

THUNDERBIRD RESORTS INC.
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of United States Dollars)

	September 30 2008	December 31, 2007 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 28,502	\$ 71,656
Restricted cash	6,394	5,245
Accounts receivable (Note 5)	11,104	8,148
Prepaid expenses, deposits and inventories	17,078	4,076
Current portion of amounts receivable	218	41
Total current assets	63,296	89,166
Amounts receivable	2,392	1,245
Investments in and advances to equity investees (Note 6)	1,041	1,187
Property and equipment (Note 7)	175,653	114,525
Goodwill (Note 9)	26,194	1,603
Intangible assets (Note 9)	1,685	1,034
Deferred tax asset	2,165	293
Other assets	17,114	6,247
Total assets	\$ 289,540	\$ 215,300

- continued -

See accompanying notes to these unaudited interim consolidated financial statements.

THUNDERBIRD RESORTS INC.
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of United States Dollars)

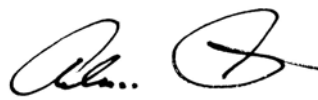
	September, 30 2008	December 31, 2007 (Restated)
<i>Continued...</i>		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 30,937	\$ 22,281
Income taxes payable	4,722	1,525
Current portion of finance lease commitments	3,074	2,755
Current portion of loans payable	30,976	15,426
Current portion of other payables	54	51
Total current liabilities	69,763	42,038
Finance lease commitments	25,607	19,726
Loans payable (Note 12)	118,879	66,354
Other payables (Note 10)	6,570	5,242
Future income taxes	1,924	1,006
Total liabilities	222,743	134,366
Non-controlling interest	10,320	5,093
Shareholders' equity		
Share capital	99,245	98,962
Contributed surplus	3,641	1,524
Deficit	(42,681)	(25,769)
Foreign exchange adjustment	(3,728)	1,124
Total shareholders' equity	56,477	75,841
Total liabilities and shareholders' equity	\$ 289,540	\$ 215,300

Nature of operations (Note 1)

On behalf of the Board:



Director



Director

See accompanying notes to these unaudited interim consolidated financial statements.

THUNDERBIRD RESORTS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in thousands of United States Dollars)

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2008	2007 (Restated)	2008	2007 (Restated)
REVENUE				
Gaming operations	\$ 104,115	\$ 63,961	\$ 36,537	\$ 22,862
Hospitality and food and beverage sales	20,060	6,027	8,010	4,290
	<u>124,175</u>	<u>69,988</u>	<u>44,547</u>	<u>27,152</u>
COSTS AND EXPENSES				
Direct costs	45,050	25,416	16,268	9,658
Operations costs	53,772	28,002	20,445	10,761
Foreign exchange (gain) loss	4,463	(789)	2,204	(540)
Project development	6,447	1,169	2,857	628
Depreciation and amortization	13,961	5,920	5,020	2,468
Financing costs	12,178	6,781	5,418	3,408
Other expense	1,647	(120)	1,155	(211)
Loss on disposal of investments and other assets	579	-	236	(44)
	<u>138,097</u>	<u>66,379</u>	<u>53,603</u>	<u>26,128</u>
(Loss) income before income taxes	<u>(13,922)</u>	<u>3,609</u>	<u>(9,056)</u>	<u>1,024</u>
Income taxes				
Current	1,091	1,643	(769)	716
Future	516	883	397	309
	<u>1,607</u>	<u>2,526</u>	<u>(372)</u>	<u>1,025</u>
(Loss) income from continuing operations before non-controlling interest	<u>(15,529)</u>	<u>1,083</u>	<u>(8,684)</u>	<u>(1)</u>
Non-controlling interest	<u>1,383</u>	<u>1,396</u>	<u>289</u>	<u>547</u>
Net loss	<u>\$ (16,912)</u>	<u>\$ (313)</u>	<u>\$ (8,973)</u>	<u>\$ (548)</u>
Basic (loss) earnings per share (Note 11)	\$ (0.86)	\$ (0.04)	\$ (0.46)	\$ (0.06)
Diluted (loss) earnings per share (Note 11)	\$ (0.86)	\$ (0.04)	\$ (0.46)	\$ (0.06)

See accompanying notes to these unaudited interim consolidated financial statements.

