be operational.

*Escazu.* We have also acquired land in the southwestern suburb of San Jose where we plan to build Escazu project. As of 30 June 2009, we have invested \$0.6 million in the Escazu project. The land is subject to a lien securing a loan with Banco Nacional de Costa Rica. We are seeking further debt financing required for the project. However, as a result of the new executive decree mentioned above, we are seeking to develop a structure whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica, S.A. at Escazu, will be transferred to a third-party which will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. Land for the casino would be retained by our affiliate for the associated casino. Due to these changed circumstances, we cannot estimate when, or if, the Escazu hotel and casino will be operational. The developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities.

## **The Philippines**

We entered the Philippines market in 2005 and we now own interests in, and operate, two casinos with 623 slots and 372 table positions, as well as two hotels and a nine-hole golf course in the Philippines. We are expanding our facilities with multi-stage projects ongoing for each property. In addition to these projects, we believe that the Philippines may provide additional opportunities for expansion in the future, as well as serving as our “hub” for further expansion into Asia.

### ***Significant properties and projects***

*Thunderbird Resorts—Rizal.* This hotel and Fiesta casino, our first in the Philippines, is located on a tropical hillside overlooking the country’s largest lake. The hotel, a luxury boutique with 43 suites, has three restaurants and a meeting area and is adjacent to a private 18-hole golf course to which hotel guests have access.

The hotel and casino are part of a larger entertainment complex that includes themed restaurants and golf courses. The property is located on the eastern side of Manila, while all other significant casino developments are on the western side of Manila. We commenced our expansion project in Rizal, on the eastern side of Manila, in the third quarter of 2008. The expansion will include an event center, additional food and beverage areas, and gaming areas offering 163 new slot positions and 49 new table positions. The total investment for the expansion is projected to be \$13.2 million of which, as of 30 June 2009, approximately \$8.3 million has been raised through Philippine private debt offerings.

*Thunderbird Resorts—Poro Point.* This Fiesta casino is located in San Fernando, on Poro Point, a peninsula that extends into the South China Sea and was previously the site of a U.S. air force base. In 2005, we obtained a 25-year lease on this 130 acre-tract, on which the existing resort and planned expansions are located. San Fernando, in the province of La Union, is a six-hour drive, or a one-hour flight, from Manila. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point which completed Phase I of our expansion. We commenced the expansion of the existing casino at Poro Point in the third quarter of 2008 to create an additional 1,000 square meters of gaming space that will offer 75 new slot machines and 42 new table positions along with expanded food and beverage operations. The estimated cost of this expansion is \$7.4 million, of which \$2.4 million (as of 30 June 2009) has been raised through a Philippine private debt offering of \$7.4 million. We expect to deploy a portion of the net proceeds from this offering to each of the Philippine projects. We expect to be able to complete such projects within 90 to 120 days after the closing of this Offering. Until this Offering is closed, we have deployed some of the slot machines which were slated for the expansion areas of these projects. These slot machines have been placed in available spaces in our existing facilities, in areas such as former hotel suites at Rizal and adjacent to our existing cabana bar at Poro Point.

*Mandaue City.* Together with a local partner, we intend to add an additional entertainment and gaming facility in the Province of Cebu within six to nine months after closing this Offering. We believe that the city of Mandaue, which is located in the province of Cebu and about a 45 minute flight from Manila, is underserved with only two other gaming locations nearby. We and our local partners plan to spend approximately \$12 million (with our share being approximately \$7.2 million) on leasehold improvements at an existing office building for a new 30-room hotel, spa and casino (with approximately 300 slot positions and 140 table positions). The improvements will include approximately 1,400 square meters for gaming space, 2,800 square meters for the 30 hotel rooms, lobby and common area as well as the food and beverage and space facilities. There will also be about 700 square meters for office space (for internal use), bathrooms and the kitchen area. We expect to complete construction within six to nine months after closing this Offering. This location will be in an existing six story building. We intend to use proceeds from this Offering as well as the funds from our local partner to outfit the casino with leasehold improvements, slot machines and tables, as well as construct the hotel facilities within the existing structure. We anticipate that we will rent a portion of this building from the existing owner and will own 60% of the hotel and casino, with our local partner owning the remaining 40%. PAGCOR will operate the casino, will provide the labor, and will pay for the labor and almost all operation costs. We have received a letter of support for the project from the City of Mandaue and our local partner has filed an application for a gaming license with PAGCOR.

## **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. In July 2009, we obtained a six month extension of the maturity date on approximately \$4.0 million of debt related to Peru that originally matured during July 2009.

### ***Significant properties and projects***

*Las Americas Suites & Casino—Thunderbird Hotels.* This property is located at the Plaza Benavides commercial center, which we consider prime real estate in the Miraflores district. All of its rooms are duplexes

and include a kitchenette, sitting and dining room, office and terrace. The hotel has historically catered to high- and medium-budget business travelers. The property also has 3,750 square meters of office space, a shopping center with 5,000 square meters and 308 parking spaces. The land area occupied by these two structures is 2,798 square meters. In the third quarter of 2008, we completed our construction of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites and it opened on 19 September 2008 as an approximately 5,740 square meter casino, with approximately 427 slot machines and 223 table positions. This flagship Fiesta Casino required a capital investment of approximately \$20.8 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.

*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 \$12.7 million, subject to working capital adjustments. The five properties previously owned by these two companies have been consolidated to four locations and as of 30 June 2009 have approximately 492 slot positions. We are currently evaluating other slot parlor opportunities in and around Lima.

## **Nicaragua**

We entered the Nicaraguan market in 2000, and operate four casinos in Nicaragua, all under the Pharaoh's brand, with 558 slot machines and 189 table positions. Generally, we believe that Nicaragua will provide limited opportunities for additional expansion, due in part to the scope of our existing operations in that country, as well as due to its relatively small population. While we believe our Nicaraguan casinos are among the highest-end casinos in the country, they are not truly major market-style casinos. As Nicaragua has a smaller population base than our other locations, our facilities there are correspondingly smaller. We do focus on our customer relationships and local marketing as in our other locations—for example, we believe that we operate the only casinos in Nicaragua with a player tracking and cash club system—but do not yet have entertainment and recreation facilities fully integrated with our Nicaragua casinos.

### ***Significant properties and projects***

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

*Carretera Masaya Project.* The Group previously reported that its Nicaragua subsidiary began preparations for a major market-style casino in downtown Managua on land purchased by the Group. With the current economic climate, the Group is re-evaluating the merits and timing of the development of this facility which had been scheduled to start in the fourth quarter of 2008. While we own the necessary land in a premium location and have preliminary construction plans, we will not move forward with this project in the immediate future and have not invested in the project other than the cost of the land and the preliminary plans.

*Managua – Zona Pharaohs.* In June 2008, we opened an additional slot parlor in a suburb of Managua called “Bello Horizonte” that is located in a high-traffic shopping mall named Multicentro de las Americas. The 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 operate two video lottery parlors in Guatemala City with over 480 video lottery terminal.

### ***Significant properties and projects***

*Intercontinental Hotel.* The expansion of our existing facilities located at Intercontinental Hotel was inaugurated on 29 November 2008. The expansion added 540 square meters of gaming space and an additional 114 video lottery positions.

## **India**

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

### ***Significant properties and projects***

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

As of 30 June 2009, DHPL received funding of approximately \$5.4 million from third parties as part of an approximately \$15 million fully convertible debenture offering being undertaken by DHPL. DHPL is also seeking approximately \$25.0 million in additional senior secured financing, which, if obtained, is expected to fund the completion of the construction and opening of the hotel and hospitality complex. If we are unable to obtain such financing, construction will be delayed indefinitely.

We will own and operate the hotel with our India partner while our India partner will own and operate the casino.

## **Poland**

We entered into the Poland market in 2008 and operate two casinos with 87 slot positions and 37 table positions. Our two Polish casinos are located in the central part of Lodz, Poland. The gaming area of the casino locations is approximately 397 square meters in the aggregate, and our casinos operate under one casino license and one slot license.

### ***Significant properties and projects***

*Casino Centrum Agreements and Acquisitions.* In July 2008, we consummated our Poland acquisition transaction and now own an interest in Casino Centrum Sp.z.o.o. through our two Cyprus subsidiaries. Through those two subsidiaries we own, of record, 37.9% of all of the shares of Casino Centrum Sp.z.o.o., and together with our local partner, collectively own 71.3% of all of the shares of Casino Centrum Sp.z.o.o. We also have a shareholders agreement and other agreements with our local partner that give us ownership and require distributions (on the 71.3% ownership interest) that our joint venture receives from Casino Centrum Sp.z.o.o. to be split 66.7% to our two Cypress subsidiaries and 33.3% to our local partner. Through other agreements, the Company has voting control over 50.6% of the Casino Centrum Sp.z.o.o. shares. We are currently in a legal dispute with our local partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control. Our two Polish casinos are located in the central part of Lodz, Poland and operate under one casino license and one slot license. The gaming area of the casino locations is approximately 397 square meters in the aggregate with 87 slot positions and 37 table positions. We have put on hold any expansion plans in Poland due to the performance of these properties in this economic downturn and need for third party financing.

## **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 focus our marketing efforts almost exclusively in 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.

In addition, we support our local communities in many ways. Along with our employees, we 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. The most significant projects for 2007 and 2008 were the construction of the Nazareth school in the province of Colon and the restoration of the Pedro “Roquero” Alcazar Gymnasium. In the Philippines, we participate in the “Lend a Hand” program, a series of medical and dental missions organized by Thunderbird Resorts - Philippines. Other recent activities in the Philippines include sponsorship of the Give-A-Gift: Surgical for Hernia program through the GMA Kapuso Foundation which offers free surgical operation packages to indigent children born with hernia or congenital diseases to correct the defect. In 2009, in Nicaragua, we sponsored the national volleyball team and we also make regular donations to the Pan y Amor Foundation which helps children in need by providing food, education, and medical attention.

### **Government Regulations**

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 Panamanian 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 terms have not yet been fixed by the Panamanian 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 10 February 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 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 Panamanian Gaming Control Board could require certificates of good standing from a common shareholder of ours. In such a situation it is possible that the Panamanian Gaming Control Board would require significant information about that shareholder and its assets and operations and, if the Panamanian Gaming Control Board were to determine that such shareholder is unsuitable, it could revoke our gaming license unless that shareholder divested some or all of its common shares.

In 1998, the Group’s Panama subsidiary, International Thunderbird Gaming (Panama) Corp. (Fiesta-Panama), by means of an Administration and Operation Contract, purchased a 20-year license from the Government of Panama for the operation and administration of three casinos in the Republic of Panama. The relevant sections of the license are set forth below:

- Article XV of the license requires Fiesta-Panama to make monthly payments to the Panamanian government equal to 10% of the casino’s gross revenues for the 20-year duration of the license.
- Article XXII of the license provides that the license cannot be modified without the prior written consent of the Panamanian government and Fiesta-Panama.
- Article XXVI of the license provides that Fiesta-Panama shall have the right to “economic financial balance” if the terms of the license are breached by the exercise of the Panamanian government’s unilateral powers.
- Article XXX of the license provides that if a dispute arises, the parties shall enter into a binding arbitration before the Center for Conciliation and Arbitration of the Panamanian Commerce, Agriculture and Industries Chamber.

Article 61 of the Panama Law Decree 2 governs the percentage of gross income that the government is to receive for casino and slot parlors in Panama. On 17 September 2009, Article 61 was amended by virtue of the passage of Law 49 which states in part: “Casinos shall pay to the gaming control board 12.5% of their gross income, monthly, from January 1, 2010 until December 31, 2011. Beginning January 1, 2012 casinos shall pay to the gaming control board 15% of the gross income on a monthly basis.” Thunderbird believes that any changes in Law Decree 2, increasing the rate above 10% during Fiesta-Panama’s 20-year license, would be a breach of the license terms described above, and would entitle Fiesta Panama, pursuant to the terms of the license, to be made whole by the government for its unilateral revisions to the license. If we are unable to resolve this issue, we would consider arbitration, but there is no assurance of the outcome of such arbitration. The Gaming Association of Panama has taken a similar position on the law change and has indicated that it believes that the law constitutes a violation of the gaming licenses granted by the government of Panama.

In addition to any legal recovery of damages, Fiesta–Panama believes it would also be entitled to damages from the Panamanian government arising from any increase in the 10% rate under the Investment Stability Law (Law No. 54 of July 22, 1998). This law provides stability for foreign and international investors by limiting adverse changes in legal, tax, customs, municipal and labor rules in place at the time of an investment. Article 61 was in place at the time Fiesta-Panama purchased the license and it also qualified as a law that was protected under the Investment Stability Act. Fiesta-Panama became an approved participant in the program under the Investment Stability Law by Resolution 15, dated 8 July 2009.

## *Costa Rica*

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

As casino operators, we are required to pay municipality operational fees, facility health permit fees, and any other tax applicable to other businesses based in Costa Rica. In addition, we pay a gaming tax of 3,000 Costa Rican colones (\$5.35 based on an exchange rate at 31 December 2008 of 560.85) per slot machine per month, approximately 50,000 colones (\$890.15 based on an exchange rate at 31 December 2008 of 560.85) per gaming table per month, and 10% of net win less table game revenue, table game direct costs and indirect and administrative costs.

Effective in May 2009, in accordance with the new Costa Rican gaming decree, hours have been limited to 14 hours per day or from 3:00 p.m. to 5:00 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 our existing casinos, but may affect our Tres Rios and Escazu projects as described herein. The legality or constitutionality of this decree has been challenged by various business associations and/or operators. Curtailed hours have had a material impact on our operations in Costa Rica.

## *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. Management's position concerning the renewal of the PAGCOR licenses is that the Group received a 25 year extension from PAGCOR by way of a "Letter Agreement" dated July 2006 in which PAGCOR agreed that the Group's licenses would be extended co-terminus with the extension of the PAGCOR charter. The PAGCOR Charter was extended for 25 years effective July 2008. On 6 August 2009, PAGCOR granted Eastbay Resorts, Inc. ("ERI") and Thunderbird Pilipinas Hotels and Resorts, Inc. ("TPHRI") a renewal of not less than 5 years from 6 August 2009, of the Authority to Operate the Fiesta Casino-Binangonan, Rizal, and the Fiesta Casino and Resort-Poro Point, respectively, subject to compliance with the investment commitment described below.

In consideration for the Rizal license, we are required to invest at least an additional 1.48 billion Philippine Pesos (2.520 billion Philippine Pesos less 1,036 million Philippine Pesos spent through 31 December 2008) (\$31.2 million based on an exchange ratio of 44.485, calculated as of 31 December 2008) to establish the Rizal property as a "world class" tourist and convention destination. That investment must be completed by 2015, subject to (i) the renewal or extension of PAGCOR's charter and its authority to grant licenses to operate a private casino within special economic zones, and (ii) its granting to us and the Rizal Operating Entity of an extension of the authority to operate the Rizal property. With each phase, we are required to deposit into escrow, on a staggered basis, amounts adding up to the entire required capital investment. We have also agreed, along with the Rizal Operating Entity, to fund the required capital investment from sources external to the Philippines and the completion of these investment commitments is subject to financing.

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

In consideration for the Poro Point license, we have agreed to invest at least an additional 4.34 billion pesos (5.2 billion less 858.9 million spent through 31 December 2008) (\$91.4 million based on an exchange

ratio of 47.485) in the Poro Point property, through an escrow account jointly controlled by PAGCOR and the Poro Operating Entity, in five phases. That investment must be funded entirely from sources external to the Philippines and the completion of these investment commitments is subject to financing. The five phases must each be completed in 2021, with the later phases being dependent on the renewal of PAGCOR's charter.

Under the license, the Poro Point Operating Entity (the "Poro Point Operating Entity") must pay to PAGCOR 25% of the monthly aggregate gross casino revenue, or a monthly minimum guarantee of \$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.

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

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

### ***Peru***

In Peru, casino games and slot machines are regulated by Laws 27153 and 27796. The National Office of Tourism (Dirección Nacional de Turismo) is charged with approving gaming licenses, as well as controlling and imposing penalties. The National Office of Tourism reports to the Ministry of Foreign Trade and Tourism. The final authority in all administrative procedures relating to slot machines and casino games is the office of the Vice Minister of Tourism. In addition, the Dirección de Juegos de Casino y Maquinas Tragamonedas—DGJCMT (General Agency of Casino, Gaming and Slot Machines) administers compliance with gaming industry regulations. DGJCMT's main objectives are to (i) warrant that all games are operated legally in an honest, transparent and fair manner; (ii) establish protective measures towards vulnerable groups in the population; and (iii) 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 such 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: (i) municipal tax of 1% of gross revenue, payable monthly; (ii) gaming tax of \$200 per table and 1% of net win on table games; (ii) gaming tax of \$20 per slot machine and 1% of net win on slot machines; and (iii) 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 Confede, which funds youth sports activities throughout Guatemala, which agreement extends through 2026. The gaming requirements and methods of taxation under this license are very specific, governing, for example, the installation of new gaming equipment and the systems required to monitor and calculate taxation. Under this sublicense arrangement, we pay Confede 15% (within Guatemala City) and 10% (outside of Guatemala City) of our gross annual gaming revenues as a sublicense fee. Prior to November 2006, we held our video lottery sublicense through a different charity licenseholder, under which we were required to pay 35% 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. The casino operations in India will be owned by a group of Indian nationals which will lease space from DHPL (our joint venture) under a comprehensive lease arrangement.

## **Our Local Partners and Ownership Structure**

### ***Panama***

We own our interests in the Panama properties through International Thunderbird Gaming (Panama) Corporation (the “Panama Operating Entity”), a Panamanian entity in which we own approximately 64% and our local partners own approximately 36%. Our local partners in Panama are companies headed by sophisticated, highly educated and experienced Panamanian businessmen, who are involved in the retail, wholesale and banking businesses. The Panama Operating Entity is managed by its three-person board of directors, of which we have the right to elect two board members. All shares that are intended to be sold in the Panama Operating Entity are subject to a right of first refusal in favor of the other non-selling shareholders.

