QUARTERLY REPORT

LICENSEE ATLANTIC CITY SHOWBOAT, INC
ADDRESS P.O. BOX 840
ATLANTIC CITY, NEW JERSEY

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

New Jersey State Library

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT ... KATHLEEN M. CARACCIOLO
OFFICIAL TITLE ..... VICE PRESIDENT FINANCE
ADDRESS ..... P.O. BOX 840
ATLANTIC CITY, NEW JERSEY

TRADING NAME OF LICENSEE: ATLANTIC CITY SHOWBOAT, INC.

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FOR THE QUARTER ENDED SEPTEMBER 30, 1993

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TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

BALANCE SHEET

SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	ASSETS		
	Current Assets:	$	$
1	Cash	31,930	67,402
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 19_94_, $2,422 ; 19_93_ $ 2,974) .....NOTE 3..	5,185	4,798
4	Inventories	1,946	1,670
5	Prepaid expenses and other current assets	6,606	6,368
6	Total current assets	45,667	80,238
7	Investments, Advances, And Receivables .....:. NOTE 2 & 11..	6,881	12,806
8	Property And Equipment - Gross	412,770	340,434
9	(Accumulated Depreciation/Amortization)	(120,078)	(100,676)
10	Other Assets	8,760	6,436
11	Total Assets	$ 354,000	339,238
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
12	Accounts payable	9,381	10,852
13	Notes payable ..... NOTE 6	-	-
	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other	-	2,867
16	Income taxes payable and accrued	7,920	1,405
17	Other accrued expenses ..... NOTE 4	14,644	14,525
18	Other current liabilities ..... NOTE 5	10,320	9,098
19	Total current liabilities	42,265	38,747
	Long-Term Debt:		
20	Due to affiliates ..... NOTE 7	215,000	215,000
21	Other	1,928	1,928
22	Deferred Credits	15,269	12,871
23	Other Liabilities	-	-
24	Commitments And Contingencies NOTE 11		
25	Total Liabilities	274,462	268,546
26	Stockholders', Partners', Or Proprietor's Equity	79,538	70,692
27	Total Liabilities And Equity	$ 354,000	339,238

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Revenue:		
1	Casino	$ 223,003	$ 209,093
2	Rooms	10,505	10,136
3	Food and beverage	27,176	26,163
4	Other	4,334	4,132
5	Total revenue	265,018	249,524
6	Less: Promotional allowances	20,909	21,186
7	Net revenues	244,109	228,338
	Costs And Expenses:		
8	Costs of goods and services	140,388	132,126
9	Selling, general, and administrative	46,409	45,061
10	Provision for doubtful accounts	305	1,096
11	Total costs and expenses	187,102	178,283
12	Gross Operating Profit	57,007	50,055
13	Depreciation and amortization	17,358	13,582
	Charges from affiliates other than interest:		
14	Management fees	13,002	6,177
15	Other	-	-
16	Income (Loss) From Operations	26,647	30,296
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(14,916)	(15,233)
18	Interest (expense) - external	1,649	59
19	Investment alternative tax and related income (expense) - net	(921)	(858)
20	Nonoperating income (expense) - net	982	740
21	Total other income (expenses)	(13,206)	(15,292)
22	Income (Loss) Before Income Taxes And Extraordinary Items	13,441	15,004
23	Provision (credit) for income taxes NOTE 9	5,544	6,369
24	Income (Loss) Before Extraordinary Items	7,897	8,635
25	Extraordinary items (net of income taxes - 19 94, $____ ; 19 93, $ 4,488) NOTE 13	-	(6,123)
26	Net Income (Loss)	$ 7,897	$ 2,512

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Revenue:		
1	Casino	$ 86,215	$ 81,627
2	Rooms	4,350	4,319
3	Food and beverage	10,581	10,593
4	Other	1,496	1,502
5	Total revenue	102,642	98,041
6	Less: Promotional allowances	8,208	8,658
7	Net revenues	94,434	89,383
	Costs And Expenses:		
8	Costs of goods and services	51,512	48,979
9	Selling, general, and administrative	16,724	16,146
10	Provision for doubtful accounts	354	391
11	Total costs and expenses	68,590	65,516
12	Gross Operating Profit	25,844	23,867
13	Depreciation and amortization	6,354	5,116
	Charges from affiliates other than interest:		
14	Management fees	5,044	4,806
15	Other	-	-
16	Income (Loss) From Operations	14,446	13,945
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(4,972)	(4,972)
18	Interest (expense) - external	695	50
19	Investment alternative tax and related income (expense) - net	(355)	(334)
20	Nonoperating income (expense) - net	351	406
21	Total other income (expenses)	(4,281)	(4,850)
22	Income (Loss) Before Income Taxes And Extraordinary Items	10,165	9,095
23	Provision (credit) for income taxes NOTE 9	4,152	4,015
24	Income (Loss) Before Extraordinary Items	6,013	5,080
25	Extraordinary items (net of income taxes - 19 94, $ _____ ; 19 93, $ _____) NOTE 13	-	-
26	Net Income (Loss)	$ 6,013	$ 5,080

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock: 2500 SHARES AUTHORIZED				
1	Beginning balance (January 1)	1,500	$ 76,909	1,500	$ 76,909
2	Sale of stock				
3					
4	Ending balance	1,500	76,909	1,500	76,909
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)				
10	Intercompany transfer of stock		583		
11					
12	Ending balance		583		
	Treasury Stock:				
13	Beginning balance (January 1)		( )		( )
14	Purchase of additional stock		( )		( )
15	Sale or retirement of stock				
16	Ending balance		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		( )		( )
18					
19					
20	Ending balance		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		( )		( )
22					
23					
24	Ending balance		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1)		(5,851)		(8,729)
26	Prior period adjustments				
27	Net income (loss)		7,897		2,512
28	Dividends				
29					
30					
31	Ending balance		2,046		(6,217)
32	Ending Stockholder's Equity		$ 79,538		$ 70,692

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
1	Net Cash Provided(Used) By Operating Activities	$ 39,973	$ 30,706
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities		
3	Proceeds from the sale of short-term investment securities		
4	Cash outflows for property and equipment	(58,149)	(44,463)
5	Proceeds from disposition of property and equipment	191	27
6	Purchase of casino reinvestment obligations	(2,490)	(2,286)
7	Purchase of other investments and loans/advances made	(3,338)	(83)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	-	-
9	Cash outflows to acquire business entities		
10	Proceeds from CRDA funding credit	2,672	
11			
12	Net Cash Provided (Used) By Investing Activities	(61,114)	(46,805)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	-	2,029
14	Payments to settle short-term debt	-	(2,029)
15	Cash proceeds from issuance of long-term debt	-	215,000
16	Cost of issuing debt	-	(5,106)
17	Payments to settle long-term debt	(2,283)	(151,110)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals		
21	Premium on early retirement of debt	-	(8,500)
22			
23	Net Cash Provided (Used) By Financing Activities	(2,283)	50,284
24	Net Increase (Decrease) In Cash And Cash Equivalents	(23,424)	34,185
25	Cash And Cash Equivalents At Beginning Of Years	55,354	33,218
26	Cash And Cash Equivalents At End Of Years	$ 31,930	$ 67,403

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 7,964	$ 12,239
28	Income taxes	$ 3,400	$ 2,800

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

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TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 7,897	$ 2,512
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	17,358	13,582
31	Amortization of other assets	255	346
32	Amortization of debt discount or premium		
33	Deferred income taxes - current	(573)	(138)
34	Deferred income taxes - noncurrent	1,882	2,214
35	(Gain) loss on disposition of property and equipment	(136)	496
36	(Gain) loss on casino reinvestment obligations	919	858
37	(Gain) loss from other investment activities	(50)	32
38	Net (increase) decrease in receivables and patrons' checks	(32)	(97)
39	Net (increase) decrease in inventories	(130)	103
40	Net (increase) decrease in other current assets	(513)	(1,334)
41	Net (increase) decrease in other assets	996	4,433
42	Net increase (decrease) in accounts payables	605	1,469
43	Net increase (decrease) in other current liabilities excluding debt	11,495	2,294
44	Net increase (decrease) in other noncurrent liabilities excluding debt		
45	Increase (Decrease) in accr management fees		(7,230)
46	Extraordinary loss extinguishment of debt		11,166
47	Net Cash Provided (Used) By Operating Activities	39,973	30,706
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 58,149	$ 44,463
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	$ 58,149	$ 44,463
	Acquisition Of Business Entries:		
51	Property and equipment acquired	$	$
52	Goodwill acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entries	$	$
	Stock Issued Or Capital Contributions:		
57	Total Paid in Capital	$ 583	$ -
58	Less: Issuances to settle long-term debt		
59	Consideration in acquisition of business entities		
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ 583	$ -

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

(UNAUDITED)
($ IN THOUSANDS)

		ACCOUNTS RECEIVABLE BALANCES		
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-(e) NET OF ALLOWANCE
	Patrons' Checks:	$		
1	Undeposited patrons' checks	2,983		
2	Returned patrons' checks	3,091		
3	Total patrons' checks	6,074	$ 2,215	$ 3,859
4	Hotel Receivables	700	207	493
	Other Receivables:			
5	Receivables due from officers and employees	-		
6	Receivables due from affiliates	604		
7	Other accounts and notes receivables	229		
8	Total other receivables	833	-	833
9	Totals (Form 205)	$ 7,607	$ 2,422	$ 5,185

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 2,982
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	84,999
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(59,397)
13	Checks collected through deposits	(22,679)
14	Checks transferred to return checks	(2,922)
15	Other adjustments	-
16	Ending Balance	$ 2,983
17	"Hold" Checks Included in Balance On Line 16	$ -
18	Provision For Uncollectible Patrons' Checks	$ 195
19	Provision As A Percent Of Counter Checks Issued	0.2%

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT

PROMOTIONAL EXPENSES AND ALLOWANCES

For The Three Months Ended September 30, 1994
(in Thousands)

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	27	$ 2,732		$
Food	380	3,506		
Beverage	1,537	1,316		
Travel			4	804
Coin			504	7,074
Coupon				
Entertainment	42	623		
Retail & Gifts				
Other	1	31	N/A	379
Total	1,987	$ 8,208	508	$ 8,257

For The Nine Months Ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	71	$ 6,172		$
Food	1,000	9,226		
Beverage	4,340	3,726		
Travel			12	2,228
Coin			1,417	20,463
Coupon				
Entertainment	115	1,712		
Retail & Gifts				
Other	5	73	N/A	1,108
Total	5,531	$ 20,909	1,429	$ 23,799

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

September 30, 1994 and 1993

(1) Summary of Significant Accounting Policies

Nature of Operations

Atlantic City Showboat, Inc. (the Company), is a wholly-owned subsidiary of Ocean Showboat, Inc. (OSI), which is a wholly-owned subsidiary of Showboat, Inc. (SBO). OSI was incorporated in 1983 and is a holding company with its principal assets being investments in the Company and Ocean Showboat Finance Corporation (OSFC). OSFC was organized in December 1986 in connection with the sale of $180,000,000 of 11 3/8% Mortgage-Backed Bonds Due 2002 (the Bonds) The Company conducts casino gaming operations and operates full supportive services of hotel, restaurant, bar, bowling, and convention facilities at the Showboat Hotel and Casino in Atlantic City, New Jersey (Atlantic City Showboat).

Disclosure

In accordance with the Quarterly Report Instructions, the Company has not submitted updated information for the summary of significant accounting policies, aggregate maturities of long term debt and future lease obligations. There has been no significant changes to the information submitted in our December 31, 1993 Annual Report.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period's presentation.

(2) Related Party Transactions

In November 1985, the Company and SBO entered into a Parent Services Agreement whereby SBO agreed to provide the Company with executive, financial, data processing, legal, marketing, tax planning and compliance, and administrative services. SBO's services are intended to support and supplement the routine functions and responsibilities of the Company's staff and are not intended to substitute for the Company's performance or OSI's oversight responsibilities. In addition to the services outlined above, SBO has also granted the Company a nonexclusive right to the use of each of SBO's trademarks, service marks, trade names, and logos in the operations of the Company's business, including the registered trademark "Showboat." In consideration for such services and license, the Company has agreed to pay SBO a fee equal to five percent of gross revenues.

(Continued)

(2) **Related Party Transactions (continued)**

In December 1990, SBO and the Company agreed effective January 1, 1990 to cancel and terminate the Company's obligation to pay management fees to SBO during the period from January 1, 1990 until the fees accrued prior to January 1, 1990 (approximately $24,678,000 net of intercompany tax obligations) were paid in full to SBO and that upon payment in full the obligation to pay fees would recommence for periods beginning after payment of the accrued fees. During the quarter ended June 30, 1993 the Company paid the balance of accrued fees in full and recommenced accruing management fees.

During the nine months ended September 30, 1994 and 1993, the Company paid to SBO management fees of $11,721,000 and $11,244,000, respectively. At September 30, 1994 and 1993 the Company owed $1,003,000 and $941,000, respectively, in accrued fees, to SBO for SBO's services rendered to the Company in accordance with the Parent Services Agreement.

(3) **Receivables and Patrons' Checks**

As of September 30, 1994 and 1993, receivables consisted of the following (dollars in thousands):

	1994	1993
Casino	$ 6,074	6,683
Hotel	700	645
Other	833	444
	7,607	7,772
Less allowance for doubtful accounts	2,422	2,974
Receivables, net	$ 5,185	4,798

(4) **Other Accrued Expenses**

As of September 30, 1994 and 1993, other accrued expenses consisted of the following (dollars in thousands):

	1994	1993
Salaries and wages	$ 7,796	7,006
Taxes, other than taxes on income	1,700	1,625
Medical and liability claims	1,038	1,610
Progressive slot liability	52	36
Accrued advertising and promotion	1,585	1,697
Enforcement/annual license	337	518
Settlement claims	1,069	920
Other	1,067	1,113
	$ 14,644	14,525

(5) Other Current Liabilities

As of September 30, 1994 and 1993, other current liabilities consisted of the following (dollars in thousands):

	1994	1993
Due to affiliates - interest	$ 8,286	7,347
Due to affiliates - mgmnt. fees	1,003	940
Outstanding chip liability	727	546
Other	304	265
	$ 10,320	9,098

(6) Note Payable

At September 30, 1994, the Company had available an unsecured line of credit for general working capital purposes totaling $15,000,000. Interest is payable monthly at the bank's prime rate plus .5%. The banks prime rate was 7.25% at September 30, 1994. The line of credit is guaranteed by OSI and expires in August 1995. Borrowings on this line of credit may not be used for the payment of management fees or to fund ventures in other jurisdictions. As of September 30, 1994, no funds have been drawn on this line of credit.

(7) Long Term Debt - Due to Affiliates

On May 18, 1993 SBO issued $275,000,000 of 9 1/4% First Mortgage Bonds due 2008 (9 1/4% Bonds). The proceeds from the sale of the 9 1/4% Bonds were $268,469,000 net of underwriting discounts and commissions. Approximately $215,000,000 of the proceeds of the offering were loaned by SBO to the Company which loan is evidenced by an intercompany note with terms and conditions consistent with those of the 9 1/4% Bonds. Approximately $162,289,000 of these proceeds were used to pay the long term OSFC payable, OSFC in turn redeemed all of the outstanding 11 3/8% Bonds at 105.7% of the principle amount plus accrued interest. The remaining proceeds will be used for the Company's operation and expansion of existing facilities.

The 9 1/4% Bonds are unconditionally guaranteed by OSI, Showboat Operating Company, a wholly owned subsidiary of SBO and the Company. Interest on the 9 1/4% Bonds will be payable semi-annually on May 1 and November 1 of each year commencing November 1, 1993. The 9 1/4% Bonds will not be redeemable prior to May 1, 2000. Thereafter, the 9 1/4% Bonds will be redeemable at any time at the option of SBO, in whole or in part, at redemption prices specified in the Indenture for the 9 1/4% Bonds (Indenture). The 9 1/4% Bonds will be senior secured obligations of SBO and will rank senior in right of payment to all existing and future subordinated indebtedness of OSI and pari passu with OSI's senior indebtedness. The 9 1/4% Bonds will be secured by a deed of trust representing a first lien on the Las Vegas hotel casino (other than certain assets), by a pledge of all outstanding shares of capital stock of OSI and an intercompany note by the Company in favor of SBO and a pledge of certain intellectual property rights of SBO. OSI's obligation under its guaranty will be secured by a pledge of all outstanding shares of capital stock of the Company. The Company's obligations under its guaranty will be secured by a

(7) Long Term Debt - Due to Affiliates (continued)

leasehold deed of trust representing a first lien on the Company's hotel casino (other than certain assets). Showboat Operating Company's guaranty will be secured by a pledge of certain of its assets related to a Las Vegas hotel casino.

On July 1, 1994, SBO obtained consents to amend its' Indenture governing its 9 1/4% Bonds The permitted Amendments, as supplemented and modified, (a) permit SBO or its subsidiaries to invest in Controlled Entities (as defined in the Consent Solicitation Statement), the entity investment and management fees (subject to certain approvals) of which will be pledged as additional Collateral to secure the 9 1/4% Bonds; (b) permit SBO or its subsidiaries to raise up to $150.0 million in subordinated indebtedness, which will not be secured by any Collateral and at least $100.0 million of the proceeds of which will be used to fund SBO's investment in Sydney Harbour Casino Pty Limited; (c) permit SBO to pay its regular quarterly dividend and make certain Restricted Payments permitted by Section 4.09(b), as amended, without meeting the debt incurrence requirement contained in the Indenture; (d) limit SBO from incurring no more than fifty percent (50%) of the cost of improvements to either the Company or Las Vegas Showboat with indebtedness which is pari passu to the 9 1/4% Bonds.

At September 30, 1994, the Company had available an unsecured line of credit with SBI totaling $15,000,000. Interest is payable monthly at money center banks average prime rate as published in the Wall Street Journal, plus 1%. The line of credit expires in March 1995. At September 30, 1994 no funds had been drawn on this line of credit.

On August 10, 1994 SBO issued $120,000,000 Senior Subordinated Notes due 2009 (Notes) of which the Company is a guarantor of these Notes.

(8) Leases

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which expire in 1994, and a warehouse, which expires in 2001, are classified as capital leases. The Company has the option to purchase the warehouse from January 1, 1996 through March 31, 2001 at an option price of approximately $1,928,000.

The Company is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey for a term of 99 years commencing October 1983. Annual rent payments, which are payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted annually based upon increases or decreases in the Consumer Price Index, not to exceed 10% per year during the second through the sixth lease years. In April 1994, the annual rent increased $208,000 to $8,326,000. Under the lease, the Company is responsible for taxes, assessments, insurance and utilities.

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was $6,679,000 and $6,495,000 for the nine months ended September 30, 1994 and 1993 respectively.

(9) Income Taxes

As discussed in Note 1, the Company adopted the provisions of FAS 109 as of January 1, 1993. The cumulative effect of this change in accounting for income taxes of $556,000 was determined as of January 1, 1993.

For the nine months ended, September 30, 1994 and 1993 Income tax expense consisted of the following (dollars in thousands):

	Years ended 1994	1993
Federal:		
Current	$ 15	6,369
Deferred	4,299	0
	4,314	6,369
State and local:		
Current	(124)	0
Deferred	1,354	0
	1,230	0
Total		
Current	(109)	6,369
Deferred	5,653	0
	$ 5,544	6,369

(10) Employee Benefit Plans

The Company maintains a retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the plan, eligible employees may defer up to 3% of their compensation, as defined, of which 100% of the deferral is matched by the Company. Eligible employees may contribute an additional 12% of their compensation which will not be matched by the Company. Amounts contributed by the Company vest over a five-year period. The Company contributed $1,035,000 and $974,000 to this plan for the nine months ended September 30, 1994 and 1993, respectively.

The Company's union employees are covered by union-sponsored, collectively-bargained, multi-employer pension plans. Contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of man-hours worked. Contributions to the plans were $303,000 and $278,000 during the nine months ended September 30, 1994 and 1993, respectively.

(Continued)

(10) Employee Benefit Plans (continued)

On May 17, 1990, the shareholders of SBO approved a long-term incentive plan in which officers and key employees of the Company participate. Up to 600,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. Restricted shares and options vest over a five-year period. The options are exercisable, subject to vesting, over ten years at option prices determined by the Compensation Committee and subject to the approval of the Board of Directors provided that the option price is not less than 100% of the fair market value of SBO's common stock determined on the date of grant of the options.

In April 1992, the Board of Directors of the Company adopted the Showboat, Inc. 1992 Employee Stock Option Plan (Plan) for all full-time and part-time employees. SBO reserved an aggregate of 1,000,000 shares of Showboat, Inc. common stock for issuance under the Plan. The exercise price of an option awarded under the Plan cannot be less than the fair market value of SBO common stock on the date of grant. The number of options granted to an employee is based on the employee's years of service with the Company. Options, all of which expire ten years from the date of grant, are subject to vesting and continued affiliation with the Company.

On May 25, 1994, the Shareholders of SBO approved a long-term incentive plan in which officers and key employees of the Company participate. Up to 2,000,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. As of September 30, 1994, 570,000 stock options have been granted and 209,500 restricted shares have been issued from treasury shares to officers and key employees. Plan participants are entitled to cash dividends and to vote their respective shares. Restrictions limit the sale or transfer of these shares during a five-year period. Unearned compensation equal to the market value of SBI's common stock was recorded at June 30, 1994 and is being amortized ratably from the date of grant over the restricted five-year period as it is earned.

Compensation expense of $636,000 was recognized during the nine months ended September 30, 1994. Unearned compensation at September 30, 1994 is $2,539,000 and is shown in Other Assets in the accompanying balance sheet.

(11) New Jersey Investment Obligation

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on a gaming license based upon its gross casino revenues after completion of its first full year of operation. This assessment may be satisfied by investing in qualified direct investments, purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA.

Deposits with the CRDA bear interest at two-thirds of market rates resulting in a current value lower than cost. At September 30, 1994 and 1993, Investments, Advances and Receivables include $4,742,000 and $11,149,000, respectively, representing the Company's deposits with the CRDA of $7,079,000 at September 30, 1994 and $16,697,000 at September 30, 1993 net of a valuation allowance of $2,337,000 and $5,548,000 respectively. The carrying value of these deposits, net of the valuation allowance, approximates fair value.

The CRDA as an agency of the City of Atlantic City is responsible for the redevelopment of the area surrounding the Boardwalk. The Company has requested and the CRDA has approved that $8,000,000 of the Company's deposits with the CRDA will be used for the expansion of a City street leading to the Atlantic City Showboat. In connection with its approval, the CRDA required the company to donate $2,000,000 of its deposits with the CRDA to certain public programs. In 1994 the Company donated an additional $500,000 to these public programs. Construction commenced in the fourth quarter of 1993 and was completed in the 2nd quarter of 1994. The Company has reclassified these CRDA deposits, net of the valuation allowance, totaling $7,000,000 to property & equipment and will be amortized over seven years.

The Company has applied for and received approval for funding credits from the CRDA in connection with the construction of the Company's additional hotel rooms. Pending the execution of a Credit Agreement with the CRDA, which states the terms and conditions by which the Company may receive funding credit, the Company may begin applying for and receiving funds from the CRDA as expenditures are made for the construction of the hotel rooms to the extent the Company has available funds on deposit with the CRDA. In September 1994, the Company received $2,700,000 of the funding credits which were applied for. That amount represents all of the available funds which may be distributed to the Company.

(12) Commitments and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. Additionally, the Company is presently undergoing an audit by the Internal Revenue Service for the tax years ending June 30, 1989 and 1990. The State of New Jersey is currently auditing the Company's state income tax returns for the tax years ended June 30, 1986 through 1992. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or results of operation.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(13) Extraordinary Gain

On June 18, 1993, the Company repaid the 11 3/8% Note with OSFC in full at 105.7% of the principle amount plus accrued and unpaid interest up to and including the repayment date. The Company recognized an extraordinary loss before any income tax benefit of $11,166,000 as a result of the write-off of unamortized debt issuance costs of $2,666,000 and repayment of a 5.7% redemption premium of $8,500,000. The loss after tax was $6,679,000.

(14) Statement of Cash Flow Supplemental Information

1. Disposal of fixed assets:

Property Gross	2,628
Accumulated Depreciation	(2,573)
Proceeds	(191)
Loss on disposals	136

2. Decrease in fixed asset acquisition included in accounts payable 1,886

3. Increase in CRDA obligation included in accounts payable 273

4. Adjust for reclass of CRDA Deposits for Delaware Avenue:

Property Gross	(333)
CRDA Deposits	500
CRDA Deposits Valuation Allowance	(167)

5. New Long Term SBI Stock Incentive Plan I/C transaction

Deferred Compensation	(3,509)
Investment in SBI	397
I/C sbi	2,529
Gain on Investment(paid in capital)	583

6. Adjust for Room Funding Credit received from CRDA:

Cash	(2,672)
Property Gross	893
CRDA Deposits	2,672
CRDA Deposits Valuation Allowance	(893)

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
:ss
COUNTY OF Atlantic :

Kathleen M. Caracciolo being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.

2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

K M Caracciolo
Signature

Vice President of Finance
Title

3472-11
License Number

Subscribed and sworn to
before me this 15th day
of November , 1994

Donna Heuman
Signature

DONNA HEUMAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 21 1999

Basis of Authority
to Take Oaths

Atlantic City Showboat, Inc.
Casino Licensee

QUARTERLY REPORT

LICENSEE Bally's Park Place, Inc., New Jersey

ADDRESS Park Place and the Boardwalk
Atlantic City, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT .... Vicki Lynn Guveiyian

OFFICIAL TITLE ..... Assistant Vice President/Controller

ADDRESS ..... Park Place and the Boardwalk
Atlantic City, NJ 08401

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		1994 (c)	1993 (d)
	ASSETS			
	Current Assets:			
1	Cash		$ 15,663	9,556
2	Marketable securities		---	---
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994 $1,300; 1993 $1,150)		5,576	3,684
4	Inventories		2,278	1,672
5	Prepaid expenses and other current assets	NOTE 1 & 2	14,596	8,734
6	Total current assets		38,113	23,646
7	Investments, Advances, and Receivables	NOTE 9	35,692	35,722
8	Property and Equipment – Gross	NOTE 3	762,414	745,366
9	(Accumulated Depreciation/Amortization)	NOTE 3	(303,111)	(277,863)
10	Other Assets		15,511	9,624
11	Total Assets		$ 548,619	$ 536,495
	LIABILITIES AND EQUITY			
	Current Liabilities:			
12	Accounts payable		$ 7,127	6,416
13	Notes payable		---	---
	Current portion of long–term debt:			
14	Due to affiliates	NOTE 1	---	7,000
15	Other		44	44
16	Income taxes payable and accrued	NOTE 1	---	6,657
17	Other accrued expenses	NOTE 10	24,531	28,055
18	Other current liabilities		3,235	2,845
19	Total current liabilities		34,937	51,017
	Long Term Debt:			
20	Due to affiliates	NOTE 4	425,000	350,000
21	Other	NOTE 4	2,690	2,738
22	Deferred Credits	NOTE 5	42,695	33,853
23	Other Liabilities	NOTE 6	10,035	8,113
24	Commitments And Contingencies			
25	Total Liabilities		515,357	445,721
26	Stockholders', Partners', or Proprietors' Equity		33,262	90,774
27	Total Liabilities and Equity		$ 548,619	$ 536,495

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)		1994 (c)	1993 (d)
	REVENUE:			
1	Casino		$ 241,447	$ 225,951
2	Rooms		29,331	28,228
3	Food and Beverage		31,555	30,071
4	Other		6,261	5,585
5	Total Revenue		308,594	289,835
6	Less: Promotional allowances		(26,271)	(23,929)
7	Net Revenue		282,323	265,906
	COSTS AND EXPENSES:			
8	Costs of Goods and Services		145,521	134,784
9	Selling, General, and Administrative		39,441	36,477
10	Provision for Doubtful Accounts		98	(90)
11	Total cost and expenses		185,060	171,171
12	Gross Operating Profit		97,263	94,735
13	Depreciation and amortization		24,625	21,188
	Charges from affiliates other than interest:			
14	Management fees		---	---
15	Other	NOTE 1.	3,807	3,024
16	Income (Loss) from Operations		68,831	70,523
	Other Income (Expenses):			
17	Interest (expense) – affiliates	NOTE 7.	(29,705)	(31,141)
18	Interest (expense) – external	NOTE 7.	(650)	(1,466)
19	Investment alternative tax and related income (expense) – net	NOTE 11.	(1,014)	(1,483)
20	Nonoperating income (expense) – net	NOTE 12 .	1,519	1,050
21	Total other income (expenses)		(29,850)	(33,040)
22	Income (Loss) Before Income Taxes and Extraordinary Items		38,981	37,483
23	Provision (credit) for income taxes	NOTE 8.	15,507	16,100
24	Income (Loss) Before Extraordinary Items		23,474	21,383
25	Extraordinary items (net of income taxes – 1994, $14,137)		(20,735)	---
	Cumulative effect on prior years of change in accounting for income taxes	NOTE 1 .	---	(11,377)
26	Net Income (Loss)		$ 2,739	$ 10,006

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	1994 (c)	1993 (d)
	REVENUE:		
1	Casino	$ 94,831	$ 84,733
2	Rooms	12,147	11,774
3	Food and Beverage	11,717	11,090
4	Other	1,994	2,178
5	Total Revenue	120,689	109,775
6	Less: Promotional allowances	(9,906)	(8,706)
7	Net Revenue	110,783	101,069
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	52,293	48,446
9	Selling, General, and Administrative	14,095	12,721
10	Provision for Doubtful Accounts	171	(148)
11	Total cost and expenses	66,559	61,019
12	Gross Operating Profit	44,224	40,050
13	Depreciation and amortization	8,440	7,127
	Charges from affiliates other than interest:		
14	Management fees	---	---
15	Other NOTE 1.	2,240	1,155
16	Income (Loss) from Operations	33,544	31,768
	Other Income (Expenses):		
17	Interest (expense) – affiliates NOTE 7.	(9,683)	(10,379)
18	Interest (expense) – external NOTE 7.	(174)	(306)
19	Investment alternative tax and related income (expense) – net NOTE 11	(477)	(583)
20	Nonoperating income (expense) – net NOTE 12	712	408
21	Total other income (expenses)	(9,622)	(10,860)
22	Income (Loss) Before Income Taxes and Extraordinary Items	23,922	20,908
23	Provision (credit) for income taxes NOTE 8.	9,388	9,508
24	Income (Loss) Before Extraordinary Items	14,534	11,400
25	Extraordinary items (net of income taxes)	---	---
	Cumulative effect on prior years of change in accounting for income taxes NOTE 1.	---	---
26	Net Income (Loss)	$ 14,534	$ 11,400

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	1994 SHARES (c)	1994 DOLLARS (d)	1993 SHARES (e)	1993 DOLLARS (f)
	Common Stock:				
1	Beginning balance (January 1)	100	$ 1	100	$ 1
2	Sale of stock				
3					
4	Ending balance	100	1	100	1
	Preferred Stock:				
5	Beginning balance (January 1)	---	---	---	---
6	Sale of stock				
7	_____				
8	Ending balance	---	---	---	---
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		86,117		91,767
10	Dividend		(52,856)		(11,000)
11					
12	Ending balance		33,261		80,767
	Treasury Stock:				
13	Beginning balance (January 1)	---	---	---	---
14	Purchase of additional stock				
15	Sale or retirement of stock				
16	Ending balance	---	---	---	---
	Other:				
17	Beginning balance (January 1)	---	---	---	---
18	_____	---	---	---	---
19	_____	---	---	---	---
20	Ending balance	---	---	---	---
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		---		---
22	_____				
23	_____				
24	Ending balance		---		---
	Retained Earnings:				
25	Beginning balance (January 1)		---		---
26	Prior period adjustments				
27	Net income (loss)		2,739		10,006
28	Dividends		(2,739)		
29					
30					
31	Ending balance		0		10,006
32	*Ending Stockholders' Equity*		$ 33,262		$ 90,774

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Invested Capital:		
1	Beginning Balance (January 1)	$	$
2	Additional capital invested		
3	_____		
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning Balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending balance		
	Capital Withdrawals:		
10	Beginning Balance (January 1)	( )	( )
11	Additional capital withdrawals	( )	( )
12	_____		
13	Ending balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning Balance (January 1)	( )	( )
15	_____		
16	_____		
17	Ending balance	( )	( )
	Ending Partners' Or		
18	Proprietor's Equity	$	$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	Description (b)	1994 (c)	1993 (d)
1	Net Cash Provided (Used) By Operating Activities	$ 45,550	$ 32,015
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	---	---
3	Proceeds from the sale of short-term investment securities	---	---
4	Purchase outflows for property and equipment	(15,525)	(8,269)
5	Proceeds from disposition of property and equipmen	---	---
6	Purchase of casino reinvestment obligations	(2,015)	(2,832)
7	Purchase of other investments and loans/advances made	---	---
8	Proceeds from disposal of investments and collection of advances and long-term receivables	37	61
9	Cash outflows to acquire business entities	---	---
10	Payment to affiliate for CRDA credits	---	---
11	Net book value of disposals	549	353
12	Net Cash Provided (Used) By Investing Activities	(16,954)	(10,687)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	---	---
14	Payments to settle short-term debt	---	---
15	Cash proceeds from issuance of long-term debt	460,000	71,000
16	Costs of issuing debt	(14,898)	---
17	Payments to settle long-term debt	(414,729)	(75,035)
18	Cash proceeds from issuing stock or capital contributions	---	---
19	Purchases of treasury stock	---	---
20	Payments of dividends or capital withdrawals	(55,595)	(11,000)
21	Advance (to) from Bally and affiliates.	---	(9,000)
22	_____	---	---
23	Net Cash Provided (Used) By Financing Activities	(25,222)	(24,035)
24	Net Increase (Decrease) In Cash And Cash Equivalent	3,374	(2,707)
25	Cash And Cash Equivalents At Beginning Of Period	12,289	12,263
26	Cash And Cash Equivalents At End Of Period	$ 15,663	$ 9,556

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 44,225	43,061
28	Income taxes	$ 2,615	5,882

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes. CCC-235

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	Description (b)	1994 (c)	1993 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 2,739	10,006
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	22,376	19,904
31	Amortization of other assets	1,192	1,284
32	(Gain)/Loss from financing activities	34,872	---
33	Deferred income taxes – current	(6,618)	(1,395)
34	Deferred income taxes – noncurrent	10,935	8,108
35	(Gain) loss on disposition of property and equipmen	---	---
36	(Gain) loss on casino reinvestment obligations	1,014	1,483
37	(Gain) loss from other investment activities	(36)	11
38	Net (increase) decrease in receivables and patrons' checks	412	218
39	Net (increase) decrease in inventories	(444)	300
40	Net (increase) decrease in other current assets	(835)	(573)
41	Net (increase) decrease in other assets	(15)	3,669
42	Net increase (decrease) in accounts payables	(1,950)	(968)
43	Net increase (decrease) in other current liabilities excluding debt	(19,024)	(6,022)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(125)	(15,387)
45	Cumulative effect of change in accounting for incoms	---	11,377
46	Amortization of CRDA credits	1,057	---
47	Net Cash Provided (Used) By Operating Activities	$ 45,550	$ 32,015

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 15,525	8,269
49	Less: Capital lease obligations incurred	---	---
50	Cash Outflows For Property And Equipment	$ 15,525	$ 8,269
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$ ---	$ ---
52	Goodwill acquired	---	---
53	Net assets acquired other than cash, goodwill, and property and equipment	---	---
54	Long–term debt assumed	---	---
55	Issuance of stock or capital invested	---	---
56	Cash Outflows To Acquire Business Entities	$ ---	$ ---
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	$ ---	$ ---
58	Less: Issuances to settle long–term debt	---	---
59	Consideration in acquisition of business entities	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ ---	$ ---

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

(UNAUDITED)

($ IN THOUSANDS)

		ACCOUNTS RECEIVABLE BALANCES		
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE– (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 1,747		
2	Returned patrons' checks	1,096		
3	Total patrons' checks	2,843	$ (1,100)	1,743
4	Hotel Receivables	1,849	(200)	1,649
	Other Receivables:			
5	Receivables due from officers and employees	3		
6	Receivables due to affiliates	833		
7	Other accounts and notes receivables	1,348		
8	Total other receivables	2,184	---	2,184
9	Totals (Form 205)	$ 6,876	$ (1,300)	$ 5,576

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 2,716
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	58,501
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(47,252)
13	Checks collected through deposits	(10,408)
14	Checks transferred to returned checks	(1,810)
15	Other adjustments	---
16	Ending Balance	$ 1,747
17	"Hold" Checks Included In Balance On Line 16	$ 0
18	Provision For Uncollectible Patrons' Checks	$ 105
19	Provision As A Percent Of Counter Checks Issued	0.20%

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

PROMOTIONAL EXPENSES AND ALLOWANCES

($ in Thousands)

For the three months ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	36,679	3,994		
Food	349,075	3,954		
Beverage	920,328	1,840		
Travel			18,069	361
Coin				
Coupon			424,447	5,128
Entertainment	2,951	50		
Retail & Gifts				
Other	2,239	68	8,032	401
Total	1,311,272	$ 9,906	450,548	$ 5,890

* * * \

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 1 - Notes to Financial Statements
For the Nine Months Ended September 30, 1994 and 1993
(Unaudited)
(In thousands)

The accompanying financial statements include the accounts of Bally's Park Place, a New Jersey corporation, (the "Company"). The Company was a direct wholly owned subsidiary of Bally Entertainment Corporation ("BEC") until June 16, 1993, when BEC contributed all of the capital stock of the Company to Bally Casino Holdings, Inc. ("Casino Holdings"). Casino Holdings was formed as a subsidiary of BEC in April 1993 to serve as a holding company for the Company and for acquiring and developing gaming operations, including those in newly emerging gaming jurisdictions. The accompanying financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report to the Casino Control Commission for the year ended December 31, 1993.