THUNDERBIRD RESORTS INC.**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND STATEMENT OF COMPREHENSIVE INCOME (LOSS) AND ACCUMUALTED OTHER COMPREHENSIVE INCOME (LOSS)**

(Expressed in thousands of United States Dollars)

Consolidated Statement of Retained Deficit	Nine months ended September 30,	
	2008	2007 (Restated)
Retained deficit, beginning of period	\$ (25,769)	\$ (21,051)
Net (loss) income	(16,912)	(313)
Retained deficit, end of period	<u>\$ (42,681)</u>	<u>\$ (21,364)</u>

Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)

	Nine months ended September 30,	
	2008	2007 (Restated)
Net (loss) income	\$ (16,912)	\$ (313)
Unrealized effect of foreign currency translation of foreign operations	(4,852)	1,011
Comprehensive (loss) income	<u>\$ (21,764)</u>	<u>\$ 698</u>
Accumulated other comprehensive income (loss), beginning of period	1,124	(796)
Other comprehensive (loss) income	(4,852)	1,011
Accumulated other comprehensive loss end of period	<u>\$ (3,728)</u>	<u>\$ 215</u>

See accompanying notes to these unaudited interim consolidated financial statements

THUNDERBIRD RESORTS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of United States Dollars)

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2008	2007 (Restated)	2008	2007 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income from continuing operations	\$ (16,912)	\$ (313)	\$ (8,973)	\$ (548)
Items not affecting cash:				
Depreciation and amortization	13,961	5,920	5,020	2,468
Future income taxes	516	883	397	309
Loss on disposal of investments and other expenses	2,226	(120)	1,391	(164)
Stock-based compensation	2,117	739	750	716
Non-controlling interest	1,383	1,396	289	547
Other	(1,101)	(789)	(912)	(631)
Changes in non-cash working capital items:				
Increase in accounts receivable	(4,676)	(3,837)	(3,353)	(2,166)
(Increase) decrease in restricted cash	(1,149)	(732)	(595)	(644)
Increase in prepaid expenses and supplies	(9,871)	(6,963)	(4,317)	(5,480)
(Decrease) increase in accounts payable and accrued liabilities	2,833	6,243	4,934	2,743
Increase in income taxes payable	2,848	613	2,843	380
Net cash (used) provided by operating activities	(7,825)	3,040	(2,526)	(2,470)
CASH FLOWS FROM INVESTING ACTIVITIES				
Loans receivable, net	(2,565)	21	(40)	29
Expenditures on capital assets, net	(68,570)	(60,648)	(25,813)	(49,343)
Increase in investments in subsidiaries	(21,054)	-	(9,077)	-
Deposits in future investments	(2,807)	-	869	-
Investment in other assets	46	(126)	(158)	218
Net cash used in investing activities	(94,950)	(60,753)	(34,219)	(49,096)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from issuance of common shares	283	110	1	28
Proceeds from issuance of loans payable	92,578	71,987	29,351	55,951
Net proceeds from minority interests	320	-	35	-
Cash used to secure loans	(8,700)	-	-	-
Repayment of loans and leases payable	(24,812)	(12,548)	(5,075)	(4,061)
Net cash provided by financing activities	59,669	59,549	24,312	51,918
Effect of foreign exchange on cash and cash equivalents	(48)	19	(339)	(4)
Change in cash and cash equivalents during the year	(43,154)	1,855	(12,772)	348
Cash and cash equivalents, beginning of year	71,656	7,353	41,274	8,860
Cash and cash equivalents, end of year	\$ 28,502	\$ 9,208	\$ 28,502	\$ 9,208
Supplemental disclosure with respect to cash flows:				
Interest paid	\$ 11,048	\$ 6,011	\$ 4,646	\$ 3,241
Income taxes paid	\$ 2,930	\$ 1,875	\$ 1,145	\$ 879

THUNDERBIRD RESORTS INC.

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

1. NATURE OF OPERATIONS

Thunderbird Resorts Inc. (“Company”) is an international provider of casino entertainment and hospitality services, focused mainly on mid-sized markets in Central America, South America and Southeast Asia. The Company is a British Virgin Islands corporation with investments and operations conducted through subsidiaries. As of September 30, 2008, the Company operated thirty-four casinos and slot parlors, four video lottery locations, one slot route, nine hotels, one nine hole golf course and various associated food and beverage, and entertainment facilities.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles for interim financial information. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the Company’s annual audited consolidated financial statements for the year ended December 31, 2007. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants (“CICA”) accounting standards:

- Section 1535 – Capital Disclosures
- Section 3031 – Inventories
- Section 3862 – Financial Instruments – Disclosures
- Section 3863 – Financial Instruments – Presentation

The adoption of these new standards resulted in additional disclosures with regard to financial instruments and the Company’s objectives, policies and processes for managing capital (Notes 13 and 14). The new standards have no impact on either the classification and/or valuation of the Company’s financial instruments or on the Company’s accounting for inventory.

In February 2008, the CICA issued a new accounting standard entitled Goodwill and Intangible Assets, Section 3064. The new section replaced the existing guidance on goodwill and other intangible assets and research and development costs. The new section provides additional guidance on measuring the cost of goodwill and intangible assets. The standard is effective for interim and annual financial statements for fiscal years beginning October 1, 2008. The Company will apply the new accounting standards at the beginning of its 2009 fiscal year. This new accounting standard is not expected to have a material impact on the Company’s consolidated financial statements.