Unless agreed by all shareholders, future capital expenditures by the Panama Operating Entity will be funded through debt and no future equity will be issued by that entity. The Panama Operating Entity pays Thunderbird Resorts Inc. \$0.2 million per month in management fees. Thunderbird Resorts Inc. is a party to an agreement with an unaffiliated third party relating to our shares in International Thunderbird Gaming (Panama) Corporation, our Panama company, pursuant to which, among other things, we must first offer our shares in that Panama company to that third party 30 days before offering to any other person and, before we may agree to sell those Panama shares to any other person, we must give that third party a 30-day right of first refusal with respect to those Panama shares. These obligations extend until 30 November 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 100% all of our existing Costa Rica facilities other than Thunderbird Gran

Entretenimiento, S.A. (“TGE”) which owns and operates the Fiesta Casino Garden Court. Our local partners own the other 50% of the Costa Rica Operating Entity. The local partners in Costa Rica are entrepreneurs who helped us develop the Costa Rican market opportunity into a functioning business, including location, selection, licensing, project cost analysis, staffing, market demographics, scheduling, budget management, and marketing programs. Currently, the Costa Rica Operating Entity is managed by a four-person board of directors, of which Thunderbird Resorts Inc. has the right to elect two Board members. Neither we nor our local partners are permitted to transfer our interests in the Costa Rica Operating Entity without receiving unanimous approval from the board of directors 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.

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

Through our ownership of 50% of the Costa Rican Operating Entity, we own 50% of 71% of King Lion Network S.A. (the “Tres Rios Property Owner”), a Costa Rican entity that owns the real estate property on which our new Tres Rios project is being developed. In connection with the formation of this entity, certain of the local partners contributed land and \$3.0 million cash in exchange for their interests. In February 2009, the Costa Rica Operating Entity purchased for \$1.2 million approximately 21% of the shares in Tres Rios Property Owner, with the sellers of those shares providing their own financing by the way of promissory notes.

The real estate under the Tres Rios projects is owned by King Lion Network S.A. (“KLN”) and is currently pledged to secure a loan from Banco Nacional in San Jose Costa Rica, incurred by KLN in connection with the development of the Tres Rios property. Originally KLN was to lease those properties to the Costa Rica Operating Entity or its subsidiaries. The Costa Rica Operating Entity now owns 71% of KLN. Consequently we anticipate that the KLN will own and operate land and improvements thereon for the Tres Rios project, including the planned Tres Rios Hotel, casino and event center, without the need for any lease back to the Costa Rica Operating Entity.

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

### ***Philippines***

The Group initially acquired 60% of the Rizal Operating Entity and a local Filipino consortium owned the remaining 40%. The Group then allocated 9% of the 60% ownership to third parties who received a non-voting equity interest that reduced the Group’s economic interest to 51%. In 2008, the Group announced that its existing local shareholder in its Thunderbird Resorts-Rizal property agreed to sell a 21.5% position to a new local shareholder. In conjunction with this transaction, Thunderbird Resorts Inc. revised its distribution structure to allow it to report 81.5% of the property’s profits/losses. In March 2009, the Group approved another transaction in which its existing local shareholder in the Rizal Operating Entity agreed to sell 5.5% of its existing interest to the Filipino consortium. In addition, the Group entered into an agreement with another local Filipino group in which the Group agreed to issue the local group new shares that would effectively give the local group 20% of the Rizal Operating Entity and dilute the existing shareholders by 20%. PAGCOR is currently evaluating this new ownership structure and waiting for final approval. Once PAGCOR has approved the new ownership structure and the aforementioned 20% transaction is consummated, the Group’s revised distribution structure will allow it to report 62.4% of the property’s profits/losses.

We own 40% of Eastbay Property & Development, Inc. (the “Rizal Property Owner”), a Philippines company that owns the real estate under the Rizal facilities. The Rizal Property Owner is currently governed by a seven-person board of directors, of which we have the right to elect four directors. Neither we nor our local partners are permitted to transfer interests in the Rizal Property Owner without receiving unanimous approval from the other shareholders. Unless agreed by all shareholders, the Rizal Property Owner is not permitted to

make additional capital calls, and may not accept additional capital increases. The governing documents of the Rizal Operating Entity and the Rizal Property Owner provide that the Rizal Property Owner receives a property lease payment in the amount \$30,000 per month or the equivalent of 3.25% of the gross revenue (after any applicable PAGCOR tax), whichever is higher, derived from businesses within the properties of the Rizal Property Owner.

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

When initially formed, we owned 61% of the Poro Point Operating Entity. Third parties owned a non-voting economic 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 (i) 3% of that entity's net win and (ii) 6% of the Poro Point Operating Entity's EBITDA. Our local partners receive an aggregate management fee of 2% of net gaming revenues before gaming taxes. In March 2009, one of the Group's existing local shareholders in its Thunderbird Resorts-Poro property agreed to sell a 10.5% position to a new local shareholder. In conjunction with this transaction, Thunderbird revised distribution structure will allow it to report 71.5% of the property's profit/losses. PAGCOR is currently evaluating this new ownership structure and final approval is expected soon. Our local partners in the Poro Point Operating Entity are property developers and business from the Poro Point area.

As described in Chapter 5 "Use of Proceeds," the Group plans on adding an additional entertainment facility in the Province of Cebu, in Mandaue City and anticipates forming one or two new Philippine entities to own the casino and hotel facilities to be built. The two new companies will be owned 60% by us and 40% by our local partners. Our partners will put up their 40% of the cash needed to construct and outfit the casino, hotel and spa. We anticipate that we will rent a portion of this building and construct and own 60% of the hotel and casino. PAGCOR will operate the casino, will provide the labor and will pay for the labor and almost all operations costs. PAGCOR is expected to receive 60% of casino gross and we and our local partner(s) expect to receive 40% of casino gross, which 40% will be split 60/40 between us and our partner(s). We will pay the lease payments to the owner of the building for the hotel and casino space. We will split the hotel profits 60/40 with our local partner with 60% to us. The Philippine entity which is to be jointly owned by us and our local partner will operate the hotel and spa and pay their operations cost. PAGCOR will have no operational rights with respect to the hotel, nor to hotel revenues. We have received a letter of support for the project from the City of Mandaue and our local partner has filed an application for a gaming license with PAGCOR.

### ***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 are permitted to transfer our interests in the Nicaragua Operating Entity without receiving unanimous approval from the Board and the other shareholders. Unless agreed by all shareholders, future capital expenditures by the Nicaragua Operating Entity will be funded through debt and no future equity will be issued by that entity. The Nicaragua Operating Entity pays us \$5,000 per month in management fees.

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

### ***India***

We entered into a series of agreements in March 2008, with a local Indian group to construct and own a luxury resort in Daman, India that will include at minimum a luxury hotel, an event center and restaurants and bars, all to be operated by DHPL, under a long-term management contract and will lease space to a third-party casino operator. Thunderbird owns 50% of DHPL, a company incorporated under the laws of India that owns

the land and the operations mentioned above. The Thunderbird affiliate will operate the hotel and related facilities on a day to day basis under a management agreement whereby Thunderbird or an affiliate will receive up to 3% of gross revenue and 6% of EBITDA (with 1.2% of gross revenues and 2% of EBITDA subject to certain DHPL performance targets). The Shareholders Agreement for DHPL provides a right of first refusal to the non-selling shareholders of DHPL should any of the DHPL shareholders desire to sell their stock.

Current Indian gaming law prevents us, 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 lease arrangement described below.

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

Our partners in India are local business persons. Under a convertible debenture structure offered by DHPL, a holder of each \$1,000,000 of debentures may after 40 months (of the issuance of such debt) convert the debenture into 1.334% of non-voting common shares of DHPL, with certain rights to "put" those shares back to DHPL at a price yielding a debenture holder a 22% aggregate return. A notice to exercise this "put right" must occur after month 40, but before the end of month 72, since all "puts" must be consummated before the end of month 78 with a six month notice required. These debentures automatically convert after month 78 into non-voting common shares of DHPL.

### ***Poland***

We own an interest in our Poland Operating Entity, through two Cyprus subsidiaries. Through those two subsidiaries we, together with our local partner, collectively own 71.3% of all of the shares of the Poland Operating Entity. 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 the Poland Operating Entity. However, we are currently in a legal dispute with our partner, who is challenging our ownership of approximately 12% of the shares of our Poland Operating Entity as well as the agreements that give us voting control. Through other agreements we have voting control over 50.6% of the Poland Operating Entity until the acquisition of additional shares in the Poland Operating Entity becomes effective. The forum for any dispute resolution would be arbitration (in Warsaw, Poland) pursuant to the rules of the International Chamber of Commerce.

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

### **Real Property**

*Panama.* We do not own any hotel properties in Panama, or any of the real estate under our Panamanian casinos. The Panama Operating Entity leases space for all of our casinos in Panama from the applicable hotel owner, all of which expire in 2018. The Panama Operating Entity does own 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. Additionally, we have acquired land in the southwest suburb of San Jose where we plan to build a new hotel and casino, our Escazu project. However, as a result of the new Costa Rican gaming decree, we are developing a structure to advance whereby approximately two-thirds of the land owned by Grupo Thunderbird de Costa Rica at Escazu can be transferred to a third-party, which will financially commit to construct a 100 to 200 room hotel or condo-hotel within a given time frame. We intend that land for the casino will be retained by Grupo Thunderbird De Costa Rica, S.A. The land at Escazu is has been pledged as collateral to secure a 144-month loan made in March 2007 by Banco Nacional de Costa Rica.

The real estate under the Tres Rios projects is owned by KLN and is currently pledged to secure a loan from Banco Nacional in San Jose Costa Rica, incurred by KLN in connection with the development of the Tres Rios property. Originally KLN was to lease those properties to the Costa Rica Operating Entity or its subsidiaries. The Costa Rica Operating Entity now owns 71% of KLN. Consequently we anticipate that the KLN will own and operate land and improvements thereon for the Tres Rios project, including the planned Tres Rios Hotel, casino and event center, without the need for any lease back to the Costa Rica Operating Entity.

Our 21-room Hotel Thunderbird Resorts in which our Peres Zeledon slot parlor is located is secured by a lien granted under the loan documents for our 12-year loan from Banco Nacional de Costa.

*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 estate property or the leasehold interest.

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

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

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

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

*Guatemala.* We lease space for both of our facilities in Guatemala from the applicable hotel or property owner, all of which are long term leases.

*India.* The India Operating Entity owns the land and operations for our planned luxury resort in Daman, India that we expect will include a luxury hotel, an event center and restaurants and bars.

*Poland.* The Polish Operating Entity leases space for our two Polish 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 2009, we entered into the following material contracts:

- a series of purchase agreements to acquire 21% of KLN;
- contracts between the Company's Cyprus subsidiaries and our local Polish partner to acquire certain shares in the Poland Operating Entity;
- contract with IGT dated 17 March 2009 providing a line of credit for financing of the purchase of up to \$20.0 million of slot machines;
- multiple other loan and debt agreements and amendments and supplements thereto, as described in Chapter 9 "Operating and Financial Review –"Financing";
- an engagement letter with FBR Capital Markets & Co. and Friedman, Billings, Ramsey International, Limited dated 14 July 2009; and
- an engagement letter with Fortman Cline Capital Markets dated 5 June 2009 to assist the Group with raising debt to refinance certain Philippine debt.

In 2007 and 2008, we entered 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 Chapter 11 "Business—Peru");
- multiple employment agreements with our executive officers (see Chapter 12 "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 Capital Markets & Co., Inc. in connection with our 2007 Private Placement;

- multiple loan agreements as described in our financial statements for the years ended 31 December 2008 and 2007;
- 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 Chapter 11 “Business—India—Significant 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 Chapter 11 “Business—Peru—Significant 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 non-controlling selling shareholders; and
- a listing agreement with Friedman, Billings, Ramsey International, Limited in connection with our application for listing and trading on Euronext Amsterdam.

In 2006, we entered into the following material contracts:

- Shareholder Agreement governing the Tres Rios Hotel Company;
- Shareholder Agreement governing the Tres Rios Property Owner;
- Purchase agreement pursuant to which the Tres Rios Property Owner acquired the Tres Rios property for \$3.0 million; and
- Lease agreement with the Philippines Base Conversion Development Authority for the Poro Point property.

## **Employees**

As of 30 December 2006, we had 3,770 employees. As of 30 December 2007, we had approximately 4,621 employees. As of 30 December 2008, we had approximately 5,754 employees, including approximately 1,327 in Panama, 1,228 in the Philippines, 490 in Nicaragua, 277 in Guatemala, 1,621 in Peru, 105 in Poland, 679 in Costa Rica, 21 in India and 6 elsewhere. As of 31 August 2009, we had approximately 5,420 employees, including approximately 1,358 in Panama, 1,229 in the Philippines, 430 in Nicaragua, 216 in Guatemala, 1,475 in Peru, 105 in Poland, 575 in Costa Rica, 21 in India and 5 elsewhere. None of our employees are represented by a labor union, and we believe our relations with our employees to be good. We do not, and historically have not, employed a significant number of temporary employees. We experienced a minor decline in the number of our employees from 31 December 2008 to 31 August 2009. This decline may continue further if we are forced to reduce our operating costs or close facilities, for example, since 30 June 2009 we have laid off workers previously employed at Gran Plaza in Guatemala.

Labor laws in certain areas where we operate can be more protective of employees than in the United States. For example, 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**

The Group has ongoing legal proceedings that are disclosed in its annual financial statements for the year ended 31 December 2008 incorporated into this Prospectus. Pursuant to the Group's litigation provision policies it has provided for its NAFTA dispute and the Brannon vs. International Thunderbird Gaming Corporation and Entertainmens De Mexico, S.A lawsuit as described in Note 18 to the Group's Financial Statements for the year ended 31 December 2008. In addition, the Group has disclosed as contingent liabilities the Canada tax dispute, Philippines tax dispute, a Canadian tax assessment on the Group's wholly owned non-operating subsidiary Thunderbird Gaming, Inc., Pardini & Asociados, Chile litigation, and the Poland dispute under Note 25 of the Group's consolidated financial statements for the year ended 31 December 2008.

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

We are also subject to legal proceedings arising in the ordinary course of business or related to our discontinued business operations. In our management's opinion, the disposition of these matters will not materially adversely affect our financial condition, results of operations or cash flows. Other than as described above, there are not and have not been any governmental, legal or arbitration proceedings, nor are we aware of such proceedings threatening or pending, which may have or have had in the 12 months before the date of this 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 Euronext Amsterdam under the symbol TBIRD and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR. The Regulated Unofficial Market of the Frankfurt Stock Exchange does not qualify as a regulated market as defined in the Markets in Financial Instruments Directive (MIFID).

## **Periodic Reporting and Financial Information**

### **Reporting**

We file annual and semi-annual reports and our interim management statements with the AFM and the Euronext Amsterdam in addition to other materials that are required under British Virgin Islands law and Dutch law.

Additionally, as a "designated foreign issuer" under Canadian securities laws, we fulfill our financial reporting requirements by filing on SEDAR (the System for Electronic Document Analysis and Retrieval in Canada) the same financial information we provide to and file with the Euronext Amsterdam.

For information on the admission to listing and trading of our shares on Euronext Amsterdam, see Chapter 20 “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 registered office is located at c/o Icaza, Gonzalez-Ruiz & Aleman, Vanterpool Plaza, 2nd Fl., Wickhams Cay I, Road Town, Tortola, British Virgin Islands. Our significant subsidiaries as of 28 August 2008 are:

<u>Name of Subsidiary Joint Venture or Associate</u>	<u>Jurisdiction of Formation</u>	<u>Effective Ownership Interest</u>
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%
Inmobiliaria 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	52%
King Lion Network, S.A.....	Costa Rica	35.5%
Importadores del Yukon, 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 Real Estate Peru, S.A.....	Peru	100%
Casinos Peraunos S.A.C.....	Peru	100%
Thunderbird Frontier Realty.....	Philippines	100%
South American Entertainment Corp. II Ltd.....	Philippines	100%
Thunderbird Poro Development Ventures Inc.....	Philippines	100%
Eastbay Resorts Inc.....	Philippines	71.5%(3)
Eastbay Property & Development Inc.....	Philippines	40%
Thunderbird Pilipinas Hotels and Resorts, Inc.....	Philippines	83%(4)
Thunderbird de Guatemala, S.A.....	Guatemala	100%
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)
Thunderbird Greeley, Inc.....	United States	100%

- (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 non-controlling selling shareholders. The closing is contingent on the Company receiving approval from the Panama regulatory authorities. We will also need to obtain additional financing, on terms satisfactory to us, by 31 October 2009 (when our option to acquire the shares expires), to close this transaction, of which there can be no assurance we will obtain. Assuming the 4.55% acquisition is consummated, we will own 68.18% of International Thunderbird Gaming (Panama) Corporation. 64% of our equity in International Thunderbird Gaming (Panama) Corp. has been pledged so secure approximately \$19.5 million in aggregate principal amount of loans by several Panamanian banks.
- (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 Chapter 9 “Operating and Financial Review—Financing—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 own, of record, 37.9% of all of the shares of Casino Centrum Sp.z.o.o., and together with our local partner, collectively own 71.3% of all of the shares of Casino Centrum Sp.z.o.o. We also have a shareholders agreement and other agreements with our local partner that give us ownership and require distributions (on the 71.3% ownership interest) in the amount of 66.7% to our two Cypress subsidiaries and 33.3% to our local partner. Through other agreements, we have voting control over 50.6% of the Casino Centrum shares. We are currently in a legal dispute with our partner, who is challenging our ownership of approximately 12% of the shares of Casino Centrum Sp.z.o.o. as well as the agreements that give us voting control.

## 12. 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.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jack Mitchell .....	53	President, CEO and Director
Albert Atallah .....	53	Vice President, General Counsel and Director
Michael Fox.....	54	Chief Financial Officer
Tino Monaldo .....	50	Vice President—Corporate Development
Raul Sueiro .....	44	Vice President—Asian and European Operations
Angel Sueiro .....	37	Vice President—Design and Construction
Salomon Guggenheim .....	49	Director
Reto Heierli .....	45	Director
Joaquin Daly .....	52	Director
Roberto de Ocampo .....	63	Director
Douglas Vicari.....	49	Director

### Senior Management

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

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

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

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

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

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

### **Board of Directors**

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

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

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

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

**Roberto de Ocampo.** Mr. de Ocampo joined us as a director in 2007 and has been a Chairman in the Philippines since 2004. From 1998 until 2006, he served as the President of the Asian Institute of Management in Manila. He is a member of the Asian Institute of Management's Board of trustees and is chairman of the Board of advisors of the Center for Public Finance and Regional Economic Cooperation. Mr. de Ocampo was Philippines Secretary of Finance, as well as a member of the Board of Governors of the World Bank and the Asian Development Bank and an alternate governor of the International Monetary Fund from 1994 to 1998. He

received a B.A. in economics from College-Ateneo de Manila in 1967, a M.B.A. from the University of Michigan in 1970, and a Diplomate in Development Administration from the London School of Economics in 1971.

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

### **Further Information on the Board of Directors and Senior Management**

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

### **Board of Directors - Governance**

#### ***General***

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

#### ***Committees of the Board***

Our board of directors has established an Audit Committee, a Nominating and Governance Committee and a Compensation Committee. Each such committee has five directors and is composed exclusively of directors which are independent.