Please refer to the Annual Report for the following:

1. Summary of Significant Accounting Policies
2. Leases (except rent expense for the periods)
3. Provision for Income Taxes, Reconciliation to Statutory Rate
4. Pension Plans
5. Reinvestment Obligation
6. Capital Stock-Description of Features
7. Contingent Liabilities

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at September 30, 1994 and 1993, its statement of operations for the three and nine months ended September 30, 1994 and 1993, its statement of stockholder's equity for the nine months ended September 30, 1994 and 1993, and its statement of cash flows for the nine months ended September 30, 1994 and 1993. All such adjustments were of a normal recurring nature, except for those adjustments in 1994 to reflect the refinancing of indebtedness (see "Note 4 - Long-Term Debt, Affiliates and Other") and in 1993 to apply the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes" (see "Income Taxes").

The Company operates in one industry segment. All significant revenues arise from its casino and supporting hotel operations.

Certain reclassifications have been made to prior period financial statements to conform with the 1994 presentation.

Investments in Subsidiaries

The Company has three wholly owned subsidiaries, B.W. Realty, Inc. (which operated a motel in Atlantic City until January 1992), Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease) and Bally's Park Place Realty Company (which owns land in Atlantic City). The investments in these subsidiaries are reflected in the accompanying financial statements using the equity method.

Allocations from BEC and transactions with related parties

During the three and nine months ended September 30, 1994 and 1993, respectively, BEC allocated costs to the Company consisting of the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarters' costs. While the Company does not obtain a measurable direct benefit from these allocated costs, management believes that the Company receives an indirect benefit from BEC's oversight. BEC's method for allocating costs to its subsidiaries is designed to apportion its costs to its subsidiaries and is generally based upon many subjective factors including various measures of operational size and extent of BEC's oversight requirements. During the third quarter of 1994, BEC refined its allocation estimates retroactive to January 1, 1994, which resulted in an increase of the amount initially allocated by BEC during the first half of 1994. Management of BEC believes that the methods used to allocate these costs are reasonable and expects similar allocations in future years. Because of BEC's controlling relationship with the Company and the allocation of certain BEC costs, the operating results of the Company could be significantly different if the Company operated

autonomously. In September 1994, BEC assessed the company an additional $1,996 of allocated costs retroactive to January 1, 1994. The accompanying financial statements reflect an allocation of costs and expenses incurred by BEC of $2,240 and $1,155 for the three months ended September 30, 1994 and 1993, respectively, and $3,807 and $3,024 for the nine months ended September 30, 1994 and 1993, respectively.

Certain executive officers of the Company function in a similar capacity for GNAC, CORP. (a wholly owned subsidiary of BEC which owns and operates the casino resort in Atlantic City known as "The Grand"), and exercise decision making and operational authority over both entities. No allocation of cost is made from the Company to The Grand for these executive officers as management deems the direct allocable cost to be immaterial. In addition, certain administrative and support operations of the Company and The Grand are consolidated, including legal services, purchasing, limousine services, and payroll. Costs of these operations are allocated to or from the Company either directly or using various formulas based on utilization estimates of such services. On a net basis, allocations from the Company were $32 and $107 for the three months ended September 30, 1994 and 1993, respectively, and $125 and $996 for the nine months ended September 30, 1994 and 1993, respectively. The Company leases surface area parking lots to The Grand, and rental income was $174 and $522 for each of the three and nine months ended September 30, 1994 and 1993, respectively.

The Company and The Grand have a cash management arrangement whereby The Grand has advanced excess funds to the Company which the Company used to reduce the outstanding balance under its revolving credit agreement. The Company paid interest monthly on these advances (at the prime rate of its agent bank) which totalled $75 and $431 for the three and nine months ended September 30, 1993, respectively. No amounts were advanced during the nine months ended September 30, 1994.

Income Taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of BEC. Under an agreement between the Company, BEC and Casino Holdings, income taxes are allocated to the Company based on amounts the Company would pay or receive if it filed a separate federal income tax return, except that the Company receives credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that can be utilized in BEC's consolidated federal income tax return, whether or not such losses or credits could be utilized by the Company on a separate return basis. Payments to BEC are due at such time and in such amounts as payments are required to be made for income tax purposes. Payments by BEC for such tax benefits are due at the time BEC files the applicable consolidated federal income tax return. Under the tax sharing agreement, the Company had federal income taxes receivable from BEC of $5,118 at September 30, 1994 and federal income taxes payable to BEC of $5,655 at September 30, 1993 which are classified as Prepaid Expenses and Income Taxes Payable, respectively, on the accompanying balance sheet.

Effective January 1, 1993, the Company changed its method of accounting for income taxes as required by SFAS No. 109. The cumulative effect on prior years of this change in accounting for income taxes was a charge of $11,377.

For the three and nine months ended September 30, 1994 and 1993, the effective income tax rate of the provision for income taxes differed from the federal statutory rate of 35% (39.8% and 43.0%, respectively) due principally to state income taxes. In addition, for the three and nine months ended September 30, 1993, the provision for income taxes was increased by $427 as a result of applying the change in the U.S. statutory tax rate from 34% to 35% to deferred tax balances.

PARK PLACE CASINO HOTEL & TOWER
Note 2 - Prepaid Expenses and
Other Current Assets
September 30,
(Unaudited)
(In thousands)

	1994	1993 **
Federal Income Tax Receivable	$ 5,118	$ ---
Deferred Income Tax	7,434	7,018
Prepaid License	855	718
Other*	1,189	998
	$14,596	$8,734

* No item in this category exceeds 5% of total current assets.
** Restated to conform to 1994 presentation.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 3 - Property, Plant and Equipment
September 30,
(Unaudited)
(In thousands)

	1994	1993*
Land	$ 63,163	$ 63,168
Buildings, Leasehold Improvements	547,749	540,822
Furniture, Fixtures and Equipment	150,482	140,138
Construction in Progress	1,020	1,238
	762,414	745,366
Less Accumulated Depreciation and Amortization	(303,111)	(277,863)
Property and Equipment, Net	$459,303	$467,503

*Restated to conform to 1994 presentation.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 4 - Long-Term Debt, Affiliates and Other
September 30,
(Unaudited)
(In thousands)

Long-Term Debt	1994	1993
Due to affiliates:		
9 1/4% First Mortgage Notes due 2004	$ 425,000	$ ---
11 7/8 First Mortgage Notes due 1999	---	350,000
	$ 425,000	$350,000
Other:		
Revolving credit agreement	$ ---	$ ---
Other secured and unsecured debt	2,690	2,738
	$ 2,690	$ 2,738

On March 8, 1994, the Company issued $425,000 principal amount of 9 1/4% First Mortgage Notes due 2004 (the "9 1/4% Notes"). The Company used the net proceeds from the sale of the 9 1/4% Notes to purchase and retire certain of its 11 7/8% First Mortgage Notes due 1999 (the "11 7/8% Notes"), defease the remaining 11 7/8% Notes at a price of 104.45% of their principal amount plus accrued interest through the redemption date, thereby satisfying all obligations thereunder, and pay a $30,000 dividend to Casino Holdings. In addition, a $595 dividend was paid in February 1994, which was the amount available at December 31, 1993 under the indenture for the 11 7/8% Notes. The retirement and defeasance of the 11 7/8% Notes resulted in an extraordinary loss of $20,735 net of an income tax benefit of $14,137. In connection with the sale of the 9 1/4% Notes, the Company terminated its former credit facility and entered into an agreement for a new $50,000 revolving credit facility which expires on December 31, 1996, at which time all amounts outstanding become due. The new credit facility provides for interest on borrowings payable, at the Company's option, at the agent bank's prime rate (7.75% at September 30, 1994) or the LIBOR rate plus 2%, each of which increases as the balance outstanding increases. The Company pays a fee of 1/2% on the unused commitment. The entire credit line was available at September 30, 1994.

The indenture for the 9 1/4% Notes and the new credit facility imposes restrictions on the Company's ability to incur debt and issue preferred stock, make acquisitions and certain restricted payments, create liens, sell assets or enter into transactions with affiliates. The new credit facility is, in certain circumstances, more restrictive than the indenture for the 9 1/4% Notes. In connection with the sale of the 9 1/4% Notes, the Casino Control Commission (the "CCC") requires, among other things, that dividends paid by the Company to Casino Holdings which are not paid pursuant to a net income test (generally limited to 50% of aggregate consolidated net income, as defined, earned since April 1, 1994) receive prior approval from the CCC. The indenture for the 9 1/4% Notes limits these dividends to $50,000 in the aggregate of which $25,000 was paid in August. At September 30, 1994, $12,253 was available to pay dividends under the net income test.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 5 - Deferred Credits
September 30,
(Unaudited)
(In thousands)

	1994	1993
Deferred Federal Income Taxes	$ 42,695	$ 33,853

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 6 - Other Liabilities
September 30,
(Unaudited)
(In thousands)

	1994	1993
Accrued SERP	$ 8,898	$6,770
1983 Reinvestment Obligation (net of unamortized discount of $138 in 1994 and $232 in 1993)	1,137	1,343
	$10,035	$8,113

The Company has a noncontributory supplemental executive retirement plan (the "SERP") for certain key executives. Normal retirement under the SERP is age 60 and participants receive benefits based on years of service and compensation. Pension costs of the SERP are unfunded. The Company recognizes this expense over the expected length of the officers' employment.

On January 8, 1993, the Company and BEC entered into a Retirement and Separation Agreement with a former executive of the Company and BEC. The Company paid this executive $14,500 on such date in full settlement of the remaining amounts due under his employment contract and for the liability under a previous settlement of his supplemental executive retirement plan, which resulted in a gain of approximately $1,500 for the nine months ended September 30, 1993.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 7 - Interest Expense
For the Three Months Ended September 30,
(Unaudited)
(In thousands)

Charges From Affiliates	1994	1993
Bally's Park Place Funding, Inc.	$ 9,828	$ 10,390
Capitalized interest	(145)	(11)
	$ 9,683	$ 10,379
External Sources		
Interest on various loans	$ 191	$ 309
Capitalized interest	(17)	(3)
	$ 174	$ 306

For the Nine Months Ended September 30,
(Unaudited)
(In thousands)

Charges From Affiliates	1994	1993
Bally's Park Place Funding, Inc.	$ 29,989	$ 31,171
Capitalized interest	(284)	(30)
	$ 29,705	$ 31,141
External Sources		
Interest on various loans	$ 683	$ 1,474
Capitalized interest	(33)	(8)
	$ 650	$ 1,466

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 8 - Provision for Income Taxes
For the Three Months Ended September 30,
(Unaudited)
(In thousands)

	1994	1993
Current:		
Federal	$ 466	$ 3,205
State	(181)	1,402
	285	4,607
Deferred:		
Federal	8,939	4,181
State	164	720
	9,103	4,901
Total Income Taxes	$ 9,388	$ 9,508

For the Nine Months Ended September 30,
(Unaudited)
(In thousands)

	1994	1993
Current:		
Federal	$ (8,412)	$ 6,023
State	120	2,089
	(8,292)	8,112
Deferred:		
Federal	22,614	6,548
State	1,185	1,440
	23,799	7,988
Total Income Taxes	$ 15,507	$ 16,100

Reconciliation of Deferred Income Taxes
for the Nine Months Ended September 30,
(Unaudited)
(In thousands)

	1994	1993
Short-term	$ (1,273)	$ 80
Long-term	25,072	7,908
	$ 23,799	$ 7,988

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 9 - Investments, Advances and Receivables
September 30,
(Unaudited)
(In thousands)

	1994	1993
Other long-term investments and receivables:		
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	$ 4,285	$ 4,277
B.W. Realty, Inc. - 100% owned	4,787	4,749
Bally' Park Place Realty Company - 100% owned	15,630	15,630
Total investments in subsidiaries - equity	24,702	24,656
Casino Reinvestment Development Authority funds (less discount of $8,887 in 1994 and $8,696 in 1993)	8,547	8,575
Jacobs Family Terrace Mortgage Receivable (less reserve of $250 in 1994 and $250 in 1993)	2,491	2,538
Less current portion	(48)	(47)
	2,443	2,491
Total Investments, Advances and Receivables	$35,692	$35,722

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 10 - Other Accrued Expenses
September 30,
(Unaudited)
(In thousands)

	1994	1993
Payroll	$ 7,906	$ 8,614
Progressive Jackpots	1,741	1,337
Interest	1,785	5,242
Miscellaneous*	13,099	12,862
Total	$24,531	$28,055

* No item in this category exceeds 5% of total current liabilities.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 11 - Reinvestment Obligation
September 30, 1994
(Unaudited)
(In thousands)

The New Jersey Casino Control Act (the"Act") provides, among other things, for an assessment of licensees equal to 1 1/4% of their gross casino revenues. This assessment may be satisfied by the Company investing in qualified eligible direct investments, by depositing funds with the Casino Reinvestment Development Authority (the "CRDA") (which will be used to purchase bonds issued by the CRDA), by making qualified contributions or, under certain circumstances, donating funds on deposit with the CRDA in exchange for credits against future CRDA obligations. The Company's investment obligation for the nine months ended September 30, 1994 and 1993 was met by purchasing CRDA bonds, donating funds on deposit with the CRDA, utilizing CRDA credits and depositing funds with the CRDA. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to operations when it deposits funds with the CRDA to reflect the estimated realizable value of its CRDA investments. No gain or loss is recorded relating to the donation of the CRDA obligations as the book value of the Company's investment in CRDA obligations approximates the credits received.

At September 30, 1994 and 1993, the Company had $16,233 and $15,237 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased $1,201 and $1,139 from the CRDA as of September 30, 1994 and 1993, respectively.

The Company charged to operations $477 and $583 for the three months ended September 30, 1994 and 1993 respectively, and $1,014 and $1,483 for the nine months ending September 30, 1994 and 1993, respectively, to reflect the estimated realizable value of its CRDA investments.

During the three and nine months ended September 30, 1994, the Company utilized $240 and $1,057 respectively in CRDA credits to offset its assessment on gross revenues by the CRDA. No credits were available for use during the three and nine months ended September 30, 1993. These credits are charged to amortization as they are used.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 12 - Non-Operating Income
For the Three Months Ended September 30,
(Unaudited)
(In thousands)

	1994	1993
Interest Income	$ 449	$ 252
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	22	(6)
Bally Warwick, Inc.	19	(16)
Other	222	178
Total	$ 712	$ 408

Nine Months Ended September 30,
(unaudited)
(In thousands)

	1994	1993
Interest Income	$ 982	$ 746
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	45	(7)
Bally Warwick, Inc.	(10)	(4)
Other	502	315
Total	$ 1,519	$ 1,050

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
:ss.
COUNTY OF Atlantic :

Joseph A. D'Amato, being duly sworn according to law upon my oath
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Joseph A. D'Amato
Signature

Vice President of Finance & Administration
Title

#003310-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 15th day
of November, 1994

Cheryl Ann Ruggles
Signature

CHERYL ANN RUGGLES
Notary Public of New Jersey
My Commission Expires Feb. 16, 1999

Bally's Park Place, Inc. NJ
Casino Licensee

Basis of Authority
to Take Oaths

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION
d/b/a CAESARS ATLANTIC CITY

ADDRESS: 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . . . EDWARD J. SUTOR

OFFICIAL TITLE . . . . . SENIOR VICE PRESIDENT OF FINANCE

ADDRESS . . . . . 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Promotional Expenses and Allowances	CCC-245
Statement of Conformity and Accuracy	CCC-250

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 1994	(d) 1993
	ASSETS			
	Current Assets:			
1	Cash		$ 11,896	$ 11,751
2	Marketable securities		–	–
3	Receivables and patrons' checks(net of allowance for doubtful accounts – 1994, $7,753; 1993, $7,463)		12,020	10,399
4	Inventories	NOTE 1	2,987	3,050
5	Prepaid expenses and other current assets	NOTES 2 & 6	12,444	14,262
6	Total current assets		39,347	39,462
7	Investments, Advances, and Receivables	NOTES 3 & 14	7,866	5,383
8	Property And Equipment – Gross	NOTES 1, 4 & 10	405,739	422,464
9	(Accumulated Depreciation/Amortization)		(125,957)	(146,211)
10	Other Assets	NOTES 1 & 12	13,187	14,090
11	**Total Assets**		$ 340,182	$ 335,188
	LIABILITIES AND EQUITY			
	Current Liabilities:			
12	Accounts payable		$ 5,028	$ 4,821
13	Notes payable	NOTE 5	–	–
	Current portion of long–term debt :			
14	Due to affiliates		–	–
15	Other	NOTE 10	–	1,882
16	Income taxes payable and accrued	NOTES 1 & 6	5,665	7,036
17	Other accrued expenses	NOTE 7	15,143	15,353
18	Other current liabilities	NOTE 8	5,126	2,952
19	Total current liabilities		30,962	32,044
	Long–Term Debt:			
20	Due to affiliates	NOTE 9	58,600	63,400
21	Other	NOTE 10	9,343	9,288
22	Deferred Credits	NOTE 6	6,910	7,031
23	Other Liabilities	NOTE 11	8,805	9,058
24	Commitments And Contingencies	NOTE 14	–	–
25	**Total Liabilities**		114,620	120,821
26	**Stockholders', Partners', Or Proprietor's Equity**		225,562	214,367
27	**Total Liabilities And Equity**		$ 340,182	$ 335,188

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino . . . . . NOTE 1 . . .	$ 257,503	$ 244,737
2	Rooms	13,214	13,043
3	Food and beverage	28,657	24,735
4	Other	10,494	9,721
5	Total revenue	309,868	292,236
6	Less: Promotional allowances . . . . . NOTE 1 . . .	35,424	29,220
7	Net revenue	274,444	263,016
	Costs And Expenses :		
8	Cost of goods and services	144,216	137,393
9	Selling, general and administrative	52,175	49,922
10	Provision for doubtful accounts	2,958	1,568
11	Total costs and expenses	199,349	188,883
12	Gross Operating Profit	75,095	74,133
13	Depreciation and amortization . . . . . NOTE 1 . . .	14,682	14,070
	Charges from affiliates other than interest:		
14	Management fees . . . . . NOTE 13 . .	8,254	7,838
15	Other . . . . . NOTE 13 . .	10,284	10,822
16	Income (Loss) From Operations	41,875	41,403
	Other Income (Expenses) :		
17	Interest (expense) – affiliates . . . . . NOTES 5 & 9. . .	(5,677)	(6,082)
18	Interest (expense) – external . . . . . NOTE 10 . . .	(751)	(871)
19	Investment alternative tax and related income (expense) – net . . . NOTE 14 . . .	(875)	(587)
20	Nonoperating income (expense) – net	285	158
21	Total other income (expenses)	(7,018)	(7,382)
22	Income (Loss) Before Income Taxes And Extraordinary Items	34,857	34,021
23	Provision (credit) for income taxes . . . . . NOTE 6 . . .	14,611	14,348
24	Income (Loss) Before Extraordinary Items	20,246	19,673
25	Extraordinary Items (net of income taxes – 1993, $; 1992 , $) Cumulative Effect of Accounting Change. . . . NOTE 6 . . .	–	2,367
26	**Net Income (Loss)**	$ 20,246	$ 17,306

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

New Jersey State Library

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino . . . NOTE 1 . . .	$ 101,515	$ 93,284
2	Rooms	4,777	4,776
3	Food and beverage	11,219	9,243
4	Other	3,637	4,619
5	Total revenue	121,148	111,922
6	Less: Promotional allowances . . . NOTE 1 . . .	14,112	11,506
7	Net revenue	107,036	100,416
	Costs And Expenses :		
8	Cost of goods and services	52,293	49,711
9	Selling, general and administrative	18,955	17,140
10	Provision for doubtful accounts	985	767
11	Total costs and expenses	72,233	67,618
12	Gross Operating Profit	34,803	32,798
13	Depreciation and amortization . . . NOTE 1 . . .	5,139	4,878
	Charges from affiliates other than interest:		
14	Management fees . . . NOTE 13 . . .	3,222	2,986
15	Other . . . NOTE 13 . . .	3,339	3,554
16	Income (Loss) From Operations	23,103	21,380
	Other Income (Expenses) :		
17	Interest (expense) – affiliates . . . NOTES 5 & 9. . . .	(1,842)	(1,928)
18	Interest (expense) – external . . . NOTE 10. . . .	(255)	(289)
19	Investment alternative tax and related income (expense) – net . . . NOTE 14 . . .	(339)	(232)
20	Nonoperating income (expense) – net	92	28
21	Total other income (expenses)	(2,344)	(2,421)
22	Income (Loss) Before Income Taxes And Extraordinary Items	20,759	18,959
23	Provision (credit) for income taxes . . . NOTE 6 . . .	8,834	8,323
24	Income (Loss) Before Extraordinary Items	11,925	10,636
25	Extraordinary Items (net of income taxes – 1993, $; 1992 , $) Cumulative Effect of Accounting Change. . . . NOTE 6 . . .	–	(2,367)
26	**Net Income (Loss)**	$ 11,925	$ 8,269

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock: No Par Value, 1,000 Shares Authorized				
1	Beginning balance (January 1)	100	$ 1,370	100	$ 1,370
2	Sale of stock	–	–	–	–
3	_____	–	–	–	–
4	Ending balance	100	1,370	100	1,370
	Preferred Stock:				
5	Beginning balance (January 1)	–	–	–	–
6	Sale of stock	–	–	–	–
7	_____	–	–	–	–
8	Ending balance	–	–	–	–
	Additional Paid–in Capital:				
9	Beginning balance (January 1)		46,065		46,065
10	_____		–		–
11	_____		–		–
12	Ending balance		46,065		46,065
	Treasury Stock:				
13	Beginning balance (January 1)	–	(–)	–	(–)
14	Purchase of additional stock	–	(–)	–	(–)
15	Sale or retirement of stock	–	–	–	–
16	Ending balance	–	(–)	–	(–)
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)	–	(–)	–	(–)
18	_____	–	–	–	–
19	_____	–	–	–	–
20	Ending balance	–	(–)	–	(–)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		(–)		(–)
22	_____		–		–
23	_____		–		–
24	Ending balance		(–)		(–)
	Retained Earnings:				
25	Beginning balance (January 1)		169,881		161,626
26	Prior period adjustments		–		–
27	Net Income (loss)		20,246		17,306
28	Dividends (Note 8)		(12,000)		(12,000)
29	_____		–		–
30	_____		–		–
31	Ending balance		178,127		166,932
32	Ending Stockholders' Equity		$ 225,562		$ 214,367

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$	$
2	Additional capital invested		
3	_____		
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	( )	( )
11	Additional capital withdrawals	( )	( )
12	_____		
13	Ending balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	( )	( )
15	_____		
16	_____		
17	Ending balance	( )	( )
18	**Ending Partners' Or Proprietor's Equity**		

This Statement Is Not Applicable

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$ 40,652	$ 41,050
	Cash Flows From Investing Activities :		
2	Purchase of short–term investment securities	–	–
3	Proceeds from the sale of short–term investment securities	–	–
4	Cash outflows for property and equipment	(15,343)	(13,088)
5	Proceeds from disposition of property and equipment	–	–
6	Purchase of casino reinvestment obligations	(2,633)	(2,518)
7	Purchase of other investments and loans/advances made	–	–
8	Proceeds from disposal of investments and collection of advances and long–term receivables	–	–
9	Cash outflows to acquire business entities	–	–
10	_____	–	–
11	_____	–	–
12	Net Cash Provided (Used) By Investing Activities	(17,976)	(15,606)
	Cash Flows From Financing Activities :		
13	Cash proceeds from issuance of short–term debt	65,888	44,512
14	Payments to settle short–term debt	(76,944)	(50,653)
15	Cash proceeds from issuance of long–term debt	–	–
16	Costs of issuing debt	–	–
17	Payments to settle long–term debt	41	(5,075)
18	Cash proceeds from issuing stock or capital contributions	–	–
19	Purchases of treasury stock	–	–
20	Payments of dividends or capital withdrawals	(12,000)	(12,000)
21	_____	–	–
22	_____	–	–
23	Net Cash Provided (Used) by Financing Activities	(23,015)	(23,216)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(339)	2,228
25	Cash And Cash Equivalents At Beginning Of Period	12,235	9,523
26	Cash And Cash Equivalents At End Of Period	$ 11,896	$ 11,751
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 6,446	$ 7,009
28	Income taxes	$ 11,060	$ 9,784

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 20,246	$ 17,306
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	13,853	13,198
31	Amortization of other assets	829	872
32	Amortization of debt discount or premium	–	–
33	Deferred income taxes – current	2,186	380
34	Deferred income taxes – noncurrent	(38)	385
35	(Gain) loss on disposition of property and equipment	(3)	20
36	(Gain) loss on casino reinvestment obligations	875	587
37	(Gain) loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	(766)	663
39	Net (increase) decrease in inventories	41	658
40	Net (increase) decrease in other current assets	(623)	(533)
41	Net (increase) decrease in other assets	(107)	(206)
42	Net increase (decrease) in accounts payable	(396)	(1,123)
43	Net increase (decrease) in other current liabilities excluding debt	4,819	6,667
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(264)	2,176
45	_____	–	–
46	_____	–	–
47	Net Cash Provided (Used) By Operating Activities	$ 40,652	$ 41,050
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 15,343	$ 13,088
49	Less: Capital lease obligations incurred	–	–
50	Cash Outflows For Property And Equipment	$ 15,343	$ 13,088
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$ –	$ –
52	Goodwill acquired	–	–
53	Net assets acquired other than cash, goodwill, and property and equipment	–	–
54	Long–term debt assumed	–	–
55	Issuance of stock or capital invested	–	–
56	Cash Outflows To Acquire Business Entities	$ –	$ –
	Stock Issued Or Capital Contributions :		
57	Total issuances of stock or capital contributions	$ –	$ –
58	Less: Issuances to settle long–term debt	–	–
59	Consideration in acquisiton of business entities	–	–
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ –	$ –

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS

Boardwalk Regency Corporation (BRC), a New Jersey corporation, is a wholly-owned subsidiary of Caesars New Jersey, Inc. (CNJ), a New Jersey corporation. CNJ is a wholly-owned subsidiary of Caesars World, Inc., (CWI), a Florida corporation. BRC owns and operates Caesars Atlantic City Hotel/Casino (CAC) in Atlantic City, New Jersey.

Revenue and Promotional Allowances

Casino revenue represents the net win from gaming wins and losses. The retail value of accommodations and the food and beverage provided to customers without charge is included in gross revenue and deducted as promotional allowances.

Inventories

Inventories are stated at the lower of cost or market, cost being determined principally on the first-in, first-out basis.

Property and Equipment

Property and equipment is recorded at cost, including interest capitalized on funds borrowed to finance construction. For the nine months ended September 30, 1994 no capitalized interest was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

Buildings and improvements including capital lease	10 to 40 years
Furniture, fixtures and equipment	3 to 8 years

Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance are expensed. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the resultant gain or loss on disposition is recognized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd):

Costs in Excess of Net Assets Acquired

The excess of the purchase price over the fair value of assets acquired, as a result of CWI's acquisition in December 1990 of the outstanding minority shares of CNJ, was approximately $8,829,000, is included in Other Assets and is being amortized on a straight-line basis over 40 years.

Income Taxes

BRC is included in CWI's consolidated Federal income tax return. Pursuant to a parent services and expense reimbursement agreement, BRC records its income tax liability (and if applicable, benefit) based upon what the amount would have been had BRC filed a separate return. Deferred income taxes are provided for timing differences between book and tax recognition of revenues and expenses.

Disclosures

Certain disclosures have been omitted in conformance with the Casino Control Commission's quarterly instructions that usually are required for a fair presentation of the financial statements in accordance with generally accepted accounting principles. The omitted disclosures pertain to the aggregate maturities of long term debt and future minimum lease payments for operating and capital leases and certain information as it relates to notes payable, capital leases and long-term debt. The disclosures were omitted because there was not a material change in the information previously disclosed in the Company's annual financial statements for the year ended December 31, 1993.

NOTE 2. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

	1994	1993
	(In Thousands)	
Deferred income taxes.(NOTE 6)..	$ 9,680	$11,824
Other.....	2,764	2,438
	$12,444	$14,262

NOTE 3. INVESTMENTS, ADVANCES AND RECEIVABLES:

	1994	1993
	(In Thousands)	
CRDA deposits	$10,492	$7,707
CRDA bonds receivable	573	521
Note receivable	831	-
	11,896	8,228
Less: valuation allowance on CRDA investments	4,030	2,845
	$7,866	$5,383

The carrying value of the CRDA investment approximated its fair value.

NOTE 4. PROPERTY AND EQUIPMENT:

	1994	1993
	(In Thousands)	
Land	$ 51,503	$ 51,503
Buildings and improvements	269,326	259,917
Furniture, fixtures and equipment	64,139	94,129
Construction in progress	8,431	4,575
Properties under capital leases.	12,340	12,340
	405,739	422,464
Less: accumulated depreciation and amortization	125,957	146,211
	$279,782	$276,253

NOTE 5. NOTES PAYABLE:

In the first nine months of 1994 and 1993, the maximum amount outstanding at any month-end was $22,082,000 and $12,944,000, respectively, the average of the month-end amounts outstanding was $12,232,000 and $5,775,000, respectively, and the weighted average interest rates were 6.9 percent and 6.0 percent, respectively.

At September 30, 1994 and 1993, the outstanding balance on the revolving line of credit was a receivable of $726,000 and $0, respectively.

NOTE 6. INCOME TAXES:

In August 1993, the Omnibus Budget Reconciliation Act of 1993 was enacted which increased the corporate tax rate from 34 to 35 percent retroactive to January 1, 1993. In accordance with generally accepted accounting principles, the retroactive effect of this change was recognized in the quarter ended September 30, 1993 and was approximately $225,000.

The provision for income taxes for the nine months ended September 30, 1994 and 1993 is comprised of the following:

	1994	1993
	(In Thousands)	
Current:		
Federal	$ 9,251	$12,017
State	3,212	3,933
Deferred:		
Federal	1,776	949
State	372	(184)
	$14,611	$16,715

Noncurrent deferred credits of $6,910,000 and $7,031,000 at September 30, 1994 and 1993, respectively, represent noncurrent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes. The most significant timing differences, included in deferred credits and prepaid expenses (**NOTE 2**), relate to the allowance for doubtful accounts, depreciation, and certain accrued liabilities.

The provision for income taxes for the nine months ended September 30, 1994 and 1993 differs from the amount computed at the statutory rate as follows:

	1994	1993
	(In Thousands)	
Federal income tax at statutory rate.	$12,756	$11,907
State income taxes, net of federal benefit	2,169	1,990
Tax effect of adoption of SFAS 109	-	2,367
Other, net	(314)	451
	$14,611	$16,715

Note 6. INCOME TAXES (cont'd):

The Internal Revenue Service has examined CWI's consolidated federal income tax returns through fiscal 1988 and is currently examining the returns for Fiscal 1989 and 1990.

NOTE 7. OTHER ACCRUED EXPENSES:

	1994	1993
	(In Thousands)	
Salaries, wages and vacation pay....	$ 4,534	$ 3,841
General liability, etc.....	1,844	4,052
Taxes, other than income taxes.....	2,247	1,965
Accrued commission payable.....	1,630	-
Other.....	4,888	5,495
	$15,143	$15,353

NOTE 8. OTHER CURRENT LIABILITIES:

	1994	1993
	(In Thousands)	
Due to CWI.....	$3,105	$1,247
Due to DPI.....	552	607
Other.....	1,469	1,098
	$5,126	$2,952

On January 24, 1994, BRC declared a $6,000,000 dividend to CNJ. On July 15, 1994, BRC declared a $6,000,000 dividend to CNJ. As of September 30, 1994, these dividends have been paid in full.

NOTE 9. LONG-TERM NOTE, DUE TO AFFILIATES:

	1994	1993
	(In Thousands)	
DPI term note due June 1, 1996, interest at 11.45%.....	$58,600	$63,400

At September 30, 1994, management estimates that the carrying value of this note approximated its fair value.

NOTE 10. LONG-TERM DEBT, OTHER:

	1994	1993
	(In Thousands)	
Mortgage payable, bearing interest at 8.0%, paid in full November 30, 1993	$ -	$1,882
Capitalized lease obligation, net of amounts representing interest....	9,343	9,288
	9,343	11,229
Less current maturities.....	-	1,882
	$9,343	$9,288

Rent expense for the nine months ended September 30, 1994 and 1993 was $1,794,000 and $1,765,000, respectively.

NOTE 11. OTHER LIABILITIES:

	1994	1993
	(In Thousands)	
General liability, etc.....	$5,481	$6,227
Other.....	3,324	2,831
	$8,805	$9,058

NOTE 12. PENSION PLANS:

BRC participates in CWI's nonqualified defined benefit pension plans (the Plans) covering officers or other employees designated as key executives of CWI or its subsidiaries. BRC has funded the vested benefits and at September 30, 1994 the amount in this revocable trust was $1,819,000 and was recorded in Other Assets. This trust shall become irrevocable in the event of a change of control of CWI (as defined). Pension expense was $415,000 and $351,000 for the nine months ended September 30, 1994 and 1993, respectively. The actuarially computed present value of the accumulated benefit obligation relating to participants employed by BRC was $2,156,876 at July 31, 1994. The liability accrued with respect to the Plan at July 31, 1994 was $3,218,557.

The Individual Retirement Account Plan was terminated on December 31, 1993 and replaced by a new 401(k) Plan effective January 1, 1994. This new plan is available to all full-time, non-union employees who have at least one year of service (as defined in the Plan). The expense of these plans for the nine months ended September 30, 1994 and 1993 was $1,443,000 and $563,000, respectively.

In addition to the BRC plans described above, union employees are covered by various multi-employer pension plans. For the union sponsored plans, information is not available from the plans' sponsors to permit BRC to determine its share of unfunded vested benefits, if any.

NOTE 13. RELATED TRANSACTIONS:

BRC has recorded expenses for the nine months ended September 30, 1994 and 1993 from CWI and affiliates as follows:

Affiliate	Transaction	1994	1993
		(In Thousands)	
Caesars World, Inc.	Management Fee	$ 8,254	$ 7,838
Caesars World Marketing Corp.	Reservation Offices	$ 4,601	$ 4,693
Caesars Palace Corp	Tradename Fee	3,877	3,723
Caesars World, Inc.	Allocated Expenses	1,806	2,406
		$10,284	$10,822

NOTE 14. COMMITMENTS AND CONTINGENCIES:

New Jersey Investment Obligation

The New Jersey Casino Control Act provides, among other things, for an investment obligation on licensees based upon their gross casino revenues. This obligation may be satisfied by investing in qualified eligible direct investments, by purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), and/or by making qualified contributions. As of September 30, 1994, all BRC investment obligations had been satisfied or prepaid.