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

4. RESTATEMENT OF 2007 RESULTS

The Company restated its financial statements for the September 30, 2007 period that removed a derivative financial instrument liability from its books. The Company originally took a position that a warrant instrument was to be classified as a liability due to certain clauses within the contract. This classification was deemed incorrect and the warrant instrument has been reclassified to equity. This correction eliminated the derivative instrument liability of \$1,030,000, increased net income by \$1,623,000 for period ended September 30, 2007 and decreased the retained deficit by \$4,319,000.

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	September 30, 2008	December 31, 2007
Amounts due from joint ventures	\$ 5,104	\$ 4,366
Accounts receivable trade	3,591	1,978
Amounts due from related parties	1,268	1,043
Other receivables	1,141	761
	<u>\$ 11,104</u>	<u>\$ 8,148</u>

6. INVESTMENTS IN AND ADVANCES TO EQUITY INVESTEES

Through its equity investments, the Company managed various skill game locations in Mexico. The Company no longer manages or participates in these operations. The Company has an equity interest in a property and development company in the Philippines. The equity investments of the Company and the Company's share of income (loss) from these investments are as follows:

	September 30, 2008			December 31, 2007		
	Philippines	Mexico	Total	Philippines	Mexico	Total
Investment and advances	\$ 1,198	\$ 1,933	\$ 3,131	\$ 1,377	\$ 1,933	\$ 3,310
Adjustment for foreign exchange	(40)		(40)			
Gain (loss / write down) of equity investment	(117)	-	(117)	(190)	-	(190)
	<u>-</u>	<u>(1,933)</u>	<u>(1,933)</u>	<u>-</u>	<u>(1,933)</u>	<u>(1,933)</u>
	<u>\$ 1,041</u>	<u>\$ -</u>	<u>\$ 1,041</u>	<u>\$ 1,187</u>	<u>\$ -</u>	<u>\$ 1,187</u>

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

7. PROPERTY, PLANT AND EQUIPMENT

	Property	Leasehold Improvements	Gaming Machines	Furniture and Equipment	Construction in Process and Advances	Total
Cost						
As of December 31, 2007	\$ 49,909	\$ 20,387	\$ 32,249	\$ 17,930	\$ 20,929	\$ 141,404
Foreign exchange adjustments	(1,325)	(1,201)	(2,469)	(1,546)	(2,412)	(8,953)
Additions	4,718	12,648	16,319	14,096	11,606	59,387
Additions Panama acquisition (Note 8)	664	5,148	5,230	1,879	447	13,368
Additions Garden Court acquisition (Note 8)		2,295	401	307		3,003
Additions Sun Nippon acquisition (Note 8)		228	5,570	603		6,401
Additions Casino Centrum acquisition (Note 8)			426		37	463
Disposals	-	-	-	(18)	(330)	(348)
As of September 30, 2008	<u>\$ 53,966</u>	<u>\$ 39,505</u>	<u>\$ 57,726</u>	<u>\$ 33,251</u>	<u>\$ 30,277</u>	<u>\$ 214,725</u>
Depreciation						
As of December 31, 2007	769	5,055	12,125	8,930	-	26,879
Foreign exchange adjustments	(105)	(213)	(710)	(474)	-	(1,502)
Additions	1,406	1,413	6,193	4,683	-	13,695
As of September 30, 2008	<u>\$ 2,070</u>	<u>\$ 6,255</u>	<u>\$ 17,608</u>	<u>\$ 13,139</u>	<u>\$ -</u>	<u>\$ 39,072</u>
Net book value as of December 31, 2007	<u>\$ 49,140</u>	<u>\$ 15,332</u>	<u>\$ 20,124</u>	<u>\$ 9,000</u>	<u>\$ 20,929</u>	<u>\$ 114,525</u>
Net book value as of September 30, 2008	<u>\$ 51,896</u>	<u>\$ 33,250</u>	<u>\$ 40,118</u>	<u>\$ 20,112</u>	<u>\$ 30,277</u>	<u>\$ 175,653</u>

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

8. ACQUISITIONS

On January 15, 2008, the Company acquired an additional 11.36% of the total outstanding shares in the Panama operation resulting in the Company owning 61.36% of the net assets giving the Company control over Panamanian operations. The Company consolidates 100% of revenue, costs, assets and liabilities of the Panama entity while recognizing a “non-controlling interest” expense and a liability for the interests held by shareholders remaining in the entity as of the acquisition date. As of December 31, 2007, the Company proportionally consolidated 50% of the Panama entity and did not recognize any non-controlling interests. The acquisition price was \$10,695,000 and the excess over net book value of \$9,570,000 was recognized as goodwill. In addition, the Panama operation held an interest in the Nicaraguan subsidiary, the recognition of this additional interest reduced non controlling interest in the Nicaraguan subsidiary by \$140,000. The acquisition and the corresponding change in control had the following impact on the Company’s balance sheet as of January 15, 2008:

Current assets	\$	1,595
Property and equipment		13,369
Intangible assets		909
Other assets		923
Goodwill Nicaragua		40
Goodwill Panama		9,570
Total Assets		<u>26,406</u>
Current liabilities		(4,860)
Long term debt		(5,456)
Deferred tax liability		(819)
Other long term liabilities		(721)
Total liabilities		<u>(11,856)</u>
Non-controlling interest		(3,740)
Net income at January 15, 2008		(115)
Total purchase price	\$	<u>10,695</u>

On September 12, 2008 the Company acquired an additional 2.273% of the Panama operation resulting in the Company owning 63.63% of the entity. The purchase price was \$2,164,000, of which \$2,074,000 was allocated to goodwill and a \$90,000 reduction to the minority interest liability for the Panama operation.

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

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

8. ACQUISITIONS (cont'd)

On July 1, 2008 the Company acquired 37.94% of the operations of Casino Centrum in Poland for \$791,000. The Company is awaiting a valuation of the assets of the entity and has provisionally allocated \$249,000 to the net assets acquired of the entity and the remaining \$542,000 to goodwill, which will be distributed to brands and gaming licenses acquired when the valuation is received. Additionally, the Company entered into a purchase agreement with the Company's partner in Poland to purchase an additional 12.64% of the entity and was given a power of attorney to vote the remaining 20.69% of the Company's partner's shares in the entity. The Company effectively controls the entity and therefore consolidates it at 100% within its financial statements.

On July 9, 2008, the Company completed the acquisition of 100% of the common shares of Sun Nippon Company, S.A., and 100% of the shares of Interstate Gaming del Peru, S.A.. The total purchase price for the shares of both companies was \$12,694,000. The Company is awaiting a valuation of the brand and gaming licenses acquired with the entities and has provisionally allocated \$2,539,000 to the net assets of the entity acquired and the remaining \$10,155,000 to goodwill, which will be distributed to brands and gaming licenses when the valuation is received.

On August 28, 2008, the Company completed the acquisition of 12.34% of the minority interest shares of its Thunderbird Gran Entretenimiento, S.A. subsidiary that was spun off from the Company's joint venture entity, Grupo Thunderbird de Costa Rica, S.A.. In conjunction with the spin off the Company entered into a new shareholders agreement, which gave the Company control over the operations, hence allowing it to consolidate 100% of the entity's operations. The Company purchased the 12.34% of the entity bringing the Company's total ownership to 54%. The total purchase price was allocated as follows:

Net assets	\$	1,178
Goodwill		1,373
Minority interest liabilities		(890)
Purchase price	\$	1,661

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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NINE MONTHS ENDED SEPTEMBER 30, 2008

9. GOODWILL AND OTHER INTANGIBLE ASSETS

	September 30, 2008			December 31, 2007		
	Gaming Licenses	Goodwill	Total	Gaming Licenses	Goodwill	Total
<i>Cost</i>						
Balance at beginning of year	\$ 2,259	\$ 1,603	\$ 3,862	\$ 2,259	\$ 1,306	\$ 5,273
Increase due to recognition of 100% of Panama operations	1,709	-	1,709	-	-	-
Additions	-	24,591	24,591	-	297	297
At September 30, 2008	<u>3,968</u>	<u>26,194</u>	<u>30,162</u>	<u>2,259</u>	<u>1,603</u>	<u>5,570</u>
<i>Accumulated amortization</i>						
Balance at beginning of year	(1,225)	-	(1,225)	(962)	-	(2,670)
Increase due to recognition of 100% of Panama operations	(799)	-	(799)	-	-	-
Additions	(259)	-	(259)	(263)	-	(263)
At September 30, 2008	<u>(2,283)</u>	<u>-</u>	<u>(2,283)</u>	<u>(1,225)</u>	<u>-</u>	<u>(2,933)</u>
<i>Carrying amount</i>						
At beginning of year	1,034	1,603	2,637	1,297	1,306	2,603
At September 30, 2008	<u>\$ 1,685</u>	<u>\$ 26,194</u>	<u>\$ 27,879</u>	<u>\$ 1,034</u>	<u>\$ 1,603</u>	<u>\$ 2,637</u>

The gaming licenses consist of costs associated with the acquisition of gaming licenses in Panama and the Philippines; both are amortized over the remaining term of the gaming license. The amortized balance of the Panama license is \$1,685,000 as of September 30, 2008 and \$909,000 as of December 31, 2007 and is amortized over twenty years. The amortized balance of the Philippines license is \$Nil, as of September 30, 2008, and \$125,000, as of December 31, 2007, and was amortized over three years. The changes in the carrying amount of goodwill by geographical segment are as follows:

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

10. OTHER PAYABLES

	September 30, 2008	December 31, 2007 (Restated)
Former directors and former associated companies	\$ 102	\$ 133
Due to related parties	1,560	886
Deferred lease liability	498	609
Provision for the exercise of warrant	91	91
Litigation provision	1,796	1,796
Severance and other	2,577	1,778
	6,624	5,293
Current portion of other payables	(54)	(51)
	\$ 6,570	\$ 5,242

11. EARNINGS PER SHARE

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

	September 30, 2008	September 30, 2007 (Restated)
Weighted average shares used in computation of basic earnings per share	19,567	8,712
Effect of diluted securities:		
Stock options and warrants	456	527
Weighted average shares used in computation of diluted earnings per share	20,023	9,239
Net (loss) income for the quarter	\$ (16,912)	\$ (313)

THUNDERBIRD RESORTS INC.
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
(Tabular amounts expressed in thousands of dollars except per share amounts)
NINE MONTHS ENDED SEPTEMBER 30, 2008

12. LONG TERM DEBT

Loan Summary	September 30, 2008			December 31, 2007 (Restated)		
	Principal	Issuance Costs	Total Debt	Principal	Issuance Costs	Total Debt
Loans with financial institutions	\$ 39,429	\$ 1,959	\$ 37,470	\$ 13,963	\$ 160	\$ 13,803
Loans with non-financial institutions	112,477	1,540	110,937	67,694	1,679	66,015
Loans with related parties	1,448	-	1,448	1,962	-	1,962
Total loans payable	153,354	3,499	149,855	83,619	1,839	81,780
Less current portion of notes payable			(30,976)			(15,426)
Loans payable long term			\$ 118,879			\$ 66,354

The expected repayments of long-term debt for the five following periods:

Balance 2008	\$ 7,604
2009	30,895
2010	26,383
2011	25,512
2012	15,345
2013	11,819
Thereafter	35,796
Total repayments	153,354
Less: unamortized debt issuance costs	(3,499)
Less current portion of notes payable	(30,976)
Loans payable long term	\$ 118,879

THUNDERBIRD RESORTS INC.**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

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

NINE MONTHS ENDED SEPTEMBER 30, 2008

13. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial instruments and the types of risks to which their carrying values are exposed are as follows:

Financial instrument	Risks			
	Credit	Liquidity	Market risks	
			Interest rate	Currency
Measured at amortized cost:				
Long term debt		x	x	x
Measured at fair value:				
Cash	x			x
Restricted cash				x
Accounts receivable	x			x
Accounts payable and accrued liabilities		x		x
Derivative liabilities				x

Market Risk Analysis:

The Company is exposed to market risk through its use of financial instruments, specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

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

Foreign currency sensitivity:

Most of the Company's transactions are carried out in the functional currency where the operations reside. Exposures to currency exchange rates arise from the Company's loans payable, inter-company payables and cash balances, denominated in US Dollars at its non-US based operations. The inter-company payables and cash have been designated at fair value through profit or loss and the loans are carried at amortized cost.

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

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13. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)**Foreign currency sensitivity (cont'd):**

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

Nominal amounts	Country	US Dollar amounts	
		September 30, 2008	
Financial Assets			
	Guatemala	\$	923
	Costa Rica		1,269
	Nicaragua		-
	Philippines		1,403
	Peru		6,696
	Poland		-
Financial Liabilities			
	Guatemala		(4,498)
	Costa Rica		(6,481)
	Nicaragua		(3,105)
	Philippines		(24,029)
	Peru		(22,523)
Short term Exposure		\$	(50,345)
Financial Liabilities			
	Guatemala	\$	(6,962)
	Costa Rica		(11,974)
	Nicaragua		(3,081)
	Philippines		(116)
	Peru		(61,124)
Long Term Exposure		\$	(83,257)

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13. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)**Foreign currency sensitivity (cont'd):**

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

It assumes a percentage change of the US-Dollar against the other currencies for the year ended at December 31, 2007. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If the US Dollar has strengthened against the functional currencies according to the percentages below, the following would be the impact.

Country	September 30, 2008	
	Percentage Change	Net Income for the year
Guatemala	2.05%	\$ 216
Nicaragua	0.00%	-
Costa Rica	3.17%	545
Philippines	6.26%	1,424
Peru	2.08%	1,601
Poland	10.75%	-
Total		<u>\$ 3,786</u>

If the US Dollar has weakened against the functional currencies according to the percentages below, the following would be the impact.