#### ***Audit Committee***

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

#### ***Compensation Committee***

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

#### ***Nominating and Governance Committee***

Our Nominating and Governance Committee consists of Messrs. Guggenheim, Heierli, Daly, de Ocampo and Vicari. Mr. de Ocampo is the chairman of this committee, which is responsible for, among other things, seeking, considering and recommending to the board of directors qualified candidates for election as

directors and recommending nominees for election at our annual meeting, recommending the composition of committees of our Board, developing our corporate governance guidelines and policies and adopting a code of business conduct and ethics.

### Vacancies on our Board of Directors

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

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

### Senior Management Compensation

The following table sets forth the compensation of each of our senior management for 2008. For a discussion of the compensation of certain of our senior management going forward, see “Employment Agreements”. Effective 1 August 2009, our senior management voluntarily elected to defer 20% of executive salaries until the Group’s cash flow meets internal targets.

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

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

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

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

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

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

(6) Mr. LeSar is not an officer of the Group; aggregate other compensation includes a housing allowance (\$18,000).

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

### Board of Director Compensation

Directors employed by us are not currently receiving additional cash compensation for serving on the board of directors. Each member of the board of directors who is not a member of senior management (Messrs. Guggenheim, Daly, de Ocampo and Vicari, who we refer to as “Non-Senior Management Directors”) receives a retainer of \$4,000 per month. Effective 1 August 2009, our board of directors voluntarily elected to defer monthly director fees until the Group’s cash flow stabilizes. We also reimburse all of our directors for their travel, hotel and other expenses incurred in the performance with their duties as directors, including expenses incurred in attending board of directors meetings, Committee meetings and shareholder meetings. Directors do not receive additional compensation for Committee service, except that the chairman of each board of directors

Committee will receive additional compensation for such service. Our Non-Senior Management Directors were also granted 3,333 common shares in connection with the closing of our November 2007 private placement and some were awarded additional restricted common shares, subject to vesting schedules. See “—2007 Equity Incentive Plan—Restricted Stock and Restricted Stock Units.”

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

### **2007 Equity Incentive Plan**

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

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

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

#### ***Options***

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

#### ***Restricted Stock and Restricted Stock Units***

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

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

<b>Director/Employee</b>	<b>Total Number of Shares</b>	<b>Vested Shares</b>	<b>Unvested Shares</b>
Jack Mitchell	120,000	40,000	80,000
Tino Monaldo	101,667	33,889	67,778
Michael Fox	100,000	33,334	66,666
Raul Sueiro	66,667	22,223	44,444
Angel Sueiro	50,000	16,667	33,333

Albert Atallah	18,333	6,111	12,222
Alberto Loaiza <sup>(1)</sup>	3,334	1,112	2,222
Salomon Guggenheim	3,333	1,111	2,222
Jean Duval <sup>(2)</sup>	3,333	1,111	2,222
Joaquin Daly	3,333	1,111	2,222
Roberto De Ocampo	3,333	1,111	2,222
Douglas Vicari	3,333	1,111	2,222
Other non-executive employees	23,334	7,779	15,555
Total	500,000	166,670	333,330

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

(2) Effective as of 29 May 2009, Mr. Duval's was no longer a member of our board of directors, due to the expiration of his term of office.

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 0.1 million common shares reserved for issuance upon exercise of stock options granted under the 1997 Stock Option Plan. Other than those reserved for issuance, no further securities will be granted under the 1997 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire).

Pursuant to stock options granted under our 2005 Stock Option Plan, we have reserved 0.7 million common shares for issuance upon exercise. All of such options were granted with an exercise price equal to or greater than the market value of a common share at the time of grant. Our board of directors resolved that no further securities will be granted under the 2005 Stock Option Plan (regardless of whether such outstanding awards are forfeited or otherwise expire). During 2008 and through 30 June 2009, 344,408 stock options were exercised and new issued stock delivered to the exerciser of those options.

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

## Long-term Incentive Compensation Program

We also have a long term incentive compensation program, which is overseen by 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”) in each fiscal year 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. No payments or accruals have been made under this program as the ATCF has not reached the levels required for our management team to earn this compensation.

## Employment Agreements

In November of 2007, we entered into employment agreements with certain of our senior management, effective 1 December 2007. The terms and conditions of these agreements are fully described below. Messrs. Mitchell, Atallah, Fox, Monaldo, R. Sueiro, and A. Sueiro have agreed to waive any contractual rights each had related to CPI-U (defined below) adjustments called for under the employment contracts from November 2008 to November 2009. Otherwise, all terms and conditions have remained unchanged other than noted below. 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 Code. Code Section 280G applies to "excess parachute payments" made to executives that are triggered by the consummation of certain change in control transactions. To the extent it applies, Code Section 280G denies a deduction to the employer that makes the excess parachute payments and Code Section 4999 imposes a corresponding 20% excise tax upon the executive who receives the payments. Code Section 280G treats as excess parachute payments certain compensation, including bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term equity incentive plans, that exceeds three times an executive's "base amount," or the amount of the executive's average annual taxable income from the employer over the five-year period preceding the change on control. If Code Section 280G is triggered, its provisions apply to all payments in excess of one times the executive's base amount.

Mr. Mitchell is subject to a non-disclosure covenant with respect to proprietary information. Additionally, Mr. Mitchell is also subject to an 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.

## **2008 Performance Bonuses**

No performance bonuses were paid for the 2008 fiscal year.

### 13. MAJOR SHAREHOLDERS AND LIQUIDITY MATTERS

The following table sets forth information regarding the beneficial ownership of our common shares as of 30 June 2009 by:

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

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

<u>Name of Beneficial Owner</u>	<u>Beneficial Ownership<sup>(1)</sup> Number</u>	<u>Percent</u>
Jack Mitchell <sup>(2)</sup>	1,096,815	5.6%
Albert Atallah <sup>(3)</sup> .....	249,783	1.3%
Angel Sueiro <sup>(4)</sup> .....	103,332	*
Michael Fox <sup>(5)</sup> .....	178,332	*
Tino Monaldo <sup>(6)</sup> .....	166,750	*
Raul Sueiro <sup>(7)</sup> .....	135,862	*
Salomon Guggenheim <sup>(8)</sup> .....	246,530	1.3%
Reto Heierli .....	100,000	*
Joaquin Daly .....	3,333	*
Roberto de Ocampo .....	3,333	*
Douglas Vicari .....	3,333	*
All directors and officers as a group .....	2,362,109	12.0%
FBR Capital Markets Corporation <sup>(9)</sup> .....	1,249,914	6.3 %
Prism Partners <sup>(10)</sup> .....	1,000,000	5.1 %
Wellington Management Company, LLP(11)..	2,820,700	14.3 %

- (1) Includes restricted common shares granted under our 2007 equity incentive plan. See Chapter 12 “Management—2007 Equity Incentive Plan.”
- (2) 868,484 common shares are held by Inversiones San Gabriel, S.A., a private foundation, in trust for the benefit of Mr. Mitchell’s wife and children, 124,331 common shares issuable upon exercise of vested options and 94,000 common shares issuable upon exercise of unvested options.
- (3) Includes 46,034 common shares issuable upon exercise of vested options and 39,050 common shares issuable upon exercise of unvested options.
- (4) Includes 19,666 common shares issuable upon exercise of vested options and 25,333 common shares issuable upon exercise of unvested options.
- (5) As of 30 June 2009, this included 46,666 common shares issuable upon exercise of vested options and 31,666 common shares issuable upon exercise of unvested options. In July 2009, Mr. Fox exercised 20,000 options. As of the date of this Prospectus, this included 26,666 common shares issuable upon exercise of vested options and 31,666 common shares issuable upon exercise of unvested options.
- (6) Includes 34,922 common shares issuable upon exercise of vested options and 30,161 common shares issuable upon exercise of unvested options.
- (7) Includes 7,333 common shares issuable upon exercise of vested options and 6,000 common shares issuable upon exercise of unvested options.
- (8) Includes 6,666 common shares held by Isabel Guggenheim, Mr. Guggenheim’s former wife, 38,666 common shares issuable upon exercise of vested options and 19,666 common shares issuable upon exercise of unvested options.
- (9) FBR Capital Markets Corporation’s address is 1001 Nineteenth Street North, Arlington, VA 22209.
- (10) As of November 2007, Prism Partners (and certain affiliates) purchased 1,000,000 shares in our November 2007 private placement. Their address is 44 Montgomery Street, Suite 4100, San Francisco, California, U.S., 94104.

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

\* less than 1%.

### **Liquidity provider**

We have appointed Friedman, Billings, Ramsey International, Limited 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 FBR Capital Markets & Co., Inc. The Liquidity Provider will maintain a spread of firm bid and offer prices during the 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.

### **14. CONFLICTS OF INTEREST**

See "Related Party Transactions" below.

### **15. RELATED PARTY TRANSACTIONS**

#### **Related party transactions involving officers and directors**

##### ***Jack Mitchell (Director, CEO and President)***

We employed Mr. Mitchell's wife, Ana Liza Mitchell, as an executive assistant. We paid her total compensation of \$nil through 30 June 2009, \$5,000 in 2008, \$28,000 in 2007 and \$27,553 in 2006. Mrs. Mitchell's employment ceased effective 29 February 2008.

We employ Mr. Mitchell's brother, Bob Mitchell, as a project manager. We paid him total compensation of \$68,000 through 30 June 2009, \$100,476 in 2008, \$78,000 in 2007 and \$65,056 in 2006. Bob Mitchell is an at-will employee, who is employed under the same terms and conditions as our other employees.

We employ Mr. Mitchell's brother-in-law, Lorenzo Hincapie, as Regional Counsel. We paid Mr. Hincapie total compensation of \$49,000 through 30 June 2009, \$53,000 in 2008, \$82,000 in 2007 and \$58,162 in 2006. Lorenzo Hincapie is an at-will employee who is employed under the same terms and conditions as our other employees.

We employ Mr. Mitchell's brother-in-law, Ricardo Hincapie as General Manager and Legal Representative for our Peru operations. We paid Ricardo Hincapie \$70,000 through 30 June 2009, \$154,188 in 2008 and \$39,375 in 2007. Mr. Hincapie is an at-will employee.

We employ Mr. Mitchell's brother-in-law, Juan Ramon Hincapie, as Director of Corporate Purchasing and have paid Juan Ramon Hincapie \$34,000 through 30 June 2009, \$82,035 in 2008 and \$45,963 in 2007. Mr. Hincapie is an at-will employee.

We employ Mr. Mitchell's daughter, Amy Mitchell, as a Measurement and Coordination Analyst. We paid her total compensation of \$28,000 through 30 June 2009, \$82,981 in 2008, \$43,833 in 2007 and \$5,076 in 2006. Ms. Mitchell is an at-will employee. Ms. Mitchell is also a member of the board of directors of our Panama and Costa Rica entities and in such capacity she received director fees of \$nil through 30 June 2009 and \$24,000 during 2008.

Mr. Mitchell serves as a member of the board of directors of our Panama, Costa Rica, Nicaragua, Peru, India, Guatemala, Poland and Philippines entities. In such capacity, he received aggregate director fees of \$nil through 30 June 2009, \$nil during 2008, \$41,000 during 2007 and \$50,000 for 2006.

***Michael Fox (CFO)***

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

Mr. Fox serves as a member of the board of directors of our Costa Rica, Peru and Philippines entities. In such capacity, he received aggregate director fees of \$nil through 30 June 2009, \$nil during 2008, \$19,000 during 2007, and \$12,000 for 2006.

***Tino Monaldo (Vice President—Corporate Development)***

We paid Mr. Monaldo's company, Tino Monaldo Chtd., \$26,000 through 30 June 2009 and \$52,000 plus travel expenses in 2008 in consideration for services provided by Mr. Monaldo through 31 December 2008. Mr. Monaldo pays his own health, life, disability and dental insurance and other professional fees and expenses.

***Albert Atallah (Director, General Counsel and Vice President)***

Mr. Atallah serves as an advisor to our Panama joint venture. In such capacity, he received aggregate advisor fees of \$nil through 30 June 2009, \$5,000 in 2008 and \$11,000 for 2007.

***Salomon Guggenheim (Director)***

Mr. Guggenheim serves as an advisor to Thunderbird Resorts, Inc. In such capacity, he received aggregate advisor fees of \$39,000 through 30 June 2009, \$78,000 for 2007 and \$78,000 for 2008. In addition, Mr. Guggenheim received fees for the successful securitization of loans payable, as such he received, \$25,000 in 2008 and \$39,000 in 2007.

Mr. Guggenheim and his mother have loaned funds to our projects. The outstanding balances of those loans were \$251,339 as of 30 June 2009, \$307,000 in 2007 and \$195,820 in 2008. The interest and dividends paid as a result of those loans was \$8,928 through 30 June 2009, \$30,117 in 2008 and \$52,000 in 2007.

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

***Other Officers and Directors***

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

***Other Related Party Transactions***

For information regarding related party transactions with joint ventures and with partners in our operating entities, see Note 23 to our consolidated financial statements for the year ended 31 December 2008, incorporated herein by reference.

## **16. DESCRIPTION OF SECURITIES**

### **General**

Thunderbird Resorts Inc. was registered in the British Virgin Islands on 6 October 2006 as a British Virgin Islands Business Company, number 1055634. Prior to such registration, the Company was incorporated under the laws of the Province of British Columbia, Canada, on 4 September 1987 under the name “Winters Gold Hedley Ltd.” On 26 August 1993, the Company changed its name to “Regal Gold Corporation.” On 23 June 23 1994, the Company changed its name to “International Thunderbird Gaming Corporation.” On 5 February 1999, the Company converted, by continuing its charter documents, from a British Columbia Canadian corporation to a Yukon Canadian corporation. On 12 July 2005, the Company changed its name to “Thunderbird Resorts Inc.” On 6 October 2006 the Company moved its domicile and reincorporated (by continuing its charter documents) in the British Virgin Islands.

We comply with the British Virgin Islands corporate governance requirements. Pursuant to our Memorandum of Association, Thunderbird has the authority to issue an aggregate of 1.0 billion shares of capital stock, consisting of 500.0 million common shares, no par value, and 500.0 million preferred shares, no par value. The shares are governed by the laws of the British Virgin Islands.

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

## Common Shares, Options and Warrants

We have approximately 19.7 million common shares outstanding, ISIN VGG885761061; each common share is fully paid. The number of outstanding common shares above excludes (i) approximately 1.0 million common shares issuable upon exercise of outstanding options and warrants, (ii) 0.9 million common shares available for future issuances under our previous equity incentive plans (with respect to which our board of directors has resolved not to issue any more securities), and (iii) approximately 1.0 million common shares available for future issuances under our 2007 equity incentive plan. After giving effect to this offering, we will have approximately 94.7 million common shares outstanding, or approximately 106.0 million common shares outstanding if the Over-Allotment Option is exercised. As of 30 June 2009, we have existing options outstanding to purchase 781,147 shares and existing warrants outstanding to purchase 173,471 shares; the warrants have an exercise price of \$0.10. The Thunderbird Resorts Inc. common shares do not have conversion features. However, a holder of an option or warrant who wants to exercise such option or warrant will notify the Company during the exercise period, pay the strike price, whereupon they will receive the applicable number of shares.

Set forth below is information (illustrating grant date, exercise price and expiration dates) for the outstanding Thunderbird Resorts Inc. stock options and as of 30 June 2009. Of the 296,877 total unvested options, 122,473 vest in 2009, 111,367 vest in 2010 and 63,037 vest in 2011.

### Thunderbird Resorts Inc. Stock Options Outstanding as of 30 June 2009

#### By Grant Dates

<u>Grant Date</u>	<u>Unexercised</u>	<u>Unvested</u>	<u>Exercisable</u>
7/27/2004	113,332	-	113,332
8/17/2005	250,663	96,667	153,996
3/15/2006	8,333	-	8,333
1/17/2007	41,666	11,111	30,555
7/25/2007	367,153	189,099	178,054
<b>Total</b>	<b>781,147</b>	<b>296,877</b>	<b>484,270</b>

#### By Exercise Price

<u>Exercise Price</u>	<u>Unexercised</u>	<u>Unvested</u>	<u>Exercisable</u>
\$ 0.96	113,332	-	113,332
\$ 1.92	8,333	-	8,333
\$ 2.10	250,663	96,667	153,996
\$ 2.22	8,333	-	8,333
\$ 3.30	33,333	11,111	22,222
\$ 4.98	367,153	189,099	178,054
<b>Total</b>	<b>781,147</b>	<b>296,877</b>	<b>484,270</b>

#### By Expiration Dates

<u>Expiration Date</u>	<u>Unexercised</u>	<u>Unvested</u>	<u>Exercisable</u>
7/27/2009	113,332	-	113,332
1/17/2012	33,333	11,111	22,222
1/31/2012	267,329	96,667	170,662
7/25/2012	367,153	189,099	178,054
<b>Total</b>	<b>781,147</b>	<b>296,877</b>	<b>484,270</b>

## Organizational Documents

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

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

## **17. 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 Note 13 to our financial statements for the six months ended 30 June 2009, Note 20 to our financial statements for the year ended 31 December 2008, and Note 20 to our financial statements for the two years ended 31 December 2007.

## **18. 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 of directors.

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

### **Board of Directors**

**Election.** Each member of our board of directors is elected at an annual meeting for a one-year term expiring on the date of the next annual meeting. Our board of directors will have no less than three and no more than 12 directors. Our board of directors will be composed of a majority of directors that we consider independent directors. A director need not hold any of our securities.

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

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

### **Distributions**

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

### **Distribution of Assets on Liquidation**

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

### **Liability and Indemnification of Officers and Directors**

In most U.S. jurisdictions, majority and controlling shareholders of a company generally have certain “fiduciary” responsibilities to its non-controlling shareholders. Corporate actions taken by majority and controlling shareholders which are patently unreasonable and materially detrimental to non-controlling shareholders may be declared null and void. Non-controlling shareholder protection under British Virgin Island

law may not be as protective in all circumstances as the law protecting non-controlling shareholders in U.S. jurisdictions.

While British Virgin Islands law does permit a shareholder of a British Virgin Islands company to sue its directors derivatively—that is, in the name of, and for the benefit of, our company—and to sue a company and its directors for his benefit and for the benefit of others similarly situated, the circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of a shareholders of a company organized in the U.S.