Litigation

BRC is party to legal proceedings arising in the normal conduct of business. BRC believes that the final outcome of these matters will not have a material adverse effect upon BRC's financial position.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994
(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE – (e) NET OF ALLOWANCE
	Patron Checks :			
1	Undeposited patrons' checks	$ 5,302	–	
2	Returned patrons' checks	12,184	–	
3	Total patrons' checks	17,486	$ 7,588	$ 9,898
4	Hotel Receivables	690	165	525
	Other Receivables:			
5	Receivables due from officers and employees	2	–	
6	Receivables due from affiliates	741	–	
7	Other accounts and notes receivables	854	–	
8	Total other receivables	1,597	–	1,597
9	Totals (Form 205)	$ 19,773	$ 7,753	$ 12,020

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 4,855
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	176,676
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidation, substitutions, and patrons' cash deposits)	(132,762)
13	Checks collected through deposits	(40,229)
14	Checks transferred to returned checks	(3,238)
15	Other adjustments	–
16	Ending Balance	$ 5,302
17	"Hold" Checks Included Balance on Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$ 2,914
19	Provision As A Percent Of Counter Checks Issued	1.6%

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

(UNAUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	101,625	$ 4,037		$
Food	329,239	6,148		
Beverage	525,262	2,746		
Travel			10,341	3,015
Coin			375,568	4,251
Coupon			96,383	2,567
Cash Rebates			124	1,374
Entertainment	38,500	1,043	6,352	897
Retail & gifts			747	90
Other	4,011	138	49,006	640
Total	998,637	$ 14,112	538,521	$ 12,834

FOR THE NINE MONTHS ENDING SEPTEMBER 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	209,633	$ 10,522		$
Food	779,470	14,582		
Beverage	1,413,496	7,253		
Travel			25,203	8,720
Coin			934,191	10,134
Coupon			244,488	6,408
Cash Rebates			522	2,387
Entertainment	110,184	2,563	15,553	3,010
Retail & gifts			2,131	602
Other	11,447	504	130,467	2,752
Total	2,524,230	$ 35,424	1,352,555	$ 34,013

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
:ss.
COUNTY OF ATLANTIC :

EDWARD J. SUTOR, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Edward J Sutor
Signature

SR. VICE PRESIDENT FINANCE
Title

587-11
License Number

Subscribed and sworn to
before me this 15th day
of November 1994

On Behalf Of:

Kathryn J Robinson
Signature

KATHRYN L. ROBINSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb. 20, 1997

BOARDWALK REGENCY CORPORATION
Casino License

Basis of Authority
to Take Oaths

1/86

CCC-250

QUARTERLY REPORT

THE CLARIDGE AT PARK PLACE, INC.

INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT: LAURA L. PALAZZO

OFFICIAL TITLE: VICE PRESIDENT CONTROLLER

ADDRESS: INDIANA AVENUE AT THE BOARDWALK
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

BALANCE SHEETS
SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	ASSETS		
	CURRENT ASSETS:		
1	CASH	$ 21,205	$ 6,428
2	MARKETABLE SECURITIES (at cost which approx. market)	17,479	-0-
3	RECEIVABLES & PATRONS CHECKS (NET OF ALLOW. FOR DOUBTFUL ACCOUNTS - 1994, $1,430; 1993, $1,567)	26,932	18,183
4	INVENTORIES	2,761	2,637
5	PREPAID EXPENSES & OTHER CURRENT ASSETS	1,802	1,620
6	TOTAL CURRENT ASSETS	70,179	28,868
7	INVESTMENTS, ADVANCES & RECEIVABLES...(NOTE 3)	118,839	119,119
8	PROPERTY & EQUIPMENT - GROSS	19,659	14,383
9	(ACCUMULATED DEPRECIATION/AMORTIZATION)	(10,981)	(10,029)
10	OTHER ASSETS.....(NOTE 4)	1,258	398
11	TOTAL ASSETS	$198,954	$152,739
	LIABILITIES & EQUITY		
	CURRENT LIABILITIES:		
12	ACCOUNTS PAYABLE	$ 3,894	$ 3,327
13	NOTES PAYABLE	-0-	-0-
	CURRENT PORTION OF LONG-TERM DEBT:		
14	DUE TO AFFILIATES	-0-	-0-
15	OTHER.....(NOTE 7)	-0-	3,530
16	INCOME TAXES PAYABLE & ACCRUED	(55)	1,916
17	OTHER ACCRUED EXPENSES.....(NOTE 5)	9,507	8,748
18	OTHER CURRENT LIABILITIES.....(NOTE 6)	21,368	21,416
19	TOTAL CURRENT LIABILITIES	34,714	38,937
	LONG TERM DEBT:		
20	DUE TO AFFILIATES	-0-	-0-
21	OTHER.....(NOTE 7)	-0-	31,312
22	DEFERRED CREDITS	7,578	5,724
23	OTHER LIABILITIES.....(NOTE 8)	54,126	56,971
24	COMMITMENTS & CONTINGENCIES (NOTE 1)		
25	TOTAL LIABILITIES	96,418	132,944
26	STOCKHOLDERS', PARTNERS, OR PROPRIETOR'S EQUITY	102,536	19,795
27	TOTAL LIABILITIES & EQUITY	$198,954	$152,739

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	REVENUE:		
1	CASINO	$117,216	$120,750
2	ROOMS	8,485	8,823
3	FOOD & BEVERAGE	13,948	14,256
4	OTHER	1,663	1,697
5	TOTAL REVENUE	141,312	145,526
6	LESS: PROMOTIONAL ALLOWANCES	12,954	12,388
7	NET REVENUE	128,358	133,138
	COSTS & EXPENSES:		
8	COST OF GOODS & SERVICES	70,705	68,746
9	SELLING, GENERAL & ADMINISTRATIVE	40,916	38,378
10	PROVISION FOR DOUBTFUL ACCOUNTS	375	440
11	TOTAL COSTS & EXPENSES	111,996	107,564
12	GROSS OPERATING PROFIT	16,362	25,574
13	DEPRECIATION & AMORTIZATION	1,389	1,063
	CHARGES FROM AFFILIATES OTHER THAN INTEREST:		
14	MANAGEMENT FEES	-0-	-0-
15	OTHER	84	86
16	INCOME (LOSS) FROM OPERATIONS	14,889	24,425
	OTHER INCOME (EXPENSES):		
17	INTEREST (EXPENSES) - AFFILIATES.....(NOTE 13)	(324)	(324)
18	INTEREST (EXPENSES) - EXTERNAL	(342)	(2,841)
19	INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET	(1,568)	(516)
20	NONOPERATING INCOME (EXPENSE) - NET....(NOTE 9)	(12,000)	(11,859)
21	TOTAL OTHER INCOME (EXPENSE)	(14,234)	(15,540)
22	INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS	655	8,885
23	PROVISION (CREDIT) FOR INCOME TAXES..(NOTE 11)	262	3,296
24	INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	393	5,589
25	EXTRAORDINARY ITEMS (NET OF INCOME TAXES - 1994, $ -0-; 1993, $-0-)	-0-	-0-
26	NET INCOME (LOSS)	$ 393	$ 5,589

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	REVENUE:		
1	CASINO	$ 47,766	$ 43,171
2	ROOMS	3,651	3,703
3	FOOD & BEVERAGE	5,757	5,103
4	OTHER	639	631
5	TOTAL REVENUE	57,813	52,608
6	LESS: PROMOTIONAL ALLOWANCES	5,488	4,790
7	NET REVENUE	52,325	47,818
	COSTS & EXPENSES:		
8	COST OF GOODS & SERVICES	26,508	24,024
9	SELLING, GENERAL & ADMINISTRATIVE	15,096	12,791
10	PROVISION FOR DOUBTFUL ACCOUNTS	147	136
11	TOTAL COSTS & EXPENSES	41,751	36,951
12	GROSS OPERATING PROFIT	10,574	10,867
13	DEPRECIATION & AMORTIZATION	611	369
	CHARGES FROM AFFILIATES OTHER THAN INTEREST:		
14	MANAGEMENT FEES	-0-	-0-
15	OTHER	28	29
16	INCOME (LOSS) FROM OPERATIONS	9,935	10,469
	OTHER INCOME (EXPENSES):		
17	INTEREST (EXPENSES) - AFFILIATES.....(NOTE 13)	(108)	(108)
18	INTEREST (EXPENSES) - EXTERNAL	(8)	(972)
19	INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET	(1,273)	(183)
20	NONOPERATING INCOME (EXPENSE) - NET....(NOTE 9)	(4,006)	(3,887)
21	TOTAL OTHER INCOME (EXPENSE)	(5,395)	(5,150)
22	INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS	4,540	5,319
23	PROVISION (CREDIT) FOR INCOME TAXES..(NOTE 11)	1,816	2,014
24	INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	2,724	3,305
25	EXTRAORDINARY ITEMS (NET OF INCOME TAXES - 1994, $ -0-; 1993, $-0-)	-0-	-0-
26	NET INCOME (LOSS)	$ 2,724	$ 3,305

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	1994		1993	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	COMMON STOCK: (PAR VALUE $0.10, AUTHORIZED & OUTSTANDING 1,000 SHARES)				
1	BEGINNING BALANCE (JANUARY 1)	1,000	$ 1	1,000	$ 1
2	SALE OF STOCK				
3	_____				
4	ENDING BALANCE	1,000	$ 1	1,000	$ 1
	PREFERRED STOCK:				
5	BEGINNING BALANCE (JANUARY 1)				
6	SALE OF STOCK				
7	_____				
8	ENDING BALANCE				
	ADDITIONAL PAID-IN CAPITAL:				
9	BEGINNING BALANCE (JANUARY 1)		$ 4,999		$ 4,999
10	EQUITY CONTRIBUTION FROM THE CORPORATION		82,206		-0-
11	_____				
12	ENDING BALANCE		$87,205		$ 4,999
	TREASURY STOCK:				
13	BEGINNING BALANCE (JANUARY 1)				
14	PURCHASE OF ADDITIONAL STOCK				
15	SALE OR RETIREMENT OF STOCK				
16	ENDING BALANCE				
	SUBSCRIPTIONS RECEIVABLE FOR CAPITAL STOCK:				
17	BEGINNING BALANCE (JANUARY 1)				
18	_____				
19	_____				
20	ENDING BALANCE				
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:				
21	BEGINNING BALANCE (JANUARY 1)				
22	_____				
23	_____				
24	ENDING BALANCE				
	RETAINED EARNINGS:				
25	BEGINNING BALANCE (JANUARY 1)		$14,937		$ 9,206
26	PRIOR PERIOD ADJUSTMENTS				
27	NET INCOME (LOSS)		393		5,589
28	DIVIDENDS				
29	_____				
30	_____				
31	ENDING BALANCE		15,330		14,795
32	ENDING STOCKHOLDERS' EQUITY		$102,536		$ 19,795

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	INVESTED CAPITAL:		
1	BEGINNING BALANCE (JANUARY 1)		
2	ADDITIONAL CAPITAL INVESTED		
3	_____		
4	ENDING BALANCE		
	ACCUMULATED INCOME (LOSS):		
5	BEGINNING BALANCE		
6	PRIOR PERIOD ADJUSTMENTS		
7	NET INCOME (LOSS)		
8	_____		
9	ENDING BALANCE		
	CAPITAL WITHDRAWALS:		
10	BEGINNING BALANCE		
11	ADDITIONAL CAPITAL WITHDRAWALS		
12	_____		
13	ENDING BALANCE		
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:		
14	BEGINNING BALANCE		
15	_____		
16	_____		
17	ENDING BALANCE		
18	ENDING PARTNERS' OR PROPRIETOR'S EQUITY		

NOT APPLICABLE

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	$ (5,418)	$ 6,667
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	PURCHASE OF SHORT-TERM INVESTMENT SECURITIES.....	(17,479)	-0-
3	PROCEEDS FROM THE SALE OF SHORT-TERM INV. SECURITIES...		
4	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT.....	(5,819)	(1,322)
5	PROCEEDS FROM DISPOSITION OF PROPERTY & EQUIPMENT.....	35	42
6	PURCHASE OF CASINO REINVESTMENT OBLIGATION.....	(769)	(1,456)
7	PURCHASE OF OTHER INVESTMENTS & LOANS/ADVANCES MADE....	(9,240)	(1,694)
8	PROCEEDS FROM DISPOSAL OF INVESTMENTS & COLLECTION OF ADVANCES & LONG TERM RECEIVABLES.....	7,755	7,092
9	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES.....		
10	_____.....		
11	_____.....		
12	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES.....	(25,517)	2,662
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	CASH PROCEEDS FROM ISSUANCE OF SHORT-TERM DEBT.....	-0-	-0-
14	PAYMENTS TO SETTLE SHORT-TERM DEBT.....	(1,700)	(1,000)
15	CASH PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT.....		
16	COSTS OF ISSUING DEBT.....		
17	PAYMENTS TO SETTLE LONG-TERM DEBT.....	(33,559)	(6[illegible]59)
18	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB....	82,206	[illegible]0-
19	PURCHASES OF TREASURY STOCK.....		
20	PAYMENTS OF DIVIDENDS OR CAPITAL WITHDRAWALS.....		
21	_____.....		
22	_____.....		
23	NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES.....	46,947	(7,659)
24	NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	16,012	1,670
25	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	5,193	4,758
26	CASH & CASH EQUIVALENTS AT END OF PERIOD.....	$ 21,205	$ 6,428

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	CASH PAID DURING YEAR FOR:		
27	INTEREST (NET OF AMOUNT CAPITALIZED).....	$ 351	$ 2,841
28	INCOME TAXES.....	$ 179	$ 1,068

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
29	NET INCOME (LOSS)	$ 393	$ 5,589
	NON-CASH ITEMS INCLUDED INCOME & CASH ITEMS EXCLUDED FROM INCOME:		
30	DEPRECIATION & AMORTIZATION OF PROPERTY & EQUIPMENT	1,273	928
31	AMORTIZATION OF OTHER ASSETS	116	135
32	AMORTIZATION OF DEBT DISCOUNT OR PREMIUM		
33	DEFERRED INCOME TAXES - CURRENT		
34	DEFERRED INCOME TAXES - NONCURRENT	1,475	775
35	(GAIN) LOSS ON DISPOSITION OF PROPERTY & EQUIPMENT	58	(41)
36	(GAIN) LOSS ON CASINO REINVESTMENT OBLIGATIONS	1,568	516
37	(GAIN) LOSS FROM OTHER INVESTMENT ACTIVITIES		
38	NET (INCREASE) DECREASE IN RECEIVABLES AND PATRONS' CHECKS EXCLUDING RECLASS FROM LONG TERM OF $1,187 and $663	(6,492)	(372)
39	NET (INCREASE) DECREASE IN INVENTORIES	(114)	(352)
40	NET (INCREASE) DECREASE IN OTHER CURRENT ASSETS	(245)	(554)
41	NET (INCREASE) DECREASE IN OTHER ASSETS	(945)	(72)
42	NET INCREASE (DECREASE) IN ACCOUNTS PAYABLE	1,356	1,458
43	NET INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES EXCLUDING DEBT	(795)	1,951
44	NET INCREASE (DECREASE) IN OTHER NONCURRENT LIABILITIES EXCLUDING DEBT	(2,216)	(2,554)
45	DISCOUNT ON WRAPAROUND MORTGAGE RECEIVABLE	(850)	(740)
46			
47	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (5,418)	$ 6,667

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	ACQUISITION OF PROPERTY & EQUIPMENT:		
48	ADDITIONS TO PROPERTY & EQUIPMENT	$ 5,819	$ 1,322
49	LESS: CAPITAL LEASE OBLIGATIONS ACQUIRED		
50	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT	$ 5,819	$ 1,322
	ACQUISITION OF BUSINESS ENTITIES:		
51	PROPERTY & EQUIPMENT ACQUIRED	$	$
52	GOODWILL ACQUIRED		
53	NET ASSETS ACQUIRED OTHER THAN CASH, GOODWILL & PROPERTY & EQUIPMENT		
54	LONG TERM DEBT ASSUMED		
55	ISSUANCE OF STOCK OR CAPITAL INVESTED		
56	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES	$ -0-	$ -0-
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	TOTAL ISSUANCES OF STOCK OR CAPITAL CONTRIBUTIONS	$ 82,206	$ -0-
58	LESS: ISSUANCES TO SETTLE LONG TERM DEBT		
59	CONSIDERATION IN ACQUISITION OF BUSINESS ENTITIES		
60	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB	$ 82,206	$ -0-

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1994 AND 1993

(1) Business

(a) Organization

The Claridge at Park Place, Incorporated ("New Claridge") formed on August 29, 1983, is a wholly-owned subsidiary of The Claridge Hotel and Casino Corporation (the "Corporation"). On October 31, 1983, New Claridge acquired certain assets of Del Webb's Claridge Casino - Hotel (the "Claridge"), including gaming equipment (the "Casino Assets"), from Del E. Webb New Jersey, Inc. ("DEWNJ"), a wholly-owned subsidiary of Del Webb Corporation ("Webb"), leased certain other of the Claridge's assets, including the buildings, parking facility and nongaming, depreciable, tangible property of the Claridge (the "Hotel Assets"), from Atlantic City Boardwalk Associates, L.P., ("the Partnership"), subleased the land on which the Claridge is located from the Partnership, assumed certain liabilities related to the acquired assets and undertook to carry on the business of the Claridge.

(b) Recent Business Developments

On January 31, 1994, the Corporation completed an offering of $85 million of First Mortgage Notes (the "Notes"), due 2002, bearing interest at 11 3/4%. The Notes are secured by a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets, and by a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien Wraparound Mortgage, and by a lien on the Claridge's gaming and other assets, which lien will be subordinated to liens that may be placed on those gaming and other assets to secure any future revolving credit line arrangement. Interest on the Notes is payable semiannually on February 1 and August 1 of each year, commencing August 1, 1994.

A portion of the net proceeds of $82.2 million, after deducting fees and expenses, was used as follows:

(i) to repay in full the Corporation's outstanding debt under the Revolving Credit and Term Loan Agreement (the "Loan Agreement"), including the outstanding balance of the Corporation's revolving credit line, which was secured by the First Mortgage. In conjunction with the full satisfaction of the Loan Agreement, the Corporation's revolving credit line arrangement was terminated. The Corporation is currently seeking to obtain a new line of credit arrangement; however, the Corporation believes that its current resources are adequate to fund future obligations as they become due; and

(ii) to fund internal improvements which expanded New Claridge's casino capacity and resulted in the addition of approximately 500 slot machines, as well as a poker, simulcast and keno area. Through September 30, 1994, approximately $12.7 million has been used to fund the costs of this internal expansion, which became fully operational on June 30, 1994.

The balance of the net proceeds from the offering of the Notes will be used as follows:

(i) the acquisition of an adjacent parcel of land and construction on that land of a self-parking facility. In March 1994, New Claridge acquired options to purchase for $7,500,000 two

parcels of property adjacent to its existing valet-parking facility. On June 6, 1994, New Claridge exercised these options, and deposited $400,000 with the Title Company of Jersey, to be held in escrow until settlement. In an effort to ensure that site preparation and construction of the self-parking facility can commence as soon as possible, New Claridge acquired a leasehold interest in the property on October 27, 1994. In addition, New Claridge purchased an assignment of National Westminster Bank NJ's first mortgage interest in the property on November 3, 1994 for $2,040,000. These acquisitions will give New Claridge site control of the property as of November 16, 1994. The first mortgage interest will be satisfied by the Mortgagor at settlement, which is anticipated to occur in January 1995;

(ii) the possible purchase of the Contingent Payment (see Note 8, Other Liabilities) granted in 1989 and now held in a trust for the benefit of the United Way of Arizona. The Corporation is currently negotiating to purchase the Contingent Payment, for less than face value, from the trustee for the United Way of Arizona. The Corporation previously offered to purchase the Contingent Payment for $10 million, but that offer was not accepted. Negotiations between the trustee for the United Way of Arizona and the Corporation are continuing; and

(iii) the potential expansion of the Corporation's activities into emerging gaming markets. On March 16, 1994, Claridge Gaming Incorporated was formed as a wholly-owned subsidiary of the Corporation for the purpose of exploring and developing gaming opportunities in other jurisdictions.

(c) Claridge License Renewal

On September 22, 1993, New Claridge was issued a two-year casino license by the New Jersey Casino Control Commission (the "Commission") for the period commencing September 30, 1993.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are prepared in accordance with generally accepted accounting principles.

(b) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities, with maturities of three months or less when purchased. Interest income is recorded as earned.

(c) Casino Receivables and Revenues

Credit is issued to certain casino customers and New Claridge records all unpaid credit as casino receivables on the date the credit was granted. Allowances for estimated uncollectible casino receivables are provided to reduce these receivables to amounts anticipated to be collected. New Claridge recognizes as casino revenue, the net win (which is the difference between amounts wagered and amounts paid to winning patrons) from gaming activity.

(d) Promotional Allowances

Promotional allowances are presented at retail value. The cost of providing these complimentaries is included in the statement of earnings as operating costs.

(e) Inventories

Inventories are stated at a lower of cost or market, cost being determined principally on a first-in, first-out basis.

(f) Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is provided over the estimated useful lives (five years) of the respective assets using the straight-line method.

(g) Income Taxes

New Claridge is included in the consolidated income tax return of its parent, the Corporation. Deferred income taxes are provided for the temporary differences between financial statement reporting and income tax reporting for rent levelling provisions, asset basis differences, and various other expenses recorded for financial statement purposes.

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at September 30, 1994 and 1993 are summarized as follows:

	1994	1993
	(in thousands)	
$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of $11,445,000 discount and $12,559,000 discount at September 30, 1994 and 1993, respectively)	$ 82,555	89,191
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	17,094	7,173
FF&E promissory note - expansion, 14%	8,689	10,170
Reinvestment Obligations	915	2,695
Reinvestment Obligation Credit	1,282	33
	130,535	129,262
Less Current Installments	11,696	10,143
	$ 118,839	119,119

The Expandable Wraparound Mortgage Loan Agreement ("Expandable Wraparound Mortgage") was executed and delivered by the Partnership to New Claridge and is secured by all property of the Partnership. As part of the agreement, New Claridge will service the first mortgage and the Partnership's debt under the Purchase Money Second Mortgage indebtedness. The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of $20 million in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the nine months ended September 30, 1994, $6 million in principal payments were made.

The Expandable Wraparound Mortgage also includes a provision whereby New Claridge will loan the Partnership up to $25 million in the form of FF & E promissory notes, secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment. One half of the principal is due in 48 months and the remaining balance is due 60 months from the date of the respective FF&E promissory note. During the nine months ended September 30, 1994, $625,000 in FF & E Promissory Note principal payments were made.

In connection with the offering of $85 million of Notes on January 31, 1994, the Corporation agreed to use not less than $8 million from the net proceeds of the offering to finance internal improvements to the Claridge which will be funded through additional FF&E Loans. In connection therewith, the Wraparound Mortgage Agreement as well as the Operating Lease and Expansion Operating Lease were amended to provide that the principal on these additional FF&E Loans will be payable at final maturity of the Wraparound Mortgage.

The Expandable Wraparound Mortgage was increased up to $17 million to provide the Partnership with funding for the construction of an expansion improvement in 1986. Effective on the date that the expansion opened to the public (August 28, 1986), the Partnership commenced making level monthly payments of principal and interest so as to repay on September 30, 1998, in full, the principal balance of this $17 million increase in the Expandable Wraparound Mortgage. The Expandable Wraparound Mortgage was amended to require, in addition to the above, principal payments (in equal monthly installments) due during the years 1988 through 1998 in escalating amounts totalling $80 million and on September 30, 2000 a balloon payment of $67 million, which includes $20 million of deferred interest.

The Casino Control Act (the "Act") provides for the imposition of an investment obligation, calculated as 1.25% of the total revenues from gaming operations less the provision for bad debt. If a casino licensee opts not to make an investment as required, it is assessed an alternative tax of 2.5% of total gaming revenues less the provision for bad debt. The licensee can satisfy its investment obligation by making a direct investment in a project approved by the Casino Reinvestment Development Authority ("CRDA"), the agency responsible for administrating this portion of the Act, or it can buy bonds issued by the CRDA. These bonds bear interest at two-thirds of market rates, as set forth in the Act.

New Claridge has opted to deposit its reinvestment funds with the State Treasurer. Through September 30, 1994, New Claridge has deposited $13,998,000, of which $2,207,000 has been used to purchase bonds issued by the CRDA. Since interest on these bonds and funds deposited is paid at a discounted rate, New Claridge records a valuation allowance of approximately one-third of the reinvestment obligation.

In addition, in January 1990, it was determined that certain bonds issued by the CRDA had become impaired, and that the payment of principal and interest on these bonds was uncertain. As a result, New

Claridge has recorded a valuation allowance for the full amount of its investment in these bonds, totalling $1,654,000.

In December 1989, and again in July 1990, New Claridge made to the CRDA donations of funds, totalling $7,088,000, which had previously been deposited with the State Treasurer. During the third quarter of 1994, New Claridge made donations to the CRDA, totalling $3.8 million representing amounts previously deposited with the CRDA. In exchange for the donations, New Claridge received credits equal to fifty-one percent of the donations, to be applied to its obligations commencing after the dates of the donations. New Claridge recorded expense during the three months ended September 30, 1994 to write-down the book value of the donated amounts to the amount of the credits received. As of September 30, 1994, $1,282,000 of these credits remained available.

(4) Other Assets

Other assets at September 30, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Intangible assets (net of accumulated amortization of $629 and $520 at September 30, 1994 and 1993, respectively)	$321	235
Refundable deposits, non-current	453	118
Other non-current assets	484	45
	$1,258	398

(5) Other Accrued Expenses

Other accrued expenses at September 30, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Accrued payroll and related benefits	$6,716	5,542
Accrued interest due to the Partnership	2,286	1,854
Other	505	1,352
	$9,507	8,748

New Jersey State Library

(6) Other Current Liabilities

Other current liabilities at September 30, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Due to affiliates	$ 3,600	3,600
Deferred rent, current	15,078	15,078
Auto/general claims liability	1,151	1,346
Other	1,539	1,392
	$21,368	21,416

As of September 30, 1994 and 1993, Due to Affiliates includes $3.6 million due to the Partnership. On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge $3.6 million which represented substantially all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through the closing of the restructuring. This loan is evidenced by an unsecured promissory note and is not due and payable until such time as the full or partial satisfaction of the Wraparound Mortgage and the first mortgage has been made in connection with a refinancing or sale of all or a partial interest in New Claridge. Interest, which accrues at 12% per annum, is payable in full upon maturity. As of September 30, 1994, such interest, which is included in Accrued Expenses, amounted to $2,286,000.

As of September 30, 1994, the amount of deferred rent of $15,078,000 represents the maximum deferral allowed in accordance with the terms of the Operating Lease Agreement and Expansion Operating Lease Agreement, as amended. The deferred rent liability will become payable (i) upon a sale or refinancing of the Claridge; (ii) upon full or partial satisfaction of the Wraparound Mortgage; and (iii) upon full satisfaction of any first mortgage then in place.

(7) Long-term Debt

Long-term debt at September 30, 1994 and 1993 consists of the following:

	1994	1993
	(in thousands)	
First Mortgage Note (a)	$ - 0 -	34,842
Revolving line of credit (b)	- 0 -	-0-
	$ - 0 -	34,842
Less current installments	- 0 -	3,530
	$ - 0 -	31,312

On January 31, 1994, the Corporation completed an offering of $85 million of Notes due 2002, bearing interest at 11 3/4%. The Corporation applied the net proceeds from the sale of the Notes of $82.2 million, after deducting fees and expenses as a contribution to the equity capital of New Claridge. A portion of the net proceeds was used to repay in full New Claridge's outstanding debt under the Loan Agreement, including the outstanding balance of New Claridge's revolving credit line. In conjunction with the full satisfaction of the Loan Agreement, New Claridge's revolving credit line arrangement was terminated.

(a) On October 7, 1991, New Claridge was issued a two year license by the Commission for the period commencing October 31, 1991. In conjunction with the relicensing, New Claridge was required to submit to the Commission by April 30, 1993 a plan to satisfy the balloon payment due on the term loan on January 1, 1994, pursuant to the terms of the Loan Agreement, with implementation of the plan by June 30, 1993. The third amendment to the Loan Agreement was executed, effective April 1, 1993. The modifications resulting from this amendment included (i) the extension of the maturity date of the first mortgage loan from January 1, 1994 to December 31, 1996; (ii) an increase in the interest rate to the "prime rate" of Marine Midland Bank, N.A. plus four percent (from the previous prime rate plus one and one-half percent); (iii) an increase in the mandatory principal payments from $1.2 million to $3 million annually, payable in equal monthly installments; (iv) an increase in the maximum annual capital expenditure limitation from $3.5 million per year to $5 million per year; and (v) an increase in the co-agent's fee to $70,000 per year. Prior to this amendment, New Claridge was required to pay a co-agent's fee equal to one-fortieth of one percent of the average daily outstanding balance of the first mortgage loan. In addition, New Claridge paid an extension fee of $200,000 upon the execution of this amendment to the Loan Agreement.

In addition to the mandatory principal payments, New Claridge was also required to pay quarterly, to First Fidelity Bank, N.A., New Jersey (the "Bank"), for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow as defined in the Loan Agreement.

b) Pursuant to the terms of the Loan Agreement, the Bank established a revolving working capital facility, which, prior to the full satisfaction of the Loan Agreement on January 31, 1994, was in the amount of $7.5 million. Interest on the working capital facility borrowings, which was payable monthly in arrears, accrued at a rate equal to the prime rate plus four percent, as amended effective April 1, 1993. New Claridge was also required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital facility.

(8) Other Liabilities

Other liabilities at September 30, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Deferred rent	$34,126	36,971
Other non-current liabilities	20,000	20,000
Total	$54,126	56,971

Pursuant to the Restructuring Agreement which was concluded on June 16, 1989, Webb retained an interest, which was assigned to a trustee for the benefit of the United Way of Arizona on April 2, 1990, equal to $20 million plus interest at a rate of 15% per annum, compounded quarterly, commencing December 1, 1988, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan ("Contingent Payment"), which amount is payable under certain circumstances. Consequently, New Claridge has deferred the recognition of $20 million of forgiveness income with respect to the Contingent Payment obligation. Interest on the Contingent Payment has not been recorded in the accompanying financial statements since the likelihood of paying such amount is not considered probable at this time. As of September 30, 1994, accrued interest would have amounted to approximately $27.2 million.

(9) Other Nonoperating Income (Expense) - Net

Other nonoperating income (expense) - net for the nine months September 30, 1994 and 1993 consists of the following:

	1994	1993
	(in thousands)	
Interest income - Wraparound Mortgage	$13,427	13,564
Interest income - other	1,080	124
Other nonoperating income/(expense)	7	(68)
Facilities/maintenance fee	398	398
Gain/(Loss) on disposal of assets	(58)	42
Partnership rent expense	(26,854)	(25,919)
Total	$(12,000)	(11,859)

(10) Operating Lease

New Claridge leases the Hotel Assets and the land on which the Claridge is located from the Partnership under an Operating Lease, for an initial lease term of 15 years with three ten-year renewal options. If New Claridge exercises its option to extend the term of the Operating Lease, basic rent during the renewal term will be calculated pursuant to a formula, with such rent not to be more than $29,500,000 nor less than $24,000,000 for the lease year commencing October 1, 1998 through September 30, 1999 and, subsequently, not to be greater than 10% more than the basic rent for the immediately preceding lease year in each lease year thereafter. New Claridge is also required to pay as additional rent amounts including certain taxes, insurance and other charges relating to the occupancy of the land and Hotel Assets, certain expenses and debt service relating to furniture, fixture and equipment replacements and building improvements and the general and administrative costs of the Partnership. Under the terms of the Operating Lease, New Claridge has an option to purchase, on September 30, 1998 and, if it renews the Operating Lease, on September 30, 2003, the Hotel Assets and the underlying land for their fair market value at the time the option is exercised.

Minimum future basic lease payments under the initial term of the Operating Lease as amended, as of September 30, 1994 (net of expected abatements, as discussed below) are as follows (in thousands):

10/01/94 - 09/30/95	$ 30,778
10/01/95 - 09/30/96	31,091
10/01/96 - 09/30/97	39,132
10/01/97 - 09/30/98	42,975
Total Minimum	$ 143,976

Also, additional rent payments are required based upon fixed assets purchased by the Partnership (the FF&E Replacements, note 3) and then leased to New Claridge. For the nine months ended September 30, 1994 and 1993 rental expense for all operating leases amounted to $28,352,000 and $27,693,000 respectively, of which $(2,216,000) and $(2,554,000) of rental expense is attributable to the requirement under Statement of Financial Accounting Statements #13 to provide a level rent expense for those leases with escalating payments. Under the terms of the Operating Lease, the Partnership is responsible for taxes, assessments, insurance, maintenance and repairs and other costs related to use and occupancy of the Hotel Assets.

New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge leased the expansion facility for an initial term beginning March 17, 1986 and ending on September 30, 1998 with three 10-year renewal options. Basic annual rent payable during the initial term of the Expansion Operating Lease is $3,870,000 in 1986 (prorated based on the day that the Expansion Improvements opened to the public), and determined based on the cost of the construction of the Expansion Improvements. Annually thereafter the rental amount is adjusted based on the Consumer Price Index but any increase may not exceed two percent per annum. The total Expansion Operating Lease paid for the nine months ended September 30, 1994 was $3,401,000. If the term of the Expansion Operating Lease is extended, basic annual rent will be calculated pursuant to a formula, with such rent not to be more than $3,000,000 nor less than $2,500,000 for the lease year commencing October 1, 1998 through September 30, 1999 and not to be greater than 10% more than the basic annual rent for the immediately preceding lease year in each lease year thereafter.

New Claridge is also required to pay as additional rent certain expenses and the debt service relating to Furniture, Fixture and Equipment Replacements and building improvements (collectively "Expansion FF&E Replacements") for the expanded facility. The Partnership will be required during the entire term of the Expansion Operating Lease to provide New Claridge with Expansion FF&E Replacements and until September 30, 1998, will be required to provide facility maintenance and engineering services to New Claridge. New Claridge will be obligated to lend the Partnership any amounts necessary to fund the cost of Expansion FF&E Replacements. Any advances by New Claridge for the foregoing will be secured under the Expandable Wraparound Mortgage. New Claridge will have the option to purchase, on September 30, 1998 and, if it renews the Expansion Operating Lease, on September 30, 2003, the expansion facility (including air rights) for their fair market value at the time the option is exercised.

Effective with the consummation of the restructuring in September 1989, the Operating Lease Agreement and the Expansion Operating Lease Agreement were amended to provide for the deferral of $15,078,000

of rental payments during the period July 1, 1988 through the beginning of 1992, and to provide for the abatement of $38.8 million of basic rent payable through 1998, thereby reducing the Partnership's cash flow to an amount estimated to be necessary to meet the Partnership's cash requirements. During the third quarter of 1991, the maximum deferral of basic rent allowable under the Operating Lease of $15,078,000 was reached. On August 1, 1991, the Operating Lease Agreement and Expansion Operating Lease Agreement were further amended to revise the abatement provisions so that, commencing January 1, 1991, for each calendar year through 1998, the lease abatements may not exceed $10 million in any one calendar year, and $38,820,000 in the aggregate.

Effective with the closing of the restructuring on June 16, 1989, lease expense recognized on a level basis is reduced prospectively, based on a revised schedule of rent levelling relative to the abatement of certain rents beginning in 1992.

If the Partnership should fail to make any payment due under the Wraparound Mortgage, New Claridge may exercise a right of offset against rent or other payments due under the Operating Lease and Expansion Operating Lease to the extent of any such deficiency.

(11) Income Taxes

New Claridge is included in the consolidated income tax return of its parent, the Corporation. Effective January 1, 1993, the Corporation adopted Statement No. 109 on a prospective basis. There was no effect on the Corporation's statement of operations for the nine month period ended September 30, 1993 as a result of the adoption of Statement No. 109.

Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

The provision (credit) for income taxes is comprised of the following (in thousands):

	1994	1993
Current:		
Federal	$(1,031)	2,143
State	(182)	378
Deferred	1,475	775
	$ 262	3,296

The provision (credit) for income tax differs from the amount computed at the statutory rate as follows (in thousands):

	1994	1993
Federal income tax at statutory rates	$ 223	2,802
State income tax less Federal benefit	39	494
	$ 262	3,296

(12) Related Party Transactions

(a) At the closing of the restructuring on June 16, 1989, the Partnership loaned to New Claridge all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through or at the closing of the restructuring. Interest on this loan accrues at 12% per years. For the nine months ended September 30, 1994 and 1993 interest expense due to affiliates was $324,000 and $324,000 respectively.

(b) In conjunction with the restructuring, the Maintenance Services Contract was assigned by DEWNJ to New Claridge; consequently, certain charges are paid directly to the Partnership. The costs of these services for the nine months ended September 30, 1994 and 1993 amounted to $84,000 and $86,000 respectively.