Country	September 30, 2008	
	Percentage Change	Net Income for the year
Guatemala	2.05%	\$ (216)
Nicaragua	0.00%	-
Costa Rica	3.17%	(545)
Philippines	6.26%	(1,424)
Peru	2.08%	(1,601)
Poland	10.75%	-
Total		<u>\$ (3,786)</u>

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

Interest rate sensitivity:

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As of September 30, 2008, the Company is exposed to changes in market interest rates through some of its bank borrowings of approximately \$8,800,000 million (December 31, 2007 - \$4,100,000), which are subject to variable interest rates. As in previous years, all other financial assets and liabilities have fixed rates. The impact on profit or loss of a reasonably possible change in interest rates of +/- .075% as September 30, 2008 (December 31, 2007: +/-0.75%), with effect from the beginning of the year, would be an increase of \$66,000 (December 31, 2007 - \$31,000) or a decrease of \$66,000 (December 31, 2007 - \$31,000). These changes in interest rates are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's financial instruments held at each balance sheet date. All other variables are held constant.

Credit risk analysis:

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

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

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

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

Liquidity risk analysis:

The Company 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.

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13. DISCLOSURES ABOUT FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)**Liquidity risk analysis (cont'd);**

As of September 30, 2008, the Company's liabilities have contractual maturities which are summarized below:

	Current		Non Current	
	within 6 months \$ '000's	6 to 12 months \$ '000's	1 to 5 years \$ '000's	later than 5 years \$ '000's
Long-term bank loans	\$ 23,324	\$ 22,761	\$ 115,202	\$ 42,921
Finance lease obligations	4,332	5,685	15,822	12,293
Trade payables	16,333	-	-	-
Other short-term financial liabilities	14,604	-	-	-
Operating leases	1,528	1,281	9,814	27,974
Total	\$ 60,121	\$ 29,727	\$ 140,838	\$ 83,188

The long-term debt contractual obligations presented above exclude debt issuances costs and include the repayments of interest and principal on all loans payable of the Company.

14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its leverage ratio. This ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total loans payable and finance leases payable less cash and cash equivalents, less accrued interest and less un-amortized debt issuance costs. EBITDA is calculated as operating profit before exceptional items plus depreciation and amortization. EBITDA for interim reporting periods is annualized.

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14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The leverage ratios at September 30, 2008 and December 31, 2007 were as follows:

	September 30, 2008 (1)	December 31, 2007 (Restated)
Total borrowings and finance lease obligations (Notes 16 and 22)	\$ 178,536	\$ 103,021
Less: Cash and cash equivalents	(28,502)	(76,901)
Less: Accrued interest	(942)	(1,033)
Less: Unamortized debt issuance costs	(3,499)	(1,839)
Net Debt	145,593	23,248
Operating profit from continuing operations before exceptional items	6,593	5,524
Add: Depreciation and amortization	18,615	10,244
EBITDA	\$ 25,208	\$ 15,768
Leverage ratio	5.78	1.47

(1) Components to EBITDA calculation for September 30, 2008 have been annualized.

The increase in the leverage ratio as of September 30, 2008 resulted primarily from reduction in cash and increase in debt for the Company's recent investments, primarily Peru, which have not yet contributed to the Company's EBITDA.

15. RELATED PARTY TRANSACTIONS**Transactions with joint ventures**

The accounts receivable for Thunderbird Panama balance was reduced to \$Nil as of September 30, 2008 (December 31, 2007 - \$2,383,000) due the consolidation of 100% of the entity rather than the proportional consolidation completed in prior periods. Also included in accounts receivable and intercompany notes receivable is \$5,104,000 as of September 30, 2008 (December 31, 2007 - \$3,223,000) due from Thunderbird de Costa Rica S.A. These amounts represent the balances due in excess of the Company's proportionate share of the net assets included up on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity and intercompany loans receivable. The income and expenses related to these management fees are fully eliminated upon consolidation.

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15. RELATED PARTY TRANSACTIONS (cont'd)**Transactions with partners in operating entities**

Included in loans payable are loans from partners in the Company's operating entities. The loans outstanding are as follows:

	Country	September 30, 2008		December 31, 2007	
		Amount Due	Interest Paid	Amount Due	Interest Paid
Panama partners	Panama	\$ 1,449	\$ 206	\$ 1,845	\$ 203
Nicaragua partners	Nicaragua	-	5	117	18
Total		\$ 1,449	\$ 211	\$ 1,962	\$ 221

Included in other liabilities are amounts due to the Company's partner in Costa Rica for \$1,150,000 as of September 30, 2008 (December 31, 2007 - 444,000) and included in current liabilities was \$1,043,000 as of September 30, 2008 (December 31, 2007 - \$1,043,000) for their portion of management fees, which have been fully eliminated in the income statement. In other liabilities are amounts due to the Company's partner in its Philippines entity Eastbay Resorts, Inc. as of September 30, 2008 for \$239,000 (December 31, 2007 - \$302,000), for amounts due for their expenses associated with the securitization of the gaming license for that facility. Additionally, in other liabilities is \$84,000 as of September 30, 2008 (December 31, 2007 - \$135,000) due to a shareholder of the Nicaraguan operation for a loan for a small acquisition completed by the entity for Masaya.