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

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

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

Our governing documents include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include the inability of shareholders to call a shareholder meeting except by delivering to our board of directors a written request of holders of more than 50% 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**

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

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

### **Compulsory Transfer of Shares**

Our board of directors has the ability under certain circumstances to force a transfer of common shares in the manner described below, provided, however, that such forced transfer (including any change to the Company’s register of members) would occur at the direction of the Company without interference with the purchase, sale, or settlement of the Company’s common shares on Euronext Amsterdam or without interference with the settlement of such shares through any settlement system, including Euroclear Nederland and Euroclear Bank (for the sake of clarity, as a result of the foregoing there will be no null and void trades on Euronext Amsterdam or settlement of such trades through Euroclear Nederland and/or Euroclear Bank):

If it comes to the notice of our board of directors that any common shares:

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

(b) are or may be owned or held directly or beneficially by any person that is an “employee benefit plan” subject to the fiduciary provisions of Title I of ERISA, a plan subject to the prohibited transaction provisions of Section 4975 of the Code, a person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of the DOL Plan Asset Regulations or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code and their ownership of the shares means that the investor is a Benefit Plan Investor as that term is defined by the U.S. DOL Plan Asset Regulations and the investor’s interest is “significant” under those Regulations, or will result in a non-exempt “prohibited transaction” as defined in ERISA or section 4975 of the Code, the board of directors may serve written notice (a “Transfer Notice”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “Vendor”) of any of the shares concerned (the “Relevant Shares”) requiring the Vendor within 30 days (or such extended time as in all the circumstances the board of directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of our board of directors, would not fall within paragraphs (a) or (b) above (such a person being hereinafter called an “Eligible Transferee”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the following paragraph, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

If within 30 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the board of directors considers reasonable) the Transfer Notice has not been complied with to the satisfaction of the board of directors, we may sell the Relevant Shares on behalf of the holder at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the board of directors may authorize in writing our officers or employees to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee. An instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of our costs of the sale, shall be received by us, and receipt shall be a good discharge for the purchase moneys, and shall belong to us and, upon their receipt, we shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to us. We are deemed to be a debtor and

not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and we are not required to account for money earned on it. The amount may be employed in our business or as we think fit. We may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

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

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

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

### **Yearly and Half-Yearly Information**

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

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

### **Interim Management Statements**

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

### **Annual Document**

We are required under Article 5:25f of the Financial Supervision Act to disclose annually a document including or referring to the information we disclosed in the 12 months preceding the publication of our annual

report pursuant to (i) the relevant European directives as implemented in Dutch financial and company law and (ii) the public securities laws of other countries in the preceding 12 months.

### **Dutch Takeover Act**

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

### **Market Abuse Regime**

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

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

It is prohibited for any person to make use of inside information within or from the Netherlands by conducting or effecting a transaction in our securities. Inside information is information that is concrete and that directly or indirectly concerns us or the trade in our shares or other derivative securities which may pertain to us, which information has not been publicly disclosed and whose public disclosure might have a significant influence on the price of the shares, the options and warrants or other derivative securities.

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

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

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

### **Disclosure of Holdings**

The following provisions apply to us and to our shareholders:

- Any person who, directly or indirectly, acquires or disposes of an interest, whether shares or options and warrants, in our capital or voting rights must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 5.0%, 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 from the time of admission of our shares to listing and trading on Euronext Amsterdam must immediately notify the AFM.

### **19. BOOK-ENTRY; DELIVERY AND FORM; SETTLEMENT**

The Depository Trust Company ("DTC"). The description of book-entry procedures in this Prospectus includes summaries of some of the rules and operating procedures of 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 NYSE Euronext (formerly the American Stock Exchange LLC), and the Financial Industry Regulatory Authority. 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](http://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").** 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 depository 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 the Manager. 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 depository.

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 depository 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 depository 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.

### **Settlement**

Trades of our common shares will not trade or settle through the facilities of DTC or any other US exchange or clearing system, but will be traded over the Euronext Amsterdam and will be settled with Euroclear Nederland through Euroclear Bank. Some of our common shares have been deposited with DTC and CDS. If you own common shares that have been deposited with DTC, your bank or broker that holds your common shares would be required to cross border your common shares into Euroclear Bank through CDS into an agent bank that is either a participant of Euroclear Bank or Euroclear Nederland in order to settle your trade.

Trades are generally required to settle on the Euronext Amsterdam on a regular settlement cycle of T+3. If your bank or broker requires additional time to settle a trade, a request may be filed with LCH Clearnet, the clearing facility for Euronext Amsterdam, and if granted, the trade must settle by the extension deadline, which will be no more than the settlement date plus seven additional days (S+7). If the trade is unable to be settled within such extension period, LCH Clearnet will immediately impose penalties and/or effect a buy-in. We advise you to consult with your bank or broker regarding process and timing for settlement of your trades on Euronext Amsterdam.

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

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

## **20. EURONEXT AMSTERDAM MARKET INFORMATION**

### **Euronext Amsterdam**

We are applying for admission to listing and trading of the Shares on Euronext Amsterdam. Our common shares are traded on Euronext Amsterdam and therefore are 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 have listed 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.

## **21. TAXATION**

### **Netherlands Tax Consequences**

#### *General*

The following is a general 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 and in view of its general nature, it should be treated with corresponding caution. Holders should consult with their tax advisers with regard 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:

(i) holders who will receive or have received these shares as employment income, deemed employment income or otherwise as compensation;

(ii) 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;

(iii) holders of shares if the holder has an interest in us or could obtain an interest in us by exercising its option(s) and/or warrant(s) that qualifies as a “participation” for the purposes of the Netherlands Corporate Income Tax Act 1969. Generally, a taxpayer’s shareholding of 5% or more in a company’s nominal paid-up share capital qualifies as a participation. A holder may also have a participation if such holder does not have a 5% shareholding but a related entity (statutorily defined

term) has a participation or if the company in which the shares are held is a related company (statutorily defined term);

(iv) investment institutions (*fiscale beleggingsinstellingen*); and

(v) pension funds, exempt investments funds (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

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**

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:

(i) 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

(ii) 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 (i) and (ii) 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 €200,000 in 2009 and 2010. For 2011 and later years, a corporate income tax rate of 20.0% applies with respect to taxable profits up to €40,000 and 23.0% over the following €160,000).

#### ***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:

(i) 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;

(ii) 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

(iii) 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:

(i) 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

(ii) 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**

In accordance with US Treasury Department Circular 230, prospective investors are hereby notified that: (i) any discussion of US federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the US federal tax laws; (ii) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (iii) prospective investors should seek advice based on their particular circumstances from an independent tax adviser.

### ***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 (i) 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 (ii) 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 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 qualified electing fund (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 interests in non-U.S. companies are required to be disclosed to the IRS. Application of these rules is subject to some uncertainty. Significant penalties may apply to a failure to make required disclosures. Prospective U.S. holders are urged to consult their own tax advisors as to the reporting requirements applicable to them.

## **22. CERTAIN ERISA AND OTHER CONSIDERATIONS**

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 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 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 Code, may nevertheless be subject to other state, local, non-U.S. or other laws or regulations that would have the same effect as the DOL 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 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 Code or any Similar Laws.

Section 3(42) of ERISA and the DOL 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 Code (a "Covered Plan") acquires an equity interest in an entity that is neither a "publicly offered security" (as defined in the DOL 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 DOL 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 DOL 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 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 Memorandum and Articles of Association provide 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. If, notwithstanding the foregoing, a transfer of our shares would subject us to Section 4975 of the 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 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 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 Code upon the “party in interest,” as defined in ERISA, or “disqualified person,” as defined in the 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 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.**

In accordance with US Treasury Department Circular 230, prospective investors are hereby notified that: (i) any discussion of US federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the US federal tax laws; (ii) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (iii) prospective investors should seek advice based on their particular circumstances from an independent tax adviser.

## 23. THE OFFERING

### Introduction

The Offering consists of an offering of up to 75,000,000 common shares with no par value. Application will be made for all of the Shares to be admitted to listing and trading on Euronext Amsterdam, where our common shares are currently traded, under the symbol “TBIRD”. We expect that the delivery of the Offer Shares will take place on the Trading and Settlement Date.

The Offering consists of a public offering in the Netherlands (including to qualified investors) and a private placement to institutional or qualifying investors in certain jurisdictions outside the Netherlands, including (i) within the United States to “qualified institutional buyers” (within the meaning of Rule 144A under the US Securities Act) in reliance on Rule 144A or to “accredited investors” (within the meaning of Rule 501 of Regulation D under the US Securities Act) in reliance on Rule 506 of Regulation D or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (ii) outside the United States to persons who are not US Persons as such term is defined under Regulation S under the US Securities Act in reliance on Regulation S.

The rights of holders of our shares will rank *pari passu* with each other.

We have granted the Manager an option, exercisable in whole or in part during the period commencing on the date of publication of the Final Offer Price and ending no later than 30 calendar days after the date of publication of the Final Offer Price pursuant to which the Manager may require us to issue up to 11,250,000 Additional Shares at the Final Offer Price. The Manager may exercise the Over-Allotment Option at its discretion to cover over-allotments made in connection with the Offering and any short positions arising from stabilization transactions. For more information on the Over-Allotment Option, see Chapter 24 “Plan of Distribution”.

Our board of directors held a meeting on 8 June 2009 and approved the Offering and the issuance of the Shares in relation to the Offering once the number of Shares to be offered has been finally determined.

### Timetable

The timetable below lists certain expected key dates for the Offering.

Event	Time and Date
Beginning of Subscription Period	30 September 2009
End of Subscription Period	14 October 2009 17:00 (Amsterdam time)
Pricing and Allotment of the Offer Shares	16 October 2009 (T)
Trading and Settlement Date	23 October 2009 (T+5)
Date of Issuance of Offer Shares	See “Trading and Settlement Date” above.
Termination of Over-Allotment Period	23 November 2009
Date of Issuance of Additional Shares	Prior to 26 November 2009

The timetable for the Offering is subject to acceleration or extension.

### Acceleration or Extension

Any acceleration or extension of the timetable for the Offering will be announced in a press release (together with any related revision of the expected dates of pricing, allocation and closing), in the event of an accelerated timetable for the Offering, at least three hours before the proposed expiration of the accelerated Subscription Period for the Offering or, in the event of an extended timetable for the Offering, at least three hours before the expiration of the original Subscription Period for the Offering. Any extension of the timetable for the Offering will be for a minimum of one full business day.

## **Final Offer Price and Change of Price Range**

An indicative Offer Price Range of between \$1.00 and \$1.25 has been set in consultation between us and the Manager. The Final Offer Price will be determined by the Company after consultation with the Manager after the end of the Subscription Period. In addition to prevailing market conditions and a qualitative and quantitative assessment of demand for the Offer Shares, the factors considered in the determination of the Final Offer Price will include:

- the Offer Price Range;
- the history of, and prospects for, our Group and the industry in which we operate and compete;
- our past and present financial condition and result of operations;
- assessment of our management, our past and present operations and the prospects for, and timing of, our future revenues;
- the present state of our development;
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours;
- assessment of the prospects for future revenues;
- economic and market conditions, including those in debt and equity markets;
- qualitative and quantitative assessment of the demand for the Offer Shares as identified in the bookbuilding process; and
- any other factors deemed appropriate.

We reserve the right to change the Offer Price Range and to increase the final number of Offer Shares prior to the end of the Subscription Period in consultation with the Manager. Any such change or increase will be announced in a press release and, if deemed material, published in a supplementary prospectus which shall be subject to approval by the AFM and published in accordance with all applicable laws and regulations.

## **Number of Offer Shares**

The Offering consists of an offering of up to 75,000,000 Offer Shares. The final number of Offer Shares offered in the Offering will be determined after taking into account market conditions, and criteria and conditions such as those listed below:

- demand for the Offer Shares; and
- general economic and market conditions, including those in the debt and equity markets.

We reserve the right to increase the number of Offer Shares offered in the Offering prior to the end of the Subscription Period in consultation with the Manager. Any such increase will be announced in a press release and, if deemed material, published in a supplementary prospectus which is subject to approval by the AFM and published in accordance with all applicable laws and regulations. We expect the Offer Shares to be issued on 23 October 2009.

## **Pricing Statement**

On or about 16 October 2009, we will publish a pricing statement which will state the Final Offer Price and the final number of Offer Shares to be issued by us and the actual number of and the percentage of shares owned by each of the Major Shareholders prior to the closing of the Offering and immediately thereafter. The Final Offer Price and the final number of Offer Shares to be issued will also be published on the Euronext Amsterdam website.

## **Subscription**

The Subscription Period for prospective investors is expected to begin on 30 September 2009 and end on 14 October 2009 at 17:00 Amsterdam time, subject to acceleration or extension of the timetable for the Offering. If, prior to the commencement of trading of the Offer Shares on Euronext Amsterdam, a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises or is noted, which is capable of affecting the assessment of the shares, a supplementary Prospectus will be published and investors who have already agreed to purchase Shares may withdraw their subscriptions within two business days following the publication of such supplementary Prospectus. Except for the foregoing, investors may not withdraw their subscriptions.

Although there are no restrictions that would prevent prospective investors from making multiple subscriptions, the Manager and the Company retain full discretion in allocation of the Offer Shares.

## **Method of Payment**

Investors should pay the Final Offer Price for the Offer Shares that they subscribe for in accordance with the instructions they receive from the Manager. Payment for the Offer Shares must be made no later than the Trading and Settlement Date, which is expected to be 23 October 2009, or such earlier date as required by FBR.

## **Dutch Retail Investors**

Dutch retail investors can only subscribe on a *bestens* basis. Such basis obligates Dutch retail investors to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Final Offer Price, even if the Final Offer Price is above the upper end of the original Offer Price Range. Dutch retail investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Subscription Period. Retail investors can submit their subscriptions through their own admitted institution, bank or broker.

## **Institutional and Qualified Investors**

Institutional and qualified investors must indicate in their orders the number of Offer Shares they commit to subscribe for, and the price (within the Offer Price Range) at which they are making such orders. Institutional and qualified investors can submit their subscriptions to the Manager.

## **Over-Subscription**

In the event the Offering is over-subscribed, investors may receive a smaller number of Offer Shares than they applied to subscribe for. The Manager, in consultation with us, may at its own discretion and without stating the grounds reject any subscriptions wholly or partly.

## **Allotment**

The allotment of the Offer Shares is expected to take place on or around 16 October 2009, subject to acceleration or extension of the Subscription Period for the Offering. You may receive a smaller number of Offer Shares than you applied to subscribe for, or none at all. The Manager may, at its own discretion and without stating the grounds, reject any subscriptions wholly or partly. In the event that the Offer Shares are oversubscribed, preferential treatment may be given to orders submitted by investors at the branches of the Manager rather than through other financial intermediaries. No preference or priority will be given to those investors subscribing for Offer Shares in the public offering in the Netherlands.

We expect to announce the Final Offer Price and the final number of Offer Shares allocated to investors under the Offering on or about 16 October 2009 (see also under "Pricing Statement" above).

Investors will be informed, directly or indirectly, by the Manager, of the number of Shares allotted to them shortly after the date on which Shares are allotted.

## **Underwriter, Initial Purchaser and Placement Agent.**

Friedman, Billings, Ramsey International, Limited/FBR Capital Markets & Co. is acting as Underwriter, Initial Purchaser and Placement Agent in connection with the Offering.

## **Listing Agent and Paying Agent**

Friedman, Billings, Ramsey International, Limited, Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB UK is acting as our Listing Agent with respect to the listing and trading of our shares on Euronext Amsterdam. ING Bank N.V., van Heenvlietlaan 220, 1083 CN Amsterdam, the Netherlands, is our Paying Agent.

## **Payment, Delivery, Clearing and Settlement**

Payment for the Offer Shares, and payment for any Additional Shares subject to the Over-Allotment Option provided this option has been exercised prior to the Trading and Settlement Date, will take place on the Trading and Settlement Date.

The Shares will be common shares in registered form. Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Bank.

Subject to acceleration or extension of the Subscription Period, delivery of the Offer Shares (and delivery of any Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Trading and Settlement Date) is expected to take place on or about 23 October 2009 (the Trading and Settlement Date) through the book-entry facilities of Euroclear Nederland, Euroclear, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

There are certain restrictions on the transfer of our Shares, as detailed in Chapter 25 “Selling and Transfer Restrictions.”

## **Ranking of Dividends**

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.

Should the board of directors propose in the future to grant such a dividend, the rights of holders of our common shares will rank *pari passu* with each other. See Chapter 8 “Dividend Policy”.

## **Listing and Trading of Shares**

- We will apply for admission of the Shares to listing and trading on Euronext Amsterdam under the symbol “TBIRD.”

Completion of the Offering and delivery of the Offer Shares and delivery of any Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Trading and Settlement Date, is expected to take place on or about the fifth business day following the pricing date.

Investors who wish to enter into transactions in the Shares prior to the Trading and Settlement Date, whether such transactions are effected on Euronext Amsterdam or otherwise, should be aware that completion of the Offering may not take place on the Trading and Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see Chapter 24 “Plan of Distribution – Termination of the Underwriting Agreement”) are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of officers’ certificates, comfort letters and legal opinions and such events include the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets. If the Offering is withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation. Withdrawal of the Offering can only take place prior to the Trading and Settlement Date (or prior to 09.00 hours Amsterdam time on the Trading and Settlement Date). All dealings in our shares on Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned.

Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering. The Underwriter and the Company do not accept such responsibility or liability either.

## **Trading Information**

Our shares will be traded on Euronext Amsterdam under the following symbols:

- ISIN Code: VGG885761061
- Euronext Amsterdam Symbol: “TBIRD”

## **24. PLAN OF DISTRIBUTION**

The Offering is an offering of up to 75,000,000 Offer Shares consisting of (i) a public offering in The Netherlands (including to qualified investors within the meaning of the Financial Supervision Act) and (ii) a private offering (the “Private Offering”) to institutional or qualifying investors in certain jurisdictions outside The Netherlands, including (a) within the United States to “qualified institutional buyers” (within the meaning of Rule 144A under the US Securities Act) in reliance on Rule 144A, or in a transaction not subject to, the registration requirements of the US Securities Act and (b) outside the United States to persons who are not US Persons as such term is defined under Regulation S under the US Securities Act in reliance on Regulation S.

Friedman, Billings, Ramsey International, Limited will act as underwriter in the public offering described above. FBR Capital Markets & Co. will act as initial purchaser in the Private Offering described above. References to “FBR” in this Plan of Distribution shall refer to Friedman, Billings, Ramsey International, Limited, as underwriter, and FBR Capital Markets & Co., as initial purchaser, as applicable.