(c) The Partnership has a direct material interest in the Expandable Wraparound Mortgage Loan Agreement and the Operating Lease as described in the preceding notes. Under the terms of the above agreements, for the nine months ended September 30, 1994 and 1993 New Claridge has earned interest income of $13,427,000 and $13,564,000 respectively, and incurred lease expense of $26,854,000 and $25,919,000, respectively.

(d) In February 1992, the Corporation's Board of Directors adopted a Long-Term Incentive Plan (the "Plan") in which certain key employees of the Corporation and/or New Claridge participate. The Plan provides for the grant of the 273,938 shares of the Corporation's Class A stock, which were held as treasury shares of the Corporation, and for the issuance of 100 Equity Units. The aggregate value of the 100 Equity Units is equal to 5.41 percent of certain amounts as further defined in the Plan. Specified portions of the awarded treasury shares and Equity Units held by participants shall vest upon the attainment of specific goals as described in the Plan. The treasury shares and Equity Units fully vest upon a further restructuring or a change in control as defined. Payment with respect to the Equity Units will only be made (a) upon the occurrence of a transaction in which substantially all of the assets and business operations of the Claridge entities are transferred to one or more entities in a merger, sale of assets or other acquisition-type transaction, (b) upon termination of employment of any participant in the Plan within one year after any change in control of the Corporation occurs, as defined in the Plan, or (c) if the Corporation pays dividends to its stockholders, if the partnership makes distributions to its partners, or if the Corporation or the Partnership makes certain distributions under the Restructuring Agreement. On April 15, 1992, the Commission approved the plan and the treasury shares were delivered to the

participants. Upon the issuance of the Notes and the repayment in full of the Corporation's outstanding debt under the Loan Agreement, 25% of the share and Equity Units awarded under the Plan vested. A participant is entitled to vote all awarded shares whether or not vested in such shares.

On July 25, 1993, Shannon Bybee resigned his position as Chairman and Chief Executive Officer of the Corporation, resulting in the return to the Corporation of 73,963 shares of the Corporation's Class A stock, which had previously been awarded under the Plan. In addition, the Equity Units held by Mr. Bybee were returned to the Corporation upon his resignation. Mr. Bybee continues to serve as a member of the Board of Directors of the Corporation. In April 1994, the shares of Class A Stock and Equity Units which had been returned by Mr. Bybee were awarded to certain officers of the Corporation and/or New Claridge.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

SCHEDULE OF RECEIVABLES & PATRONS' CHECKS
SEPTEMBER 30, 1994
(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (A)	DESCRIPTION (B)	ACCT. BAL. (C)	ALLOWANCE (D)	A/R NET OF ALLOW. (E)
	PATRONS' CHECKS:			
1	UNDEPOSITED PATRONS' CHECKS	$ 931		
2	RETURNED PATRONS' CHECKS	961		
3	TOTAL PATRONS' CHECKS	1,892	$ 1,389	$ 503
4	HOTEL RECEIVABLES	241	27	214
	OTHER RECEIVABLES:			
5	RECEIVABLES DUE FROM OFFICERS & EMPLOYEES	4		
6	RECEIVABLES DUE FROM AFFILIATES	25,986		
7	OTHER ACCOUNTS & NOTES RECEIVABLES	239		
8	TOTAL OTHER RECEIVABLES	26,229	14	26,215
9	TOTALS (FORM 205)	$ 28,362	$ 1,430	$ 26,932

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (F)	DESCRIPTION (G)	(H) AMOUNT
10	BEGINNING BALANCE (JANUARY 1)	$ 864
11	COUNTER CHECKS ISSUED (EXCLUDING COUNTER CHECKS ISSUED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, PARTIAL REDEMPTIONS, SUBSTITUTIONS, & PATRONS CASH DEPOSITS)	33,795
12	CHECKS REDEEMED PRIOR TO DEPOSIT (EXCLUDING THE UNREDEEMED PORTION OF COUNTER CHECKS REDEEMED THROUGH PARTIAL REDEMPTIONS, & EXCLUDING CHECKS REDEEMED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, SUBSTITUTIONS, & PATRONS CASH DEPOSITS)	(7,317)
13	CHECKS COLLECTED THROUGH DEPOSITS	(25,759)
14	CHECKS TRANSFERRED TO RETURNED CHECKS	(652)
15	OTHER ADJUSTMENTS	
16	ENDING BALANCE	$ 931
17	"HOLD" CHECKS INCLUDED IN BALANCE ON LINE 16	
18	PROVISION FOR UNCOLLECTIBLE PATRONS' CHECKS	$ 337
19	PROVISION AS A PERCENT OF COUNTER CHECKS ISSUED	1.0%

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

PROMOTIONAL EXPENSES & ALLOWANCES
($ IN THOUSANDS)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	$ 28,477	$ 1,977	$ -0-	$ -0-
FOOD	207,541	1,750	-0-	-0-
BEVERAGE	341,469	1,713	-0-	-0-
TRAVEL	-0-	-0-	936	86
COIN	-0-	-0-	531,026	6,604
COUPON	-0-	-0-	-0-	-0-
ENTERTAINMENT	2,138	48	-0-	-0-
RETAIL & GIFTS	-0-	-0-	53,013	246
PARKING	-0-	-0-	26,763	236
OTHER	-0-	-0-	2,261	65
TOTAL	$ 579,625	$ 5,488	$ 613,999	$ 7,237

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	$ 70,968	$ 4,149	$ -0-	$ -0-
FOOD	509,438	4,447	-0-	-0-
BEVERAGE	805,347	4,143	-0-	-0-
TRAVEL	-0-	-0-	2,600	257
COIN	-0-	-0-	1,286,032	15,655
COUPON	-0-	-0-	-0-	-0-
ENTERTAINMENT	9,619	215	-0-	-0-
RETAIL & GIFTS	-0-	-0-	186,013	791
PARKING	-0-	-0-	71,481	556
OTHER	-0-	-0-	6,084	165
TOTAL	$1,395,372	$ 12,954	$1,552,210	$ 17,424

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

Laura L. Palazzo, being duly sworn according to law upon my oath deposes and says:

1. I have examined this quarterly report.

2. All the information contained in this report has been prepared in conformity with Casino Control Commission's quarterly report instructions and uniform chart of accounts.

3. The information contained in this annual report is accurate to the best of my knowledge and belief.

Laura L. Palazzo
Vice President Controller

Lisc. # 02461-11

On Behalf of the Claridge at Park Place, Inc.

Subscribed and sworn to before me on this 14 day of November, 1994.

Signature

WALTER P. SIMON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Oct. 29, 1997

Basis of authority to take oaths

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QUARTERLY REPORT

LICENSEE	**GNOC, CORP. (THE GRAND)**
ADDRESS	**Boston and Pacific Avenues**
	Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

PROPERTY OF
NEW JERSEY STATE LIBRARY
DEC 14 1994
185 W. STATE ST.
TRENTON, N.J.

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT	**Donna M. Graham**
OFFICIAL TITLE	**Vice President of Finance/Treasurer**
ADDRESS	**Boston and Pacific Avenues**
	Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year–to–Date)	CCC–210
Statements of Income (Quarter–to–Date)	CCC–215
Statements of Changes in Stockholders' Equity	CCC–220
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC–240
Schedule of Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

New Jersey State Library

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	ASSETS			
	Current Assets:	$	$	
1	Cash	5,411	3,545	
2	Marketable securities. NOTE 2.	12,955	14,250	
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $ 6,196 ; 1993, $ 6,283)	5,265	7,199	*
4	Inventories	2,578	2,098	
5	Prepaid expenses and other current assets. NOTES 3 & 18.	6,538	16,159	*
6	Total current assets	32,747	43,251	
7	Investments, Advances, and Receivables. NOTE 4.	3,207	3,122	
8	Property And Equipment – Gross. NOTE 5.	343,798	335,178	
9	(Accumulated Depreciation/Amortization). NOTE 5.	(96,529)	(87,293)	
10	Other Assets. NOTE 6.	110,174	118,884	
11	Total Assets	$ 393,397	$ 413,142	
	LIABILITIES AND EQUITY			
	Current Liabilities:			
12	Accounts payable	$ 1,857	$ 1,762	
13	Notes payable. NOTE 9.	–	–	
14	Current portion of long–term debt. Due to affiliates	–	–	
15	Other	–	–	
16	Income taxes payable and accrued	214	–	
17	Other accrued expenses. NOTE 7.	28,033	28,706	
18	Other current liabilities. NOTE 8.	2,651	1,652	
19	Total current liabilities	32,755	32,120	
	Long–Term Debt:			
20	Due to affiliates. NOTE 10.	273,142	273,076	
21	Other	–	–	
22	Deferred Credits. NOTE 11.	50,929	53,411	
23	Other Liabilities. NOTE 12.	31,021	30,451	
24	Commitments And Contingencies	–	–	
25	Total Liabilities	387,847	389,058	
26	Stockholders', Partners', Or Proprietor's Equity. NOTE 13.	5,550	24,084	
27	Total Liabilities And Equity	$ 393,397	$ 413,142	

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

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* Restated to conform to 1994 presentation.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	Revenues:	$	$	
1	Casino	170,449	164,849	
2	Rooms	11,103	10,994	
3	Food and beverage	24,683	25,150	
4	Other	7,512	8,111	
5	Total Revenues	213,747	209,104	
6	Less: Promotional allowances	27,391	26,581	
7	Net Revenues	186,356	182,523	
	Costs And Expenses:			
8	Cost of goods and services	85,548	82,167	
9	Selling, general, and administrative	66,369	60,342	*
10	Provision for doubtful accounts	2,094	530	
11	Total Costs and Expenses	154,011	143,039	
12	Gross Operating Profit	32,345	39,484	
13	Depreciation and Amortization	14,040	13,654	
	Charges from affiliates other than interest:			
14	Management fees	–	–	
15	Other NOTE 15.	2,369	4,382	*
16	Income (Loss) From Operations	15,936	21,448	
	Other Income (Expenses):			
17	Interest (expense)–affiliates	(22,780)	(23,175)	*
18	Interest (expense)–external NOTE 16.	(428)	1,809	*
19	Investment alternative tax and related income (expense) – net.	(686)	(853)	
20	Nonoperating income (expense) – net NOTE 17.	417	800	*
21	Total Other Income (Expenses)	(23,477)	(21,419)	
22	Income (Loss) Before Income Taxes And Extraordinary Items	(7,541)	29	
23	Provision (credit) for income taxes NOTE 18.	(1,448)	2,310	
24	Income (Loss) Before Extraordinary Items	(6,093)	(2,281)	
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ (1,405) NOTES 1,10,18.	–	(31,961)	
26	Net Income (Loss)	$ (6,093)	$ (34,242)	

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

* Restated to conform to 1994 presentation.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	Revenues:	$	$	
1	Casino	65,846	62,689	
2	Rooms	4,573	4,275	
3	Food and beverage	9,123	9,813	
4	Other	2,453	3,211	
5	Total Revenues	81,995	79,988	
6	Less: Promotional allowances	10,165	11,134	
7	Net Revenues	71,830	68,854	
	Costs And Expenses:			
8	Cost of goods and services	30,141	30,568	
9	Selling, general, and administrative	24,592	21,933	*
10	Provision for doubtful accounts	834	233	
11	Total Costs and Expenses	55,567	52,734	
12	Gross Operating Profit	16,263	16,120	
13	Depreciation and Amortization	4,036	4,744	
	Charges from affiliates other than interest:			
14	Management fees	–	–	
15	Other NOTE 15.	231	1,196	*
16	Income (Loss) From Operations	11,996	10,180	
	Other Income (Expenses):			
17	Interest (expense)–affiliates	(7,658)	(7,683)	*
18	Interest (expense)–external	(112)	(100)	*
19	Investment alternative tax and related income (expense) – net	(365)	(235)	
20	Nonoperating income (expense) – net NOTE 17.	191	207	*
21	Total Other Income (Expenses)	(7,944)	(7,811)	
22	Income (Loss) Before Income Taxes And Extraordinary Items	4,052	2,369	
23	Provision (credit) for income taxes NOTE 18.	779	2,981	
24	Income (Loss) Before Extraordinary Items	3,273	(612)	
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ –	–	–	
26	Net Income (Loss)	$ 3,273	$ (612)	

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

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* Restated to conform to 1994 presentation.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock:		$		$
1	Beginning balance (January 1)	3,002,500	30	3,002,500	30
2	Sale of stock				
3					
4	Ending balance	3,002,500	30	3,002,500	30
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending balance				
	Additional Paid–In Capital:				
9	Beginning balance (January 1)		58,212		65,712
10	Dividend paid				(3,500)
11					
12	Ending balance		58,212		62,212
	Treasury Stock:				
13	Beginning balance (January 1)		( )		( )
14	Purchase of additional stock		( )		( )
15	Sale or retirement of stock				
16	Ending balance		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		( )		( )
18					
19					
20	Ending balance		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		( )		( )
22					
23					
24	Ending balance		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1)		(46,599)		(3,916)
26	Prior period adjustments				
27	Net income (loss)		(6,093)		(34,242)
28	Dividends		( )		( )
29					
30					
31	Ending balance		(52,692)		(38,158)
32	Ending Stockholders' Equity		5,550		24,084

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)

($ IN THOUSANDS)

– NOT APPLICABLE –

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$	$
2	Additional capital invested		
3	_____		
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)		
11	Additional capital withdrawals		
12	_____		
13	Ending balance		
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)		
15	_____		
16	_____		
17	Ending balance		
18	**Ending Partners' Or Proprietor's Equity**	$	$

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$ 21,956	$ 16,829
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	(11,470)	(11,250)
3	Proceeds from the sale of short-term investment securities	–	–
4	Cash outflows for property and equipment	(11,036)	(7,353)
5	Proceeds from disposition of property and equipment	605	–
6	Purchase of casino reinvestment obligations	(1,376)	(1,856)
7	Purchase of other investments and loans/advances made	–	–
8	Proceeds from disposal of investment and collection of advances and long-term receivables	–	–
9	Cash outflows to acquire business entities	–	–
10	Short-term advance Bally's Park Place, Inc.(net)	–	9,000
11		–	–
12	Net Cash Provided (Used) By Investing Activities	(23,277)	(11,459)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	9,000	–
14	Payments to settle short-term debt	(9,000)	–
15	Cash proceeds from issuance of long-term debt	–	272,957
16	Costs of issuing debt	–	(13,415)
17	Payments to settle long-term debt	–	(268,840)
18	Cash proceeds from issuing stock or capital contribution	–	–
19	Purchases of treasury stock	–	–
20	Payments of dividends or capital withdrawals	–	(3,500)
21	Extraordinary loss on extinguishment of debt, net of tax	–	2,091
22		–	–
23	Net Cash Provided (Used) By Financing Activities	–	(10,707)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(1,321)	(5,337)
25	Cash And Cash Equivalents At Beginning Of Year	6,732	8,882
26	Cash And Cash Equivalents At End Of Year	$ 5,411	$ 3,545

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	$ 14,817	$ 11,046
28	Income taxes refunded (net of payments)	$ 3,757	$ 151 *

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

12/87

* Restated to conform to 1994 presentation.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	Net Cash Flows From Operating Activities:			
29	Net income (loss)	$ (6,093)	$ (34,242)	
	Noncash items included in income and cash items excluded from income:			
30	Depreciation and amortization of property and equipment	10,933	11,065	
31	Amortization of other assets	3,107	2,589	
32	Amortization of debt discount or premium	1,084	523	
33	Deferred income taxes – current	1,624	334	
34	Deferred income taxes – noncurrent	(3,375)	(6,302)	
35	(Gain) loss on disposition of property and equipment	–	–	
36	(Gain) loss on casino reinvestment obligations	686	853	
37	(Gain) loss from other investment activities	–	–	
38	Net (increase) decrease in receivables and patrons' checks	2,422	(2,769)	*
39	Net (increase) decrease in inventories	(3)	(391)	
40	Net (increase) decrease in other current assets	3,856	(1,838)	*
41	Net (increase) decrease in other assets	–	(150)	
42	Net increase (decrease) in accounts payables	(1,604)	(2,397)	
43	Net increase (decrease) in other current liabilities excluding debt	8,892	20,103	*
44	Net increase (decrease) in other noncurrent liabilities excluding debt	427	(419)	
45	Cumulative effect on prior years of change			
46	in accounting for income taxes	–	29,870	
47	Net Cash Provided (Used) By Operating Activities	$ 21,956	$ 16,829	
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
	Acquisition Of Property And Equipment:			
48	Additions to property and equipment	$ 11,036	$ 7,353	
49	Less: Capital lease obligations incurred	–	–	
50	Cash Outflows For Property And Equipment	$ 11,036	$ 7,353	
	Acquisition Of Business Entities:			
51	Property and equipment acquired	$ –	$ –	
52	Goodwill acquired		–	
53	Net assets acquired other than cash, goodwill, and property and equipment	–	–	
54	Long–term debt assumed	–	–	
55	Issuance of stock or capital invested	–	–	
56	Cash Outflows To Acquire Business Entities	$ –	$ –	
	Stock Issued Or Capital Contributions:			
57	Total issuances of stock or capital contributions	$ –	$ –	
58	Less: Issuances to settle long–term debt	–	–	
59	Consideration in acquisition of business entities	–	–	
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ –	$ –	

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

12/87

* Restated to conform to 1994 presentation.

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

GNOC, CORP. (the "Company") is a wholly owned subsidiary of GNAC, CORP. ("GNAC"), which is a wholly owned subsidiary of Bally Entertainment Corporation ("BEC"). The financial statements include the transactions between the Company, GNAC and GNF, CORP. ("GNF"), another wholly owned subsidiary of GNAC, which serves solely as a financing subsidiary. These financial statements should be read in conjunction with the Casino Control Commission Annual Report for the year ended December 31, 1993.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at September 30, 1994 and 1993, its statements of income for the three and nine months ended September 30, 1994 and 1993 and the statement of cash flows for the nine months ended September 30, 1994 and 1993. All such adjustments were of a normal, recurring nature, except for those adjustments in 1993 required to reflect the refinancing of indebtedness (see "Note 10 - Long-term debt - due to affiliates") and to apply the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes" (see "Note 18 - Income taxes").

Certain reclassifications have been made to the prior period financial statements to conform with the 1994 presentation.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations for the three and nine months ended September 30, 1994 and 1993 are not necessarily indicative of the results of operations for the full year.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities as of September 30, 1994 and 1993 consisted of repurchase agreements and certificates of deposit, at cost, which approximates market.

NOTE 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	1994	1993
Advances to Bally's Park Place, Inc.	$ -	$ 7,000
Income taxes receivable	-	589
Deferred federal and state income taxes	4,882	5,784
Other	1,656	2,786
	$ 6,538	$ 16,159

The Company and Bally's Park Place, Inc. ("Bally's Park Place") have a cash management arrangement whereby the Company has advanced excess funds to Bally's Park Place which Bally's Park Place used to reduce the outstanding balance under its revolving credit agreement. The Company received interest monthly on these advances (at the prime rate of Bally's Park Place's agent bank) which totalled $75 and $431 for the three and nine months ended September 30, 1993, respectively. No amounts were advanced during the nine months ended September 30, 1994.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30, 1994 and 1993 consisted of funds invested with the New Jersey Casino Reinvestment Development Authority (the "CRDA"), net of related valuation reserves.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consisted of the following:

	1994	1993
Land and improvements	$ 52,009	$ 52,009
Buildings and leasehold improvements	206,148	204,790
Furniture, fixtures and equipment	85,059	75,117
Construction in progress	582	3,262
	343,798	335,178
Less accumulated depreciation and amortization	(96,529)	(87,293)
	$247,269	$247,885

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 - OTHER ASSETS

Other assets as of September 30 consisted of the following:

	1994	1993
Cost in excess of acquired assets, less accumulated amortization of $22,502 and $19,335	$ 98,974	$106,138
Deferred finance costs, less accumulated amortization of $2,357 and $893	11,056	12,522
CRDA credits receivable	144	224
	$110,174	$118,884

For the three months ended September 30, 1994 and 1993, the Company expensed $94 and $169 respectively, and for the nine months ended September 30, 1994 and 1993, the Company expensed $736 and $207 respectively, representing amortization of CRDA credits.

Cost in excess of acquired assets at September 30, 1994 includes a reduction of $3,998 resulting from the settlement of a pre-acquisition contingency.

NOTE 7 - OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consisted of the following:

	1994	1993
Accrued interest	$ 14,609	$ 14,609
Accrued payroll	6,542	7,358
Accrued progressive jackpot liability	458	1,405
Accrued self insurance claims	1,326	1,247
Other	5,098	4,087
	$ 28,033	$ 28,706

NOTE 8 - OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consisted of the following:

	1994	1993
Unredeemed gaming chips and tokens	$ 762	$ 812
Due to Bally's Park Place	675	412
Due to BEC	617	-
Due to Bally's Las Vegas, Inc.	104	-
Due to Bally's Casino Holdings, Inc.	2	-
Other	491	428
	$ 2,651	$ 1,652

NOTE 9 - NOTES PAYABLE

The Company has a $20,000 revolving credit agreement (the "Credit Agreement"), which provides for interest on borrowings at the rate of 1% above the banks' stated prime rates (8.75% as of September 30, 1994) and expires on December 31, 1996. The Company pays a fee of up to 1/2% on the unused commitment. As of September 30, 1994, the entire amount of the Credit Agreement was unused.

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt due to affiliates as of September 30 consisted of the following:

	1994	1993
10-5/8% First Mortgage Notes due 2003, less unamortized discount of $1,858 and $1,924	$273,142	$273,076

In March 1993, GNF issued $275,000 principal amount of 10-5/8% First Mortgage Notes due 2003 (the "10-5/8 Notes") at a discount to yield an interest rate of 10-3/4%. The 10-5/8% Notes are unconditionally guaranteed by GNAC and are secured by a first mortgage on and security interest in substantially all property and equipment of the Company. GNF used the net proceeds from the sale of the 10-5/8% Notes, together with the collection of certain funds on deposit with Bally's Park Place, to redeem its 13-1/4% Mortgage-Backed Notes due 1995 at a price of 102.94% of their principal amount plus accrued interest, thereby satisfying all obligations thereunder. The redemption of the 13-1/4% Mortgage-Backed Notes due 1995 resulted in an extraordinary loss of $2,091, net of an income tax benefit of $1,405.

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES (Cont.)

The indenture for the 10-5/8% Notes and the Credit Agreement contain covenants including, but not limited to, the following: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv) limitation on capital expenditures; (v) limitations on encumbrances and liens; (vi) limitation on dividends and other payment restrictions affecting subsidiaries; (vii) limitation on issuance of guaranties by subsidiaries; and (viii) restrictions on merger and sale of assets. Payments of dividends by the Company are limited to 50% of its aggregate consolidated net income (as defined) earned since June 1, 1993. As of September 30, 1994, no dividends were available for payment.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of September 30, 1994 and 1993 consisted of deferred federal and state income taxes, which reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

Deferred credits at September 30, 1994 include a reduction of $3,998 resulting from the settlement of a pre-acquisition contingency.

NOTE 12 - OTHER LIABILITIES

Other liabilities consisted of $31,021 and $30,451 due to GNAC as of September 30, 1994 and 1993, respectively.

NOTE 13 - STOCKHOLDER'S EQUITY

At September 30, 1994 and 1993, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

NOTE 14 - JACKPOT PAYOUTS IN MERCHANDISE

There were no jackpot payouts in merchandise for the three and nine months ended September 30, 1994 and 1993.

NOTE 15 - CHARGES FROM AFFILIATES - OTHER

The charges from affiliates - other for the three months ended September 30 consisted of the following:

Affiliate	Nature of Charge	1994	1993
GNAC	Rent	$ 255	$ 254
BEC	Allocated costs and expenses (a)	(231)	660
Bally's Park Place	Rent (surface area parking lots)	174	174
Bally's Park Place	Allocated costs and expenses (b)	33	108
		$ 231	$1,196

The charges from affiliates - other for the nine months ended September 30 consisted of the following:

Affiliate	Nature of Charge	1994	1993
GNAC	Rent	$ 765	$ 765
BEC	Allocated costs and expenses (a)	956	2,099
Bally's Park Place	Rent (surface area parking lots)	522	522
Bally's Park Place	Allocated costs and expenses (b)	126	996
		$2,369	$4,382

(a) Costs and expenses allocated from BEC include the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarters' costs. During the third quarter of 1994, BEC refined its allocation estimates retroactive to January 1, 1994 which resulted in a reduction of the amount initially allocated by BEC during the first half of 1994.

(b) Costs and expenses allocated from Bally's Park Place relate to certain administrative and support operations of the Company and Bally's Park Place which are consolidated.

NOTE 16 - INTEREST EXPENSE - EXTERNAL

Interest expense - external for the nine months ended September 30, 1993 includes the reversal of a $2,000 interest reserve which was no longer necessary.

NOTE 17 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income, consisting of interest and dividend income, was $191 and $206 for the three months ended September 30, 1994 and 1993, respectively, and $417 and $799 for the nine months ended September 30, 1994 and 1993, respectively.

NOTE 18 - INCOME TAXES

Taxable income or loss of the Company is included in the consolidated federal income tax return of BEC. Under a tax sharing agreement between BEC and the Company, income taxes are allocated to the Company based on amounts the Company would pay or receive if it filed a separate consolidated federal income tax return, except that the Company receives credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that can be utilized in BEC's consolidated federal income tax return, regardless of whether these losses or credits could be utilized by the Company on a separate consolidated federal income tax return basis. Payments to BEC are due at such time and in such amounts as payments are required to be made for income tax purposes. Payments by BEC for such tax benefits are due at the time BEC files the applicable consolidated federal tax return.

Effective January 1, 1993, the Company changed its method of accounting for income taxes as required by SFAS No. 109. The cumulative effect on prior years of this change in accounting for income taxes was a charge of $29,870.

For the three and nine months ended September 30, 1994 and 1993, the effective rates of the income tax provision (benefit) varied from the U.S. statutory tax rate (35%) due principally to nondeductible amortization of cost in excess of acquired assets. In addition, for the three and nine months ended September 30, 1993, the income tax provision was increased by $772 as a result of applying the change in the U.S. statutory tax rate from 34% to 35% to deferred tax balances.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994
(UNAUDITED)
($ IN THOUSANDS)

	ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE– (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 4,078		
2	Returned patrons' checks	6,892		
3	Total patrons' checks	10,970	$ 6,122	$ 4,848
4	Hotel Receivables	237	74	163
	Other Receivables:			
5	Receivables due from officers and employees	1		
6	Receivables due from affiliates	15		
7	Other accounts and notes receivables	238		
8	Total other receivables	254	–	254
9	Totals (Form 205)	$ 11,461	$ 6,196	$ 5,265

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 4,694
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	108,341
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(78,276)
13	Checks collected through deposits	(25,981)
14	Checks transferred to returned checks	(4,700)
15	Other adjustments	–
16	Ending Balance	$ 4,078
17	"Hold" Checks Included In Balance On Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$ 2,044
19	Provision As A Percent Of Counter Checks Issued	1.89%

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

PROMOTIONAL EXPENSES AND ALLOWANCES

($ in Thousands)

For The Nine Months Ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	146,216	$ 7,157	–	$ –
Food	892,098	13,069	–	–
Beverage	2,237,256	4,363	–	–
Travel	–	–	43,888	3,694
Coin	–	–	1,121,759	14,750
Coupon	–	–	–	–
Entertainment	46,120	1,048	4,334	530
Retail & Gifts	32,045	1,602	156,088	2,450
Other	8,913	152	128,127	1,349
Total	3,362,648	$ 27,391	1,454,196	$ 22,773

For The Three Months Ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	59,194	$ 2,866	–	$ –
Food	322,228	4,798	–	–
Beverage	800,572	1,561	–	–
Travel	–	–	15,970	1,209
Coin	–	–	424,765	6,132
Coupon	–	–	–	–
Entertainment	15,003	313	1,442	176
Retail & Gifts	11,761	588	68,731	867
Other	3,350	39	42,153	588
Total	1,212,108	$ 10,165	553,061	$ 8,972

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
: ss.
COUNTY OF ATLANTIC :

Donna M. Graham, being duly sworn according to law upon my oath
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

Vice President of Finance/Treasurer
Title

03723-11
License Number

Subscribed and sworn to
before me this 14th day
of November, 1994

Mary K Chamberlin
Signature

MARY K. CHAMBERLIN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 31, 1997
Basis of Authority
to Take Oaths

On Behalf Of:

GNOC, CORP. (THE GRAND)
Casino Licensee

QUARTERLY REPORT

LICENSEE GREATE BAY HOTEL AND CASINO, INC.

ADDRESS INDIANA AVENUE AND BRIGHTON PARK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT: Timothy A. Ebling

OFFICIAL TITLE: Vice President Finance

ADDRESS: Indiana Avenue & Brighton Park
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year–to–Date)	CCC–210
Statements of Income (Three Months)	CCC–215
Statements of Changes in Stockholders' Equity	CCC–220
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC–240
Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:	$	$
1	Cash	17,486	15,423
2	Marketable securities	–	–
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $14,858; 1993, $16,207)	14,226	12,499
4	Inventories	4,342	3,866
5	Prepaid expenses and other current assets Note 4, 11	7,843	11,403
6	Total current assets	43,897	43,191
7	Investments, Advances, and Receivables Note 5	10,254	10,380
8	Property and Equipment – Gross Note 10	301,985	308,355
9	(Accumulated Depreciation/Amortization) Note 10	(133,234)	(149,264)
10	Other Assets Note 4, 12	14,240	7,139
11	Total Assets	$ 237,142	$ 219,801
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
12	Accounts payable	8,810	6,802
13	Notes payable Note 2, 5	–	21,000
	Current portion of Long–term debt:		
14	Due to affiliates Note 3	–	162,739
15	Other Note 3	9	8
16	Income taxes payable and accrued Note 4, 7	(2,897)	847
17	Other accrued expenses Note 13	17,968	15,639
18	Other current liabilities Note 5, 14	2,300	4,012
19	Total current liabilities	26,190	211,047
	Long–Term Debt:		
20	Due to affiliates Note 3	195,000	–
21	Other Note 3	455	465
22	Deferred Credits	–	–
23	Other Liabilities	–	–
24	Commitments and Contingencies		
25	Total Liabilities	221,645	211,512
26	Stockholders', Partners', Or Proprietor's Equity	15,497	8,289
27	Total Liabilities and Equity	$ 237,142	$ 219,801

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d)1993
	Revenue:	$	$
1	Casino	194,600	187,609
2	Rooms	7,161	7,476
3	Food and beverage	22,051	20,087
4	Other	2,945	3,633
5	Total revenue	226,757	218,805
6	Less: Promotional allowances	18,811	18,442
7	Net revenue	207,946	200,363
	Costs And Expenses:		
8	Cost of goods and services	97,133	91,243
9	Selling, general, and administrative Note 5	74,088	71,408
10	Provision for doubtful accounts	2,205	2,671
11	Total costs and expenses	173,426	165,322
12	Gross Operating Profit	34,520	35,041
13	Depreciation and amortization	11,838	12,902
	Charges from affiliates other than interest:		
14	Management fees Note 5	4,887	4,716
15	Other	–	–
16	Income (Loss) From Operations	17,795	17,423
	Other Income (Expenses):		
17	Interest (expense) – affiliates Note 5	(15,584)	(17,027)
18	Interest (expense) – external	386	318
19	Investment alternative tax and related income (expense) – net	(1,957)	(1,839)
20	Nonoperating income (expense) – net Note 9	1,737	1,512
21	Total other income (expenses)	(15,418)	(17,036)
22	Income (Loss) Before Income Taxes And Extraordinary Items	2,377	387
23	Provision (credit) for income taxes Note 4	1,913	1,053
24	Income (Loss) Before Extraordinary Items	464	(666)
25	Extraordinary items (net of income taxes – 1994, $_____; 1993, $_____) Note 4	–	2,000
26	Net Income (Loss)	$464	$1,334

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d)1993
	Revenue:	$	$
1	Casino	79,023	71,025
2	Rooms	2,739	2,661
3	Food and beverage	8,712	7,422
4	Other	1,702	1,751
5	Total revenue	92,176	82,859
6	Less: Promotional allowances	7,190	7,139
7	Net revenue	84,986	75,720
	Costs And Expenses:		
8	Cost of goods and services	36,994	33,530
9	Selling, general, and administrative	27,172	26,125
10	Provision for doubtful accounts	805	1,057
11	Total costs and expenses	64,971	60,712
12	Gross Operating Profit	20,015	15,008
13	Depreciation and amortization	4,420	4,172
	Charges from affiliates other than interest:		
14	Management fees	2,552	1,913
15	Other	–	–
16	Income (Loss) From Operations	13,043	8,923
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(5,395)	(5,697)
18	Interest (expense) – external	109	139
19	Investment alternative tax and related income (expense) – net	(735)	(1,137)
20	Nonoperating income (expense) – net	1,000	504
21	Total other income (expenses)	(5,021)	(6,191)
22	Income (Loss) Before Income Taxes And Extraordinary Items	8,022	2,732
23	Provision (credit) for income taxes	3,508	1,417
24	Income (Loss) Before Extraordinary Items	4,514	1,315
25	Extraordinary items (net of income taxes – 1994, $_____; 1993, $_____)	–	–
26	Net Income (Loss)	$4,514	$1,315

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

for the nine months ended September 30, 1994 and 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994		(d) 1993	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		$		$
1	Beginning balance (January 1)	100	3,500	100	3,500
2	Sale of stock				
3					
4	Ending balance	100	3,500	100	3,500
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending Balance				
	Additional Paid–in Capital:				
9	Beginning balance (January 1)		–		–
10	Capital Contribution		15,000		
11					
12	Ending balance		15,000		–
	Treasury Stock:				
13	Beginning balance (January 1)		( )		( )
14	Purchase of additional stock		( )		( )
15	Sale or retirement of stock				
16	Ending balance		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		( )		( )
18					
19					
20	Ending balance		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		( )		( )
22					
23					
24	Ending balance				
	Retained Earnings:				
25	Beginning balance (January 1)		(3,467)		3,455
26	Prior period adjustments				
27	Net income (loss)		464		1,334
28	Dividends				
29					
30					
31	Ending balance		(3,003)		4,789
32	Ending Stockholders' Equity		$15,497		$8,289

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

New Jersey State Library

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:	$	$
1	Beginning balance (January 1)		
2	Additional capital invested		
3	_____		
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	( )	( )
11	Additional capital withdrawals	( )	( )
12	_____		
13	Ending balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	( )	( )
15	_____		
16	_____		
17	Ending balance	( )	( )
	Ending Partners' Or	$	$
18	**Proprietor's Equity**		

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$10,025	$14,348
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	–	–
3	Proceeds from the sale of short-term investment securities	–	–
4	Purchase outflows for property and equipment	(18,506)	(5,205)
5	Proceeds from disposition of property and equipment	–	–
6	Purchase of casino reinvestment obligations	(400)	(1,455)
7	Purchase of other investments and loans/advances made	–	–
8	Proceeds from disposal of investments and collection of advances and long-term receivables	–	–
9	Cash outflows to acquire business entities	–	–
10		–	–
11		–	–
12	Net Cash Provided (Used) By Investing Activities	(18,906)	(6,660)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	1,500	–
14	Payments to settle short-term debt	(1,500)	–
15	Cash proceeds from issuance of long-term debt	195,000	–
16	Costs of issuing debt	(6,827)	(1,848)
17	Payments to settle long-term debt	(161,676)	(15,536)
18	Cash proceeds from issuing stock or capital contributions	15,000	–
19	Purchases of treasury stock	–	–
20	Payments of dividends or capital withdrawals	–	–
21	Net (repayments) borrowings from Affiliates	(28,083)	13,679
22			
23	Net Cash Provided (Used) By Financing Activities	13,414	(3,705)
24	Net Increase (Decrease) In Cash And Cash Equivalents	4,533	3,983
25	Cash And Cash Equivalents At Beginning Of Period	12,953	11,440
26	Cash And Cash Equivalents At End Of Period	$17,486	$15,423
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$12,981	$16,760
28	Income taxes	$1	$1,229

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:	$	$
29	Net income (loss)	464	1,334
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	11,376	10,866
31	Amortization of other assets	462	2,036
32	Amortization of debt discount or premium	45	271
33	Deferred income taxes – current	–	–
34	Deferred income taxes – noncurrent	3,537	(1,193)
35	(Gain) Loss on disposition of property and equipment	–	–
36	(Gain) Loss on casino reinvestment obligations	1,957	1,839
37	(Gain) Loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	(240)	945
39	Net (increase) decrease in inventories	(546)	(156)
40	Net (increase) decrease in other current assets	(1,441)	(1,679)
41	Net (increase) decrease in other assets	(1,646)	(714)
42	Net increase (decrease) in accounts payables	2,503	594
43	Net increase (decrease) in other current liabilities excluding debt	(5,305)	2,387
44	Net increase (decrease) in other noncurrent liabilities excluding debt	–	–
45	Net increase (decrease) in jackpot accrual	(1,141)	(182)
46	Cumulative effect of accounting change		(2,000)
47	Net Cash Provided (Used) By Operating Activities	$10,025	$14,348
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property and Equipment:	$	$
48	Additions to property and equipment	18,506	5,205
49	Less: Capital lease obligations incurred	–	–
50	Cash Outflows For Property And Equipment	$18,506	$5,205
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$	$
52	Goodwill acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long–term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	$ –	$ –
	Stock Issued Or Capital Contributions:	$	$
57	Total issuances of stock or capital contributions	15,000	
58	Less: Issuances to settle long–term debt		
59	Consideration in acquisition of business entities		
60	Cash proceeds From Issuing Stock Or Capital Contributions	$15,000	$ –

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization, business and basis of presentation

Greate Bay Hotel and Casino, Inc. ("GBHC") is a New Jersey corporation and a wholly owned subsidiary of GB Holdings, Inc. ("Holdings"), a Delaware corporation. Holdings is a wholly owned subsidiary of Pratt Casino Corporation ("PCC"), also a Delaware corporation. PCC is wholly owned by PPI Corporation, a New Jersey corporation and a wholly owned subsidiary of Pratt Hotel Corporation ("PHC"). On February 17, 1994, Holdings obtained ownership of GBHC through a contribution of capital by its parent. GBHC's principal business activity includes its ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands"). The Sands is managed by New Jersey Management, Inc. ("NJMI"), also a wholly owned subsidiary of PCC. Substantially all of GBHC's revenues and net income are attributable to the operations of the Sands.