Included in trade and other receivables is \$Nil as of September 30, 2008 (December 31, 2007 - \$246,000) due from a shareholder in the Nicaraguan operation for their portion of the loan attributed to the purchase of the majority interest in Nicaragua in October 2004. Also included in trade and other receivables as of September 30, 2008 is \$125,000 (December 31, 2007 \$125,000) due from our Costa Rican partner for their portion of the repurchase of minority interest shares in the Garden Court Casino, and \$861,000 as of September 30, 2008 (December 31, 2007 - \$583,000) due from our Poro Point partner.

An officer owns indirectly 10% of Angular Investments S.A., which owns 50% of the Costa Rica operating entity.

Transactions with officers and directors

A Director received compensation under a consulting agreement in the amount of \$58,500 for September 30, 2008 (December 31, 2007 - \$78,000), and received commissions from the successful securitization of loans payable in the amount of \$16,000 for September 30, 2008 (December 31, 2007 - \$39,000) in addition to directors fees.

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15. RELATED PARTY TRANSACTIONS (cont'd)

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

	Country	September 30, 2008		December 31, 2007	
		Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Philippines	\$ 17	\$ 4	\$ 44	\$ 9
Director	Philippines	46	6	68	11
Director	Corporate	93	6	104	9
Mother of Director	Philippines	69	9	91	14
Director	Philippines	61	8	80	18
Total		\$ 286	\$ 33	\$ 387	\$ 61

The loans to Costa Rica contained an equity interest in the subsidiary Thunderbird Gran Entretenimiento for which the loans benefited. Both the Director and the Director's mother received a 0.04% interest in the entity as a result of their loans. As of September 30, 2008 the Director and the Director's mother received \$700 each (December 31, 2007 - \$3,000 each) related to their ownership interest in this entity.

The Company employs immediate family members of the President of the Company, they are as follows:

Relation	Position	September 30,	December 31,
		2008	2007
		Salary (1)	Salary (1)
Spouse	Executive Assistant	\$ 12	\$ 28
Brother-in-law	Regional Counsel	40	82
Brother-in-law	General Manager	59	46
Brother-in-law	General Manager	54	39
Daughter	Assistant Analyst	48	44
Brother	Project Manager	63	78
Total		\$ 276	\$ 317

(1) includes bonuses and other compensation

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16. SEGMENTED INFORMATION

Management has organized the enterprise based on geographic areas of operations and on business segments. Based on this organization, the Company has the following reportable segments.

Geographic segments are as follows:

As of September 30, 2008	Panama	Guatemala	Nicaragua	Costa Rica	Philippines	Peru	Poland	Corporate and Other	Total
External revenue	\$ 45,406	\$ 3,169	\$ 10,721	\$ 13,742	\$ 33,991	\$ 15,587	\$ 990	\$ 569	\$ 124,175
Depreciation and amortization	5,083	371	582	953	3,053	3,635	46	238	13,961
Income tax expense	751	134	350	478	144	(1,526)	4	1,272	1,607
Net income (loss) from continuing operations	1,255	(2,470)	432	240	(2,715)	(6,127)	(1,159)	(6,368)	(16,912)
Property, plant & equipment (gross)	62,480	8,983	10,459	23,374	43,167	77,190	2,583	4,929	233,165
Accumulated depreciation	(29,436)	(2,469)	(2,768)	(3,150)	(7,356)	(9,440)	(1,610)	(1,283)	(57,512)
Property, plant & equipment (net)	33,044	6,514	7,691	20,224	35,811	67,750	973	3,646	175,653
Segment assets	37,965	10,897	8,621	23,536	58,416	88,063	2,775	59,267	289,540

As of September 30, 2007	Panama	Guatemala	Nicaragua	Costa Rica	Philippines	Peru	Poland	Corporate and Other	Total
External revenue	\$ 20,565	\$ 2,421	\$ 9,714	\$ 9,541	\$ 24,853	\$ 2,679	\$ -	\$ 215	\$ 69,988
Depreciation and amortization	2,207	214	506	535	1,946	400	-	112	5,920
Income tax expense	728	105	262	389	24	-	-	1,018	2,526
Net income (loss) from continuing operations	1,954	(774)	434	758	1,978	341	-	(5,004)	(313)
Property, plant & equipment (gross)	25,285	5,291	8,132	10,295	26,612	46,190	-	1,130	122,935
Accumulated depreciation	(11,485)	(2,053)	(1,355)	(1,347)	(4,529)	(408)	-	(722)	(21,899)
Property, plant & equipment (net)	13,800	3,238	6,777	8,948	22,083	45,782	-	408	101,036
Segment assets	19,717	4,404	9,087	11,557	40,848	53,026	-	(96)	138,543