Subject to certain conditions set forth in the Underwriting Agreement (which is expected to be executed on or about 16 October 2009), we agree to sell FBR in the public offering and the Private Offering described above, an aggregate of 75,000,000 Offer Shares (less any shares sold directly by us to “accredited investors,” as defined in Rule 501 under the US Securities Act, in a concurrent private placement pursuant to Regulation D under the US Securities Act as described below under the caption “—Private Placement”) at a price between \$0.95 and \$1.19 per share. Friedman, Billings, Ramsey International, Limited, as underwriter, and FBR Capital Markets & Co., as initial purchaser, will resell the Offer Shares to investors at the price of \$1.00 to \$1.25 per share. In addition, FBR Capital Markets & Co. will act as placement agent in the private placement described below under “—Private Placement.” We will pay Friedman, Billings, Ramsey International, Limited, as underwriter, and FBR Capital Markets & Co., as initial purchaser and placement agent, an aggregate underwriting discount, initial purchaser’s discount and placement fee in an amount equal to approximately \$3.75 million, assuming the Over-Allotment Option is not exercised. In addition, the Company will pay certain costs and expenses incurred in connection with the Offering.

### **Addresses of the Underwriter and Initial Purchaser**

The addresses of Friedman, Billings, Ramsey International, Limited, as underwriter, and FBR Capital Markets & Co., as initial purchaser, are as follows:

- Friedman, Billings, Ramsey International, Limited: Berkeley Square House, 8th Floor, Berkeley Square, London, England W1J 6DB, United Kingdom.
- FBR Capital Markets & Co.: 1001 Nineteenth Street North, 18th Floor, Arlington, Virginia 22209.

### **Representations and Warranties and Indemnities**

In the Underwriting Agreement, we and each of the members of the board of directors make certain representations and warranties. In addition, we will indemnify FBR against certain liabilities in connection with the Offering, including liabilities under applicable securities laws. The Underwriting Agreement will provide that the obligations of FBR are subject to certain conditions precedent, including the absence of any material adverse change in our financial condition or business affairs.

### **Termination of the Underwriting Agreement**

The Underwriting Agreement provides that, upon the occurrence of certain events, such as the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets and on certain other conditions, the Underwriting Agreement may be terminated, provided that FBR have the right to waive the satisfaction of any such conditions or part thereof. In this event, the Offering will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and Euronext Amsterdam may cancel transactions that have occurred. All dealings in the Offer Shares, and in the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Trading and Settlement Date, are at the sole risk of the parties concerned.

## **Lock-up Arrangements**

For a period beginning on the date of this Prospectus and ending on the date that is 90 days after the Trading and Settlement Date, we and each of our officers and directors will agree, without the prior written consent of FBR, not to (subject to certain exceptions described below):

- Offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any of our equity securities or any securities convertible into or exercisable or exchangeable for our equity securities, or
- Enter into any swap or other arrangement that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our equity securities.

The foregoing restrictions and transfer by our officers and directors will be subject to the following exceptions to the lock-up: transfers (i) made as a bona fide gift, (ii) to any trust for the benefit of such officer or director or his immediate family, (iii) made as a distribution to stockholders, partners or members of a transferor, (iv) made by requirement under any benefit plans or our amended and restated charter, (v) under our equity incentive plan in order to reimburse or pay income taxes and withholding obligations in connection with the vesting of restricted share grants or the exercise of Company options; (vi) made as collateral for any loan; or (vii) of shares acquired and sold after the closing of this Offering in the open market, subject in certain instances to the transferee agreeing in writing to be bound by original lock-up restrictions.

The restricted period described above is subject to extension such that, in the event that either (i) during the last 17 days of the restricted period we issue an earnings release or material news or a material event relating to us occurs, or (ii) prior to the expiration of the restricted period, we announce that we will release earnings results during the 16-day period following the last day of the restricted period, the “lock-up” restrictions described above will continue to apply until the expiration of the 18-day period beginning on the date of issuance of the earnings release or the occurrence of the material news or material event, unless FBR waives such extension in writing.

## **Stabilization and Short Positions**

In connection with the Offering, Friedman, Billings, Ramsey International, Limited, acting as Stabilization Agent, may over-allot or effect transactions that stabilize or maintain the market price of the Offer Shares at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be effected on Euronext Amsterdam, in the over-the-counter market or otherwise. There is no assurance that such stabilization will be undertaken and, if it is, it may be discontinued at any time without prior notice and will end no later than 30 calendar days after the Trading and Settlement Date.

If Friedman, Billings, Ramsey International, Limited, acting as the Stabilization Agent, creates a short position in the Offer Shares in connection with the Offering, for example if it sells more Offer Shares than we offer pursuant to the Prospectus, FBR may reduce that short position by purchasing Offer Shares in the open market. Friedman, Billings, Ramsey International, Limited, acting as Stabilization Agent, may also elect to reduce any short position by exercising all or part of the Over-Allotment Option.

Purchases of Offer Shares to stabilize the trading price or to reduce a short position may cause the price of the Offer Shares to be higher than it might be in the absence of such purchases. Neither we nor FBR make any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares. In addition, neither we nor FBR make any representation that Friedman, Billings, Ramsey International, Limited, acting as the Stabilization Agent, will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

## **Relationships and Transactions with Directly Interested Parties**

FBR and its affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with us or any parties related to us. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations (including those issued by the AFM). FBR has received and will receive customary fees

and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with an investor's and/or our interests.

### **Selling Restrictions**

FBR has agreed to restrictions on where and to whom they and any dealer purchasing from them may offer and sell Shares as part of the distribution of the Offer Shares. See Chapter 25 "Selling and Transfer Restrictions."

### **Private Placement**

We are offering and selling Offer Shares directly to "accredited investors" (as defined in Rule 501(a) under the US Securities Act) and who deliver to us, prior to their purchase of any Offer Shares, a subscription agreement, containing representations and agreements on resales and transfers and setting forth the purchaser's agreement to purchase the Offer Shares for which the purchaser has subscribed and substantiating the purchaser's investor status prior to our acceptance of any order. FBR Capital Markets & Co., as placement agent, will receive a placement fee of between \$0.05 and \$0.06 per share for providing services as placement agent with respect to those Offer Shares.

The offer and sale of Offer Shares in the private placement is not being registered under the US Securities Act, but rather is being privately placed by us pursuant to the private placement exemption from registration provided in Rule 506 of Regulation D under Section 4(2) of the US Securities Act. Investors that purchase our Offer Shares in the secondary market may in certain circumstances be required to sign a transferee's letter. Investors that purchase our Offer Shares listed on the Euronext Amsterdam will not be required to sign a transferee's letter.

The address of FBR Capital Markets & Co., as placement agent, is 1001 Nineteenth Street North, 18th Floor, Arlington, Virginia 22209.

### **No Public Offering Outside The Netherlands**

No action has been or will be taken in any jurisdiction other than The Netherlands that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Offer Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

### **Non-Dutch Stamp Taxes**

Purchasers of the Offer Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

## 25. SELLING AND TRANSFER RESTRICTIONS

Prospective investors should inform themselves as to: (i) the legal requirements within their own jurisdictions for the purchase, holding, transfer, redemption or other disposal of Offer Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Offer Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Offer Shares. Prospective investors must rely upon their representatives, including their legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Other than in the Netherlands, no action has been taken or will be taken in any jurisdiction by the Manager that would permit a public offering of the Offer Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document in any jurisdiction where action for that purpose is required. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus, such investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus or any other offering materials or advertisements the investor should not distribute or send the same, to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) such investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described herein, investors (including, without limitation, any investor's nominees and trustees) wishing to subscribe for the Offer Shares, must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to subscribe for the Offer Shares, should consult their professional adviser without delay. The offering of Offer Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional advisers as to whether the investor requires any governmental or other consents or needs to observe any other formalities to enable the investor to purchase the Shares.

### **European Economic Area**

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "Relevant Implementation Date"), no Offer Shares have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that with effect from and including the Relevant Implementation Date, offers of Offer Shares may be made to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €13 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriters; or

- in any other circumstances that do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Offer Shares or to whom any offer is made under the Offering will, unless under bullet point three above, be deemed to have represented, acknowledged and agreed that it is a “qualified investor,” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purpose of the expression an “offer of any Offer Shares to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering of any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed Offering or resale. We, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

### **United Kingdom**

This Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) in connection with the issue or sale of any Shares may otherwise lawfully be communicated or caused to be communicated (for the purpose of this paragraph, all such persons together “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

### **Australia**

FBR Capital Markets & Co. (ARBN 122 912 921) is incorporated in the United States. FBR Capital Markets & Co. is exempt from the requirement to hold an Australian financial services license. Furthermore, FBR Capital Markets & Co. is regulated by the U.S. Securities and Exchange Commission under US laws, which differ from Australian laws.

### **Switzerland**

This document as well as any other material relating to the shares which are the subject of the offering contemplated by this Prospectus do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The shares will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange.

The shares are being offered in Switzerland by way of a private placement, i.e. to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by the Company from time to time.

This document as well as any other material relating to the shares is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has

been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

### **United States**

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Offer Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Person except in a transaction meeting the requirements of Rule 144A, Rule 506 of Regulation D or another applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act to a person who is a US Person who is a “qualified institutional buyer” (within the meaning of Rule 144A) or an “accredited investor” (within the meaning of Rule 501 of Regulation D). We refer to any US Person who is a qualified institutional buyer or an accredited investor as an “Eligible US Investor.” The Offer Shares offered and sold outside the United States are being offered to persons who are not US Persons in reliance on Regulation S or to the members of the public in the Netherlands. The Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer of the Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This Prospectus and any related offering materials are being distributed on a confidential basis outside of the Netherlands. Distribution of this information to any person other than such non- US Persons or those persons, if any, retained to advise such non-US Persons with respect thereto is unauthorized, and disclosure of any such information without the prior written consent of the Company is prohibited.

The Shares issued pursuant to the Prospectus will be “restricted securities” under the United States securities laws. Accordingly, such Shares will be subject to the transfer restrictions as set out in Chapter 25 “Selling and Transfer Restrictions”.

### **New Hampshire**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Because of the restrictions set forth above, purchasers are advised to consult legal counsel prior to making any offer, sales, resales, pledge or other transfer of the Shares.

The Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons, except as permitted under the US Securities Act, the applicable securities laws of any jurisdiction and our organizational documents.

### **Florida**

THE FLORIDA SECURITIES ACT PROVIDES, WHERE SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, THAT ANY SALE MADE PURSUANT TO SUBSECTION 517.061(11) OF THE FLORIDA SECURITIES ACT SHALL BE VOIDABLE BY SUCH FLORIDA PURCHASER EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT, OR WITHIN

THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

### **New York**

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### **Pennsylvania**

EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d) DIRECTLY FROM THE ISSUER OR AN AFFILIATE OF THE ISSUER SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER OR ANY OTHER PERSON, WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE, OR IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES INITIAL PAYMENT FOR THE SECURITIES OFFERED.

### **Investors**

Our common shares are subject to restrictions on resale and transfer and have not been registered under the US 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 US 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 US Securities Act; or
- pursuant to an effective registration statement under the US Securities Act; or
- pursuant to offers and sales that occur outside of the United States within the meaning of Regulation S under the US Securities Act; or
- to other investors with respect to which an exemption from the registration requirements of the US 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 Chapter 2 “Risk Factors—Risks Associated with our Common Shares and this Offering.”

### **Transfer Agent and Registrar**

Our transfer agent and registrar for our common shares is Computershare Trust Company of Canada.

## **26. 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 US 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.

Laws in jurisdictions other than the Netherlands may restrict the distribution of this document and the offer and sale of the Offer Shares. Persons into whose possession this document or any of the Offer Shares may be delivered must inform themselves about and observe those restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. Each prospective investor in the Company must (i) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Offer Shares or possesses or distributes this document, and (ii) must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Company nor the Manager shall have any responsibility therefor.

## **27. 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%. 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.

## **28. 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.

## **29. AVAILABILITY OF DOCUMENTS**

This Prospectus may also be inspected through the website of Euronext ([www.euronext.com](http://www.euronext.com)) by Dutch residents only or through the website of the Netherlands Authority for the Financial Markets ([www.afm.nl](http://www.afm.nl)).

In addition, for so long as common shares are listed for trading on Euronext Amsterdam and at least for twelve months after the date of this Prospectus, the following documents (or copies thereof), where applicable, may be obtained free of charge (i) by sending a request in writing to us at Calle Alberto Navarro, El Cangrejo, Apartado 0823-00514 Zona 7, Panama City, Panama, (ii) by emailing us at the following address [info@thunderbirdresorts.com](mailto:info@thunderbirdresorts.com), or (iii) 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](mailto: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 2008, 2007 and 2006 financial statements and our financial statements for the six months ended 30 June 2009), valuations and statements prepared by any expert at our request, any part of which is included or referred to in this Prospectus.

### **30. REPORTING ACCOUNTANTS; INDEPENDENT AUDITORS; AND INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

The audited historic financial information of the Group for the three years ended 31 December 2008, 2007 and 2006 including the audit report thereto has been incorporated in this Prospectus by reference to: (1) the consolidated financial statements for the two years ended 31 December 2007 including the corresponding audit report, and (2) the consolidated financial statements of Thunderbird Resorts Inc. (the Group) for the year ended 31 December 2008 as set out on pages 63 to 142 of the Thunderbird Resorts Annual Report 2008, including the corresponding audit report for such financial statements.

Each of the financial statements of the Group in (1) and (2) above have been audited by Grant Thornton UK LLP and were prepared in accordance with IFRS and can be obtained free of charge on the internet at [www.thunderbirdresorts.com](http://www.thunderbirdresorts.com) and are on display at ING Bank N.V. from 29 September 2009 to 30 September 2010.

Further, the Company includes the following financial information in the prospectus:

	<u>Page</u>
Interim review report on the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2009.	F-1
Unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2009.	F-3

*The interim review report above and the review reports for the financials incorporated by reference herein have been issued 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, Berkshire, SL1 2L5, UK. Grant Thornton is the reporting accountant with respect to this Prospectus.*

The report appearing herein (see pages F-1) is included in the form and context in which they appear with the consent of Grant Thornton UK LLP, who has authorized the inclusion of this report.

**Reporting Accountants' Interim Review opinion**

Our Ref PMDE/JP/T01930

The Directors  
Thunderbird Resorts Inc  
Calle Alberto Navarro  
El Cangrejo, Apartado  
0823-00514 Zona 7  
Panama City  
Panama

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29 September 2009

**THUNDERBIRD RESORTS INC (THE COMPANY)****INTRODUCTION**

We report on the financial information set out on pages F-3 to F-34. This interim financial information has been prepared for inclusion in the Prospectus dated 29 September 2009 of the Company on the basis of the accounting policies set out in Note 3 on page F-12.

This report is required by 20.6.1 of Annex 1 to the Prospectus Directive ("PD") Regulation and is given for the purpose of complying with that regulation and for no other purpose.

We have been engaged by the directors of the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the primary financial statements and the related explanatory notes that have been reviewed.

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.

**RESPONSIBILITIES**

Save for any responsibility arising under Prospectus Rule 5.5.3(2)(f) and 20.6.1 of Annex 1 to the PD 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 20.6.1 of Annex 1 to the PD Regulation consenting to its inclusion in the prospectus.

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of Euronext Amsterdam.

As disclosed in Note 1 on page F-10, the annual financial statements of the group are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of Euronext Amsterdam.

**Emphasis of Matter - Going Concern**

In forming our conclusion, which is not qualified, we draw attention to the disclosures made in note 2 to the financial statements concerning the Group's ability to continue as a going concern. The Group's ability to satisfy future working capital needs is dependent on its ability to raise additional capital and, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

GRANT THORNTON UK LLP



**THUNDERBIRD RESORTS, INC.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in United States dollars)**

**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**THUNDERBIRD RESORTS, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in thousands of United States dollars)  
As of 30 June 2009

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Assets</b>		
<i>Non-current assets</i>		
Property, plant and equipment (Note 9)	\$ 176,489	\$ 174,497
Intangible assets	27,768	26,615
Investments in associates	375	276
Deferred tax asset (Note 8)	2,920	2,782
Trade and other receivables	10,482	10,083
Total non-current assets	<u>218,034</u>	<u>214,253</u>
<i>Current assets</i>		
Trade and other receivables	14,690	18,052
Inventories	4,426	4,454
Restricted cash	6,178	6,710
Cash and cash equivalents	5,959	15,073
	<u>31,253</u>	<u>44,289</u>
Non-current assets classified as held for sale (Note 7)	290	-
Total current assets	<u>31,543</u>	<u>44,289</u>
<b>Total assets</b>	<b><u>\$ 249,577</u></b>	<b><u>\$ 258,542</u></b>

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

- continued -

**THUNDERBIRD RESORTS, INC.**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
(Expressed in thousands of United States dollars)  
As of 30 June 2009

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Equity and liabilities</b>		
<i>Capital and reserves</i>		
Share capital (Note 13)	\$ 99,318	\$ 99,265
Reserves - share commitments	8,081	7,450
Retained earnings	(71,570)	(62,882)
Translation reserve	(2,714)	(3,015)
Equity attributable to equity holders of the parent	33,115	40,818
Minority interest	7,760	8,295
Total equity	40,875	49,113
<i>Non-current liabilities</i>		
Borrowings (Note 11)	112,837	112,592
Obligations under leases and hire purchase contracts (Note 12)	24,970	26,621
Derivative financial instruments	253	232
Other financial liabilities	3	34
Deferred tax liabilities (Note 8)	2,125	2,125
Provisions	4,311	4,203
Due to related parties (Note 15)	1,390	1,039
Other liabilities	1,565	5,332
Total non-current liabilities	147,454	152,178
<i>Current liabilities</i>		
Trade and other payables	17,817	14,386
Due to related parties (Note 15)	5,731	4,374
Borrowings (Note 11)	27,040	29,443
Obligations under leases and hire purchase contracts (Note 12)	5,363	3,625
Other financial liabilities	1,014	118
Current tax liabilities	2,248	2,826
Provisions	2,035	2,479
Total current liabilities	61,248	57,251
Total liabilities	208,702	209,429
<b>Total equity and liabilities</b>	<b>\$ 249,577</b>	<b>\$ 258,542</b>

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

**THUNDERBIRD RESORTS, INC.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(Expressed in thousands of United States dollars)  
For the six months and three months ended 30 June 2009