GB Property Funding Corp. ("GB Property Funding"), a Delaware corporation and a wholly owned subsidiary of PCC, was incorporated in September 1993 for the purpose of borrowing funds through the issuance of $185,000,000 of ten-year, nonrecourse first mortgage notes for the benefit of GBHC; such debt was issued in February 1994 at the rate of 10 7/8% per annum and the proceeds were loaned to GBHC (see Note 3).

The financial statements as of September 30, 1994 and for the three and nine month periods ended September 30, 1994 and 1993 have been prepared by GBHC without audit. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of GBHC as of September 30, 1994, the results of its operations for the three and nine month periods ended September 30, 1994 and 1993 and its cash flows for the nine month periods ended September 30, 1994 and 1993.

(2) Short-term credit facilities and borrowing from affiliates

During June 1994, GBHC entered into an agreement for a bank line of credit in the amount of $5,000,000. The agreement provides for interest on borrowings at the bank's prime lending rate plus 3/4% per annum. In addition to the maintenance of certain financial ratios, the line of credit agreement contains numerous restrictive covenants, all of which are also covenants under other debt as described in Note 3. The bank line of credit agreement also contains certain cross-default provisions with other outstanding debt of GBHC and its affiliates. Borrowings under the line of credit are guaranteed to the extent of $2,000,000 by PCC. There are no borrowings outstanding under the line of credit at September 30, 1994.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

During February and March 1993, a subsidiary of PHC issued $21,000,000 of Series A and Series B 13 1/2% Guaranteed First Mortgage Notes due in 1994 (the "Series Notes") the proceeds of which were loaned to GBHC. The Series Notes were not registered under the Securities Act and since no such registration became effective prior to August 18, 1993, the interest rate increased to 14% per annum effective at that date with additional increases of 1/4% after each succeeding 90-day period. Refinancing of the Series Notes was completed in February 1994 when GB Property Funding issued $185,000,000 of 10 7/8% First Mortgage Notes due in 2004 (see Note 3).

Hollywood Casino Corporation ("HCC"), the parent of PHC, agreed to loan up to $8,000,000 to a subsidiary of PHC, the proceeds of which were loaned to and used by the Sands in connection with an expansion of its gaming space. During 1993, the subsidiary loaned $7,083,000 to GBHC for such purposes. Such loans accrued interest at the rate of 13 1/2% per annum payable semiannually, and the outstanding balance of $8,000,000 was repaid during February 1994 in connection with the refinancing of virtually all of GBHC's outstanding debt.

(3) Long-term debt and pledge of assets

Substantially all of GBHC's assets are pledged in connection with its long-term indebtedness.

	September 30, 1994	September 30, 1993
10 7/8% first mortgage notes, due 2004 (a)	$185,000,000	$ -
11 3/4% first mortgage notes, refinanced in 1994, net of discount of $300,000 (b)	-	162,739,000
14 5/8% affiliate loan, due 2005 (c)	10,000,000	-
Other	464,000	473,000
Total indebtedness	195,464,000	163,212,000
Less - current maturities expected to be refinanced as of September 30, 1993		(161,202,000)
- other current maturities	(9,000)	(1,545,000)
Total long term debt	$195,455,000	$ 465,000

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(a) On February 17, 1994, the Sands obtained $185,000,000, from GB Property Funding, which issued $185,000,000 of non-recourse first mortgage notes due January 15, 2004 (the "10 7/8% First Mortgage Notes"). Interest on the notes accrues at the rate of 10 7/8% per annum, payable semiannually commencing July 15, 1994. Interest only is payable during the first three years. Commencing on July 15, 1997, semiannual principal payments of $2,500,000 will become due on each interest payment date.

The indenture for the 10 7/8% First Mortgage Notes contains various provisions which, among other things, restrict the ability of certain subsidiaries of PHC to pay dividends to PHC, to merge, consolidate or sell substantially all of their assets or to incur additional indebtedness beyond certain limitations. In addition, the indenture requires the maintenance of certain cash balances and, commencing in 1994, requires that a minimum of $7,000,000 be expended for property and fixture renewals, replacements and betterments, subject to increases of five percent per annum thereafter. The indenture also contains certain cross-default provisions with other outstanding debt of affiliates.

(b) On August 6, 1987, the Sands obtained $170,504,000 from a special purpose funding affiliate which issued $173,030,000 of seven-year, non-callable, nonrecourse first mortgage notes bearing interest at 11 3/4% per annum, payable semiannually (the "11 3/4% First Mortgage Notes"), net of a $2,526,000 discount. The 11 3/4% First Mortgage Notes were repaid in February 1994.

(c) On February 17, 1994, GBHC issued a $10,000,000 subordinated promissory note to an affiliate. The note bears interest at the rate of 14 5/8% per annum, payable semiannually commencing August 17, 1994, subject to meeting certain financial coverage and other payment restriction tests required by the indenture for the 10 7/8 % First Mortgage Notes, with the principal due in February 2005. Interest was not paid on August 17, 1994 as a result of losses experienced by GBHC during the second quarter.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Scheduled payments of long-term debt as of September 30, 1994 are:

1994 (3 months)	$ 2,000
1995	9,000
1996	10,000
1997	2,512,000
1998	5,013,000
Thereafter	187,918,000
Total	$ 195,464,000

(4) Income taxes

Components of the provision for income taxes consisted of the following:

	Nine Months Ended September 30, 1994	1993
Benefit (provision) in lieu of federal income taxes:		
Current	$ 1,259,000	$(1,710,000)
Deferred	(2,741,000)	915,000
State income tax benefit (provision):		
Current	365,000	(536,000)
Deferred	(796,000)	278,000
	$ (1,913,000)	$ (1,053,000)

GBHC is included in HCC's consolidated federal income tax return. Pursuant to agreements between GBHC, PHC and HCC, GBHC's provision for federal income taxes is based on the amount of tax which would be provided if a separate federal income tax return were filed. The payment of taxes in accordance with the tax allocation agreements is subject to the approval of the New Jersey Casino Control Commission. During the third quarter of 1993, $7,204,000 of current taxes payable were offset against other intercompany obligations. (See Note 7)

Both federal and state income tax provisions or benefits are based upon estimates of the results of operations for the current period and reflect the nondeductibility for income tax purposes of certain items, including certain amortization, travel and entertainment and other expenses.

Deferred income taxes result primarily from the use of the allowance method rather than the direct write-off method for doubtful accounts, the use of accelerated methods of depreciation for federal and state income tax purposes and differences in the timing of deductions taken between tax and financial reporting purposes for contributions of and adjustments to the carrying value of certain investment obligations.

In the first quarter of 1993, GBHC adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). The cumulative effect of adopting SFAS 109 as of January 1, 1993 was to increase GBHC's net deferred tax assets and net income by approximately $2,000,000. This change results primarily from reductions in current tax rates compared to those in effect when the differences between the financial statement and tax bases of assets and liabilities arose.

The components of the deferred tax liability as of September 30, 1994 and 1993 were as follows:

	September 30,	
	1994	1993
Deferred tax assets:		
Allowance for doubtful accounts	$ 4,353,000	$ 5,230,000
Other liabilities and accruals	895,000	955,000
Other	324,000	369,000
Total deferred tax assets	$ 5,572,000	6,554,000
Deferred tax liabilities:		
Depreciation and amortization	(6,469,000)	(7,092,000)
Other	(634,000)	(806,000)
Total deferred tax liabilities	(7,103,000)	(7,898,000)
Net deferred tax liability	$ (1,531,000)	$(1,344,000)

Receivables from and payables to affiliates included in the accompanying balance sheets in connection with the aforementioned tax allocation agreements were as follows:

	September 30, 1994	September 30, 1993
Prepaid expenses and other current assets	$ 4,523,000	$ 5,562,000
Other assets	4,848,000	3,996,000
Federal income taxes receivable (payable)	2,153,000	(377,000)

The New Jersey Division of Taxation is currently examining the state income tax returns of GBHC for the years 1987 through 1991. Although a possible range of adjustment can not be estimated, in the opinion of management, the results of such examination will not have a material adverse effect on the financial position or results of operations of GBHC.

(5) Transactions with related parties

NJMI, under a management agreement with the Sands, is responsible for the supervision, direction and control of the day-to-day operations of the Sands. NJMI is entitled to receive annually (i) a basic consulting fee of 1.5% of "adjusted gross revenues" as defined, and (ii) incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts should annual "gross operating profits," as defined, exceed $5,000,000. Such fees amounted to $4,887,000 and $4,716,000, during the nine month periods ended September 30, 1994 and 1993, respectively, and are included in management fees charged from affiliates in the accompanying financial statements. As of September 30, 1994 and 1993, management fees of $47,000 and $186,000 were prepaid, respectively, and are included in other current liabilities in the accompanying financial statements.

GBHC licenses the trade name "Sands" from a subsidiary of PHC, which licenses the name from an unaffiliated third party. Amounts payable by the Sands under this agreement are equal to the amount paid to the unaffiliated third party. Such charges amounted to $214,000 and $224,000 for the nine month periods ended September 30, 1994 and 1993, respectively, and are included in selling, general, and administrative expenses in the accompanying financial statements.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the nine months ended September 30, 1994 and 1993 GBHC recognized the following amounts in interest charges to affiliates net of capitalized interest:

	1994	1993
11 3/4% First Mortgage Notes	$ 2,375,000	$ 14,818,000
10 7/8% First Mortgage Notes	12,537,000	-
16 1/2% Promissory Note	-	107,000
14 5/8% Promissory Note	672,000	-
Cash Advances from Affiliates	-	2,102,000
	$ 15,584,000	$ 17,027,000

GBHC had cash advances receivable from affiliates including interest of $6,608,000 and $5,672,000 as of September 30, 1994 and 1993, respectively, and are included in investments, advances, and receivables in the accompanying financial statements. In addition, GBHC had cash advances payable to affiliates including interest totaling $2,139,000 at September 30, 1993, which is included in other current liabilities in the accompanying financial statements. Advances to affiliates and from affiliates bear interest at the rate of 16.5% and 13.5%, respectively, per annum.

Additionally, at September 30, 1993 GBHC had short term borrowings outstanding to affiliates of $21,000,000 (see Note 2). This amount is included in notes payable in the accompanying financial statements.

(6) Progressive Jackpot

Regulations approved by the New Jersey Casino Control Commission allow casino licensees to establish time limits for offering progressive slot machine jackpots to customers. Upon the expiration of the stated time limits, and upon providing proper notice to the casino customers, casino licensees are afforded certain relief including the reduction or removal of the progressive jackpot from the gaming floor. Accordingly, during May 1994 and June 1993, GBHC removed certain progressive jackpots from the gaming floor, resulting in the reversal of $1,035,000 and $342,000 of progressive jackpot liabilities, respectively, and the corresponding recognition of an equal amount of slot machine revenues.

(7) Supplemental Cash Flow Information

During September 1993, GBHC and a subsidiary of PHC settled certain intercompany obligations on a noncash basis. Borrowings from GBHC, totaling $3,537,000 along with accrued interest totaling $3,667,000 were eliminated against GBHC's current federal tax obligation under the tax allocation agreement (see Note 4). The effects of this elimination have been excluded from the accompanying statement of cash flows as a noncash transaction.

(8) Reclassifications

Certain reclassifications have been made to the 1993 financial statements to conform to the 1994 financial statement presentation.

(9) Non-Operating Income

For the nine months ended September 30, 1994 and 1993, interest income of $1,737,000 and $1,512,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

(10) Property and Equipment

Property and Equipment as of September 30, 1994 and 1993 consisted of the following:

	1994	1993
Land	$ 37,807,000	$ 37,554,000
Buildings and improvements	172,918,000	169,340,000
Operating equipment	90,171,000	98,493,000
Construction in progress	1,089,000	2,968,000
	301,985,000	308,355,000
Less: accumulated depreciation and amortization	(133,234,000)	(149,264,000)
Net property and equipment	$ 168,751,000	$ 159,091,000

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(11) Prepaid Expenses and Other Current Assets

As of September 30, 1994 and 1993, Prepaid Expenses and Other Current Assets consisted of the following:

	1994	1993
Deferred taxes - current	$ 4,523,000	$ 5,562,000
Prepaid expenses	2,706,000	3,091,000
Deposits	511,000	598,000
Current portion of deferred credits on deposit with the Casino Reinvestment Development Authority	103,000	2,152,000
	$ 7,843,000	$11,403,000

(12) Other Assets

As of September 30, 1994 and 1993, Other Assets consisted of the following:

	1994	1993
Deferred taxes - non-current	$ 5,814,000	$ 5,159,000
Deferred financing costs	6,683,000	2,461,000
Other	1,743,000	(481,000)
	$14,240,000	$ 7,139,000

(13) Other Accrued Expenses

As of September 30, 1994 and 1993, Other Accrued Expenses consisted of the following:

	1994	1993
Accrued salaries and wages	$ 3,261,000	$ 4,135,000
Accrued jackpot liability	186,000	1,446,000
Accrued interest	5,169,000	1,666,000
Accrued insurance	1,906,000	2,197,000
Other accrued expenses	7,446,000	6,195,000
	$17,968,000	$15,639,000

New Jersey State Library

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(14) Other Current Liabilities

As of September 30, 1994 and 1993, Other Current Liabilities consisted of the following:

	1994	1993
Due to affiliates	$ -	$ 2,139,000
Other	2,300,000	1,873,000
	$ 2,300,000	$ 4,012,000

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

(UNAUDITED)

($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE– (e) NET OF ALLOWANCE
	Patrons' Checks:	$		
1	Undeposited patrons' checks	5,822		
2	Returned patrons' checks	20,792		
3	Total patrons' checks	26,614	$ (14,822)	$ 11,792
4	Hotel Receivables	318	(36)	282
	Other Receivables:			
5	Receivables due from officers and employees			
6	Receivables due from affiliates	438		
7	Other accounts and notes receivables	1,714		
8	Total other receivables	2,152		2,152
9	Totals (Form 205)	$ 29,084	$ (14,858)	$ 14,226

UNDEPOSITED PATRONS'CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 5,630
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits	147,085
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(110,960)
13	Checks collected through deposits	(27,853)
14	Checks transferred to returned checks	(8,080)
15	Other adjustments	–
16	Ending Balance	$5,822
17	"Hold" Checks Included in Balance On Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$2,191
19	Provision As A Percent Of Counter Checks Issued	1.5%

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	188,318	$5,027		$
Food	646,588	8,581		
Beverage	708,205	4,237		
Travel			15,773	4,092
Coin			846,090	21,002
Coupon			22,671	158
Entertainment	18,143	602		
Retail & Gifts			31,295	3,130
Other	45,425	364		
Total	1,606,679	$18,811	915,829	$28,382

****

FOR THE 3 MONTHS ENDED SEPTEMBER 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	67,468	$1,884		$ –
Food	249,531	3,266		–
Beverage	347,393	1,466		–
Travel			5,914	1,534
Coin			328,144	8,081
Coupon			8,478	59
Entertainment	16,090	455		–
Retail & Gifts			13,275	1,328
Other	14,875	119		–
Total	695,357	$7,190	355,811	$11,002

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
:ss.
COUNTY OF ATLANTIC :

Timothy A. Ebling, being duly sworn according to law upon my oath
NAME
deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Timothy A. Ebling
Signature

Timothy A. Ebling
Vice President
Title

003052-11
License Number

On Behalf Of:

Greate Bay Hotel And Casino, Inc.
Casino Licensee

Subscribed and sworn to
before me this 15 day
of NOV., 19

Janice M. Clarke
Signature

JANICE M. CLARKE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 7, 1990

Basis of Authority
to Take Oaths
4/86

CCC-250

QUARTERLY REPORT

LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

ADDRESS 1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED September 30, 19 94

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . JOSEPH A. DOMENICO

OFFICIAL TITLE. . . . . VICE PRESIDENT OF FINANCE

ADDRESS . . . . . 1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

Trading Name of Licensee: HARRAH'S CASINO HOTEL, ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

For the Quarter Ended: September 1994

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
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Promotional Expenses and Allowances	CCC-245
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TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$ 12,763	$ 8,479
2	Marketable Securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1994 $ 3,847; 1993 $ 3,989)	5,965	7,425
4	Inventories	1,603	2,307
5	Prepaid expenses and other current assets (Note 5)	5,788	3,325
6	**Total Current Assets**	26,119	21,536
7	Investments, Advances and Receivables (Note 6)	112,684	54,643
8	Property and Equipment - Gross (Note 2)	376,885	371,234
9	(Accumulated Depreciation/Amortization)	(120,055)	(112,504)
10	Other Assets	10,604	9,156
11	**Total Assets**	406,237	344,065
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts Payable	$ 1,342	$ 1,589
13	Notes Payable	0	0
	Current portion of long-term debt:		
14	Due to affiliates	0	0
15	Other (Note 4)	4	77
16	Income taxes payable and accrued	2,641	77
17	Other accrued expenses (Note 9)	17,637	15,185
18	Other current liabilities	996	449
19	**Total current liabilities**	22,620	17,377
	Long-Term Debt:		
20	Due to affiliates (Note 3 & 4)	0	0
21	Other (Notes 3 & 4)	395,278	309,751
22	Deferred Credits	4,474	3,720
23	Other Liabilities (Note 10)	41,710	41,018
24	Commitments and Contingencies (Note 7)	0	0
25	**Total Liabilities**	464,082	371,866
26	**Stockholders', Partners', or Proprietor's Equity**	(57,845)	(27,801)
27	**Total Liabilities and Equity**	$ 406,237	$ 344,065

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF INCOME

For Nine Months Ended September 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 217,086	$ 220,187
2	Rooms	15,716	16,064
3	Food and Beverage	26,129	27,710
4	Other	7,445	7,062
5	Total revenue	266,376	271,023
6	Less: Promotional Allowance	27,513	28,946
7	Net revenue	238,863	242,077
	Costs and Expenses:		
8	Cost of goods and services	126,945	133,213
9	Selling, general, and administrative	42,798	42,493
10	Provision for doubtful accounts	1,142	1,366
11	Total costs and expenses	170,885	177,072
12	Gross Operating Profit	67,978	65,005
13	Depreciation and amortization	11,368	10,162
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	1,220	998
16	Income (Loss) from Operations	55,390	53,845
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Embassy Note	0	(3,528)
18	Interest (expense) - external (Note 4)	(29,011)	(19,570)
19	Investment alternative tax and related income (expense) - net	(216)	(144)
20	Nonoperating Income (expense) - net	332	132
21	Total other income (expenses)	(28,895)	(23,110)
22	Income (Loss) Before Income Taxes and Extraord. Items	26,495	30,735
23	Provision (credit) for income taxes	2,645	2,996
24	Income (Loss) Before Extraordinary Items	23,850	27,739
25	Extraordinary items (net of income taxes - 1994, $0; 1993, $157) (Note 3)	0	(4,536)
26	**Net Income (Loss)**	$ 23,850	$ 23,203

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF INCOME

For Three Months Ended September 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 84,291	$ 80,492
2	Rooms	6,542	6,626
3	Food and Beverage	10,270	10,244
4	Other	3,179	2,940
5	Total revenue	104,282	100,302
6	Less: Promotional Allowance	10,699	10,689
7	Net revenue	93,583	89,613
	Costs and Expenses:		
8	Cost of goods and services	46,055	46,061
9	Selling, general, and administrative	15,549	14,252
10	Provision for doubtful accounts	578	307
11	Total costs and expenses	62,182	60,620
12	Gross Operating Profit	31,401	28,993
13	Depreciation and amortization	4,074	3,505
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	473	368
16	Income (Loss) from Operations	26,854	25,120
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Embassy Note	0	(3,528)
18	Interest (expense) - external .... (Note 4)	(9,440)	(5,267)
19	Investment alternative tax and related income (expense) - net	(58)	(64)
20	Nonoperating Income (expense) - net	118	(11)
21	Total other income (expenses)	(9,380)	(8,870)
22	Income (Loss) Before Income Taxes and Extraord. Items	17,474	16,250
23	Provision (credit) for income taxes	1,638	1,524
24	Income (Loss) Before Extraordinary Items	15,836	14,726
25	Extraordinary items (net of income taxes - 1994, $0; 1993, $0) . .(Note 3).	0	(3,019)
26	**Net Income (Loss)**	$ 15,836	$ 11,707

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

For the Nine Months Ended : September 30,1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$ 141,594	$ 141,594
2	Additional capital invested	0	0
3	_____	0	0
4	Ending balance	141,594	141,594
	Additional Income (Loss):		
5	Beginning balance (January 1)	675,321	647,084
6	Prior period adjustments ..(Note 11)	0	0
7	Net income (loss)	23,850	23,203
8	Deferred State Tax Adj.	302	0
9	Ending balance	699,473	670,287
	Capital Withdrawals:		
10	Beginning balance (January 1)	(869,901)	(827,557)
11	Additional capital withdrawals	(29,011)	(12,125)
12	_____	0	0
13	Ending balance	(898,912)	(839,682)
	Net Unrealized Loss on Noncurrent Marketable equity securities:		
14	Beginning balance (January 1)	0	0
15	_____	0	0
16	_____	0	0
17	Ending balance	0	0
18	**Ending Partner's or Proprietor's Equity**	(57,845)	(27,801)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

September 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
1	Net Cash Provided (Used) by Operating Activities	$ 68,859	$ 37,310
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Purchase outflows for property and equipment	(9,138)	(8,657)
5	Proceeds from disposition of property and equipment	86	66
6	Purchase of casino reinvestment obligations	(2,401)	(2,479)
7	Purchase of other investments and loan advances made	(61,469)	(25,024)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	1,727	2,187
9	Cash outflows to acquire business entities	0	0
10	_____	0	0
11	_____	0	0
12	Net Cash Provided (Used) by Investing Activities . .	(71,195)	(33,907)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt		372,688
15	Cash proceeds from issuance of long-term debt	95,350	
16	Costs of issuing debt		(369,967)
17	Payments to settle long-term debt	(63,052)	
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals . . .	(29,011)	(10,207)
21	_____		
22	_____		
23	Net Cash Provided (Used) by Financing Activities . .	3,287	(7,486)
24	Net Increase (Decrease) in Cash and Cash Equivalents	951	(4,083)
25	Cash and Cash Equivalents at Beginning of Period . .	11,812	12,562
26	Cash and Cash Equivalents at End of Period	$ 12,763	$ 8,479
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	$ 29,011	$ 23,098
28	Income Taxes	$ 2,250	$ 2,067

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

September 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	$ 23,850	$ 11,496
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	11,258	6,625
31	Amortization of other assets	1,512	827
32	Amortization of debt discount or premium	138	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	792	0
35	(Gain) loss in dispostion of property & equipment	(42)	5
36	(Gain) loss on casino reinvestment obligation	0	79
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons checks	2,254	1,843
39	Net (increase) decrease in inventories	685	194
40	Net (increase) decrease in other current assets	(3,011)	(215)
41	Net (increase) decrease in other assets	(5,177)	2,036
42	Net increase (decrease) in accounts payables	(359)	(633)
43	Net increase (decrease) in other current liabilities excluding debt . . .	4,072	2,326
44	Net increase (decrease) in other noncurrent liabilities excluding debt . .	(26)	7,819
45	Net increase (decrease) in other receivables or advances	32,913	87
46			
47	**Net Cash Provided (Used) by Operating Activities . . . .**	$ 68,859	$ 32,489
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCIAL ACTIVITES		
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	$ 9,138	$ 5,853
49	Less: capital lease obligations incurred	0	0
50	**Cash Outflows for Property and Equipment . . . . . .**	$ 9,138	$ 5,853
	Acquisition of Business Entities:		
51	Property and equipment acquired	$	$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	$	$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	$	$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquistion of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	$	$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S CASINO HOTEL, ATLANTIC CITY

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Organization - Marina Associates (the Company), doing business as Harrah's Casino Hotel, Atlantic City, operates as a general partnership. The Promus Companies, Inc., through its subsidiaries, is the sole owner of the Company.

Gaming Revenues - Gaming revenues are the net win from gaming activities and represent the difference between amounts wagered and amounts won by patrons.

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater and hotel services furnished to patrons. The retail value of these promotional allowances is deducted to arrive at net revenues. The cost of promotional allowances is charged to operations.

Inventories - Inventories of provisions and supplies are valued at the lower of cost, weighted average, or market.

Property and Equipment - Property and Equipment is carried at cost and is depreciated on the straight-line method using rates based on the following estimated useful lives:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3-10 years

The interest associated with borrowings used to finance the construction and expansion of the hotel/casino during the construction period has been capitalized and is being amortized over the estimated useful life of the complex.

When management determines that some element of property and equipment is to be disposed of, its net realizable value is estimated and a write-down is recorded if the estimated net realizable value is less than the net book value.

A valuation allowance is included as a component of accumulated depreciation.

Pre-Opening Expenses - Costs incurred prior to opening and expansion were deferred and charged to operations over a three year period using the straight-line method.

Income Taxes - The accompanying financial statements do not include a provision for Federal Income Tax purposes by the individual partners.

In accordance with regulations prescribed by the New Jersey Casino Control Act, the Company files a State Income Tax return on behalf of the partners.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes.* Under the asset and liability method of accounting for income taxes prescribed by SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Partnership adopted SFAS NO. 109 in 1992 and applied the provisions of the statement retroactively.

NOTE 2: Property and Equipment

Property and Equipment consists of the following:

	SEPTEMBER 30 (000's)	
	1994	1993
Land and Land Improvements	$ 31,791	$ 30,800
Buildings, Leaseholds and Improvements	261,891	263,337
Furniture, Fixtures and Equipment	76,731	70,574
Construction in Progress	2,104	2,756
Equipment held under Capital Leases	345	345
C-I-P NE Inlet Redevelopment Project	4,023	3,422
	376,885	371,234
Less Accumulated Depreciation	(120,055)	(112,504)
Property and Equipment, Net	$ 256,830	$258,730

The Northeast Inlet Redevelopment Project is an approved CRDA project sponsored by Harrah's. The project includes 130 townhomes, a retail strip center and a mid-rise apartment building. Eighty- five of the townhomes are sold and the balance are rented. Rental operations began in February 1992 for the townhomes and August of 1992 for the mid-rise building. Currently contained in the C-I-P account is the retail strip center.

NOTE 3: Supplemental Cash Flow Information

Supplemental disclosure of non-cash financing activities:

In March 1993, Embassy issued $200,000,000 of notes (the "8 3/4% Notes"). A portion of the proceeds of this note issuance was used to pay down certain debt owed by Embassy, and the remaining $147,000,000 was advanced to the Partnership in exchange for a promissory note (the "Promissory Note") executed by the Partnership under terms similar to the 8 3/4% Notes. This advance was accounted for as a capital distribution and was applied against Partners' (deficit) earnings.

The proceeds from the Promissory Note were used to retire a portion of the Loan Facility that the Partnership acquired in August 1992. In connection with these transactions, approximately $3,000,000 of deferred financing charges related to issuance costs incurred by Embassy were recorded by the Partnership and were being amortized over the life of the Promissory Note 3. Additionally, in conjunction with the reduction of the Loan Facility the Partnership wrote-off a proportionate share of the previously established deferred financing charges which resulted in a extraordinary loss of approximately $1,675,000.

In July 1993, Promus and certain of its subsidiaries entered into a new secured bank facility, which is a $650,000,000 reducing revolver and letter of credit facility together referred to as (the "New Facility"). The Partnership is the primary obligor of $400,000,000 of the New Facility, which consists of a $195,350,000 revolver (the "Revolver") and a $204,650,000 letter of credit (the "Letter of Credit"). Borrowings and repayments under the Revolver are accounted for as capital distributions and have been applied against Partners' (deficit) earnings. Promus has unconditionally guaranteed the Partnership's obligations under the New Facility. Initial borrowings of $160,000,000 under the Revolver were used to repay the Loan Facility, this repayment resulted in an extraordinary loss of approximately $3,330,000 related to the write-off of deferred financing charges associated with the Loan Facility. As of September 30, 1994 the Partnerships borrowings under the Revolver were $195,350,000.

The Revolver provides for borrowings at either the Eurodollar rate plus 1 1/2% or the prime rate plus 1/2%. The annual fees on the Letter of Credit and commitment fees on the unutilized portion under the Revolver are 1 3/4% and 1/2% , respectively. As required by the New Facility, interest rate protection has been maintained on $140,000,000 in principal to reduce the impact of changes in interest rates. The interest rate protection, in the form of a rate collar transaction expires in 1995 and currently holds the Partnership's interest rate in a range between 9.3% and 12.5%. As part of the New Facility transaction, deferred financing charges of approximately $8,438,000 were transferred to the Partnership and are being amortized over the life of the New Facility.

In July 1993, Embassy, through a series of intercompany transactions, transferred to the Partnership $200,000,000 Notes (the "9% Notes") in exchange for the Promissory Note. In connection with this transaction related unamortized deferred financing charges of $2,882,000 were transferred to Embassy. These transfers were accounted for as capital distributions and have been applied against Partners' (deficit) earnings. The 9% Notes principal amount is $200,000,000 and bear 9% payable monthly with the principal payment due on February 15, 1995. Associated with the 9% Notes is a $282,000 discount that was recorded and will be amortized over the life of the 9% Notes. The accompanying financial statements reflect interest expense at the effective interest rate of 9.0984%. The Letter of Credit discussed above, guarantees the liquidity to retire the 9% Notes when they mature on February 15, 1995.

These non-cash transactions have been excluded from the Statement of Cash Flows.

NOTE 4: Long-Term Debt

The maturities of long term debt are:

Date	Amount Due
1993	--
1994	--
1995	200,000,000
1996	--
1997	--
1998	195,350,000
1999	--
2000	--
	$395,350,000

Total Long-Term Debt consists of:

	SEPTEMBER 30 (000'S)	
	1994	1993
Long-term debt - Term Loan	$ --	$ --
Long-term debt - ESI Note	--	--
Long-term debt - Capital Leases	--	81
Capital Lease Obligation Due within 1 Year	--	(77)
Long-term debt - 9% Note	200,000	200,000
Discount on N/P	(72)	(253)
Long-term debt - Bank Revolver	195,350	110,000
Long-term Debt	$395,278	$309,751

Long-Term Debt - Capital Leases - Represents two thirty-six month capital leases for computer equipment.

Future minimum lease payments consist of:

Year	
1994	$ 4,525
Less amounts representing interest	(164)
Present value of net minimum lease payments	$ 4,361

NOTE 5: Prepaid Expenses and Other Current Assets

	SEPTEMBER 30 (000'S)	
	1994	1993
Prepaid Slot Tax	$ 705	$ 717
Prepaid Insurance	268	145
Prepaid Air Charters	676	589
Prepaid Marketing	262	209
Prepaid Other	3,821	1,557
Future Credit against CRDA Obligations	56	108
	$ 5,788	$ 3,325

NOTE 6: Investments, Advances and Receivables

	SEPTEMBER 30 (000'S)	
	1994	1993
Notes Receivable	$ 2,286	$ 2,321
Investment in CRDA Bonds - Net of Valuation Adj.	2,525	2,300
Reinvestment Obligation Deposits - Net of Val. Adj.	49	1,529
Due from Affiliates	106,953	46,450
Funds Advanced to Northeast Inlet Redevelopment Project to be Reimbursed by a UDAG Grant	743	743
Investment in Developer's Component of CRDA Project	--	1,083
Interest Receivable	128	217
	$112,684	$ 56,643

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at September 30, 1994 and 1993.

	SEPTEMBER 30 (000's)	
	1994	1993
Harrah's New Jersey, Inc.	$ 18,962	$ 18,962
Harrah's Holdings, Inc.	84,747	24,397
Harrah's Lake Tahoe	123	117
Embassy Suites, Inc.	2,230	2,282
Harrah's Del Rio	149	147
Harrah's Reno	395	394
Bill's Casino	111	111
Harrah's Vicksburg	22	1
Harrah's Joliet	81	29
Harrah's New Orleans	75	9
Harrah's Tunica	10	1
Harrah's Shreveport	19	--
Harrah's St.Louis	2	--
Harrah's North Kansas City	27	--
Total Due from Affiliates	$ 106,953	$ 46,450

NOTE 7: Commitments and Contingencies

Leases - The Company has several operating leases relating to a storage warehouse, parking areas, computer and communication equipment, transportation equipment and shoreline land. These leases have various expiration dates through 2003. Rental expenses for the six months ended September 30, 1994 and 1993, were approximately $2,475,820 and $2,436,079, respectively.

Future minimum lease payments due under these leases are as follows:

Year	Amount
1994	$3,127,000
1995	1,981,000
1996	1,050,000
1997	518,000
1998	204,000
Thereafter	1,428,000
	$8,308,000

The Company has entered into several long-term contracts for entertainment, marketing and laundry. The future commitments follow:

1994	$ 5,167,494
1995	1,770,044
1996	1,747,044
1997	1,747,044
1998	1,747,044
Thereafter	1,747,044
	$13,925,714

NOTE 8: Investment Obligations

Section 144 of the New Jersey Casino Control Act as amended in 1984 requires a casino licensee to make investments in New Jersey or pay an investment alternative tax if it fails to do so. For each of the calendar years 1979 to 1983, a casino licensee whose gross casino revenues exceed its cumulative investment (the "cumulative investment"), must either make investments in an amount equal to 2% of its gross casino revenues or pay an investment alternative tax in the same amount within five years of the applicable calendar year. The cumulative investment of a casino licensee includes the real property and improvement costs associated with its hotel/casino complex.

Commencing with calendar year 1984, and continuing for twenty five years thereafter, a casino licensee must either obtain investment tax credits in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making approved direct investments, purchasing bonds which pay interest below market rates which are issued by the Casino Reinvestment Development Authority (CRDA), or by donating funds directly to the CRDA in return for credit against future obligations. In addition, commencing with obligations incurred after 1983, payments of a casino licensee's obligation must be made quarterly.

The Company was granted approval in 1988, by the CRDA, for a direct investment project in Atlantic City. This project consist of 140 townhomes (85 for sale & 55 rental units), 109 unit rental midrise and 12,000 sq. ft. retail space. Operations of these facilities commended on the following dates: townhomes- February 1991, rental midrise- August 1992 and retail center- May 1993.

The Company has not be required to purchase Atlantic City bonds or pay the Atlantic City portion of the investment alternative tax to the point of the Company's equity dollars placed into this investment, provided CRDA was satisfied with the direct investment.

NOTE 8: Investment Obligations (Cont.)

the Company, however, will have to continue purchasing bonds for areas outside of Atlantic City, in order to satisfy obligations. At September 30, 1994, the Company has established a valuation allowance of $ 454,585 to provide for the charge against operations which would be incurred at the time that these bonds were issued. The charge against operations would reflect the below market rate interest paid by the bonds.

During 1990 and 1991, the Company donated obligations on deposit, allocable to South Jersey and the New Jersey Development Authority, totalling $2,000,367, directly to the CRDA, in lieu of purchasing bonds. The donation was made in consideration of 51% credit against future obligations.