Business segments are as follows:

	September 30, 2008			September 30, 2007		
	Gaming	Hotel	Total	Gaming	Hotel	Total
External revenue	\$ 109,978	\$ 14,197	\$ 124,175	\$ 69,886	\$ 102	\$ 69,988
Depreciation and amortization	10,609	3,352	13,961	5,520	400	5,920
Income tax expense	2,479	(872)	1,607	2,526	-	2,526
Net income (loss) from continuing operations	(14,480)	(2,432)	(16,912)	(654)	341	(313)
Property, plant & equipment (gross)	174,295	58,870	233,165	76,745	46,190	122,935
Accumulated depreciation	(52,008)	(5,504)	(57,512)	(21,491)	(408)	(21,899)
Property, plant & equipment (net)	122,287	53,366	175,653	55,254	45,782	101,036
Segment assets	223,183	66,357	289,540	85,517	53,026	138,543

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16. SEGMENTED INFORMATION

Geographic segments are as follows:

Three months ended September 30, 2008	Panama	Guatemala	Nicaragua	Costa Rica	Philippines	Peru	Poland	Corporate and Other	Total
External revenue	\$ 14,764	\$ 1,188	\$ 3,797	\$ 5,195	\$ 11,586	\$ 6,872	\$ 990	\$ 155	\$ 44,547
Depreciation and amortization	1,765	142	233	354	1,222	1,155	46	103	5,020
Income tax expense	41	46	43	102	136	(1,126)	4	382	(372)
Net income (loss) from continuing operations	226	(1,446)	161	(200)	(1,105)	(2,493)	(1,159)	(2,957)	(8,973)

Three months ended September 30, 2007	Panama	Guatemala	Nicaragua	Costa Rica	Philippines	Peru	Poland	Corporate and Other	Total
External revenue	\$ 7,454	\$ 878	\$ 3,147	\$ 3,527	\$ 9,394	\$ 2,679	\$ -	\$ 73	\$ 27,152
Depreciation and amortization	809	71	176	220	752	400	-	40	2,468
Income tax expense	327	39	108	186	11	-	-	354	1,025
Net income (loss) from continuing operations	1,022	(113)	239	429	1,145	341	-	(3,611)	(548)

Business segments are as follows:

	September 30, 2008			September 30, 2007		
	Gaming	Hotel	Total	Gaming	Hotel	Total
External revenue	\$ 39,497	\$ 5,050	\$ 44,547	\$ 27,050	\$ 102	\$ 27,152
Depreciation and amortization	4,148	872	5,020	2,068	400	2,468
Income tax expense	282	(654)	(372)	1,025	-	1,025
Net income (loss) from continuing operations	(10,175)	1,202	(8,973)	(889)	341	(548)

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17. SUBSEQUENT EVENTS

The following events occurred subsequent to September 30, 2008:

- a. On October 27, 2008, the Company was admitted to listing and trading of all of our existing common shares under the symbol TBIRD on Euronext Amsterdam by NYSE Euronext (“Euronext Amsterdam”), the regulated market of Euronext Amsterdam N.V. (“Euronext”). Trading of our common shares commenced on October 27, 2008. Our existing common shares are currently traded on the CNQ stock exchange under the symbol TBI.U, on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol 4TR, and through The PORTALSM Market (“PORTAL”), a subsidiary of The Nasdaq Stock Market, Inc., under the symbol THBDL. Upon admission to listing and trading on Euronext Amsterdam, our common shares may no longer be traded through the PORTAL. The Company’s stock trades on the Euronext under the symbol TBIRD.
- b. In Poland the Company and its partner entered into an agreement to purchase the remaining 28.74% of the remaining shares outstanding in the Casino Centrum Sp z.o.o. This agreement was originally executed in August of 2008 and received approval from the Minister of Finance on October 28, 2008. The agreement is currently awaiting approval from the Minister of the Treasury. Upon such approval the Company will own 66.67% of Casino Centrum Sp z.o.o. and its Parter will own 33.33%.

18. COMPARATIVE FIGURES

The comparative financial statements have been reclassified, where applicable, to conform with the presentation adopted in the current period.

These interim financial statements have not been reviewed by our auditor, Grant Thornton, LLP, Chartered Accountants. These interim financial statements and the notes thereto have been prepared by management using generally accepted accounting principles in Canada.

CEO & CFO Certification:

Pursuant to the applicable Canadian requirement, effective with the first quarterly filings in 2004, we the undersigned, collectively and individually, do hereby certify that to the best of our respective knowledge, these unaudited interim financial statements, as well as the associated MD&A, together with documents incorporated by reference, do not contain misrepresentation and fairly present in all material respects the Company's financial condition, results of operations and cash flows as of and for the periods presented in the filing.



Jack R. Mitchell
CEO & President



Michael G. Fox
CFO & Corporate Secretary