	Six months ended 30 June (unaudited)		Three months ended 30 June (unaudited)	
	2009	2008	2009	2008
Net gaming wins	\$ 76,950	\$ 66,497	\$ 38,614	\$ 33,510
Food, beverage and hospitality sales	12,001	13,131	6,335	7,111
<b>Total revenue</b>	<b>88,951</b>	<b>79,628</b>	<b>44,949</b>	<b>40,621</b>
Cost of goods sold	(31,329)	(28,782)	(15,708)	(14,836)
<b>Gross profit</b>	<b>57,622</b>	<b>50,846</b>	<b>29,241</b>	<b>25,785</b>
<b>Other operating costs</b>				
Operating, general and administrative	(41,920)	(31,960)	(20,981)	(15,688)
Project development	(241)	(3,590)	(61)	(2,364)
Depreciation and amortization	(11,558)	(8,941)	(6,063)	(4,557)
Other gains and losses (Note 5)	(1,589)	(2,311)	(877)	(1,575)
<b>Operating profit</b>	<b>2,314</b>	<b>4,044</b>	<b>1,259</b>	<b>1,601</b>
<b>Financing (Note 6)</b>				
Foreign exchange gain / (loss)	659	(2,259)	2,948	(6,754)
Financing costs	(10,991)	(7,652)	(5,440)	(4,244)
Financing income	838	892	396	434
Finance costs, net	(9,494)	(9,019)	(2,096)	(10,564)
<b>Loss before tax</b>	<b>(7,180)</b>	<b>(4,975)</b>	<b>(837)</b>	<b>(8,963)</b>
<b>Income taxes expense (Note 8)</b>				
Current	(1,129)	(1,860)	(617)	(922)
Deferred	(191)	(119)	(191)	356
Taxation	(1,320)	(1,979)	(808)	(566)
<b>Loss for the period</b>	<b>\$ (8,500)</b>	<b>\$ (6,954)</b>	<b>\$ (1,645)</b>	<b>\$ (9,529)</b>
<b>Other comprehensive income</b>				
Currency translation reserve	\$ 301	\$ (2,585)	\$ 898	\$ (3,560)
<b>Other comprehensive income for the period, net of tax</b>	<b>301</b>	<b>(2,585)</b>	<b>898</b>	<b>(3,560)</b>
<b>Total comprehensive income for the period</b>	<b>\$ (8,199)</b>	<b>\$ (9,539)</b>	<b>\$ (747)</b>	<b>\$ (13,089)</b>
<b>Loss for the period attributable to:</b>				
Owners of the parent	(8,688)	(8,048)	(2,162)	(9,797)
Minority interest	188	1,094	517	268
	<b>\$ (8,500)</b>	<b>\$ (6,954)</b>	<b>\$ (1,645)</b>	<b>\$ (9,529)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	(8,387)	(10,633)	(1,264)	(13,357)
Minority interest	188	1,094	517	268
	<b>\$ (8,199)</b>	<b>\$ (9,539)</b>	<b>\$ (747)</b>	<b>\$ (13,089)</b>
<b>Basic and diluted loss per share (in \$) (Note 14)</b>	<b>(0.43)</b>	<b>(0.54)</b>	<b>(0.06)</b>	<b>(0.68)</b>

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



**THUNDERBIRD RESORTS, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in thousands of United States dollars)  
For the six months ended 30 June 2009

	<b>Six months ended</b>	
	<b>30 June (unaudited)</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flow from operating activities</b>		
Losses for the period	\$ (8,199)	\$ (9,539)
Items not involving cash:		
Depreciation and amortization	11,558	8,941
Loss on disposal	849	10
Impairment loss	823	333
Unrealized foreign exchange	(2,152)	2,396
Movement in provision	(454)	786
(Gain)/loss on derivative financial instruments	(25)	109
Euronext cost	160	492
Share based compensation	631	1,367
Minority interest	(188)	(1,094)
Finance income	(838)	(892)
Finance cost	10,991	7,652
Tax expenses	1,283	1,979
<b>Net change in non-cash working capital items</b>		
Decrease / (increase) in trade and other receivables	3,570	(6,090)
Decrease / (increase) in inventory	28	(787)
Increase / (decrease) in trade payable and accrued liabilities	666	(3,113)
<b>Cash generated from operations</b>	<b>18,703</b>	<b>2,550</b>
Total tax paid	(1,885)	(1,785)
Total interest paid	(9,684)	(6,402)
<b>Net cash generated by / (used in) operating activities</b>	<b>\$ 7,134</b>	<b>\$ (5,637)</b>

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

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**THUNDERBIRD RESORTS, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)  
(Expressed in thousands of United States dollars)  
For the six months ended 30 June 2009

	<b>Six months ended</b>	
	<b>30 June (unaudited)</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flow from investing activities</b>		
Expenditure on property, plant and equipment	\$ (14,743)	\$ (42,757)
Other non current assets	80	-
Investment in subsidiaries	-	(11,836)
Advances in joint ventures	-	(2,353)
Advances in and advances to associates	-	(109)
Deposits in future investment	-	(3,676)
Investment in other companies	(99)	-
Interest received	838	892
<b>Net cash flow from investing activities</b>	<b>\$ (13,924)</b>	<b>\$ (59,839)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of common shares	53	282
Proceeds from issuance of new loans	7,374	58,133
Proceeds from issuance of new finance leases	1,974	5,094
Other financial liabilities	(27)	-
Proceeds from minority interest	-	285
Cash used to secure loan	-	(8,700)
Repayment of loans and leases payable	(11,856)	(19,737)
<b>Net cash flow from financing activities</b>	<b>\$ (2,482)</b>	<b>\$ 35,357</b>
<b>Change in cash and cash equivalent during the period</b>	<b>(9,272)</b>	<b>(30,119)</b>
<b>Cash and cash equivalent, beginning of the period</b>	<b>21,783</b>	<b>76,901</b>
<b>Cash and cash equivalent, end of the period</b>	<b>12,511</b>	<b>46,782</b>
Effect of foreign exchange adjustment	(374)	291
<b>Adjusted cash and cash equivalent, end of the period</b>	<b>\$ 12,137</b>	<b>\$ 47,073</b>

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

**THUNDERBIRD RESORTS, INC.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

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

For the six months ended 30 June 2009

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**1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These condensed interim consolidated financial statements are for the six months ended 30 June 2009. They have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008 which are based on IFRS as issued by the IASB.

In addition, the notes to these interim consolidated financial statements are presented in a condensed format except as described herein. The applied accounting principles are in line with those as described in the Group’s consolidated financial statements for the year ended 31 December 2008, other than as described in Note 3. These interim consolidated financial statements have been reviewed but have not been audited.

**2. MANAGEMENT STATEMENT ON “GOING CONCERN”**

Management routinely plans future activities including forecasting future cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Group has adequate resources to continue as a going concern for at least the next 12 months, subject to certain conditions being met. In arriving at this judgment, the Directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Directors have considered the very supportive base of investors and debt lenders historically available to Thunderbird Resorts Inc.

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

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

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 June 2011 have been subjected to various sensitivity analyses and show that the Group’s forecast will have headroom within that period subject to the execution of definitive agreements (i) to obtain a further extension of the maturity date for certain unsecured debt related to the purchase of our Peru hotels; and (ii) to refinance certain unsecured debt between our two Philippines entities with various lenders to provide for longer amortization periods and to finalize new financing, all secured by certain of our Philippines real estate assets. In the event that we are not able to successfully negotiate definitive contracts to achieve items (i) or (ii) above, we may be forced to sell certain of our assets or a portion of our equity interest in some of our operating entities which would materially affect our results of operations.

**THUNDERBIRD RESORTS, INC.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

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

For the six months ended 30 June 2009

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**2. MANAGEMENT STATEMENT ON “GOING CONCERN” (cont’d)**

Furthermore, in the event that the Group is unable to negotiate the definitive contracts or affect the sale of assets or operations to satisfy outstanding indebtedness obligations as described above, we expect to have sufficient working capital for our present requirements until sometime in December 2009, however, we would require additional funds of approximately \$14.4 million to cover the deficit in our working capital for the period from December 2009 to 30 June 2010. If this were the case, we would need to raise \$14.4 million in new funds to cover the deficit from other sources, which may include new investors and/or current shareholders, and we will also seek to renegotiate the terms of certain existing indebtedness. We have a substantial amount of indebtedness, a significant portion of which is due prior to 30 June 2010. If we default on such indebtedness, such indebtedness and all or other portions of our other indebtedness may become immediately due and payable, which may adversely affect our ability to operate our business and the market price of our common shares.

Thunderbird's executive management have considerable experience of balancing short term operating cash flows with long term capital projects. Accordingly, in response to the recessionary trading environment, management has implemented a costs saving plan resulting in annualized savings at the corporate holding level of approximately \$2.0 million. The costs savings plan includes reducing our number of employees at the corporate holding level by approximately 28% and reductions in general travel and administrative costs.

In addition to cost savings measures described above, during April, May, June and July of 2009 the Group negotiated a deferment of principal debt payments with more than 25 private lenders who held over 50 separate loans that deferred payments of approximately \$6.3 million on approximately \$24.0 million of aggregate principal amount of loans which were due over the 12 month period following the deferment. In July 2009, we also obtained a six month extension of the maturity date on approximately \$4.0 million of debt related to Peru that originally matured during July 2009.

Historically the Group has sought to pay off its debt swiftly, over a four to five year term, and on this basis the Group has paid principal debt service payments of approximately \$35.1 million in 2008 and \$11.9 million during the first six months of 2009. The slowdown in the economy and the attendant revenue impact has led the Directors to approve that management seek to further negotiate modified terms and/or to re-finance certain existing debt agreements resulting in a reduction in principal payments over the short term.

Based upon our refinancing efforts to date, the Directors anticipate having reasonable success in the next twelve months in their financing and re-financing efforts undertaken in the ordinary course of business. However there can be no assurance we will be able to successfully refinance existing indebtedness or obtain additional new financing on satisfactory terms, or at all. Additionally, as of 30 June 2009, the Group is in negotiations with certain lenders to its Guatemala operations with a principal balance of approximately \$1.0 million. If the Group is unable to negotiate new repayment terms, one or more lenders to our Guatemala subsidiary may attempt to declare a default on this indebtedness.

The Directors have concluded that the combination of the circumstances described above represent a material uncertainty that casts a doubt upon the Group's ability to continue as a going concern. Nevertheless after making inquiries, and considering the uncertainties related to our circumstances, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim consolidated financial statements and accounts.

## **THUNDERBIRD RESORTS, INC.**

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

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

For the six months ended 30 June 2009

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2008 except for the adoption of:

- IFRS 8 Operating Segments
- IFRIC 13 Customer Loyalty Programmes
- IAS 1 Presentation of Financial Statements (Revised 2007)

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

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

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

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

The preparation of the condensed set of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed set of consolidated financial statements, the significant judgments, made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2008.

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

**THUNDERBIRD RESORTS, INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in United States dollars)  
(Tabular amounts expressed in thousands of dollars except per share amounts)  
For the six months ended 30 June 2009

**4. SEGMENTAL INFORMATION**

**Geographical Segments**

	Panama		Guatemala		Costa Rica		Nicaragua	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Continuing operations <sup>(2)</sup></b>								
<b>Total revenue</b>	28,388	30,642	2,006	1,981	10,061	8,547	6,481	6,924
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	7,737	9,739	(861)	(9)	3,941	3,796	1,706	2,332
Project development	-	-	-	-	(53)	(230)	(58)	(346)
Depreciation and amortization	(3,831)	(3,318)	(449)	(229)	(1,041)	(599)	(526)	(349)
Other gains and losses	-	-	(160)	(333)	-	-	-	-
<b>Segments result</b>	3,906	6,421	(1,470)	(571)	2,847	2,967	1,122	1,637
Foreign exchange gain / (loss)	-	-	(268)	104	(471)	(374)	(155)	(144)
Finance costs	(1,367)	(1,059)	(241)	(245)	(553)	(245)	(114)	(140)
Finance income	67	48	-	-	3	6	-	-
Management fees - intercompany charges	(2,425)	(3,022)	(417)	(225)	(1,694)	(1,498)	(314)	(550)
<b>Profit / (loss) before taxation</b>	181	2,388	(2,396)	(937)	132	856	539	803
Taxation	36	(710)	(86)	(88)	(187)	(376)	(162)	(307)
<b>Loss for the period</b>	217	1,678	(2,482)	(1,025)	(55)	480	377	496
Currency translation reserve	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	217	1,678	(2,482)	(1,025)	(55)	480	377	496
Minority interest	79	649	-	-	(62)	40	207	225
<b>Total comprehensive income attributable to owners of the parent</b>	138	1,029	(2,482)	(1,025)	7	440	170	271
<b>Assets and liabilities <sup>(2)</sup></b>								
Segment intangible assets:								
Intangible assets with indefinite useful lives	11,685	11,685	-	-	1,986	1,665	1,387	1,387
Intangible assets with finite useful lives	1,553	1,642	24	-	-	-	-	-
Financial assets - investments	-	-	-	-	-	-	-	-
Segment assets:								
Property, plant and equipment	33,148	33,992	3,827	4,520	20,250	21,330	6,895	7,393
Other segment assets (including cash)	1,550	2,669	(2,799)	(2,209)	909	1,772	277	4
<b>Total segment assets - continuing operations</b>	47,936	49,988	1,052	2,311	23,145	24,767	8,559	8,784
Assets held for sale	290	-	-	-	-	-	-	-
<b>Total assets</b>	48,226	49,988	1,052	2,311	23,145	24,767	8,559	8,784
<b>Total liabilities - continuing operations</b>								
	29,836	31,393	12,991	11,926	16,644	18,290	4,635	5,179
<b>Net assets</b>	18,390	18,595	(11,939)	(9,615)	6,501	6,477	3,924	3,605
<b>Minority interest</b>	2,152	2,461	-	-	2,657	2,864	1,006	1,252
<b>Other segment items - continuing operations <sup>(2)</sup></b>								
Capital expenditure	3,186	8,144	115	3,088	661	6,792	250	892
Depreciation and amortization	3,831	3,318	449	229	1,041	599	526	349
Impairment losses	-	-	160	333	-	-	-	-
Share based compensation	-	-	-	-	-	-	-	-

**THUNDERBIRD RESORTS, INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in United States dollars)  
(Tabular amounts expressed in thousands of dollars except per share amounts)  
For the six months ended 30 June 2009

**4. SEGMENTAL INFORMATION (cont'd)**

**Geographical Segments (cont'd):**

	<b>Philippines</b>		<b>Peru</b>		<b>Poland</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Continuing operations <sup>(2)</sup></b>						
<b>Total revenue</b>	22,487	22,405	17,662	8,715	1,700	-
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	7,084	6,317	2,177	2,717	(7)	-
Project development	(39)	(648)	(30)	(1,492)	-	-
Depreciation and amortization	(2,462)	(1,831)	(2,945)	(2,480)	(80)	-
Other gains and losses	-	-	-	-	(663)	-
<b>Segments result</b>	<b>4,583</b>	<b>3,838</b>	<b>(798)</b>	<b>(1,255)</b>	<b>(750)</b>	<b>-</b>
Foreign exchange gain / (loss)	(548)	(2,163)	2,469	30	22	-
Finance costs	(1,333)	(1,279)	(3,683)	(3,211)	-	-
Finance income	3	38	294	411	52	-
Management fees - intercompany charges	(2,341)	(1,857)	-	-	(2)	-
<b>Profit / (loss) before taxation</b>	<b>364</b>	<b>(1,423)</b>	<b>(1,718)</b>	<b>(4,025)</b>	<b>(678)</b>	<b>-</b>
Taxation	(23)	(8)	36	400	-	-
<b>Loss for the period</b>	<b>341</b>	<b>(1,431)</b>	<b>(1,682)</b>	<b>(3,625)</b>	<b>(678)</b>	<b>-</b>
Currency translation reserve	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>341</b>	<b>(1,431)</b>	<b>(1,682)</b>	<b>(3,625)</b>	<b>(678)</b>	<b>-</b>
Minority interest	(62)	179	-	-	26	-
<b>Total comprehensive income attributable to owners of the parent</b>	<b>403</b>	<b>(1,610)</b>	<b>(1,682)</b>	<b>(3,625)</b>	<b>(704)</b>	<b>-</b>
<b>Assets and liabilities <sup>(2)</sup></b>						
Segment intangible assets:						
Intangible assets with indefinite useful lives	3,025	3,025	6,361	6,361	-	-
Intangible assets with finite useful lives	-	-	975	100	-	-
Financial assets - investments	-	-	-	-	-	-
Segment assets:						
Property, plant and equipment	35,534	34,025	65,373	63,760	1,190	1,222
Other segment assets (including cash)	16,133	20,115	37,335	33,325	471	3,883
<b>Total segment assets - continuing operations</b>	<b>54,692</b>	<b>57,165</b>	<b>110,044</b>	<b>103,546</b>	<b>1,661</b>	<b>5,105</b>
Assets held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>54,692</b>	<b>57,165</b>	<b>110,044</b>	<b>103,546</b>	<b>1,661</b>	<b>5,105</b>
<b>Total liabilities - continuing operations</b>	<b>41,861</b>	<b>44,185</b>	<b>77,731</b>	<b>75,219</b>	<b>584</b>	<b>1,324</b>
<b>Net assets</b>	<b>12,831</b>	<b>12,980</b>	<b>32,313</b>	<b>28,327</b>	<b>1,077</b>	<b>3,781</b>
<b>Minority interest</b>	<b>1,075</b>	<b>630</b>	<b>-</b>	<b>-</b>	<b>870</b>	<b>1,088</b>
<b>Other segment items - continuing operations <sup>(2)</sup></b>						
Capital expenditure	4,718	7,290	2,879	13,311	135	-
Depreciation and amortization	2,462	1,831	2,945	2,480	80	-
Impairment losses	-	-	-	-	663	-
Share based compensation	-	-	-	-	-	-

**THUNDERBIRD RESORTS, INC.**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in United States dollars)  
(Tabular amounts expressed in thousands of dollars except per share amounts)  
For the six months ended 30 June 2009