NOTE 9: Other Accrued Expenses

Other Accrued Expenses consists of the following:

	SEPTEMBER 30 (000's)	
	1994	1993
Accrued Salaries, Wages and Benefits	$ 8,751	$ 8,048
Taxes Payable	867	663
Other Accrued Expenses	4,808	4,016
Accrued Progressive Slot Liability	333	240
Accrued CCC/DGE/Casino License Fees	236	454
Accrued Megabucks Handle Fees	138	(71)
Accrued Interest L-T-D	2,504	1,835
	$ 17,637	$ 15,185

NOTE 10: Other Liabilities

Other Liabilities consists of the following:

	SEPTEMBER 30 (000'S)	
	1994	1993
Long Term Due to Affiliates	$ 38,163	$ 38,204
Other Liabilities - Insurance Loss Reserves	1,427	606
Deferred Income - ACIA Grant	671	699
Deferred Income - CRDA Grant	121	126
Deferred Income - NJHMFA Grant	438	456
Deferred Income - DCA Grant	890	927
	$ 41,710	$ 41,018

NOTE 10: Other Liabilities (CONT.)

In December 1993, Marina Associates recorded an $800,000 reserve for incurred but not yet recorded claims (IBNR). The IBNR consists of $700,000 for possible insurance claims that have been incurred but not yet reported and $100,000 for estimated legal expenses. IBNR also covers any increase that may occur in the amount of the claim over the possible years of litigation. The IBNR reserve is based on an actuarial report. The Partnership is self-insured for various level of general liability and employee medical coverage. Insurance claims and reserves includes the accrual of estimated settlements for known and reported claims.

Due to Affiliates consists of the following unsecured, non-interest bearing inter-company accounts:

	SEPTEMBER 30 (000's)	
	1994	1993
Harrah's Holdings, Inc,	$ --	$ --
Harrah's Atlantic City, Inc.	37,722	37,866
Harrah's Holiday Inns of N.J., Inc.	293	293
Holiday Casino, Inc.	--	--
Harrah's Las Vegas	148	45
	$ 38,163	$ 38,204

NOTE 12: Savings and Retirements Plan

An employee Savings and Retirement Plan was established on October 1, 1985. This plan covers all non-union employees who have been employed at least one year with a minimum of one thousand hours worked. The Company will match employee contributions up to 6% of gross pay. A participating employee is vested in Company contributions according to their years of service. The Company's contribution through the six months ended September 30, 1994 and 1993, was $2,119,242 and $2,164,085, respectively.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
September 30, 1994
(UNAUDITED)
($ IN THOUSANDS)
Accounts Receivable Balances

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks			
1	Undeposited patrons' checks	$ 2,787		
2	Returned patrons's checks	5,071		
3	Total patrons' checks	7,858	$ 3,760	$ 4,098
4	Hotel Receivables	944	87	857
	Other Receivables:			
5	Receivables due from officers and employees	14		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivable	996		
8	Total other receivables	1,010	0	1,010
9	**Totals (Form 205)**	$ 9,812	$ 3,847	$ 5,965

UNDEPOSITED PATRON'S CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 2,676
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	87,504
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(56,864)
13	Checks collected through deposits	(29,659)
14	Checks transferred to returned checks	$ (875)
15	Other adjustments	$ 5
16	Ending Balance ... Foreign credit	$ 2,787
17	"Hold" Checks Included in Balance on Line 16	$ 0
18	Provision for Uncollectible Patrons' Checks	$ 1,142
19	Provision as a Percent of Counter Checks Issued	1.3%

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

Revised

PROMOTIONAL EXPENSES AND ALLOWANCES

Amended 10-17-94

($ in Thousands)

For the Nine Months Ended September 30,1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	95	$ 8,262		$
Food	1,233	$ 12,332		$
Beverage	1,872	$ 4,679		$
Travel		$ 0	59	$ 5,887
Coin		$ 0	1,078	$ 13,479
Coupon		$ 0		$
Entertainment	112	$ 2,237		$
Retail & Gifts	1	$ 3	236	$ 1,178
Other	N/A	$ 0	N/A	$ 67
Total	3,312	$ 27,513	1,373	$ 20,611

For the Three Months Ended September 30,1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	37	$ 3,250		$
Food	471	$ 4,713		$
Beverage	698	$ 1,745		$
Travel		$ 0	22	$ 2,208
Coin		$ 0	480	$ 5,987
Coupon		$ 0		$
Entertainment	50	$ 991		$
Retail & Gifts	0	$ 0	105	$ 524
Other	N/A	$ 0	N/A	$ 63
Total	1,255	$ 10,699	606	$ 8,782

STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :
: ss
County of ATLANTIC :

Joseph A. Domenico, being duly sworn according to law upon my oath disposes and says:

1. I have examined this Quarterly Report
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

V.P. of Finance
Title

01833-11
License Number

Subscribed and sworn to
before me this 14th day
of September 1994

Signature

MARY JO L. PIERCE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 26, 1995

Basis of Authority
to Take Oaths

On Behalf of:

Marina Associates
Casino Licensee

CCC-250

QUARTERLY REPORT

LICENSEE **RESORTS INTERNATIONAL HOTEL, INC.**
ADDRESS **1133 BOARDWALK**
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994
TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING

THIS ANNUAL REPORT..... **ANTHONY RODIO**
OFFICIAL TITLE..... **VICE PRESIDENT FINANCE**
ADDRESS..... **1133 BOARDWALK**
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

LIST OF FORMS – ANNUAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year to Date)	CCC–210
Statements of Income (Three Months)	CCC–215
Statements of Changes in Stockholder's Deficit	CCC–220
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC–240
Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
BALANCE SHEETS
SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	ASSETS		
	Current Assets:		
1	Cash	$ 13,540	$ 12,028
2	Marketable securities (Short-term money market at cost)	20,985	18,792
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $4,029; 1993, $4,644)....NOTE 3..	5,721	58,495
4	Inventories	1,444	1,463
5	Prepaid expenses and other current assets	9,239	7,260
6	Total current assets	50,929	98,038
7	Investments, advances, and receivables	10,217	8,615
8	Property and equipment – gross.....NOTE 4..	202,594	198,859
9	(Accumulated depreciation/amortization)	(45,795)	(32,435)
10	Other assets	1,159	2,273
11	**Total Assets**	$ 219,104	$ 275,350
	LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
	Current Liabilities:		
12	Accounts payable	$ 1,641	$ 1,810
13	Notes payable		
	Current portion of long-term debt:		
14	Notes Payable to affiliate.....NOTE 7..		325,000
15	Other	5	81
16	Income taxes payable		
17	Other accrued liabilities.....NOTE 5..	15,310	14,349
18	Other current liabilities.....NOTE 6..	16,266	59,432
19	Total current liabilities	33,222	400,672
	Long-Term Debt:		
20	Notes Payable to affiliate.....NOTE 2..	135,759	
21	Other	9	14
22	Deferred credits.....NOTE 8,12..	19,682	19,756
23	Other liabilities		
24	Commitments and contingencies.....NOTE 13..		
25	**Total Liabilities**	188,672	420,442
26	**Stockholder's Equity (Deficit)**	30,432	(145,092)
27	**Total Liabilities and Stockholder's Equity (Deficit)**	$ 219,104	$ 275,350

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	REVENUE:		
1	Casino	$ 188,256	$ 189,440
2	Rooms	12,359	11,442
3	Food and beverage	21,125	23,546
4	Other	8,746	6,779
5	Total revenue	230,486	231,207
6	Less: promotional allowances	19,433	19,704
7	Net revenue	211,053	211,503
	COSTS AND EXPENSES:		
8	Cost of goods and services	130,059	129,560
9	Selling, general, and administrative	45,841	46,649
10	Provision for doubtful accounts	181	536
11	Total costs and expenses	176,081	176,745
12	**Gross Operating Profit**	34,972	34,758
13	Depreciation and amortization	10,037	10,264
	Charges from affiliates other than interest NOTE 10		
14	Management fees	6,846	6,854
15	Other	244	244
16	**Income From Operations**	17,845	17,396
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(7,826)	
18	Interest (expense) – external	(7)	(182)
19	Investment alternative tax and related expense NOTE 13	(1,098)	(1,194)
20	Nonoperating income – net NOTE 11	2,214	3,646
21	Total other income	(6,717)	2,270
22	**Income Before Income Taxes And Extraordinary Items**	11,128	19,666
23	Provision for income taxes NOTE 1,12		400
24	**Income Before Extraordinary Items**	11,128	19,266
25	Extraordinary items (net of income taxes – 1994, $0 ; 1993, $0)		
26	**Net Income**	$ 11,128	$ 19,266

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	REVENUE:		
1	Casino	$ 69,567	$ 72,370
2	Rooms	5,409	4,907
3	Food and beverage	7,850	8,867
4	Other	3,242	3,435
5	Total revenue	86,068	89,579
6	Less: promotional allowances	7,583	7,771
7	Net revenue	78,485	81,808
	COSTS AND EXPENSES:		
8	Cost of goods and services	45,535	42,944
9	Selling, general, and administrative	15,165	21,328
10	Provision for doubtful accounts		73
11	Total costs and expenses	60,700	64,345
12	**Gross Operating Profit**	17,785	17,463
13	Depreciation and amortization	3,295	3,407
	Charges from affiliates other than interest NOTE 10		
14	Management fees	2,558	2,655
15	Other	82	82
16	**Income (Loss) From Operations**	11,850	11,319
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(4,762)	
18	Interest (expense) – external		(11)
19	Investment alternative tax and related expense NOTE 13	(404)	(463)
20	Nonoperating income – net NOTE 11	442	768
21	Total other income	(4,724)	294
22	**Income Before Income Taxes And Extraordinary Items**	7,126	11,613
23	Provision for income taxes NOTE 1,12		400
24	**Income Before Extraordinary Items**	7,126	11,213
25	Extraordinary items (net of income taxes – 1994, $0 ; 1993, $0)		
26	**Net Income**	$ 7,126	$ 11,213

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CHANGES IN STOCKHOLDER'S DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock: ($1 par value, 2,500 shares authorized)				
1	Beginning balance (January 1)	100	$	100	$
2	Sale of Stock				
3	Exhange of interco debt for stock	999,900	1,000		
4	Ending balance	1,000,000	1,000	100	
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of Stock				
7	_____				
8	Ending balance				
	Capital in Excess of Par (Excess of liabilities over assets at August 31, 1990 Reorganization)				
9	Beginning balance (January 1)		(198,829)		(198,829)
10	**Excess of Liabilities over Assets at Effects of May 1994 reorganization**				
	Issuance of promissory notes		(38,168)		
	Exchange of notes payable for common stock		324,000		
	Distribution to GGRI of note receivable		(53,375)		
	Distribution of cash to GGRI		(12,262)		
11	_____				
12	Ending balance		21,366		(198,829)
	Treasury Stock:				
13	Beginning balance (January 1)				
14	Purchase of additional stock				
15	Sale or retirement of stock				
16	Ending balance				
	Subscription Receivable for Capital Stock:				
17	Beginning balance (January 1)				
18	_____				
19	_____				
20	Ending balance				
	Net unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)				
22	_____				
23	_____				
24	Ending balance				
	Retained Earnings:				
25	Beginning balance (January 1)		50,834		34,471
26	Prior period adjustments				
27	Net income		11,128		19,266
28	Distribution to RII		(53,896)		
29	_____				
30	_____				
31	Ending balance		8,066		53,737
32	**Ending Stockholder's Deficit**		$ 30,432		$ (145,092)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Invested Capital:		
1	Beginning Balance (January 1)	$	$
2	Additional capital invested		
3	_____		
4	Ending Balance		
	Accumulated Income (Loss):		
5	Beginning Balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending Balance		
	Capital Withdrawals:		
10	Beginning Balance (January 1)	( )	( )
11	Additional capital invested	( )	( )
12	_____		
13	Ending Balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning Balance (January 1)		
15	_____		
16	_____		
17	Ending Balance		
18	**Ending Partners' Or Proprietor's Equity**	$	$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
1	**Net Cash Provided by Operating Activities**	$ 21,139	$ 39,505
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities		
3	Proceeds from the sale of short-term investments securities		
4	Cash outflows for property and equipment	(3,885)	(20,700)
5	Proceeds from disposition of property and equipment	116	79
6	Purchase of casino reinvestment obligations	(2,175)	(2,121)
7	Purchase of other investments and loans/advances made		
8	Proceeds from disposal of investments and collections of advances and long-term receivables		
9	Cash outflows to acquire business entities		
10	Investment in Subsidiary		
11			
12	**Net Cash Used By Investing Activities**	(5,944)	(22,742)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt	(73)	(2,038)
15	Cash proceeds from issuance of long-term debt		
16	Costs of issuing debt		
17	Payments to settle long-term debt		
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals	(12,262)	
21	Payments for recapitalization cost	(975)	
22	Advances from (repayment to) parent company and affiliates	6,693	(6,548)
23	**Net Cash Used By Financing Activities**	(6,617)	(8,586)
24	**Net Decrease in Cash And Cash Equivalents**	8,578	8,177
25	**Cash And Cash Equivalents At Beginning Of Period**	25,947	22,643
26	**Cash And Cash Equivalents At End Of Period**	$ 34,525	$ 30,820

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	$ 5,164	$ 184
28	Income taxes	$	$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Net Cash Provided by Operating Activities		
29	Net income	$ 11,128	$ 19,266
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization for property and equipment	10,037	10,264
31	Amortization of other assets		
32	Amortization of debt discount or premium	459	
33	Deferred income taxes – current		
34	Deferred income taxes – noncurrent		
35	Loss on disposition of property and equipment		210
36	Loss on casino reinvestment obligations, net of amortization	1,098	1,194
37	(Gain) loss from other investment activities		
38	Net (increase) decrease in receivables and patrons' checks	(2,857)	(3,089)
39	Net decrease in inventories	310	79
40	Net increase in other current assets	(3,597)	(5,398)
41	Net (increase) decrease in other assets	1,139	(730)
42	Net increase (decrease) in accounts payable	(186)	282
43	Net increase (decrease) in other current liabilities excluding debt	2,688	(1,914)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(55)	19,341
45	Recapitalization costs	975	
46	Write–off of Goodwill		
47	**Net Cash Provided By Operating Activities**	$ 21,139	$ 39,505

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ (3,885)	$ (21,287)
49	Less: Capital lease obligations incurred		587
50	**Cash Outflow For Property And Equipment**	$ (3,885)	$ (20,700)
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$	$
52	Goodwill acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long–term debt assumed		
55	Issuance of stock or capital invested		
56	**Cash Outflow To Acquire Business Entities**	$	$
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	$ 325,000	$
58	Less: Issuance to settle long–term debt	(325,000)	
59	Consideration in acquisition of business entities		
60	**Cash Proceeds From Issuing Stock Or Capital Contributions**	$ 0	$ 0

MERV GRIFFIN'S RESORTS CASINO HOTEL
(an indirect wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Resorts International Hotel, Inc. ("RIH") owns and operates Merv Griffin's Resorts Casino Hotel ("Resorts Casino Hotel"), a casino/hotel complex located in Atlantic City, New Jersey. Prior to May 3, 1994, RIH was a wholly owned subsidiary of Resorts International, Inc. ("RII"). As part of a restructuring (the "Restructuring") of certain publicly held debt securities of RII (the "Series Notes") which was effective on May 3, 1994 (the "Effective Date"), RIH became a wholly owned subsidiary of GGRI, Inc. ("GGRI"), which is a wholly owned subsidiary of RII.

Principles of Consolidation

The consolidated financial statements include the accounts of RIH and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

RIH records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theatre ticket sales are recognized at the time the related service is performed.

Promotional Allowances

Gross revenues include the retail value of complimentary rooms, food, beverage and other hotel services furnished to casino patrons. The retail value of these complimentary services is deducted as a promotional allowance to arrive at net revenues. The cost of complimentary services is charged to cost of goods and services and selling, general and administrative.

Cash Equivalents

RIH considers all of its short-term money market securities purchased with maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short maturity of these instruments.

Inventories

Inventories of provisions, supplies and spare parts are carried at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are depreciated over their useful lives using the straight-line method for financial reporting purposes.

Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), RIH is obligated to purchase CRDA bonds, which will bear a below market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds. The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

Income Taxes

RIH and RII's other domestic subsidiaries file consolidated federal income tax returns with RII.

RIH accounts for income taxes under the liability method of accounting prescribed by Statement of Financial Accounting Standards No. 109 ("SFAS 109"),"Accounting for Income Taxes". Although RIH is a member of a consolidated group for federal income tax purposes, RIH applies SFAS 109 on a separate return basis for financial reporting purposes.

NOTE 2 - RESTRUCTURING OF RII's SERIES NOTES

RII and GGRI, RII's subsidiary which guaranteed the Series Notes, proposed the Restructuring of the Series Notes which was accomplished through a prepackaged bankruptcy plan of reorganization (the "Plan"). On March 21, 1994, after receiving the requisite acceptances for confirmation of the Plan from holders of the Series Notes and equity interests in RII, RII and GGRI filed their prepackaged bankruptcy cases with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Plan was confirmed by the Bankruptcy Court on April 22, 1994 and on the Effective Date all conditions to the effectiveness of the Plan were either met or waived and the Plan became effective.

Pursuant to the Plan, the Series Notes were exchanged for, among other things, $125,000,000 principal amount of 11% Mortgage Notes (the "Mortgage Notes") due

September 15, 2003 and $35,000,000 principal amount of 11.375% Junior Mortgage Notes (the "Junior Mortgage Notes") due December 15, 2004. Hereinafter the Mortgage Notes and the Junior Mortgage Notes, collectively, are referred to as the "New Debt Securities." The New Debt Securities were issued by Resorts International Hotel Financing, Inc. ("RIHF"), a subsidiary of RII, and are guaranteed by RIH. Also pursuant to the Plan, RIHF, RIH and RII entered into the senior note purchase agreement (the "Senior Facility") described below.

The Mortgage Notes are secured by a $125,000,000 promissory note made by RIH (the "RIH Promissory Note"), the terms of which mirror the terms of the Mortgage Notes. The RIH Promissory Note and RIH's guaranty of the Mortgage Notes are secured by liens on the Resorts Casino Hotel, consisting of RIH's fee and leasehold interests comprising the Resorts Casino Hotel, the contiguous parking garage and property, all additions and improvements thereto, and related personal property. The liens securing the Mortgage Notes will be subordinated to the lien securing the Senior Facility Notes (described below), if the Senior Facility Notes are issued.

The Junior Mortgage Notes are secured by a $35,000,000 promissory note made by RIH (the "RIH Junior Promissory Note"), the terms of which mirror the terms of the Junior Mortgage Notes. In certain circumstances, interest payable on the Junior Mortgage Notes may be satisfied by the issuance of additional Junior Mortgage Notes, in which case the balance of the RIH Junior Promissory Note would increase accordingly. The RIH Junior Promissory Note and RIH's guaranty of the Junior Mortgage Notes are also secured by liens on the Resorts Casino Hotel property as described above. The liens securing the Junior Mortgage Notes will be subordinated to the lien securing the Senior Facility Notes, if the Senior Facility Notes are issued, and are subordinated to the liens securing the Mortgage Notes.

The indentures pursuant to which the Mortgage Notes and the Junior Mortgage Notes were issued (collectively, the "Indentures") prohibit RIH and its subsidiaries from paying dividends, from making other distributions in respect of their capital stock, and from purchasing or redeeming their capital stock, with certain exceptions, unless certain interest coverage ratios are attained.

The Indentures also contain certain other restrictive covenants on the part of RIH and its subsidiaries, including (i) limitations on incurring additional indebtedness, with certain exceptions; (ii) restrictions on making loans to an affiliate or other person other than (x) intercompany advances to RII not in excess of $1,000,000 in the aggregate at any time outstanding and (y) loans to RII from the proceeds of the Senior Facility (or similar working capital facility), provided, however, that RIH can make certain loans or engage in certain credit transactions in the operation of Resorts Casino Hotel, if such loans or credit transactions are in the ordinary course of business of operating a casino/hotel; and (iii) restrictions from entering into certain transactions with affiliates on terms less favorable to RIH or its subsidiaries than an arm's length transaction. In this regard, the Indentures specifically permit affiliated transactions in connection with the Senior Facility, the Griffin Services Agreement described in

New Jersey State Library

Note 10, the parent services agreement with RII which provides for payment of the three percent services fee described in Note 10, and a tax sharing agreement with RII which limits RIH's tax payments to RII to reimbursements of cash payments made by RII for income or alternative minimum taxes arising from the earnings or operations of RIH.

The Senior Facility among RIHF, RII and RIH and certain funds and accounts advised or managed by Fidelity Management & Research Company ("Fidelity"), is available for a single borrowing of up to $20,000,000 during the one-year period ending May 2, 1995, through the issuance of notes (the "Senior Facility Notes"). If issued, the Senior Facility Notes will bear interest at 11% and will be due in 2002. The Senior Facility Notes will be senior obligations of RIHF secured by a promissory note from RIH in an aggregate principal amount of up to $20,000,000 payable in amounts and at times necessary to pay the principal of and interest on the Senior Facility Notes. The Senior Facility Notes will be guaranteed by RIH and secured by a lien on the Resorts Casino Hotel property as described above. The Senior Facility Notes will also be secured by a pledge by GGRI of all issued and outstanding shares of RIH common stock. In addition, the Senior Facility Notes will be guaranteed by RII, which guaranty will be secured by a pledge of all the issued and outstanding stock of GGRI and RIHF. Market interest rates and other economic conditions, among other factors, will determine if it is appropriate for RII or RIH to draw on the Senior Facility.

The Restructuring also prescribed the following transactions between RIH and its affiliates:

- RIH issued the RIH Promissory Note and the RIH Junior Promissory Note in repayment of RIH's balance due to RII on the Effective Date with the remainder a distribution to RII. RIH's retained earnings of $53,896,000 at April 30, 1994 was included in that distribution.

- GGRI exchanged the $325,000,000 Second Amended RIH-GGRI Notes (see Note 7) for 999,900 shares of common stock of RIH. In order to accomplish this, RIH authorized an additional 4,997,500 shares of its common stock.

- RII contributed to GGRI the 100 shares of common stock of RIH which RII owned. This resulted in RIH's becoming a wholly-owned subsidiary of GGRI and an indirect subsidiary of RII. RIH now has a total of 5,000,000 shares of common stock authorized, of which 1,000,000 shares are issued and outstanding.

- RIH distributed to GGRI, as a return of surplus, the $50,000,000 RIB Note (see Note 3).

- RIH distributed all of its cash and equivalents in excess of $15,000,000 as of the Effective Date to GGRI. GGRI distributed such cash to RII so that RII, in turn, could distribute Excess Cash (as defined in the Plan) to holders of Series Notes.

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS

Components of receivables and patrons' checks at September 30 were as follows:

(In Thousands of Dollars)	1994	1993
Gaming	$ 7,864	$ 8,768
Less allowance for doubtful accounts	(3,979)	(4,603)
	3,885	4,165
Non-gaming:		
Hotel and related	683	1,084
Other	1,203	474
	1,885	1,558
Less allowance for doubtful accounts	(50)	(41)
	1,836	1,517
Interest receivable from affiliate		2,813
Note receivable from affiliate		50,000
	$ 5,721	$58,495

In 1988, RIH loaned $50,000,000 pursuant to a pre-arranged back-to-back loan to Resorts International (Bahamas) 1984 Limited ("RIB"), an indirect wholly owned subsidiary of RII which was disposed of as part of the Restructuring, in exchange for a promissory note (the "RIB Note"). Such note was payable on demand and bore interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. The note was guaranteed by certain of RIB's subsidiaries. The guarantees were secured by mortgages on the Paradise Island Resort & Casino, the Ocean Club Golf & Tennis Resort, and the Paradise Paradise Beach Resort on Paradise Island in The Bahamas, and all furniture, machinery and equipment used in connection therewith. The RIB Note was cancelled pursuant to the Restructuring. See Note 2.

NOTE 4 - PROPERTY AND EQUIPMENT

Components of property and equipment at September 30 were as follows:

(In Thousands of Dollars)	1994	1993
Land and land rights	$ 53,060	$ 53,250
Land improvements	158	144
Hotel and other buildings	106,221	102,300
Furniture, machinery and equipment	43,063	39,783
Construction in progress	92	3,382
	202,594	198,859
Less accumulated depreciation	(45,795)	(32,435)
	$ 156,799	$166,424

Substantially all of RIH's property and equipment was pledged as collateral for the Series Notes through the Effective Date, and is now pledged as collateral for the New Debt Securities issued by RIHF. See Note 2.

NOTE 5 - OTHER ACCRUED LIABILITIES

Components of other accrued liabilities at September 30 were as follows:

(In Thousands of Dollars)	1994	1993
Accrued payroll and related taxes and benefits	$10,302	$ 9,580
Accrued gaming taxes, fees and related assessments	773	917
Utilities	593	658
Various taxes	413	220
Progressive slot liability	51	346
Other	3,178	2,628
	$15,310	$14,349

NOTE 6 - OTHER CURRENT LIABILITIES

Components of other current liabilities at September 30 were as follows:

(In Thousands of Dollars)	1994	1993
Intercompany Payable to RII	$ 6,316	$ 51,325
Affiliate Interest Payable	2,210	0
CRDA Bond Obligation	869	904
Customer Deposit Liability	168	407
Other	6,703	6,796
	$ 16,266	$ 59,432

NOTE 7 - NOTES PAYABLE TO AFFILIATE

In 1988, GGRI issued $325,000,000 principal amount of publicly traded notes. GGRI loaned the proceeds of the notes to RIH in exchange for (i) two promissory notes payable to GGRI (the "RIH-GGRI Notes"); (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by RIH, and a first priority security interest in the personal property of RIH; and (iii) the assignment of the RIB Note and mortgages securing such note.

In 1990 the terms of the RIH-GGRI Notes were modified and such amended notes were pledged as collateral for the Series Notes issued by RII. In 1992 the notes were further amended (the "Second Amended RIH-GGRI Notes"). The sole purpose of the Second Amended RIH-GGRI Notes was to collateralize RII's Series Notes. The Second Amended RIH-GGRI Notes were payable on demand after April 15, 1994 and were non-interest bearing, but the principal due upon demand by GGRI accreted according to a schedule. The Second Amended RIH-GGRI Notes were cancelled pursuant to the Restructuring. See Note 2.

NOTE 8 - DEFERRED REVENUE

$282,000 and $356,000 of deferred credits at September 30, 1994 and 1993, respectively, represent the unrecognized portion of a lump-sum payment made by a tenant in July 1983 at the inception of a fifteen year lease. This payment is being recognized and recorded in earnings in equal monthly installments over the original term of the lease.

NOTE 9 - SAVINGS AND PENSION PLANS

RIH has a defined contribution plan (the "Savings Plan"), in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in the Savings Plan. Under the Savings Plan, eligible participating employees may contribute up to a total of 4% of their annual cash compensation as a basic contribution and may also elect to contribute up to an additional 10% as a voluntary contribution. RII, RIH and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions and, on a discretionary basis, may make additional contributions. RIH's contributions under the Savings Plan were $457,000 and $510,000 for the nine months ended September 30, 1994 and 1993, respectively.

Union employees are covered by various multi-employer pension plans to which contributions are made by RIH and other unrelated employers. Contributions by RIH were $614,000 and $598,000 for the nine months ended September 30, 1994 and 1993 respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

RIH recorded the following income and expenses for the nine months ended September 30, from RII and other affiliates:

(In Thousands of Dollars)		1994	1993
AFFILIATED COMPANY	TRANSACTION		
Income - Resorts International (Bahamas) 1984 Limited	Interest	$ 2,250	$ 5,063
Expenses:			
Resorts International, Inc.	Parent services	$ 6,846	$ 6,854
	Property rental	244	244
Resorts International Hotel Financing, Inc.	Interest and amortization of discount on affiliated notes	7,826	
		$ 14,916	$ 7,098

RII charges RIH a fee of three percent of gross revenues for administrative and other services. Also, recapitalization costs reflected in nonoperating income - net (see Note 11) represent RIH's allocated portion of RII's consolidated recapitalization costs.

In addition to the above, charges for insurance cost are allocated to RIH based on relative operating revenue, payroll, property value, or other appropriate measures.

License and Services Agreement

In April 1993, RII, RIH and The Griffin Group, Inc. (the "Griffin Group"), a corporation controlled by Merv Griffin, Chairman of the Board of RII, entered into a license and services agreement (the "Griffin Services Agreement") effective as of September 17, 1992, upon the expiration of the previous license and services agreement.

Pursuant to the Griffin Services Agreement, Griffin Group granted RII and RIH a non-exclusive license to use the name and likeness of Merv Griffin to advertise and promote the facilities and operations of RII and its subsidiaries. Also pursuant to the Griffin Services Agreement, Mr. Griffin is to provide certain services to RII and RIH, including serving as Chairman of the Board of RII and as a host, producer and featured performer in various shows to be presented in Resorts Casino Hotel, and furnishing marketing and consulting services.

The Griffin Services Agreement will continue in force until September 17, 1997 unless earlier terminated under certain circumstances including, among others, a change of control (as defined) of the Company and Mr. Griffin ceasing to serve as Chairman of the Board of RII.

The Griffin Services Agreement provides for compensation to Griffin Group in the amount of $2,000,000 for the year ended September 16, 1993, and in specified amounts for each of the following years, which increase at approximately 5% per year. In accordance with the Griffin Services Agreement, upon signing RIH paid Griffin Group $4,100,000, representing compensation for the first two years. Thereafter, the Griffin Services Agreement calls for annual payments on September 17, each representing a prepayment for the year ending two years hence. In the event of an early termination of the Griffin Services Agreement, and depending on the circumstances of such early termination, all or a portion of the compensation paid to Griffin Group in respect of the period subsequent to the date of termination may be required to be repaid to RII and RIH.

RII and RIH agreed to indemnify, defend and hold harmless Griffin Group and Mr. Griffin against certain claims, losses and costs, and to maintain certain insurance coverage with Mr. Griffin and Griffin Group as named insureds.

As part of the Restructuring, the payment due Griffin Group on September 17, 1994 was settled by applying $2,310,000 as a reduction of the balance of a note payable to RII by Griffin Group. On August 1, 1994, following review and approval by the independent members of RII's Board of Directors, RII agreed to issue 1,940,000 shares of common stock of RII to an affiliate of Griffin Group in satisfaction of the final payment obligation of RIH and RII under the Griffin Services Agreement. This payment of $2,425,000 would have been due on September 17, 1995. The closing price of RII's common stock on the date of the agreement was $1.0625 per share. RII will issue the shares as of August 1, 1994 and the balance of pre paid expenses at September 30, 1994 reflects the issuance of these shares. The shares will not be registered under the Securities Act of 1933 and will be restricted securities.

NOTE 11 - NONOPERATING INCOME, NET

Components of nonoperating income, net for the nine months ended September 30, were as follows:

(In Thousands of Dollars)	1994	1993
Interest income from affiliates	$ 2,250	$ 5,063
Interest income	944	567
Corporate office expense		(194)
Recapitalization costs	(1,823)	(1,580)
Loss on disposition of property and equipment		(210)
Other	843	
	$ 2,214	$ 3,646

NOTE 12 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of RIH's deferred tax liabilities and assets as of September 30, 1994 were as follows:

(In Thousands of Dollars)	
Deferred tax liabilities:	
Basis differences on land	$ (19,300)
Other	(400)
Total deferred tax liabilities	(19,700)
Deferred tax assets:	
Net operating loss carryforwards	65,800
Book reserves not yet deductible for tax	10,800
Tax credit carryforwards	2,000
Basis differences on property and equipment, excluding land	6,400
Other	2,800
Total deferred tax assets	87,800
Valuation allowance for deferred tax assets	(87,500)
Deferred tax assets, net of valuation allowance	300
Net deferred tax liabilities	$ (19,400)

For federal tax purposes RIH had net operating loss carryforwards of approximately $188,000,000 at September 30, 1994, which expire from 2003 through 2005. These loss carryforwards were produced in periods prior to a change in ownership of the consolidated group of which RIH is a part; therefore, these loss carryforwards are limited in their availability to offset future taxable income.

At September 30, 1994 RIH net operating loss carryforwards in New Jersey of approximately $151,000,000, which expire from 1994 through 1997.

Also, for federal tax purposes, RIH had tax credit carryforwards of $2,000,000 at September 30, 1994 which expire from 1998 through 2008.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

CRDA

The Casino Control Act, as originally adopted, required a licensee to make investments equal to 2% of the licensee's gross revenue (as defined under the Casino Control Act) (the "investment obligation") for each calendar year, commencing in 1979, in which such gross revenue exceeded its "cumulative investments" (as defined in the Casino Control Act). A licensee had five years from the end of each calendar year to satisfy this investment obligation or become liable for an "alternative tax" in the same amount. In 1984, the New Jersey legislature amended the Casino Control Act so that these provisions now apply only to investment obligations for the years 1979 through 1983.

Effective for 1984 and subsequent years, the amended Casino Control Act requires a licensee to satisfy its investment obligation by purchasing bonds to be issued by the CRDA, or by making other investments authorized by the CRDA, in an amount equal to 1.25% of a licensee's gross revenue. If the investment obligation is not satisfied, then the licensee will be subject to an investment alternative tax of 2.5% of net casino win. Since 1985, a licensee has been required to make quarterly deposits with the CRDA against its current year investment obligation.

An analysis of RIH's investment obligations under the Casino Control Act and RIH's means of settlement since 1979 follows:

(In Thousands of Dollars)	1979-1983	1984-1994	TOTAL
Investment obligations	$ (21,637)	$ (31,523)	$ (53,160)
Means of settlement:			
Housing related investments under audit	13,104		13,104
Housing related investments previously approved	1,000		1,000
CRDA deposits/bond purchases	7,533	30,654	38,187
Remaining investment obligation at September 30, 1994, which was deposited in October 1994	$ 0	$ (869)	$ (869)

With regard to the housing related investments under audit, in January 1988, the CRDA notified RIH of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from RIH's and if found to be correct would decrease the amount of RIH's qualifying expenditures by approximately $5,000,000 to $6,000,000. RIH believes that its interpretation is correct and intends to contest this issue.

RIH also received a letter dated November 9, 1989, from the State of New Jersey Department of the Treasury (the "Treasury") stating that the housing related investments made by RIH were not sufficient to meet its investment obligation for the years 1979 through 1983. The letter also stated that alternative tax in the amount of $21,637,000 was due for those years, in addition to penalties and interest thereon which amounted to $12,514,000 as of the date of the letter. As set forth in the table above, RIH believes that $8,533,000 of such obligations have been settled; $7,533,000 in cash and $1,000,000 by previously approved housing related investments. Also, RIH has received audit reports issued by an agency acting on behalf of the Treasury identifying $10,165,000 of project development costs available for investment credit towards the investment obligation. This leaves a total of $2,939,000 of housing related investments under audit in question. RIH has notified the Treasury that it takes exception to the Treasury's computation of amounts due. Further, RIH believes that the $2,939,000 of housing related investments in question will be found, under further audit, to have been satisfied.

Although these matters have been dormant for some time, RIH was verbally contacted by the Treasury in late 1993 and expects further communication regarding the Treasury's proposal for a resolution of these matters. If the CRDA's interpretation as to the periods of time during which qualifying expenditures can be made is found to be correct, or if the Treasury's issue is determined adversely, RIH could be required to pay the relevant amount in cash to the CRDA. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from these issues will not have a material adverse effect on the accompanying financial statements.

As reflected in the table above, through September 30, 1994, RIH had made CRDA deposits/bond purchases totaling $38,187,000. However, in August 1989 RIH donated $12,048,000 to the CRDA in exchange for which RIH was relieved of its obligation to purchase CRDA bonds of $18,193,000. Because RIH already had the $18,193,000 for bond purchases on deposit with the CRDA, the difference between this amount and the amount of the donation, or $6,146,000, was refunded to RIH in August 1989. Thus, at September 30, 1994, RIH had a remaining balance of $5,171,000 face value of bonds issued by the CRDA and had $14,823,000 on deposit with the CRDA. These bonds and deposits, net of an estimated discount charged to expense to reflect the below-market interest rate payable on the bonds, are included in investments, advances, and receivables in RIH's Consolidated Balance Sheets.

RIH records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for nine months ended September 30, 1994 and 1993 for discounts on obligations arising in those years were $1,102,000 and $1,196,000, respectively.

Litigation

RIH is a defendant in certain litigation. In the opinion of management, based upon the advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the accompanying consolidated financial statements.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
SEPTEMBER 30, 1994
(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 3,067		
2	Returned patrons' checks	4,797		
3	Total Patrons' Checks	7,864	$ 3,979	$ 3,885
4	**Hotel Receivables**	683	50	633
	Other Receivables:			
5	Receivables due from officers and employees			
6	Receivables due from affiliates			
7	Other accounts and notes receivables	1,203		
8	Total Other Receivables	1,203		1,203
9	**Total (Form 205)**	$ 9,750	$ 4,029	$ 5,721

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	**Beginning Balance (January 1)**	$ 3,028
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	84,935
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(70,342)
13	Checks collected through deposits	(11,628)
14	Checks transferred to returned checks	(2,926)
15	Other adjustments	
16	**Ending Balance**	$ 3,067
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 155
19	Provision As A Percent Of Counter Checks Issued	0.2%

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
PROMOTIONAL EXPENSES AND ALLOWANCES
(IN THOUSANDS)

FOR THREE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	43	$ 2,985		
FOOD	287	2,865		
BEVERAGE	174	695		
TRAVEL			11	$ 1,095
COIN			347	3,458
COUPON				
CASH COMP			103	3,953
ENTERTAINMENT	78	937		
RETAIL & GIFTS	1	35		
OTHER	13	66	17	425
TOTAL	596	$ 7,583	478	$ 8,931

FOR NINE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	98	$ 6,850		
FOOD	770	7,699		
BEVERAGE	513	2,050		
TRAVEL			33	$ 3,347
COIN			871	8,702
COUPON				
CASH COMP			288	11,937
ENTERTAINMENT	213	2,551		
RETAIL & GIFTS	3	108		
OTHER	35	175	47	1,167
TOTAL	1,632	$ 19,433	1,239	$ 25,153

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
:ss.
COUNTY OF ATLANTIC :

ANTHONY RODIO, being duly sworn according to law
Name

upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

VICE PRESIDENT FINANCE
Title

002895-11
License Number

Subscribed and sworn to
before me this 14th day
of November, 1994.

Signature

NAOMI HARRIS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 1995

Basis of Authority to Take Oaths

On Behalf Of:

MERV GRIFFIN'S RESORTS CASINO HOTEL

CCC-250

QUARTERLY REPORT

LICENSEE Adamar of New Jersey, Inc.
dba TropWorld Casino & Entertainment Resort

ADDRESS Brighton & Boardwalk
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . Deborah Marchese

OFFICIAL TITLE. . . . . Controller

ADDRESS . . . . . Brighton Ave. & Boardwalk
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: TROPWORLD CASINO & ENTERTAINMENT RESORT

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Changes in Stockholder's Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Promotional Expenses and Allowances	CCC-245
Statement of Conformity and Accuracy	CCC-250

TRADING NAME OF LICENSEE **TROPWORLD CASINO AND ENTERTAINMENT RESORT**

BALANCE SHEETS

SEPTEMBER 30, 1994 and 1993

(UNAUDITED)

($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	ASSETS		
	Current Assets:		
1	Cash	$11,860	$10,008
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $4,995; 1993, $6,147)	8,958	8,496
4	Inventories	2,468	2,618
5	Prepaid expenses and other current assets (Note 4, 8, 9)	9,261	14,658
6	Total current assets	32,547	35,780
7	Investments, Advances, And Receivables (Note 5, 7, 10)	70,391	62,023
8	Property And Equipment – Gross (Note 2)	598,674	593,968
9	(Accumulated Depreciation/Amortization) (Note 2)	(90,707)	(70,215)
10	Other Assets (Note 4, 8)	31,407	12,370
11	Total Assets	$642,312	$633,926
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	$2,735	$2,760
13	Notes payable	0	0
14	Current portion of long-term debt: Due to affiliates	0	0
15	Other (Note 3)	16	9
16	Income taxes payable and accrued	0	0
17	Other accrued expenses (Note 11)	15,023	14,626
18	Other current liabilities	2,490	3,323
19	Total current liabilities	20,264	20,718
	Long-Term Debt:		
20	Due to affiliates (Note 3, 7)	423,041	423,041
21	Other (Note 3)	51	1
22	Deferred Credits	0	0
23	Other Liabilities (Note 7, 12)	39,665	32,326
24	Commitments And Contingencies	0	0
25	Total Liabilities	483,021	476,086
26	Stockholder's, Partners', Or Proprietor's Equity	159,291	157,840
27	Total Liabilities And Equity	$642,312	$633,926

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE **TROPWORLD CASINO AND ENTERTAINMENT RESORT**

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Revenue:		
1	Casino	$226,822	$243,285
2	Rooms	16,619	18,095
3	Food and beverage	25,627	25,748
4	Other	9,668	10,436
5	Total revenue	278,736	297,564
6	Less: Promotional allowances	32,302	36,859
7	Net revenue	246,434	260,705
	Costs and Expenses:		
8	Cost of goods and services (Note 6, 7)	127,074	129,696
9	Selling, general, and administrative (Note 7)	58,518	70,571
10	Provision for doubtful accounts	321	335
11	Total costs and expenses	185,913	200,602
12	Gross Operating Profit	60,521	60,103
13	Depreciation and amortization	15,938	13,418
	Charges from affiliates other than interest:		
14	Management fees	0	0
15	Other	0	0
16	Income (loss) from operations	44,583	46,685
	Other Income (Expenses):		
17	Interest (expense) – affiliates (Note 3)	(40,151)	(24,412)
18	Interest (expense) – external (Note 3)	(3)	(1,350)
19	Investment alternative tax & related income (exp)–net (Note 5)	(826)	(743)
20	Nonoperating income (expense) – net (Note 13)	(2,572)	(20,096)
21	Total other income (expenses)	(43,552)	(46,601)
22	Income(Loss) Before Income Tax & Extraordinary Items	1,031	84
23	Provision (credit) for income taxes (Note 8)	510	(131)
24	Income (Loss) Before Extraordinary Items	521	215
25	Extraordinary items	0	0
26	Net Income (Loss)	$521	$215

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

New Jersey State Library

TRADING NAME OF LICENSEE **TROPWORLD CASINO AND ENTERTAINMENT RESORT**

STATEMENTS OF INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Revenue:		
1	Casino	$86,353	$89,923
2	Rooms	6,072	6,363
3	Food and beverage	10,014	9,391
4	Other	3,481	4,526
5	Total revenue	105,920	110,203
6	Less: Promotional allowances	12,040	13,191
7	Net revenue	93,880	97,012
	Costs and Expenses:		
8	Cost of goods and services (Note 6, 7)	46,096	45,710
9	Selling, general, and administrative (Note 7)	22,026	25,124
10	Provision for doubtful accounts	(164)	555
11	Total costs and expenses	67,958	71,389
12	Gross Operating Profit	25,922	25,623
13	Depreciation and amortization	5,221	5,642
	Charges from affiliates other than interest:		
14	Management fees	0	0
15	Other	0	0
16	Income (loss) from operations	20,701	19,981
	Other Income (Expenses):		
17	Interest (expense) – affiliates (Note 3)	(13,384)	(14,962)
18	Interest (expense) – external (Note 3)	(2)	0
19	Investment alternative tax & related income (exp)–net (Note 5)	(338)	(226)
20	Nonoperating income (expense) – net (Note 13)	(821)	(1,030)
21	Total other income (expenses)	(14,545)	(16,218)
22	Income(Loss) Before Income Tax & Extraordinary Items	6,156	3,763
23	Provision (credit) for income taxes (Note 8)	3,438	1,156
24	Income (Loss) Before Extraordinary Items	2,718	2,607
25	Extraordinary items	0	0
26	Net Income (Loss)	$2,718	$2,607

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1)	100	$1	100	$1
2	Sale of stock				
3	_____				
4	Ending balance	100	1	100	1
	Preferred Stock:				
5	Beginning balance (January 1)	0	0	0	0
6	Sale of stock				
8	Ending balance	0	0	0	0
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		132,785		132,785
10	_____				
12	Ending balance		132,785		132,785
	Treasury Stock:				
13	Beginning balance (January 1)				
14	Purchase of additional stock				
15	Sale or retirement of stock				
16	Ending balance				
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)				
18	_____				
19	_____				
20	Ending balance				
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)				
22	_____				
23	_____				
24	Ending balance				
	Retained Earnings:				
25	Beginning balance (January 1)		25,984		24,839
26	Prior period adjustments				
27	Net income (loss)		521		215
28	Dividends				
29	Extraordinary item				
30	Change in acct method		0		0
31	Ending balance		26,505		25,054
32	Ending Stockholder's Equity		$159,291		$157,840

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPWORLD CASINO & ENTERTAINMENT RESORT

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE Nine MONTHS ENDED September 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19
	Invested Capital:	$	$
1	Beginning balance (January 1)		
2	Additional capital invested		
3	_____		
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	_____		
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	( )	(
11	Additional capital withdrawals	( )	(
12	_____		
13	Ending balance	( )	(
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	( )	(
15	_____		
16	_____		
17	Ending balance	( )	(
	Ending Partners' Or		
18	Proprietor's Equity	$	$

Not Applicable

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
1	Net Cash Provided (Used) By Operating Activities	$11,114	$11,798
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities		
3	Proceeds from the sale of short-term investment securities		
4	Cash outflows for property and equipment	(5,040)	(7,392)
5	Proceeds from disposition of property and equipment	321	329
6	Purchase of casino reinvestment obligations	(2,832)	(3,036)
7	Purchase of other investments and loans/advances made	0	(419)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	(4,757)	(3,812)
9	Cash outflows to acquire business entities		
10	_____		
11	_____		
12	Net Cash Provided (Used) By Investing Activities	(12,308)	(14,330)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt		
15	Cash proceeds from issuance of long-term debt		
16	Costs of issuing debt		
17	Payments to settle long-term debt	(10)	(1,547)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals		
21	_____		
22	_____		
23	Net Cash Provided (Used) By Financing Activities	(10)	(1,547)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(1,204)	(4,079)
25	Cash And Cash Equivalents At Beginning Of Period	13,064	14,087
26	Cash And Cash Equivalents At End Of Period	$11,860	$10,008

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$18,903	$20,250
28	Income taxes	$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE **TROPWORLD CASINO AND ENTERTAINMENT RESORT**

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
29	Net Cash Flows From Operating Activities: Net income (loss)	$521	$215
30	Noncash items included in income and cash items excluded from income: Depreciation and amortization of property and equipment	15,932	13,412
31	Amortization of other assets	6	6
32	Amortization of debt discount or premium		
33	Deferred income taxes – current	890	(2,364)
34	Deferred income taxes – noncurrent	(380)	1,852
35	(Gain) loss on disposition of property and equipment	24	(35)
36	(Gain) loss on casino reinvestment obligations	826	743
37	(Gain) loss from other investment activities	0	138
38	Net (increase) decrease in receivables and patrons' checks	218	(210)
39	Net (increase) decrease in inventories	43	39
40	Net (increase) decrease in other current assets	(222)	495
41	Net (increase) decrease in other assets	308	(291)
42	Net increase (decrease) in accounts payables	(1,172)	(2,459)
43	Net increase (decrease) in other current liabilities excluding debt	1,733	(191)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(7,613)	906
45	Net (increase) decrease in accrued interest income	0	(458)
46	_____		
47	Net Cash Provided (Used) By Operating Activities	$11,114	$11,798

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment: Additions to property and equipment	($5,110)	($7,765)
49	Less: Capital lease obligations incurred	($70)	($373)
50	Cash Outflows For Property And Equipment	($5,040)	($7,392)
51	Acquisition Of Business Entities: Property and equipment acquired	0	300,879
52	Goodwill acquired	0	0
53	Net assets acquired other than cash, goodwill, and property & equipment	0	17,838
54	Long-term debt assumed	0	(283,041)
55	Issuance of stock or capital invested	0	0
56	Cash Outflows To Acquire Business Entities	0	0
57	Stock Issued Or Capital Contributions: Total issuance of stock or capital contributions		
58	Less: Issuances to settle long-term debt		
59	Consideration in acquisition of business entities		
60	Cash Proceeds From Issuing Stock Or Capital Contributions		

In 1992, a note receivable in the amount of $225 was issued for the sale of fixed assets of which $79 and $80 was received in 1994 and 1993 ,respectively. Capital lease obligations of $70 and $385 were incurred for 1994 and 1993, respectively, when Adamar entered into new property and equipment leases. Capital lease obligation retirements of $-0- and $12 were incurred for 1994 and 1993, respectively.

TRADING NAME OF LICENSEE: **TROPWORLD CASINO AND ENTERTAINMENT RESORT**

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994
(UNAUDITED)
($ IN THOUSANDS)

	ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE– (e) NET OF ALLOWANCE
1	Patrons' Checks: Undeposited patrons' checks	$2,627		
2	Returned patrons' checks	9,269		
3	Total patrons' checks	11,896	($4,885)	$7,011
4	Hotel Receivables	1,361	(110)	1,251
5	Other Receivables: Receivables due from officers and employees	34		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivables	662		
8	Total other receivables	696		696
9	Totals (Form 205)	$13,953	($4,995)	$8,958

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$3,079
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	78,020
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed throuh partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(52,553)
13	Checks collected through deposits	(23,789)
14	Checks transferred to returned checks	(2,130)
15	Other adjustments	0
16	Ending Balance	$2,627
17	"Hold" Checks Included In Balance On Line 16	$0
18	Provision For Uncollectable Patrons' Checks	$294
19	Provision As A Percent Of Counter Checks Issued	0.4%

ADAMAR OF NEW JERSEY, INC.
DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

NOTE 1. DISCLOSURES NOT PRESENTED

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 1993.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1993 Annual Report should be read in conjunction with these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At September 30, 1994 and 1993, the components of Property and Equipment consisted of:

	1994	1993
Land	$ 39,218,000	$ 39,217,000
Building, furniture and fixtures	557,124,000	551,089,000
Construction in progress	2,332,000	3,662,000
Total property and equipment - gross	598,674,000	593,968,000
Accumulated depreciation	(90,707,000)	(70,215,000)
Total property and equipment	$ 507,967,000	$ 523,753,000

NOTE 3. LONG-TERM DEBT

At September 30, 1994 and 1993, Long-Term Debt consisted of:

	1994	1993
Notes Payable to Aztar Mortgage Funding, Inc.		
Note payable; 13.5%; due 1996	$ 140,000,000	$ 140,000,000
Notes Payable to Aztar Corporation		
First Mortgage Note; 12-1/4%; due 1996	171,000,000	171,000,000
Amortization differential (a)	-0-	(89,000,000)
Second Mortgage; 16.5%; matures 1996	52,041,000	141,041,000
Note payable; 8.5%; due 1996	60,000,000	60,000,000
Long-term debt due to affiliates	423,041,000	423,041,000
Obligations under capital leases	67,000	10,000
	423,108,000	423,051,000
Less: current portion	(16,000)	(9,000)
Long-term debt, net of current portion	$ 423,092,000	$ 423,042,000

(a) Per the Fixed Rate Agreement, the effective interest rate is fixed at 16%

Substantially all of the Company's property and equipment is pledged as collateral for long-term debt.

The aggregate fixed maturities for all long-term debt are:

1994	$ 16,000
1995	17,000
1996	423,056,000
1997	11,000
Thereafter	8,000
Total	$ 423,108,000

NOTE 4. DEFERRED CREDITS

Deferred Credits consist of income taxes due to timing differences between financial and taxable income.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on November 3, 1993, effective November 26, 1993, for a period of two years. Management has received no indication that future renewals will not be granted.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counterclaim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters and that the Company's legal posture can be successfully defended without material adverse effect on its consolidated financial position.

The New Jersey Casino Control Commission imposes an annual tax of eight percent on gross revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 1994 and 1993, respectively, was $2,832,000 and $3,036,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision (unamortized discount) of $826,000 and $743,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on September 30, 1994 and 1993, respectively.

On October 4, 1994, Aztar Corporation issued $180,000,000 principal amount of 13 3/4% Senior Subordinated Notes due on October 1, 2004 (the "Notes"). Interest on the Notes is payable semi-annually on April 1 and October 1, beginning April 1, 1995. The net proceeds

from the sale of the Notes were approximately $172,000,000. These funds were used to redeem the $170 million principal amount of outstanding 13 1/2% First Mortgage Notes Due 1996 (the "First Mortgage Notes") of Aztar Mortgage Funding, Inc., a wholly owned, special purpose subsidiary of Aztar Corporation. The redemption of the First Mortgage Notes was completed on November 2, 1994.

On October 5, 1994, Aztar Corporation entered into a $207 million reducing revolving credit facility maturing on December 31, 1999 (the "Credit Facility") with a group of banks. The funds under the Credit Facility will be available as needed for general corporate purposes, including to fund the expansion of Aztar's existing businesses and to fund Aztar's development of businesses in new gaming jurisdictions.

The Refinancing is expected to extend the 1996 maturities of the entire $423 million balance to at least 1999; as well as result in an overall decrease in interest expense due to lower interest rates on its refinanced debt.

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the nine months ended September 30, 1994 are:

	Payouts Included In Promotional Allowances		Other Payouts	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	7*	$ 105,000
Total	-0-	$ -0-	7	$ 105,000

*Note: Cash was taken by seven patrons instead of motor vehicles.

Jackpot payouts for the quarter ended September 30, 1994 are:

	Payouts Included In Promotional Allowances		Other Payouts	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	-0-	$ -0-
Total	-0-	$ -0-	-0-	$ -0-

NOTE 7. RELATED PARTIES

Due to affiliates is reflected in Other Liabilities. The identity of the affiliates and corresponding balances at September 30, 1994 and 1993 are:

	1994	1993
Due to Aztar Corporation	$ 19,233,000	$ 14,197,000
Due to Atlantic-Deauville, Inc.	802,000	562,000
Due to Ramada New Jersey, Inc.	3,184,000	2,845,000
Due to Adamar Garage Corporation	15,763,000	14,039,000
Due to Aztar Mortgage Funding, Inc.	683,000	683,000
	$ 39,665,000	$ 32,326,000

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliates and corresponding balances at September 30, 1994 and 1993 are:

	1994	1993
Advances to Tropicana West	$ 29,198,000	$ 23,168,000
Advances to Laughlin	3,000	3,000
	29,201,000	23,171,000
Note receivable - Adamar Garage Corporation	17,052,000	17,052,000
	$ 46,253,000	$ 40,223,000

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at September 30, 1994 and 1993 are:

Payee	1994	1993
Aztar Mortgage Funding, Inc.	$ 140,000,000	$ 140,000,000
Aztar Corporation	283,041,000	283,041,000
	$ 423,041,000	$ 423,041,000

For the nine months ended September 30, 1994 and 1993 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of goods and services and Selling, general, and administrative.

The nature of the charges and dollar amounts are as follows:

	1994	1993
Cost of Goods and Services		
Executive Deferred compensation plan	$ 7,000	$ 7,000
Property insurance	376,000	364,000
Workman's compensation	708,000	588,000
	$1,091,000	$ 959,000
Selling, General and Administrative		
Insurance	$ 755,000	$ 741,000
Executive deferred compensation plan	24,000	26,000
Workman's compensation	141,000	121,000
Long-term incentive	525,000	592,000
Other	16,000	6,000
	1,461,000	1,486,000
Total	$ 2,552,000	$ 2,445,000

NOTE 8. INCOME TAXES

Under the regular federal income tax rules the Company's net operating loss carryforward fully offsets taxable income for tax purposes. The provision/(benefit) for income taxes recorded in the quarters ended 1994 and 1993 is entirely a deferred provision. The difference between the federal statutory rate and the effective tax rate was primarily attributable to state income taxes, the non-deductible nature of certain business meal expenses, and corporate overhead expense allocations made for tax purposes.

For income tax purposes, the Company is included in Aztar's consolidated corporate Federal income tax return. The Company uses a separate return method for purposes of allocating the consolidated tax provision.

The Internal Revenue Service is examining the income tax returns for the years 1986 through 1991. The New Jersey Division of Taxation is examining the income tax returns for the years 1983 through 1988. Management believes that adequate provision for income taxes and interest has been made in the financial statements.

NOTE 9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At September 30, 1994 and 1993, Prepaid Expenses and Other Current Assets consisted of the following:

	1994	1993
Current deferred taxes	$ 3,782,000	$ 9,612,000
Other	5,479,000	5,046,000
	$ 9,261,000	$ 14,658,000

NOTE 10. INVESTMENTS, ADVANCES, AND RECEIVABLES

At September 30, 1994 and 1993, Investments, Advances, and Receivables consisted of the following:

	1994	1993
Due from affiliates	$ 29,201,000	$ 23,171,000
CRDA investment	24,138,000	21,542,000
Note receivable - Adamar Garage Corporation	17,052,000	17,052,000
Long-term note receivable	-0-	258,000
Total	$ 70,391,000	$ 62,023,000

NOTE 11. OTHER ACCRUED EXPENSES

At September 30, 1994 and 1993, Other Accrued Expenses consisted of the following:

	1994	1993
Accrued payroll taxes and benefits	$ 6,620,000	$ 6,565,000
Accrued progressive slot win	1,117,000	1,116,000
Accrued miscellaneous	765,000	750,000
Accrued claims reserve	1,581,000	1,808,000
Accrued employee taxes	1,314,000	1,220,000
Other	3,626,000	3,167,000
Total	$ 15,023,000	$ 14,626,000

NOTE 12. OTHER LIABILITIES

At September 30, 1994 and 1993, Other Liabilities consisted of the following:

	1994	1993
Total due to affiliates	$ 39,665,000	$ 32,326,000

NOTE 13. NON-OPERATING INCOME/(EXPENSE)

For the period ended September 30, 1994 and 1993, Non-operating income/(expense) consisted of the following:

	1994	1993
Interest income	$ 2,394,000	$ 4,224,000
Administrative fee	-0-	50,000
Leased land rental	-0-	2,771,000
Maintenance reimbursement	-0-	7,557,000
(Loss)/Gain on disposition	(24,000)	35,000
Rent expense	(4,942,000)	(34,733,000)
Total	$ (2,572,000)	$ (20,096,000)

TRADING NAME OF LICENSEE: TROPWORLD CASINO AND ENTERTAINMENT RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES

For The Nine Months Ended September 30, 1994

	Promotional Allowances		Promotional Expense	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	176,724	$ 11,455,000	-0-	$ -0-
Food	1,182,325	11,587,000	92,075	902,000
Beverage	3,569,600	4,214,000	-0-	-0-
Travel	-0-	-0-	2,489	871,000
Coin	-0-	-0-	1,544,292	19,900,000
Coupon	-0-	-0-	-0-	-0-
Entertainment	62,352	1,775,000	16,310	326,000
Retail & Gifts	218,197	2,182,000	-0-	-0-
Other	108,977	1,089,000	53,821	538,000
Total	5,318,175	$ 32,302,000	1,708,987	$ 22,537,000

For The Three Months Ended September 30, 1994

	Promotional Allowances		Promotional Expense	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	57,334	$ 3,745,000	-0-	$ -0-
Food	517,596	5,073,000	38,719	379,000
Beverage	1,410,607	1,624,000	-0-	-0-
Travel	-0-	-0-	834	292,000
Coin	-0-	-0-	710,090	7,863,000
Coupon	-0-	-0-	-0-	-0-
Entertainment	25,716	695,000	9,261	185,000
Retail & Gifts	66,099	661,000	-0-	-0-
Other	24,322	242,000	23,673	237,000
Total	2,101,674	$ 12,040,000	782,577	$ 8,956,000

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF :
:ss.
COUNTY OF :

Debbie Marchese, being duly sworn according to law upon my oath
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Deborah Marchese
Signature

Controller
Title

367611
License Number

Subscribed and sworn to
before me this 15th day
of November, 19

JoAnn Martilini
Signature

JOANN MARTILINI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 18, 1999

Basis of Authority
to Take Oaths

On Behalf Of:

TropWorld Casino &
Entertainment Resort
Casino Licensee

QUARTERLY REPORT

LICENSEE Trump's Castle Associates
ADDRESS Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT.....Richard V. Williamson

OFFICIAL TITLE.....Executive Director Financial Accounting

ADDRESS.....Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

QUARTERLY REPORT

LICENSEE Trump's Castle Associates
ADDRESS Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
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NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT..... Richard V. Williamson

OFFICIAL TITLE..... Executive Director Financial Accounting

ADDRESS..... Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Three Months)	CCC–210
Statements of Income (Nine Months)	CCC–215
Statements of Changes in Stockholders' Equity	CCC–220
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC–240
Promotional Allowances and Expenses	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

BALANCE SHEETS

SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$23,686	$21,250
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $5,226; 1993, $2,525)	10,766	7,282
4	Inventories	1,918	1,842
5	Prepaid expenses and other current assets	7,584	3,986
6	Total current assets	43,954	34,360
7	Investments, Advances, And Receivables	1,147	3,718
8	Property And Equipment – Gross (NOTE 2)	499,879	493,274
9	(Accumulated Depreciation/Amortization)	(169,984)	(155,540)
10	Other Assets (NOTE 6)	832	826
11	Total Assets	$375,828	$376,638
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable (NOTE 7)	$2,191	$2,908
13	Notes payable (NOTE 4)	0	0
	Current portion of long–term debt:		
14	Due to affiliates (NOTE 3,5)	0	0
15	Other (NOTE 4)	0	0
16	Income taxes payable and accrued	0	0
17	Other accrued expenses (NOTE 8)	26,666	14,811
18	Other current liabilities (NOTE 9)	11,225	14,480
19	Total current liabilities	40,082	32,199
	Long–Term Debt:		
20	Due to affiliates (NOTE 3)	274,779	251,924
21	Other (NOTE 4)	38,000	45,000
22	Deferred Credits	0	0
23	Other Liabilities	21	8
24	Commitments And Contingencies (NOTE 11)		
25	Total Liabilities	352,882	329,131
26	Stockholders', Partners', Or Proprietor's Equity	22,946	47,507
27	Total Liabilities and Equity	$375,828	$376,638

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$200,244	$186,773
2	Rooms	15,284	15,268
3	Food and beverage	24,935	26,133
4	Other	7,073	6,652
5	Total revenue	247,536	234,826
6	Less: Promotional allowances	27,863	27,077
7	Net revenue	219,673	207,749
	Costs And Expenses:		
8	Cost of goods and services	115,880	114,615
9	Selling, general, and administrative	59,646	55,539
10	Provision for doubtful accounts	4,083	670
11	Total costs and expenses	179,609	170,824
12	Gross Operating Profit	40,064	36,925
13	Depreciation and amortization	10,898	12,866
	Charges from affiliates other than interest:		
14	Management fees (NOTE 15)	1,688	1,241
15	Other	0	0
16	Income (Loss) From Operations	27,478	22,818
	Other Income (Expenses):		
17	Interest (expense) – affiliates (NOTE 3,5)	(30,408)	(32,207)
18	Interest (expense) – external (NOTE 4)	(2,637)	(3,059)
19	Investment alternative tax and related income (expense) – net (NOTE 11)	(3,586)	(819)
20	Nonoperating income (expense) – net (NOTE 10)	421	485
21	Total other income (expenses)	(36,210)	(35,600)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(8,732)	(12,782)
23	Provision (credit) for income taxes (NOTE 1)	0	0
24	Income (Loss) Before Extraordinary Items	(8,732)	(12,782)
25	Extraordinary items (net of income taxes – 1993, $0;) (NOTE 14)	0	0
26	Net Income (Loss)	($8,732)	($12,782)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$72,594	$70,061
2	Rooms	6,219	6,694
3	Food and beverage	9,323	9,692
4	Other	3,012	2,709
5	Total revenue	91,148	89,156
6	Less: Promotional allowances	10,548	10,795
7	Net revenue	80,600	78,361
	Costs And Expenses:		
8	Cost of goods and services	40,731	40,793
9	Selling, general, and administrative	20,500	18,903
10	Provision for doubtful accounts	360	75
11	Total costs and expenses	61,591	59,771
12	Gross Operating Profit	19,009	18,590
13	Depreciation and amortization	3,564	3,450
	Charges from affiliates other than interest:		
14	Management fees (NOTE 15)	666	396
15	Other	0	0
16	Income (Loss) From Operations	14,779	14,744
	Other Income (Expenses):		
17	Interest (expense) – affiliates (NOTE 3,5)	(10,200)	(11,702)
18	Interest (expense) – external (NOTE 4)	(897)	(1,030)
19	Investment alternative tax and related income (expense) – net (NOTE 11)	(1,246)	(299)
20	Nonoperating income (expense) – net (NOTE 10)	126	151
21	Total other income (expenses)	(12,217)	(12,880)
22	Income (Loss) Before Income Taxes And Extraordinary Items	2,562	1,864
23	Provision (credit) for income taxes (NOTE 1)	0	0
24	Income (Loss) Before Extraordinary Items	2,562	1,864
25	Extraordinary items (net of income taxes – 1993, $ 0;) (NOTE 14)	0	0
26	Net Income (Loss)	$2,562	$1,864

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

NOT APPLICABLE

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Commom Stock:				
1	Beginning balance (January 1)		$		$
2	Sale of stock				
3	_____				
4	Ending balance				
	Preferred Stock				
5	Beginning balance (January 1)				
6	Sale of stock				
7	_____				
8	Ending balance				
	Additional Paid–in Capital:				
9	Beginning balance (January 1)				
10	_____				
11	_____				
12	Ending balance				
	Treasury Stock:				
13	Beginning balance (January 1)		( )		( )
14	Purchase of additional stock		( )		( )
15	Sale or retirement of stock				
16	Ending balance		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		( )		( )
18	_____				
19	_____				
20	Ending balance		( )		( )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		( )		( )
22	_____				
23	_____				
24	Ending balance		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1)				
26	Prior period adjustments				
27	Net income (loss)				
28	Dividends		( )		( )
29	_____				
30	_____				
31	Ending balance				
32	Ending Stockholders' Equity		$ N/A		$ N/A

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$71,196	$71,196
2	Additional capital invested	32,118	32,344
3	_____	0	0
4	Ending balance	103,314	103,540
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	(33,186)	(4,801)
6	Prior period adjustments	0	0
7	Net income (loss)	(8,732)	(12,782)
8	Rounding_____	0	0
9	Ending balance	(41,918)	(17,583)
	Capital Withdrawals:		
10	Beginning balance (January 1)	(38,450)	(38,450)
11	Additional capital withdrawals	0	0
12	_____	0	0
13	Ending balance	(38,450)	(38,450)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	0	0
15	_____	0	0
16	_____	0	0
17	Ending balance	0	0
18	**Ending Partners' Or Proprietor's Equity**	$22,946	$47,507

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$9,958	($984)
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Cash outflows for property and equipment	(6,436)	(10,191)
5	Proceeds from disposition of property and equipment	0	0
6	Purchase of casino reinvestment obligations	(1,736)	(731)
7	Purchase of other investments and loans/advances made	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables	0	0
9	Cash outflows to acquire business entities	0	0
10	Redemption of A-1 Bonds	0	0
11	_____	0	0
12	Net Cash Provided (Used) By Investing Activities	(8,172)	(10,922)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	0	0
14	Payments to settle short-term debt	0	0
15	Cash proceeds from issuance of long-term debt	1,345	9,856
16	Costs of issuing debt	0	0
17	Payments to settle long-term debt	0	0
18	Cash proceeds from issuing stock or capital contributions	0	0
19	Purchases of treasury stock	0	0
20	Payments of dividends or capital withdrawls	0	0
21	_____	0	(510)
22	_____	0	0
23	Net Cash Provided (Used) By Financing Activities	1,345	9,346
24	Net Increase (Decrease) In Cash And Cash Equivalents	3,131	(2,560)
25	Cash And Cash Equivalents At Beginning Of Period	20,555	23,810
26	Cash And Cash Equivalents At End Of Period	$23,686	$21,250

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$13,421	$12,638
28	Income taxes	0	0

The accompanying notes are an integral part of the financial statments. Valid comparisons cannot be made without using information contained in the ntoes.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	($8,732)	($12,782)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	10,898	12,866
31	Amortization of other assets	0	0
32	Amortization of debt discount or premium	1,640	7,625
33	Deferred income taxes – current	0	0
34	Deferred income taxes – noncurrent	0	0
35	(Gain) loss on disposition of property and equipment	(3)	(26)
36	(Gain) loss on casino reinvestment obligations	3,586	819
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons' checks	(438)	(340)
39	Net (increase) decrease in inventories	397	318
40	Net (increase) decrease in other current assets	(4,129)	(732)
41	Net (increase) decrease in other assets	1,070	(1,635)
42	Net increase (decrease) in accounts payables	(1,115)	(2,313)
43	Net increase (decrease) in other current liabilities excluding debt	6,771	(4,785)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	13	1
45	_____	0	0
46	_____	0	0
47	Net Cash Provided (Used) By Operating Activities	$9,958	($984)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	($6,436)	$10,217
49	Less: Capital lease obligations incurred	0	0
50	Cash Outflows For Property And Equipment	($6,436)	$10,217
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$0	$0
52	Goodwill acquired	0	0
53	Net assets acquired other than cash, goodwill, and property and equipment	0	0
54	Long–term debt assumed	0	0
55	Issuance of stock or capital invested	0	0
56	Cash Outflows To Acquire Business Entities	$0	$0
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	$0	$0
58	Less: Issuances to settle long–term debt	0	
59	Consideration in acquisition of business entities	0	
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$0	$0

TRUMP'S CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was formed as a limited partnership in 1985 for the sole purpose of acquiring and operating Trump's Castle Casino Resort ("Trump's Castle"). The Partnership converted to a general partnership in February 1992. As a result of a recapitalization involving the Partnership, the Company and TC/GP, Inc. ("TC/GP") in December, 1993, the partnership is wholly owned by Donald J. Trump, and his wholly owned companies, TC/GP and Trump's Castle Hotel & Casino Inc. ("TCHC").

Revenue Recognition:

The Partnership records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services are recognized at the time the related service is performed.

Promotional Allowances:

Gross revenues include the retail value of complimentary food, beverage and hotel services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenue to arrive at net revenues. The cost of promotional allowances is charged to operations.

Income Taxes/Deferred Credits:

The accompanying financial statements do not include a provision for Federal income taxes of the Partnership, since any income or losses allocated to the Partners are reportable for Federal income tax purposes by the Partners.

Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. However, no provision for state income taxes has been reflected in the accompanying financial statements, since the Partnership has experienced operating losses during the periods contained in this report.

Allowance for Doubtful Accounts:

The Partnership has provided $5,226,000 through September 30, 1994 including a $3.0 million provision

(recorded through the second quarter of 1994) with respect to $4.0 million owed by four foreign gaming patrons.

Inventories:

Food and beverage inventories are carried on a weighted average basis and all other inventories are carried at the lower of cost or market on a first in, first out basis.

Property and Equipment:

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of assets. Estimated useful lives for furniture, fixtures and equipment are from three to eight years and 40 years for buildings.

Original Issuance Discount:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment as of September 30:

	1994	1993
	(In thousands)	
Land and Land Improvements	$ 36,402	$ 36,688
Buildings	235,170	235,170
Furniture, Fixtures and Equipment	106,322	102,996
Construction in Progress	6,259	3,039
Building/Leasehold Improvements	115,522	115,381
TOTAL	$499,675	$493,274
Less Accumulated Depreciation	(169,984)	(155,540)
Net Property and Equipment	$329,691	$337,734

NOTE 3 - LONG TERM DEBT:

Plan of Reorganization:

Trump's Castle Funding (the "Company") was incorporated on May 28, 1985 solely to serve as a financing company to raise funds through the issuance of its 13-3/4% First Mortgage Bonds, Series A-1, due 1997 (the "Series A-1 Bonds") and 7% First Mortgage Bonds, Series A-2, due 1999 (the "Series A-2 Bonds," and together with the Series A-1 Bonds, the "Old Bonds"), the proceeds of which were loaned to the Partnership. In return for such proceeds, the Partnership

issued a promissory note (the "Old Partnership Note") to the Company in a principal amount equal to the aggregate principal amount of the Old Bonds and with similar payment terms. In addition, the Partnership directly guaranteed the payment of the principal of, premium, if any, and interest on the Old Bonds (the "Old Guaranty"). On the Effective Date, the Old Partnership Note and Old Guaranty were discharged, the Partnership issued a new promissory note (the "Partnership Note") and a new guaranty (the "Guaranty") and the Old Bonds were exchanged for the Company's 9.50% Mortgage Bonds, due 1998 (the "New Bonds") and shares of common stock of TC/GP (the "Common Stock").