**4. SEGMENTAL INFORMATION (cont'd)**

**Geographical Segments (cont'd):**

	Total operations		Corporate and non-allocated <sup>(1)</sup>		Total	
	2009	2008	2009	2008	2009	2008
<b>Continuing operations <sup>(2)</sup></b>						
<b>Total revenue</b>	88,785	79,214	166	414	88,951	79,628
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	21,777	24,892	(5,016)	(6,006)	16,761	18,886
Project development	(180)	(2,716)	(61)	(874)	(241)	(3,590)
Depreciation and amortization	(11,334)	(8,806)	(224)	(135)	(11,558)	(8,941)
Other gains and losses	(823)	(333)	(766)	(1,978)	(1,589)	(2,311)
<b>Segments result</b>	<b>9,440</b>	<b>13,037</b>	<b>(6,067)</b>	<b>(8,993)</b>	<b>3,373</b>	<b>4,044</b>
Foreign exchange gain / (loss)	1,049	(2,547)	(390)	288	659	(2,259)
Finance costs	(7,291)	(6,179)	(3,700)	(1,473)	(10,991)	(7,652)
Finance income	419	503	419	389	838	892
Management fees - intercompany charges	(7,193)	(7,152)	6,134	7,152	(1,059)	-
<b>Profit / (loss) before taxation</b>	<b>(3,576)</b>	<b>(2,338)</b>	<b>(3,604)</b>	<b>(2,637)</b>	<b>(7,180)</b>	<b>(4,975)</b>
Taxation	(386)	(1,089)	(934)	(890)	(1,320)	(1,979)
<b>Loss for the period</b>	<b>(3,962)</b>	<b>(3,427)</b>	<b>(4,538)</b>	<b>(3,527)</b>	<b>(8,500)</b>	<b>(6,954)</b>
Currency translation reserve	-	-	301	(2,585)	301	(2,585)
<b>Total comprehensive income for the period</b>	<b>(3,962)</b>	<b>(3,427)</b>	<b>(4,237)</b>	<b>(6,112)</b>	<b>(8,199)</b>	<b>(9,539)</b>
Minority interest	188	1,093	-	1	188	1,094
<b>Total comprehensive income attributable to owners of the parent</b>	<b>(4,150)</b>	<b>(4,520)</b>	<b>(4,237)</b>	<b>(6,113)</b>	<b>(8,387)</b>	<b>(10,633)</b>
<b>Assets and liabilities <sup>(2)</sup></b>						
Segment intangible assets:						
Intangible assets with indefinite useful lives	24,444	24,123	750	750	25,194	24,873
Intangible assets with finite useful lives	2,552	1,742	22	-	2,574	1,742
Financial assets - investments	-	-	375	276	375	276
Segment assets:						
Property, plant and equipment	166,217	166,242	10,272	8,255	176,489	174,497
Other segment assets (including cash)	53,876	59,559	(9,221)	(2,405)	44,655	57,154
<b>Total segment assets - continuing operations</b>	<b>247,089</b>	<b>251,666</b>	<b>2,198</b>	<b>6,876</b>	<b>249,287</b>	<b>258,542</b>
Assets held for sale	290	-	-	-	290	-
<b>Total assets</b>	<b>247,379</b>	<b>251,666</b>	<b>2,198</b>	<b>6,876</b>	<b>249,577</b>	<b>258,542</b>
<b>Total liabilities - continuing operations</b>	<b>184,282</b>	<b>187,516</b>	<b>24,420</b>	<b>21,913</b>	<b>208,702</b>	<b>209,429</b>
<b>Net assets</b>	<b>63,097</b>	<b>64,150</b>	<b>(22,222)</b>	<b>(15,037)</b>	<b>40,875</b>	<b>49,113</b>
<b>Minority interest</b>	<b>7,760</b>	<b>8,295</b>	<b>-</b>	<b>-</b>	<b>7,760</b>	<b>8,295</b>
<b>Other segment items - continuing operations <sup>(2)</sup></b>						
Capital expenditure	11,944	39,517	2,799	3,240	14,743	42,757
Depreciation and amortization	11,334	8,806	224	135	11,558	8,941
Impairment losses	823	333	-	-	823	333
Share based compensation	-	-	631	1,367	631	1,367

<sup>(1)</sup> Includes India development and non-operating entities

<sup>(2)</sup> The segmental information is presented as comparative six month period except for assets and liabilities which are presented as of 30 June 2009 and 31 December 2008

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**4. SEGMENTAL INFORMATION (cont'd)**

**Business Segments**

	Gaming		Hotel		Corporate non-allocated <sup>(1)</sup>		Total operations	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Continuing operations <sup>(2)</sup></b>								
<b>Total revenue</b>	81,279	70,075	7,506	9,139	166	414	88,951	79,628
Operating profit / (loss) before: project development, depreciation, amortization and other gains and losses	17,502	19,687	4,275	5,205	(5,016)	(6,006)	16,761	18,886
Project development	379	(2,035)	(559)	(681)	(61)	(874)	(241)	(3,590)
Depreciation and amortization	(9,781)	(6,915)	(1,553)	(1,891)	(224)	(135)	(11,558)	(8,941)
Other gains and losses	(823)	(333)	-	-	(766)	(1,978)	(1,589)	(2,311)
<b>Segments result</b>	7,277	10,404	2,163	2,633	(6,067)	(8,993)	3,373	4,044
Foreign exchange gain / (loss)	(1,004)	(5,046)	2,053	2,499	(390)	288	659	(2,259)
Finance costs	(4,312)	(2,552)	(2,979)	(3,627)	(3,700)	(1,473)	(10,991)	(7,652)
Finance income	310	370	109	133	419	389	838	892
Management fees - intercompany charges	(6,051)	(5,762)	(1,142)	(1,390)	6,134	7,152	(1,059)	-
<b>Profit / (loss) before taxation</b>	(3,780)	(2,586)	204	248	(3,604)	(2,637)	(7,180)	(4,975)
Taxation	(530)	(1,264)	144	175	(934)	(890)	(1,320)	(1,979)
<b>Loss for the period</b>	(4,310)	(3,850)	348	423	(4,538)	(3,527)	(8,500)	(6,954)
Currency translation reserve	-	-	-	-	301	(2,585)	301	(2,585)
<b>Total comprehensive income for the period</b>	(4,310)	(3,850)	348	423	(4,237)	(6,112)	(8,199)	(9,539)
Minority interest	188	1,093	-	-	-	1	188	1,094
<b>Total comprehensive income attributable to owners of the parent</b>	(4,498)	(4,943)	348	423	(4,237)	(6,113)	(8,387)	(10,633)
<b>Assets and liabilities <sup>(2)</sup></b>								
Segment intangible assets:								
Intangible assets with indefinite useful lives	13,251	18,869	11,193	5,254	750	750	25,194	24,873
Intangible assets with finite useful lives	1,745	1,742	807	-	22	-	2,574	1,742
Financial assets - investments	-	-	-	-	375	276	375	276
Segment assets:								
Property, plant and equipment	105,534	106,627	60,683	59,615	10,272	8,255	176,489	174,497
Other segment assets (including cash)	53,433	56,154	443	3,405	(9,221)	(2,405)	44,655	57,154
<b>Total segment assets - continuing operations</b>	173,962	183,392	73,127	68,274	2,198	6,876	249,287	258,542
Assets held for sale	290	-	-	-	-	-	290	-
<b>Total assets</b>	174,252	183,392	73,127	68,274	2,198	6,876	249,577	258,542
<b>Total liabilities - continuing operations</b>	121,097	135,046	63,185	52,470	24,420	21,913	208,702	209,429
<b>Net assets</b>	53,155	48,346	9,942	15,804	(22,222)	(15,037)	40,875	49,113
<b>Minority interest</b>	7,757	8,295	3	-	-	-	7,760	8,295
<b>Other segment items - continuing operations <sup>(2)</sup></b>								
Capital expenditure	10,014	31,827	1,930	7,690	2,799	3,240	14,743	42,757
Depreciation and amortization	9,781	5,831	1,553	2,975	224	135	11,558	8,941
Impairment losses	823	333	-	-	-	-	823	333
Share based compensation	-	-	-	-	631	1,367	631	1,367

<sup>(1)</sup> Includes India development and non-operating entities

<sup>(2)</sup> The segmental information is presented as comparative six month period except for assets and liabilities which are presented as of 30 June 2009 and 31 December 2008

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**5. OTHER GAINS AND LOSSES**

	Six months ended		Three months ended	
	30 June (unaudited)		30 June (unaudited)	
	2009	2008	2009	2008
<b>Other gains and losses</b>				
Share based compensation	\$ (631)	\$ (1,367)	\$ (315)	\$ (709)
Euronext listing cost	(160)	(492)	(71)	(492)
Other write off of assets	-	(10)	(33)	-
Impairment of assets:				
Poland	(663)	-	(333)	-
Guatemala	(160)	(333)	(160)	(265)
Fair value adjustment for financial derivative contracts	25	(109)	35	(109)
<b>Total</b>	<b>\$ (1,589)</b>	<b>\$ (2,311)</b>	<b>\$ (877)</b>	<b>\$ (1,575)</b>

**a. Share based compensation**

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

**b. Euronext listing costs**

The Group first became listed on the Euronext Amsterdam exchange on 27 October 2008. During the first six months of 2009 additional non-recurring expenses were incurred to meet the Euronext compliance requirements.

**c. Poland write-off**

The Group reviewed its location at the Casino Centrum in which the operation has not been performing up to expectation. Therefore, management has assessed a \$663,000 impairment loss against the carrying value of the assets associated with the Casino Centrum location as of 30 June 2009.

**d. Guatemala write-off**

The Gran Plaza location was closed on 15 July 2009 due to underperformance of the facility. Prior to closing, the assets were written down by \$144,000 to fair value at 30 June 2009. During the first six months of 2008, the impairment loss of \$333,000 includes write offs of property, plant and equipment, and other assets due to a fire in the Group's Gran Plaza facilities and non recoverable portion of insurance claims.

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

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**5. OTHER GAINS AND LOSSES (cont.)****e. Fair value adjustments for financial derivative contracts**

The adjustment for the fair value of financial derivative contracts is derived from the revaluation of 781,667 outstanding warrants granted at 31 December 2002, of which 666,666 were exercised on 4 June 2007, with a further 58,470 being issued under the same agreement leaving 173,471 outstanding as of 30 June 2009.

**6. FINANCING COSTS AND REVENUES**

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

	Six months ended		Three months ended	
	30 June		30 June	
	2009	2008	2009	2008
<b>Finance Cost</b>				
Bank loans	\$ 1,150	\$ 2,027	\$ 569	\$ 1,124
Other loans	7,260	3,899	3,593	2,162
Related party loans	180	74	89	41
Finance charges payable under finance leases and hire purchase contracts	1,557	1,198	771	664
Amortization of borrowing costs	844	454	418	253
<b>Total finance costs (on a historical cost basis)</b>	<b>\$ 10,991</b>	<b>\$ 7,652</b>	<b>\$ 5,440</b>	<b>\$ 4,244</b>
<b>Finance Revenue</b>				
Bank interest receivable	838	892	396	434
<b>Total finance revenue (on a historical cost basis)</b>	<b>\$ 838</b>	<b>\$ 892</b>	<b>\$ 396</b>	<b>\$ 434</b>

**7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

On 31 March 2009 the Panama operations acquired a building as a settlement of a debt from one of their customers. The building is carried at its appraised value, less selling cost, of \$290,000. Management is actively attempting to sell the building. The building has some commercial tenants which are paying rent on a monthly basis.

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**8. INCOME TAXES AND DEFERRED TAX LIABILITY**

a) Tax charged in the statement of comprehensive income

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
<b>Current Income Tax</b>				
Foreign tax	1,129	1,860	617	922
Total current income tax	1,129	1,860	617	922
<b>Deferred Tax</b>				
Origination and reversal of temporary differences	191	119	191	(356)
Total deferred tax	191	119	191	(356)
<b>Tax charged in the statement of comprehensive income</b>	<b>\$ 1,320</b>	<b>\$ 1,979</b>	<b>\$ 808</b>	<b>\$ 566</b>
<b>Taxes allocated to:</b>				
Loss for the period	1,320	1,979	808	566
Other comprehensive income	-	-	-	-
<b>Totals</b>	<b>\$ 1,320</b>	<b>\$ 1,979</b>	<b>\$ 808</b>	<b>\$ 566</b>

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

b) Reconciliation of the total tax charge

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

	<b>30 June</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
<b>Accounting loss before income tax</b>	\$ (7,180)	\$ (31,288)
Higher taxes on overseas earnings	1,320	2,217
<b>Total tax expense reported in the statement of income</b>	<b>\$ 1,320</b>	<b>\$ 2,217</b>
<b>Deferred income tax assets:</b>		
Non-capital loss carryforwards	\$ 13,673	\$ 12,422
Total deferred tax assets	13,673	12,422
Valuation allowance	10,753	9,640
Deferred income tax assets, net of allowance	<b>\$ 2,920</b>	<b>\$ 2,782</b>
<b>Deferred income tax liabilities:</b>		
Property and equipment - net book value in excess of unamortized capital cost	1,322	1,322
Other assets - net book value in excess of unamortized tax	501	502
Withholding tax on repatriation of retained earnings from foreign subsidiaries	216	216
Other	86	85
<b>Total deferred tax liabilities</b>	<b>\$ 2,125</b>	<b>\$ 2,125</b>

At 30 June 2009, the Group has United States income tax net operating losses of \$30,643,000 (31 December 2008 - \$30,070,000). These operating losses expire at various dates prior to 2014 and 2024. The potential income tax benefits related to United States loss carry forwards have not been reflected in the accounts as the Group does not anticipate future United States net income. The Group has recorded a deferred tax asset for its Peruvian operation in the amount of \$2,920,000 (31 December 2008 - \$2,782,000), attributable to losses. The Peruvian losses will be offset against future net income.

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**9. PROPERTY, PLANT AND EQUIPMENT**

	Property	Leasehold improvements	Gaming machines	Furniture and equipment	Construction in process and advances	Total
<b>Cost</b>						
As of 1 January 2009	\$ 73,846	\$ 27,965	\$ 59,608	\$ 38,457	\$ 28,941	\$ 228,817
Foreign exchange adjustments	1,444	(384)	(30)	9	95	1,134
Additions	490	173	877	1,530	11,673	14,743
Disposals	(290)	(16)	(275)	(1,160)	(245)	(1,986)
Transfers	9	2,532	2,753	1,797	(7,091)	-
As of 30 June 2009	75,499	30,270	62,933	40,633	33,373	242,708
<b>Depreciation</b>						
As of 1 January 2009	3,927	8,212	24,491	17,690	-	54,320
Foreign exchange adjustments	103	(66)	(46)	37	-	28
Additions	1,394	859	6,017	3,132	-	11,402
Disposals	-	(1)	(71)	(122)	-	(194)
Impairments Poland	-	93	101	92	377	663
As of 30 June 2009	5,424	9,097	30,492	20,829	377	66,219
<b>Net book value as of 1 January 2009</b>	<b>69,919</b>	<b>19,753</b>	<b>35,117</b>	<b>20,767</b>	<b>28,941</b>	<b>174,497</b>
<b>Net book value as of 30 June 2009</b>	<b>\$ 70,075</b>	<b>\$ 21,173</b>	<b>\$ 32,441</b>	<b>\$ 19,804</b>	<b>\$ 32,996</b>	<b>\$ 176,489</b>

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

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**9. PROPERTY, PLANT AND EQUIPMENT (cont'd)****Assets pledged as security**

Assets with the following amounts have been pledged to secure borrowings of the Group (Note 11).

	<u>30 June 2009</u>	<u>31 December 2008</u>
Property	\$ 9,054	\$ 7,258
Gaming equipment	44,146	16,773
Trade receivables	-	478
<b>Total</b>	<u><u>\$ 53,200</u></u>	<u><u>\$ 24,509</u></u>

The carrying value of assets held under finance leases and hire purchase contracts at 30 June 2009 was \$40,439,000. As of 31 December 2008, the carrying value of assets held under finance leases and hire purchase contracts was \$43,564,000.

**10. PURCHASES AND ACQUISITIONS****Costa Rica (King Lion Network)**

In February 2009, our Costa Rica joint venture entity acquired the interests of certain shareholders in King Lion Network, S.A., which owns our Tres Rios real estate, for approximately \$1,454,000. Our Costa Rican joint venture entity now owns approximately 71% of King Lion Network, S.A. The acquisition was financed primarily through loans payable to the selling shareholders (Note 11).

	<u>Group portion of shares acquisition</u>
Current assets	\$ 32
Property, Plant and Equipment	1,297
Goodwill	321
Total assets	<u>1,650</u>
Current liabilities	(328)
Long term debt	(579)
Total liabilities	<u>(907)</u>
<b>Net asset (includes goodwill)</b>	<u><u>\$ 743</u></u>

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

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**11. BORROWINGS**

Borrowings consist of loans payable detailed as follows:

	Schedule of principal repayments								
	Six months ended 31 Dec 09	2010	2011	2012	2013	2014	Thereafter	Issuance Costs	Total
<b>Interest Rate<sup>(1)</sup>:</b>									
>15%	\$ -	\$ -	\$ -	\$ 1,913	\$ 800	\$ -	\$ -	\$ -	\$ 2,713
13% to 14%	4,636	14,951	17,346	10,451	7,930	2,374	209	1,508	56,389
11% to 12%	4,541	7,627	7,320	4,569	530	113	-	385	24,315
<10%	3,657	5,733	5,506	22,825	5,635	3,195	11,882	1,973	56,460
<b>Total principal repayments</b>	<b>\$ 12,834</b>	<b>\$ 28,311</b>	<b>\$ 30,172</b>	<b>\$ 39,758</b>	<b>\$ 14,895</b>	<b>\$ 5,682</b>	<b>\$ 12,091</b>	<b>\$ 3,866</b>	<b>\$ 139,877</b>

(1) Floating rate loans are calculated as of the effective rate on 30 June 2009

	Schedule of principal repayments								
	Six months ended 31 Dec 09	2010	2011	2012	2013	2014	Thereafter	Issuance Costs	Total
<b>Country:</b>									
Corporate	\$ 2,818	\$ 6,800	\$ 13,044	\$ 6,858	\$ 6,737	\$ 3,894	\$ 8,378	\$ 1,990	\$ 46,539
Panama	2,595	5,515	5,439	5,367	1,089	533	1,000	282	21,256
Costa Rica	1,805	3,116	2,749	1,571	980	546	2,504	229	13,042
Guatemala	988	939	971	694	318	3	-	54	3,859
Nicaragua	301	439	269	274	932	1	-	36	2,180
Philippines	3,597	6,260	5,644	3,734	2,349	592	209	663	21,722
Peru	730	5,024	1,623	18,852	1,200	-	-	564	26,865
Poland	-	218	433	495	490	113	-	48	1,701
India	-	-	-	1,913	800	-	-	-	2,713
<b>Total principal repayments</b>	<b>\$ 12,834</b>	<b>\$ 28,311</b>	<b>\$ 30,172</b>	<b>\$ 39,758</b>	<b>\$ 14,895</b>	<b>\$ 5,682</b>	<b>\$ 12,091</b>	<b>\$ 3,866</b>	<b>\$ 139,877</b>

	Borrowings summary	
	30 June 2009	31 December 2008
Total borrowings	\$ 139,877	142,035
Less current portion of borrowings	(27,040)	(29,443)
<b>Borrowing non-current</b>	<b>\$ 112,837</b>	<b>112,592</b>

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**11. BORROWINGS (cont'd)**

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

	Schedule of Corporate principal repayments - reimbursable by subsidiaries									
	Six months ended 31 Dec 09	2010	2011	2012	2013	2014	Thereafter	Issuance Costs	Total	
<b>Country:</b>										
Corporate	\$ 2,018	\$ 4,417	\$ 5,643	\$ 4,415	\$ 3,656	\$ 2,982	\$ 8,378	\$ 1,735	\$ 29,774	
Panama	-	-	-	-	-	-	-	-	-	
Costa Rica	133	256	295	80	-	-	-	1	763	
Guatemala	30	66	76	21	-	-	-	-	193	
Nicaragua	-	-	-	-	-	-	-	-	-	
Philippines	268	513	592	161	-	-	-	50	1,484	
Peru	369	1,548	6,438	2,181	3,081	912	-	204	14,325	
Poland	-	-	-	-	-	-	-	-	-	
India	-	-	-	-	-	-	-	-	-	
<b>Total principal repayments</b>	<b>\$ 2,818</b>	<b>\$ 6,800</b>	<b>\$ 13,044</b>	<b>\$ 6,858</b>	<b>\$ 6,737</b>	<b>\$ 3,894</b>	<b>\$ 8,378</b>	<b>\$ 1,990</b>	<b>\$ 46,539</b>	

During the six months ended 30 June 2009, the Group has obtained borrowings detailed as follows:

	Additions	Balance 30 June 2009	Collateral	Interest rate	Maturity date
<b>The Company and wholly owned subsidiaries</b>					
Loans with non-financial entities	\$ 1,242	\$ 1,242	None	12%	Jan-2012
<b>Costa Rica</b>					
Loans with non-financial entities	602	527	None	8%	Jan-2012
<b>Panama</b>					
Loans with financial entities	1,717	2,198	Gaming machines and mortgage on property	13% and prime plus 1.5%	Jan-2012, Apr-2010, and Jul-2016
Loans with non-financial entities	50	50	None	13%	Mar-2014
Loans with related parties	250	242	None	13%	Apr-2013
<b>Peru</b>					
Loans with non-financial entities	300	300	None	10%	Mar-2011
<b>Philippines</b>					
Loans with non-financial entities	500	500	None	14%	Feb-2017
<b>India</b>					
Loans with non-financial entities	2,713	2,713	Mortgage land, PPE	15%, IRR 22%	Dec-2011 through Mar-2013

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**11. BORROWINGS (cont'd)**

	<b>Additions</b>	<b>Balance 30 June 2009</b>
<b>Additions Summary</b>		
Loans with financial entities	\$ 1,717	\$ 2,198
Loans with non-financial entities	5,407	5,332
Loans with related parties	250	242
<b>Total Additions</b>	<b>\$ 7,374</b>	<b>\$ 7,772</b>

**Notes:**

- a) During the six months ended 30 June 2009, the Group negotiated deferment of principal with more than 25 private lenders who hold over 50 separate loans. During the next 12 months, \$6.3 million of principal payments will be deferred on approximately \$24.0 million of aggregate principal amount of loans. These principal payments were deferred for 12 months from the date of deferral.
- b) During the six months ended 30 June 2009, the Group obtained six month extensions for \$4 million in debt that matured during July 2009 in the Peru hotel operation.
- c) During the six months ended 30 June 2009, Daman Hospitality, Private Limited (DHPL) closed on convertible debt agreements in the amount of \$5.4 million with multiple private lenders for the financing of Thunderbird Daman, a hotel, casino, and event center joint venture development in Daman, India. The convertible debt is secured by land, plant and equipment, and has an annual interest rate of 15%. The interest accrues for the first 12 months, the partial interest of 6% is paid over 6 months, and interest payments of 15% will begin in the 18<sup>th</sup> month after the Funding Date or after month 13 of operations, whichever comes first. The unpaid and underpaid interest during the first 18 months shall accrue and be paid from available cash flow after debt service of the Senior Secured Loan Agreement, taxes and operational expenses, commencing no later than 1 January 2013. The Lender can exercise a put option to DHPL at an aggregate 22% rate of return or convert to non-voting common stock, as of the 46<sup>th</sup> month anniversary of funding but prior to put expiration at month 78. The debt converts to stock automatically as of the 78<sup>th</sup> month.

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**12. OBLIGATIONS UNDER OPERATING LEASES, FINANCE LEASES AND HIRE PURCHASE CONTRACTS****Obligations under finance leases and hire purchase contracts**

The Group uses leases and hire purchase contracts to finance their vehicles and some video lottery equipment. As at 30 June 2009, future minimum lease payments under finance leases and hire purchase contracts of the Group are as follows:

	Future commitments due			
	30 June 2009		31 December 2008	
	Commitment	Present value	Commitment	Present value
Finance lease commitments				
Not longer than 1 year	\$ 9,381	\$ 5,435	\$ 6,328	\$ 3,700
After one year but not more than five years	27,052	15,514	25,069	17,197
After five years	12,535	9,729	13,672	9,732
Sub total	48,968	30,678	45,069	30,629
Less deferred transaction costs	-	(345)	-	(383)
Present value of minimum lease payments	48,968	30,333	45,069	30,246
Obligations under leases and hire purchase contracts current	-	(5,363)	-	(3,625)
<b>Obligations under leases and hire purchase contracts non-current</b>	<b>\$ 48,968</b>	<b>\$ 24,970</b>	<b>\$ 45,069</b>	<b>\$ 26,621</b>

Assets held under finance leases and hire purchase contracts as of 30 June 2009 and for the year ended 31 December 2008:

	30 June 2009		31 December 2008	
	Cost	Amortized cost	Cost	Amortized cost
Autos	\$ 1,005	\$ 674	\$ 1,168	\$ 717
Gaming Machines	1,607	1,437	2,625	1,393
Building	32,444	29,338	34,511	32,304
Land	9,097	8,965	9,150	9,150
Other	29	25	-	-
<b>Total</b>	<b>\$ 44,182</b>	<b>\$ 40,439</b>	<b>\$ 47,454</b>	<b>\$ 43,564</b>

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**12. OBLIGATIONS UNDER OPERATING LEASES, FINANCE LEASES AND HIRE PURCHASE CONTRACTS (cont'd)****Obligations under operating leases**

As at 30 June 2009, minimum operating lease payments of the Group were as follows:

	<b>Future commitments due</b>
Not longer than 1 year	\$ 8,985
After one year but not more than five years	41,331
After five years	40,023
<b>Total</b>	<b>\$ 90,339</b>

In addition to the above, Thunderbird Panama is committed to pay minimum annual rentals for two of the casinos equal to 9% of the net win less the income participation payable to the Government of the Republic of Panama. Operating lease expense for the period ended 30 June 2009 was \$2,527,000 (30 June 2008 - \$2,186,000).

**13. SHARE CAPITAL AND RESERVES**

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

	<b>Number of shares</b>	<b>Amount</b>
Authorized		
500,000,000 common shares without par value		
500,000,000 preferred shares without par value		
Issued		
Balance as at 31 December 2007	18,852,004	\$ 98,962
Exercise of options	301,077	303
Stock Grants Issued	500,000	-
Balance as at 31 December 2008	19,653,081	99,265
Exercise of options	43,331	53
<b>Balance as at 30 June 2009</b>	<b>19,696,412</b>	<b>\$ 99,318</b>

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**13. SHARE CAPITAL AND RESERVES (cont'd)****Warrants**

	<b>30 June 2009</b>		<b>31 December 2008</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Outstanding, beginning of period	173,471	\$ 0.10	173,471	\$ 0.10
Exercised	-	-	-	-
Issued	-	-	-	-
<b>Outstanding, end of period</b>	<b>173,471</b>	<b>\$ 0.10</b>	<b>173,471</b>	<b>\$ 0.10</b>

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 30 June 2009 was \$157,000 (31 December 2008 - \$232,000).

**Options**

	<b>Number of shares</b>	<b>Weighted average exercise price</b>
Balance as at 31 December 2007	1,160,050	\$ 2.71
Exercised	(301,077)	1.05
Cancelled	(24,830)	4.98
Balance as at 31 December 2008	834,143	3.24
Exercised	(43,331)	1.23
Cancelled	(9,665)	4.33
<b>Balance as at 30 June 2009</b>	<b>781,147</b>	<b>\$ 3.34</b>
<b>Number of options currently exercisable</b>	<b>484,270</b>	<b>\$ 2.95</b>

Please refer to Note 20 in the Group's consolidated financial statements for the year ended 31 December 2008 for additional discussion of the Group's stock option plans and to Note 18, herein, for recent developments.

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**14. (LOSS) / EARNINGS PER SHARE**

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

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2009</b>	<b>2008</b>
Weighted average shares used in computation of basic earnings per share	19,686	19,532
Effect of diluted securities:		
Stock options and warrants	386	449
Weighted average shares used in computation of diluted earnings per share	20,072	19,981
Total comprehensive income attributable to the owners of the parent	\$ (8,387)	\$ (10,633)
<b>Basic and diluted loss per share (in \$)</b>	<b>(0.43)</b>	<b>(0.54)</b>

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

**15. RELATED PARTY TRANSACTIONS**

Included in trade and other receivables is \$3,658,000 (31 December 2008 – \$4,219,000) due from Thunderbird de Costa Rica S.A., and \$162,000 (31 December 2008 - \$66,000) due from Daman Hospitality Private Limited. These amounts represent the balances due in excess of the Group's proportionate share of the net assets included on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

**Transactions with partners in operating entities**

The Group and its partners receive dividends as well as management fees from the subsidiary operations. The management fees and dividends paid are eliminated upon consolidation. Amounts due to the Group's partners relate primarily to accrued but not yet paid management fees. Included in loans payable are loans from partners in the Group's operating entities. The loans outstanding, as also described in Note 11, are as follows:

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**15. RELATED PARTY TRANSACTIONS (cont'd)****Transactions with partners in operating entities (cont'd)**

	<b>30 June 2009</b>		<b>31 December 2008</b>	
	<b>Amount Due</b>	<b>Interest Paid</b>	<b>Amount Due</b>	<b>Interest Paid</b>
<b>Country</b>				
Panama	\$ 1,919	\$ 129	\$ 2,031	\$ 265
Philippines	1,102	54	1,257	71
<b>Total</b>	<b>\$ 3,021</b>	<b>\$ 183</b>	<b>\$ 3,288</b>	<b>\$ 336</b>

Included in trade and other receivables is \$216,000 (31 December 2008 – \$213,000) due from a shareholder in the Nicaraguan operation for their portion of the loan attributed to the purchase of the majority interest in Nicaragua in October 2004. Also, included in trade and other receivables is \$1,688,000 (31 December 2008 – \$1,301,000) due from the Group's partner in Costa Rica for the capitalization of the Group King Lion entity that holds the Tres Rios property and amounts due for the purchase of non-controlling interest in the Thunderbird Gran Entretenimiento entity, \$825,000 (31 December 2008 - \$825,000) due from the Group's Philippines Poro Point partner for advances to be offset against future dividends, and \$882,000 (31 December 2008 - \$882,000) for the Group's advances to its Polish partner for the capitalization of the Polish entities.

Included in liabilities are amounts due to the Group's partner in Costa Rica for \$2,799,000 (31 December 2008 - \$2,414,000) for its portion of management fees, which have been fully eliminated in the consolidated statement of comprehensive income. \$3,997,000 (31 December 2008 - \$4,039,000) is due to the Group's Panamanian partners for their portion of royalty fees and management fees paid by the Panama entity, and \$1,002,000 (31 December 2008 - \$1,007,000) due to the Group's Nicaraguan partners for their portion of the accrued, but not yet paid management fees from the Nicaraguan entity. Additionally, in other liabilities is \$20,000 (31 December 2008- \$66,000) due to a shareholder of the Nicaraguan operation for a loan used in the acquisition completed for Masaya. An offset amount of \$697,000 is to be collected from the Group's partner in its Philippines entity East Bay Resorts, Inc. (31 December 2008 - \$709,000), for amounts paid of expenses associated with the securing of the gaming license for that facility.

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**15. RELATED PARTY TRANSACTIONS (cont'd)****Transactions with officers and directors**

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

A Director received compensation under a consulting agreement in the amount of \$39,000 for the six months ended 30 June 2009 (31 December 2008 - \$ 78,000) and received commissions from the successful securitization of loans payable, in the amount of \$nil (31 December 2008 - \$25,000). In addition, Directors have loaned various amounts to the Group. The outstanding loans are as follows:

	Country	30 June 2009		31 December 2008	
		Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Corporate	\$ 84	\$ 3	\$ 90	\$ 8
Daughters of CEO	Philippines	100	7	100	7
Mother of Director	Philippines	44	4	61	11
Director	Philippines	39	3	54	10
Director	Philippines	23	2	39	8
Director	Philippines	-	-	7	4
Director	India	100	-	-	-
<b>Total</b>		<b>\$ 390</b>	<b>\$ 19</b>	<b>\$ 351</b>	<b>\$ 48</b>

The Group has a receivable from The Fantasy Group, S.A. which is an unsecured promissory note dated 4 June 2003. The obligor under the note is The Fantasy Group, S.A., the president and principal of which were coordinating the Group's pre-2006 efforts to establish operations in Chile. The balance due as of 30 June 2009 is \$46,000 (31 December 2008 - \$46,000).

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

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**15. RELATED PARTY TRANSACTIONS (cont'd)****Transactions with officers and directors (cont'd)**

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

<b>Relation</b>	<b>Position</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
		<b>Salary</b>	<b>Salary<sup>(1)</sup></b>
Spouse	Executive assistant	\$ -	\$ 12
Brother-in-law	Regional counsel	49	16
Brother-in-law	General manager	70	38
Brother-in-law	General manager	34	38
Daughter	Assistant analyst	28	36
Brother	Project manager	68	42
Nephew	Director of global hotel initiatives	8	-
	<b>Total</b>	<b>\$ 257</b>	<b>\$ 182</b>

<sup>(1)</sup> Salary includes bonuses and other compensation

**16. COMMITMENTS AND CONTINGENCIES**

Note 25 in the Group's consolidated financial statements for the year ended 31 December 2008 provides a discussion of all of the Group's commitments and contingencies which is updated for a modification to paragraph (l) (as set forth in the next paragraph) and a new disclosure (as set forth in the last paragraph of this Note 16).

We are currently in a legal dispute with our local partner in Poland, who is challenging our ownership of approximately 12% of our total ownership of the shares of Casino Centrum Sp.z.o.o. as well as the shareholder agreements that give us voting control. We can not determine the outcome of this legal dispute with certainty, but management does not expect it to have a material impact on the financials in the near term.

We are currently in non-compliance with certain financial covenants under the agreements governing approximately \$18.1 million of our outstanding Peru indebtedness. Although we have executed a non-binding term sheet with this lender to renegotiate the repayment terms and the related financial covenants for this indebtedness, we have not finalized any agreements and there can be no guarantee that this lender will not declare us in default under our existing agreements. If this occurred, we would have 30 days to cure our non-compliance and, absent cure, we would be required to place \$1 million in a reserve account with the lender during a subsequent 12-month cure period during which time the lender could accelerate the loan. If we do not cure our non-compliance during the subsequent 12-month cure period, the lender has the right to select a management company to operate our Peru hotels and casino and to pursue other legal remedies under the terms of the agreement.

**17. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Credit risk analysis:**

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

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

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

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

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

**Liquidity risk analysis:**

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

As at 30 June 2009, the Group's liabilities have contractual maturities which are summarized below:

	Six months ended									
	31 Dec 09	2010	2011	2012	2013	2014	Thereafter	Total		
Long-term bank loans	\$ 22,138	\$ 42,572	\$ 41,120	\$ 46,678	\$ 18,071	\$ 7,415	\$ 14,323	\$ 192,317		
Finance lease obligations	5,040	8,411	7,563	5,825	5,253	5,240	11,636	48,968		
Trade payables	10,281	-	-	-	-	-	-	10,281		
Other short-term financial liabilities	7,536	-	-	-	-	-	-	7,536		
Derivatives	-	207	-	634	265	-	-	1,106		
<b>Total</b>	<b>\$ 44,995</b>	<b>\$ 51,190</b>	<b>\$ 48,683</b>	<b>\$ 53,137</b>	<b>\$ 23,589</b>	<b>\$ 12,655</b>	<b>\$ 25,959</b>	<b>\$ 260,208</b>		

**18. SUBSEQUENT EVENTS**

*Guatemala*

On 15 July 2009 the Gran Plaza location was closed due to numerous factors including continuing underperformance caused by decreased customer visitation resulting from a degradation of security in the area surrounding the property. Refer to Note 5 for a further discussion of the losses associated with closing this facility. The Group estimated its total expected costs of this closing and recorded all of the charges in the period ended 30 June 2009.

In August of 2009, our two remaining properties in Guatemala operated by our local subsidiaries, Fiesta Intercontinental Guatemala and Video Suerte Mazatenango, were temporarily closed for 17 days and 22 days, respectively, due to a declaration statement made by the Deputy in charge of the Commission for Transparency in Guatemala which called into question the legitimacy of "video lottery" operations. The Deputy's declaration resulted in inquiries into existing video lottery operations throughout the country to determine if the operations are prohibited. We successfully challenged the Deputy's declaration and the inquiry by the Ministry of Public Defense and these properties were reopened by order of the local courts, with Intercontinental Guatemala opening on 20 August 2009 and Video Suerte Mazatenango opening on 25 August 2009.

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**18. SUBSEQUENT EVENTS (cont'd)**

*Philippines*

On 6 August 2009, the Philippine Amusement & Gaming Corporation (PAGCOR) granted Eastbay Resorts, Inc. (ERI) a 3 year extension on compliance dates (through 2015) to meet the required investment schedule and also granted ERI a renewal, of not less than 5 years from 6 August 2009, of the Authority to Operate the Fiesta Casino-Binangonan, Rizal, subject to compliance with the investment schedule.

On 6 August 2009, PAGCOR also granted Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI) a 3 year extension on compliance dates (through 2021) to meet the required investment schedule and also granted TPHRI a renewal, of not less than 5 years from 6 August 2009, of the Authority to Operate the Fiesta Casino and Resort-Poro Point, subject to compliance with the investment schedule.

**2007 Equity Incentive Plan**

The 2007 Equity Plan was amended in August 2009 to authorize the Directors, at their discretion, to award grants in an aggregate amount of up to 5% of the Company issued and outstanding shares. These shares have been reserved for issuance, and as of 30 June 2009, 0.5 million have been issued and the balance of the shares comprising the 5% are available for issue. Our 2007 Equity Incentive Plan (the "2007 Equity Plan") is designed to enable us and our affiliates to obtain and retain the services of the types of employees, consultants and directors who will contribute to our long-term success and to provide incentives that are linked directly to increases in share value which will inure to the benefit of all of our shareholders.