On March 9, 1992, the Company, the Partnership, and its general partners filed a voluntary petition for relief under Chapter 11 of title 11, United States Code (the "Bankruptcy Code") and filed a Plan of Reorganization (the "Plan"). The Plan was confirmed by the Bankruptcy Court on May 5, 1992 and the Plan was consummated on May 29, 1992 (the "Effective Date"). Pursuant to the terms of the Plan, the Old Bonds were exchanged for the New Bonds and Common Stock (Note 3) and certain modifications were made to the terms of the bank borrowings (Note 4), and amounts owed to Donald J. Trump (Note 5). The issuance of the Common Stock resulted in approximately 50% of the beneficial ownership interest in the Partnership being transferred to the holders of Old Bonds.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," the New Bonds have been stated at the present value of amounts to be paid, determined at current interest rates (effective rate of approximately 17.5%). The effective interest rate of the New Bonds was determined based on the trading price of the New Bonds for a specific period. Stating the debt at its present value resulted in a reduction of approximately $96,896,000 in the carrying amount of the New Bonds. This gain will be offset by increased interest costs over the period of the New Bonds to accrete such bonds to their face value at maturity.

On the Effective Date, TC/GP received a 50% beneficial interest in Trump's Castle Hotel & Casino, Inc., a partner in the Partnership, and was admitted as a partner in the Partnership, giving TC/GP a 50% beneficial interest in the Partnership. On the Effective Date, the partners executed the Amended and Restated Partnership Agreement (the "Partnership Agreement"), which provides, among other things, for a Board of Partners Representatives (the "Board") to oversee the business and operations of the Partnership. Pursuant to the terms of the Partnership Agreement, Donald J. Trump was appointed the Managing General Partner of the Partnership responsible for its day-to-day operations, and has the right to appoint four of the seven members of the Board; the remaining members of the Board are appointed by

TC/GP through the holders of its Common Stock. Upon the occurrence of certain events, TC/GP has the right to appoint four members to the Board, and Donald J. Trump has the right to appoint three.

The Plan resulted in an extraordinary gain totaling approximately $128,187,000, including the $96,896,000 discussed above, $18,000,000 representing the forgiveness of the bank debt (Note 3), and $23,805,000 representing a discharge of accrued interest and accretion on indebtedness, less the write-off of unamortized loan issuance costs of $9,514,000. On the Effective Date, 35,447 of additional units (Note 3) were issued in lieu of the Bond Carryforward Amount and the Effective Date Amount, as defined. Additionally, the Plan resulted in a discharge of related party indebtedness in the approximate amount of $33,325,000 which has been accounted for as a contribution to capital (Note 5).

Upon consummation of the Plan on May 29, 1992, each $1,000 principal amount of the Company's Series A-1 Bonds or $1,000 accreted amount as of December 15, 1990 of Series A-2 Bonds was exchanged for a Unit consisting of $1,000 in principal amount of the Company's Bonds, together with one share of the Common Stock of TC/GP and certain other payments. The Bonds and Common Stock trade together as a Unit and may not be transferred separately, except upon the occurrence of certain events. The Bonds bear interest at 9.50% per annum from the date of issuance, payable semi-annually on each February 15 and August 15, commencing August 15, 1992. The Company is required to pay interest in cash to holders of Bonds outstanding on the immediately preceding August 1 or February 1 at varying rates per annum (the "Mandatory Cash Amounts") as follows:

INTEREST PAYMENT DATE	Mandatory Cash Rate (Per Annum)
August 15, 1992	5.00%
February 15, 1993	6.00
August 15, 1993	7.00
February 15, 1994	8.00
August 15, 1994 and all subsequent dates	9.50

For interest payment dates on or before February 15, 1994, the difference between interest calculated at the rate of 9.50% per annum and the Mandatory Cash Amount (the "Additional Amount") was payable to holders of Bonds in cash to the extent that Excess Available Cash, as defined, of the Partnership was available for such purpose and in additional Units to the extent that Excess Available Cash was less that the Additional Amount.

Recapitalization:

On December 28, 1993, the Partnership, the Company and TC/GP consummated a Recapitalization Plan whereby each $1,000 of principal of the 9.5% Mortgage Bonds issued as part of the Plan was exchanged for $750 principal amount of the Company's 11-3/4% Mortgage Notes due 2003 (the "Mortgage Notes"), $120 principal amount of the Company's Increasing Rate Subordinated Pay-in-Kind Notes due 2005 (the "PIK Notes") and a cash payment of $6.19 plus all accrued and unpaid interest. Those bondholders who did not elect to exchange their bonds received a cash payment of $750 for each $1,000 of principal amount of bonds plus accrued and unpaid interest. In addition, each share of TC/GP common stock was exchanged for $35 principal amount of PIK Notes.

As a result of the Recapitalization Plan, approximately 96% of the principal amount of the previously issued bonds were exchanged for Mortgage and PIK Notes and the TC/GP common stock was redeemed. Those bonds that were redeemed for cash were purchased at an amount which approximated their net book value at the date of purchase. The net book value of the exchanged bonds has been carried forward and allocated to the Mortgage and PIK Notes in proportion to the principal amount of Notes issued. The difference between the principal amount and net book value of these notes will be accreted as a charge to interest expense over the life of the Notes using the effective interest method.

The PIK Notes bear interest, payable at the Company's option in whole or in part in cash and through the issuance of additional PIK Notes, semi-annually commencing May 15, 1994 at the rate of 7% through September 30, 1994 and 13-7/8% through November 15, 2003. Thereafter, interest on the Notes is payable in cash, semiannually at the rate of 13-7/8%. The PIK Notes mature on November 15, 2005. The PIK Notes may be redeemed at the Company's option at 100% of the principal amount under certain conditions, as defined in the PIK Note Indenture, and are required to be redeemed from a specified percentage of any equity offering which includes the Partnership.

The terms of both the Mortgage Notes and PIK Notes include limitations on the amount of additional indebtedness the Partnership may incur, distributions of Partnership capital, investments and other business activities.

The Mortgage Notes are secured by a promissory note of the Partnership to the Company (the "Partnership Note") in an amount and with payment terms necessary to service the Mortgage Notes. The Partnership Note is secured by a mortgage on Trump's Castle and substantially all of the other assets of the partnership. The Partnership Note has been assigned by the Company to the Trustee to secure the repayment of the

Mortgage Notes. In addition, the Partnership has guaranteed (the "Guaranty") the payment of the Mortgage Notes, which Guaranty is secured by a mortgage on Trump's Castle. The Partnership Note and the Guaranty are expressly subordinated to the indebtedness described in Note 5 (the "Senior Indebtedness") and the liens of the mortgages securing the Partnership Note and the Guaranty are subordinate to the liens securing the Senior Indebtedness.

The PIK Notes are secured by a subordinated promissory note of the Partnership to the Company (the "Subordinated Partnership Note"), which has been assigned to the Trustee for the PIK Notes, and the Partnership has issued a subordinated guaranty (the "subordinated Guaranty") of the PIK Notes. The Subordinated Partnership Note and the Subordinated Guaranty are expressly subordinated to the Senior Indebtedness, the Partnership Note and the Guaranty.

On May 15, 1994, the first interest payment on the PIK Notes came due. The amount of interest due totaled approximately $1,345,000. In accordance with the indentures, the Partnership issued additional notes in lieu of a cash payment as satisfaction of the amount due.

The Partnership anticipates that approximately $2,250,000 principal amount of additional PIK Notes will be issued in lieu of cash interest on November 15, 1994.

NOTE 4 - BANK BORROWINGS:

In February 1988, the Company and the Partnership entered into a $50,000,000 revolving credit facility with Midlantic National Bank ("Midlantic") which was later converted to a term loan in August 1990 ("Term Loan"). In addition, in June 1990, the Partnership borrowed $13,000,000 from Midlantic under an unsecured line of credit pursuant to a grid note ("grid Note"). Pursuant to the Plan, the terms of these loans were modified.

The principal amount of the amended Term Loan (the "Amended Term Loan") was reduced to $38,000,000. The amended Term Loan has an initial maturity of three years from the Effective Date and with its terms, the Partnership has the option, subject to certain conditions, to extend the Amended Term Loan an additional five years. Upon such an extension, the interest rate on such loan will adjust to a market rate, but not less than a minimum rate of 9%. The Amended Term Loan is secured by a mortgage lien on Trump's Castle that is prior to the lien securing the Mortgage Notes (Note 4) and the Senior Notes described below.

The amended Grid Note (the "Amended Grid Note") bore interest at 8.5% and the outstanding principal amount was

reduced to $7,000,000 payable on demand. On December 28, 1993, the Amended Grid Note was paid in full.

In connection with Trump's Castle Associate's aborted attempt to acquire certain property in Philadelphia, Trump's Castle Associates paid certain indebtedness in the amount of $2,249,000 and assumed an additional $2.3 million of indebtedness. Trump's Castle Associates expects to recover the $2,249,000 from the ultimate purchaser of the property and accordingly has included said amount as an account receivable. Trump's Castle Associates also expects that the $2.3 million of assumed debt will be assumed by the ultimate purchaser. Accordingly, Trump's Castle Associates has neither recorded the receivable nor the payable with respect to this aspect of the transaction. Trump's Castle Associates has confirmed the appropriateness of this accounting treatment with it's independent public accountants.

NOTE 5 - OTHER BORROWINGS:

Senior Notes:

On December 28, 1993, the Company issued 11-1/2% Senior Secured Notes, due 2000. Similar to the Mortgage Notes, the Senior Notes are secured by an assignment of a promissory note of the Partnership (the "Senior Partnership Note") which is in turn secured by a mortgage on Trump's Castle and substantially all of the other assets of the Partnership. In addition, the Partnership has guaranteed (the "Senior Guaranty") the payment of the Senior Notes, which Guaranty is secured by a mortgage on Trump's Castle. The Senior Partnership Note and the Senior Guaranty are subordinated to the Amended Term Loan described above.

Interest on the Senior Notes is payable semiannually commencing May 15, 1994 at the rate of 11-1/2%; however in the event that the PIK Notes are redeemed prior to November 15, 1998, the interest rate will be reduced to 11-1/4%. The Senior Notes are subject to a required partial redemption commencing on June 1, 1998 at 100% of the principal amount.

Pursuant to the terms of a Registration Rights Agreement with the purchasers of the Series A Notes, Funding and the Partnership filed a registration statement with the Securities and Exchange Commission (the "SEC") for the issuance of $27 million outstanding principal amount of the Series A Notes. The Registration Statement was declared effective in May 1994, and the full $27,000,000 in principal amount of Series A Notes were exchanged for a like amount of Series B Notes in June 1994. The Series B Notes have terms which are virtually identical to those of the Series A Notes.

Trump Priority Interest:

During 1990, the Partnership borrowed $28,265,000 from Donald J. Trump, one of its general partners, which included $9,889,000 of series A-1 Bonds (face value $12,480,000), the proceeds of which were used to partially satisfy the June 1990 interest and sinking fund requirements of the Old Bonds. Pursuant to the Plan, the above obligations and related accrued interest of $5,060,000 were canceled and contributed to capital and Donald J. Trump received in exchange therefor a priority interest in the Partnership (the "Trump Priority Interest"). The Trump Priority Interest was initially $15,000,000 and pursuant to the terms of the Partnership Agreement, the Partnership was required to pay a priority return thereon semi-annually at a rate per annum of up to 9.5%. pursuant to the terms of the Recapitalization Plan, the Partnership Agreement was amended to provide, among other things, that Trump will be entitled to receive a priority distribution equal to the Trump Priority Interest upon liquidation and to eliminate the priority return. For the quarter ended September 30, 1994 and 1993, no amounts were paid as priority return on capital.

Fred Trump Gaming Chip Liability:

In December 1990, Fred Trump, the father of Donald J. Trump, placed $3,500,000 in cash on deposit with the Partnership's casino cage, which was recorded by the Partnership as a gaming patron deposit. Counter checks totaling $3,500,000 were issued against the deposit, for which Fred Trump received gaming chips valued at $3,500,000. On October 8, 1992, in accordance with the indenture, Fred Trump redeemed $1,000,000 in gaming chips for cash. In December 1993, Fred Trump redeemed $1,000,000 in gaming chips and placed the same amount on deposit in the casino cage. This amount was included in Patrons Deposits as of December 31, 1993 and was subsequently redeemed on January 6, 1994. On May 19, 1994 in accordance with the indentures, Fred Trump redeemed $1,500,000 in gaming chips for cash. The remaining gaming chip liability to Fred Trump of $25,000 is included in the unredeemed chip liability as of September 30, 1994.

NOTE 6 - OTHER ASSETS - (NET):

	1994	1993
	(In thousands)	
Other Non-Current Assets	832	826
TOTAL OTHER ASSETS	$ 832	$ 826

NOTE 7 - ACCOUNTS PAYABLE:

	1994	1993
	(In thousands)	
Accounts Payable Trade	$ 1,530	$2,280
Patron Deposits	605	531
Other	56	97
TOTAL ACCOUNTS PAYABLE	$ 2,191	$ 2,908

NOTE 8 - OTHER ACCRUED EXPENSES:

	1994	1993
	(In thousands)	
Accrued Payroll & Taxes	$ 5,048	$ 5,003
Accrued Interest	15,619	4,047
Accrued Advertising/Promotions	228	304
Accrued Progressive Jackpots	428	299
Accrued Sick/Vacation	4,788	4,753
Other	555	405
TOTAL OTHER ACCRUED EXPENSES	$26,666	$14,811

NOTE 9 - OTHER CURRENT LIABILITIES:

	1994	1993
	(In thousands)	
Outstanding Chip Liability	$ 1,137	$ 3,520
Outstanding Token Liability	168	492
Patron Deposits	106	66
Accrued Utilities	449	78
Accrued Group Health insurance	2,119	2,714
Accrued Insurance	3,922	4,077
A/P Other	2,305	1,530
Accrued Legal	486	430
Accrued CCC/DGE	0	424
Construction Retainage	2	53
Accrued Inventories	218	260
Accrued CRDA	313	836
TOTAL OTHER CURRENT LIABILITIES	$11,225	$14,480

New Jersey State Library

NOTE 10 - NON-OPERATING INCOME (EXPENSES) - NET:

Non-operating income (expense) for the period ended September 30:

	Three Months	
	1994	1993
	(In thousands)	
Interest Income	$ 126	$ 151
TOTAL NON-OPERATING INCOME - NET	$ 126	$ 151

	Nine Months	
	1994	1993
	(In thousands)	
Interest Income	$ 421	$ 485
TOTAL NON-OPERATING INCOME - NET	$ 421	$ 485

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

The Partnership is subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Partnership's casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of the Partnership and can be revoked at any time. Due to The uncertainty of any license renewal application, there can be no assurance that the license will be renewed. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to the Partnerships's financial condition or for any other reason, the Casino Control Act ("the Act") provides that the CCC may appoint a conservator to take possession of and title to the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

The CCC renewed the casino license of the Partnership through May 31, 1995 subject to certain continuing reporting and compliance conditions.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY OBLIGATIONS

The New Jersey Casino Control Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax.

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority (CRDA) or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

As a result of this agreement, the Partnership has charged $1,059,000 for the nine months ending September 30, 1994 to operations, which represents application of a portion of the tax credits, as well as the effect of below market interest rates associated with the bond purchase commitment.

The Partnership made two donations of its existing CRDA deposits during the first Quarter of 1994, totaling approximately $3,171,000, in exchange for satisfaction of an equivalent amount of its prior bond purchasing commitments, in addition to receiving future tax credits totaling approximately $314,000. It has also made three additional donations of its existing CRDA deposits during the third quarter of 1994, totaling approximately $3,269,000, in exchange for satisfaction of an equivalent amount of its prior bond purchasing commitments, in addition to receiving future tax credits totaling approximately $1,157,000.

NOTE 12 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan.

The Partnership will match 50% of eligible employees' contributions up to a maximum of 5% of an individual's earnings.

The Partnership recorded charges of approximately $722,000 for matching contributions for the nine months ended September 30, 1994.

The Partnership made payments to various trusted pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of these plans. Under the Employee Retirement Income Security Act, the Partnership may

be liable for its share of the plans unfunded liability, if any, if the plans are terminated.

NOTE 13 - JACKPOT PAYOUTS:

The Partnership has not recorded any jackpot payouts in the form of merchandise for the nine months ended September 30, 1994 and 1993.

NOTE 14 - EXTRAORDINARY ITEM:

The Partnership has not recorded any extraordinary items for the nine months ended September 30, 1994 and 1993.

NOTE 15 - RELATED PARTY TRANSACTIONS:

The Partnership had a management agreement with Trump's Castle Management Corp. ("TCMC"), a corporation wholly owned by Donald J. Trump (the "Management Agreement"). The Management Agreement provided that the day-to-day operation of Trumps's Castle and all ancillary properties and businesses of the Partnership was to be under the exclusive management and supervision of TCMC.

Pursuant to the Management Agreement, the Partnership was required to pay an annual fee in the amount of $1,500,000 to TCMC for each year in which Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), as defined, exceeds certain levels. In addition, TCMC, beginning with the fiscal year ended December 31, 1994, was to receive an incentive fee equal to 10% of the excess EBITDA over $45,000,000 for such fiscal year. During the years ended 1993 and 1992, the Partnership incurred fees and expenses of $1,688,000 and $1,241,000 respectively, under the Management Agreement.

As a result of the Recapitalization Plan described in Note 3, on December 28, 1993, the Partnership terminated the Management Agreement with TCMC and entered into a Services Agreement with TC/GP. Pursuant to the terms of the services agreement, TC/GP is obligated to provide the Partnership, from time to time, when reasonably requested, consulting services with respect to the business and operations of the Partnership, including such other services as the Managing Partner may reasonably request.

In consideration for the services to be rendered, the Partnership will pay TC/GP an annual fee on the same basis as that of the previous Management Agreement, discussed above. The Services Agreement expires on December 31, 2005.

The Partnership has recorded expenses for the period ended September 30, 1994 and 1993 of approximately $1,688,000 and $1,241,000 respectively.

On May 19, 1994 in accordance with the indentures, Fred Trump redeemed $1,475,000 in gaming chips for cash. The remaining gaming chip liability to Fred Trump of $25,000 is included in the unredeemed chip liability as of June 30, 1994 (see Note 5).

In February 1994, Trump's Castle Associates paid a $1,500,000 bonus to Donald J. Trump. Said bonus was approved by both the Casino Control Commission and Trump's Castle's Board of Partner Representatives.

NOTE 16 - MISCELLANEOUS RECEIVABLE:

In March of 1994, Trump's Castle Associates paid $2,249,089 to acquire certain riverfront property in Philadelphia, Pennsylvania. Discussions in connection with the proposed acquisition have been terminated and Trump's Castle Associates expects to recover the amount paid from the ultimate purchaser of the property. Accordingly, the full $2,249,089 has been recorded as a receivable in these financial statements (see Note 4).

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

(UNAUDITED)

($ IN THOUSANDS)

	ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE - (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$3,968		
2	Returned patrons' checks	6,644		
3	Total patrons' checks	10,612	$5,014	$5,598
4	Hotel Receivables	845	212	633
	Other Receivables:			
5	Receivables due from officers and employees	26		
6	Receivables due from affiliates	875		
7	Other accounts and notes receivables	3,634		
8	Total other receivables	4,535	0	4,535
9	Totals (Form 305)	$15,992	$5,226	$10,766

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$7,015
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	124,594
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(90,317)
13	Checks collected through deposits	(28,001)
14	Checks transferred to returned checks	(9,323)
15	Other adjustments	0
16	Ending Balance	$3,968
17	"Hold" Checks Included In Balance On Line 16	$0
18	Provision For Uncollectible Patrons' Checks	299
19	Provision As A Percent Of Counter Checks Issued	0.2%

New Jersey State Library

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
ROOMS	232,640	10,869,000	0	0
FOOD	745,600	11,184,000	0	0
BEVERAGE	990,824	4,211,000	0	0
TRAVEL	0	0	30,480	5,334,000
COIN	0	0	0	0
COUPON	0	0	1,456,347	16,656,000
ENTERTAINMENT	54,920	1,373,000	867	26,000
RETAIL & GIFTS	42,800	214,000	0	0
OTHER	2,400	12,000	51,840	2,592,000
TOTAL	2,069,184	$27,863,000	1,539,534	$24,608,000

****

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
ROOMS	101,144	4,421,000	0	0
FOOD	260,200	3,904,000	0	0
BEVERAGE	348,706	1,529,000	0	0
TRAVEL	0	0	11,178	1,956,000
COIN	0	0	0	0
COUPON	0	0	487,177	5,740,000
ENTERTAINMENT	24,480	614,000	329	10,000
RETAIL & GIFTS	15,400	77,000	0	0
OTHER	600	3,000	23,520	1,176,000
TOTAL	750,530	$10,548,000	522,204	$8,882,000

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
:ss.
COUNTY OF ATLANTIC :

Richard V. Williamson, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

Executive Director Financial Accounting
Title

005378-11
License Number

On behalf Of:

Trump's Castle Hotel & Casino
Casino Licensee

Subscribed and sworn to
before me this 15TH day
of NOVEMBER, 1994

Signature

NORMA J. ZIMMERMAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 12, 1998

Basis of Authority
to Take Oaths

QUARTERLY REPORT

LICENSEE: TRUMP PLAZA HOTEL & CASINO

ADDRESS: MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

RECEIVED
1994
CASINO CONTROL
COMMISSION

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT.....FRANCIS X MCCARTHY

OFFICIAL TITLE.....EXECUTIVE VICE–PRESIDENT OF FINANCE AND
ADMINSTRATION

ADDRESS.....MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year–to–Date)	CCC–210
Statements of Income (Three Months)	CCC–215
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC–240
Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$ 22,157	$ 26,571
2	Marketable securities	–	–
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $9,300; 1993, $12,093)	7,037	6,821
4	Inventories	3,556	3,631
5	Prepaid expenses and other current assets NOTE 2	5,121	3,127
6	Total current assets	37,871	40,150
7	Investments, Advances, and Receivables NOTE 3	9,235	9,550
8	Property and Equipment – Gross NOTE 4	430,134	412,386
9	(Accumulated Depreciation/Amortization) NOTE 4	(133,834)	(118,685)
10	Other Assets NOTE 5	43,894	45,939
11	Total Assets	$ 387,300	$ 389,340
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts Payable	$ 5,119	$ 4,538
13	Notes Payable	741	660
	Current portion of long-term debt:		
14	Due to affiliates	–	–
15	Other NOTE 9	3,142	1,611
16	Income taxes payable and accrued	–	–
17	Other accrued expenses NOTE 6	25,899	25,893
18	Other current liabilities NOTE 7	6,428	6,432
19	Total current liabilities	41,329	39,134
	Long-Term Debt:		
20	Due to affiliates NOTE 8	326,136	325,772
21	Other NOTE 9	3,148	6,076
22	Deferred Credits NOTE 10	1,858	1,820
23	Other Liabilities NOTE 13	3,743	3,953
24	Commitments and Contingencies NOTE 14	–	–
25	Total Liabilities	376,214	376,755
26	Stockholders', Partners', or Proprietor's Equity	11,086	12,585
27	Total Liabilities and Equity	$ 387,300	$ 389,340

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 198,597	$ 207,266
2	Rooms	14,014	13,971
3	Food and beverage	29,556	32,042
4	Other	6,558	6,647
5	Total revenue	248,725	259,926
6	Less: Promotional allowances	27,189	28,453
7	Net revenue	221,536	231,473
	Costs and Expenses:		
8	Costs of goods and services	116,660	118,589
9	Selling, general, and administrative	55,215	53,762
10	Provision for doubtful accounts	357	122
11	Total costs and expenses	172,232	172,473
12	Gross Operating Profit	49,304	59,000
13	Depreciation and amortization	11,734	13,405
	Charges from affiliates other than interest:		
14	Management fees	961	795
15	Other	1,425	2,038
16	Income (Loss) from Operations	35,184	42,762
	Other Income (Expenses):		
17	Interest (expense) – affiliates NOTE 11	(28,260)	(24,117)
18	Interest (expense) – external	(778)	(1,860)
19	Investment alternative tax and related income (expense) – net	(1,222)	(862)
20	Nonoperating income (expense) – net NOTE 12	(3,216)	(2,082)
21	Total other income (expense)	(33,476)	(28,921)
22	Income (Loss) before Income Taxes and Extraordinary Items	1,708	13,841
23	Provision (credit) for income taxes NOTE 16	185	1,325
24	Income (Loss) before Extraordinary Items	1,523	12,516
25	Extraordinary items (net of income taxes – 1994,$ – , 1993, $ –) NOTE 15	–	4,120
26	Net (Loss)	$ 1,523	$ 16,636

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE	DESCRIPTION	(c) 1994	(d) 1993
(a)	(b)		
	Revenue:		
1	Casino	$ 76,153	$ 75,560
2	Rooms	5,552	5,674
3	Food and beverage	11,370	12,091
4	Other	2,714	3,118
5	Total revenue	95,789	96,443
6	Less: Promotional allowances	10,838	10,977
7	Net revenue	84,951	85,466
	Costs and Expenses:		
8	Costs of goods and services	42,500	41,785
9	Selling, general, and administrative	18,717	17,777
10	Provision for doubtful accounts	187	(189)
11	Total costs and expenses	61,404	59,373
12	Gross Operating Profit	23,547	26,093
13	Depreciation and amortization	3,893	4,035
	Charges from affiliates other than interest:		
14	Management fees	304	259
15	Other	475	373
16	Income (Loss) from Operations	18,875	21,426
	Other Income (Expenses):		
17	Interest (expense) – affiliates NOTE 11	(9,420)	(9,357)
18	Interest (expense) – external	(258)	(268)
19	Investment alternative tax and related income (expense) – net	(763)	(316)
20	Nonoperating income (expense) – net NOTE 12	(975)	(1,969)
21	Total other income (expense)	(11,416)	(11,910)
22	Income (Loss) before Income Taxes and Extraordinary Items	7,459	9,516
23	Provision (credit) for income taxes NOTE 15	708	902
24	Income (Loss) before Extraordinary Items	6,751	8,614
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ –)	–	–
26	Net (Loss)	$ 6,751	$ 8,614

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$ 69,114	$ 50,707
2	Conversion of Preferred into a General Partnership Interest	–	18,407
3	_____	–	–
4	Ending balance	69,114	69,114
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	28,391	14,724
6	Prior period adjustments	–	–
7	Net income (loss)	1,523	16,636
8	_____	–	–
9	Ending balance	29,914	31,360
	Capital Withdrawals:		
10	Beginning balance (January 1)	(87,889)	(54,069)
11	Additional capital withdrawals	–	(27,500)
12	Preferred Partnership Interest Distribution	(53)	(6,320)
13	Ending balance	(87,942)	(87,889)
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	–	–
15	_____	–	–
16	_____	–	–
17	Ending balance	–	–
18	Ending Partners' or Proprietor's Equity	$ 11,086	$ 12,585

The accompanying notes are an integral part of the financial statements. Valid comparison cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) by Operating Activities	$ 23,916	$ 32,725
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	–	–
3	Proceeds from the sale of short-term invest. securities	–	–
4	Cash outflows for property and equipment	(14,252)	(6,291)
5	Proceeds from disposition of property and equipment	7	5
6	Purchase of casino reinvestment obligations	(2,160)	(1,875)
7	Purchase of other investments and loans/advances made	(1,585)	(6,596)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	–	–
9	Cash outflows to acquire business entities	–	–
10	Casino Reinvestment Obligation Donation	3,151	–
11		–	–
12	Net Cash Provided (Used) by Investing Activities	(14,839)	(14,757)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	1,520	1,478
14	Payments to settle short-term debt	(2,598)	(1,995)
15	Cash proceeds from issuance of long-term debt	–	325,800
16	Costs of issuing debt	–	(14,438)
17	Payments to settle long-term debt	–	(247,292)
18	Cash proceeds from issuing stock or capital contribution	–	–
19	Purchases of treasury stock	–	(40,000)
20	Payments of dividends or capital withdrawals	–	(27,500)
21	Preferred Partnership interest distribution	(233)	(6,252)
22		–	–
23	Net Cash Provided (Used) by Financing Activities	(1,311)	(10,199)
24	Net Increase (Decrease) in Cash and Cash Equivalents	7,766	7,769
25	Cash and Cash Equivalents at Beginning of Period	14,391	18,802
26	Cash and Cash Equivalents at End of Period	$ 22,157	$ 26,571

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 18,445	$ 24,438
28	Income taxes	$ –	$ –

The accompanying notes are an integral part of the financial statements. Valid comparison cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows from Operating Activities:		
29	Net income (loss)	$ 1,523	$ 16,636
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	11,452	13,122
31	Amortization of other assets	282	283
32	Amortization of debt discount or premium	277	85
33	Deferred income taxes – current	–	–
34	Deferred income taxes – noncurrent	185	1,325
35	(Gain) loss on disposition of property and equipment	9	(5)
36	(Gain) loss on casino reinvestment obligation	1,222	862
37	(Gain) loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	(80)	1,049
39	Net (increase) decrease in inventories	10	(563)
40	Net (increase) decrease in other current assets	(2,420)	(628)
41	Net (increase) decrease in other assets	758	5,153
42	Net increase (decrease) in accounts payable	718	(1,352)
43	Net increase (decrease) in other current liabilities excluding debt	9,980	878
44	Net increase (decrease) in other noncurrent liabilities excluding debt	–	–
45	Extraordinary Gain	–	(4,120)
46		–	–
47	Net Cash Provided (Used) by Operating Activities	$ 23,916	$ 32,725

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to property and equipment	$ (14,627)	$ (6,557)
49	Less: Capital lease obligations incurred	375	266
50	Cash Outflows for Property and Equipment	$ (14,252)	$ (6,291)
	Acquisition of Business Entities:		
51	Property and equipment acquired	$ –	$ –
52	Goodwill acquired	–	–
53	Net assets acquired other than cash, goodwill, and property and equipment	–	–
54	Long–term debt assumed	–	–
55	Issuance of stock or capital invested	–	–
56	Cash Outflows to Acquire Business Entities	$ –	$ –
	Stock Issued or Capital Contributions:		
57	Total issuances of stock or capital contribution	$ –	$ –
58	Less: Issuances to settle long–term debt	–	–
59	Consideration in acquisition of business entities	–	–
60	Cash Proceeds from Issuing Stock or Capital Contributions	$ –	$ –

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates, (the "Company"), doing business as Trump Plaza Hotel and Casino ("Trump Plaza") was organized in June 1982 as a general partnership under the laws of the State of New Jersey for the purpose of acquiring, completing the construction of and operating Trump Plaza. On June 25, 1993 the Company issued a Promissory Note (the "Partnership Note") to reflect the terms of the 10 7/8% Mortgage Notes. See Note 8 Long-Term Debt Due To Affiliates.

B. Disclosures Not Presented

Certain footnotes have not been presented in these Notes to Financial Statements since they would duplicate the disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1993. The footnotes excluded are Summary of Significant Accounting Policies (except for Organization), and Employee Benefit Plans.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30, consisted of the following:

	1994	1993
Prepaid taxes	$ 825,000	$ 690,000
Prepaid insurance	1,241,000	1,174,000
Prepaid rent	120,000	124,000
Prepaid advertising costs	363,000	360,000
Prepaid service contracts	106,000	97,000
Prepaid sewerage costs	221,000	200,000
Prepaid CRDA expense	257,000	-
Prepaid collateral	1,500,000	-
Other	488,000	482,000
	$5,121,000	$3,127,000

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30, consisted of the following:

	1994	1993
Advances due from -		
Trump Seashore Associates	$ 732,000	$ 877,000
Trump Plaza Holding Associates	3,050,000	3,080,000
Donald J. Trump	1,250,000	-
Casino reinvestment bonds and escrow deposit, net of valuation adjustment (1994) $2,157,000; (1993)$2,796,000	4,203,000	5,593,000
	$ 9,235,000	$9,550,000

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment as of September 30, consisted of the following:

	1994	1993
Land and land improvements	$ 36,463,000	$ 35,613,000
Buildings	297,390,000	295,524,000
Furniture, fixtures and equipment	83,423,000	75,865,000
Leasehold improvements	2,404,000	2,404,000
Construction in progress	10,454,000	2,980,000
	430,134,000	412,386,000
Less - Accumulated depreciation & amortization	(133,834,000)	(118,685,000)
Net property and equipment	$ 296,300,000	$ 293,701,000

NOTE 5: OTHER ASSETS

Other assets as of September 30, consisted of the following:

	1994	1993
Land rights, net	$ 29,781,000	$ 30,151,000
Deferred Loan Cost (net of affiliate)	12,115,000	14,051,000
Deposits	1,440,000	1,673,000
Deferred slot tax charge	77,000	64,000
Other	481,000	-
	$ 43,894,000	$ 45,939,000

NOTE 6: OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30, consisted of the following:

	1994	1993
Accrued payroll	$ 8,251,000	$ 8,094,000
Accrued progressive jackpot liabilities	957,000	803,000
Accrued interest	10,469,000	9,568,000
Accrued gaming taxes payable	355,000	336,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	421,000	572,000
Accrued utilities	415,000	425,000
Accrued union benefits	219,000	214,000
Accrued health insurance benefits	1,544,000	1,833,000
Accrued parking, sales, use & luxury tax	359,000	371,000
Accrued professional costs	426,000	418,000
Accrued special event costs	648,000	781,000
Accrued repairs & maintenance costs	87,000	114,000
Accrued refinancing expense	-	687,000
Accrued property taxes	-	186,000
Other	1,748,000	1,491,000
	$25,899,000	$25,893,000

NOTE 7: OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, consisted of the following:

	1994	1993
Unredeemed chip/token liability	$1,059,000	$1,215,000
Patron deposits	246,000	194,000
Casino reinvestment liability	365,000	948,000
Reserve for insurance claims	3,092,000	2,479,000
Advance room/theater deposits	129,000	135,000
Advances due to Trump Castle Associates	488,000	315,000
Advances due to Seashore Four Associates	579,000	590,000
Advances due to Taj Mahal Associates	136,000	134,000
Other	334,000	422,000
	$6,428,000	$6,432,000

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

Long-term debt-due to affiliates as of September 30, consisted of the following:

	1994	1993
10 7/8% Partnership Note, net of unamortized discount of $3,864,000 in 1994 and $4,228,000 in 1993, interest payable semi-annually, maturing in 2001.	$326,136,000	$325,772,000

On June 25, 1993 Trump Plaza Funding, Inc. ("TPF"), issued $330,000,000 principal amount of 10 7/8% Mortgage Notes, due 2001 (the "Mortgage Notes"), net of discount of $4,313,000. Net proceeds of the Offering were used to redeem all of TPF's outstanding $225,000,000 principal amount 12% Mortgage Bonds, due 2002 and together with other funds, $40,000,000 of the Preferred Partnership Interest, $12,000,000 principal amount of the 9.14% Regency Note due 2003, a portion of the Special Distribution and transaction expenses. In exchange for the Mortgage Notes, the Company issued a Partnership Note to TPF.

The Mortgage Notes mature on June 15, 2001 and are redeemable at any time on or after June 15, 1998, at the option of the Company or TPF, in whole or in part, at the principal amount plus a premium which declines ratably each year to zero in the year of maturity. The Mortgage Notes bear interest at the rate of 10 7/8% per annum from the date of issuance, payable semi-annually on each June 15 and December 15, commencing December 15, 1993 and are secured by substantially all of the Company's assets.

The Mortgage Note Indenture contains certain covenants limiting the ability of the Company to incur indebtedness, including indebtedness secured by liens on Trump Plaza.

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of September 30, consisted of the following:

	1994	1993
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 8.8% to 11.0%. The notes are due at various dates between 1994 and 1998 and are secured by certain real property.	$5,602,000	$6,507,000
Other notes with interest rates ranging from 8.0% to 11.5%, principal and interest payable monthly, secured by automobile and computer equipment	688,000	1,180,000
	6,290,000	7,687,000
Less current maturities	3,142,000	1,611,000
	$3,148,000	$6,076,000

NOTE 10: DEFERRED CREDITS

Deferred credits as of September 30, 1994 and 1993 consisted of deferred state income taxes.

NOTE 11: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense)- Affiliates consisted of the interest on the 10 7/8% Partnership Note for the three and nine months ended September 30, 1994, and interest on the 12% Partnership Note and the 10 7/8% Partnership Note upon consummation of the Mortgage Note Offering on June 25, 1993 for the three and nine months ended September 30, 1993.

NOTE 12: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three and nine months ended September 30, consisted of the following:

	Three Months Ended		Nine Months Ended	
	1994	1993	1994	1993
Interest income	$ 204,000	$ 133,000	$ 520,000	$ 361,000
Gain on disposal of property and equipment	(8,000)	-	(9,000)	5,000
Litigation expense	-	(66,000)	-	(41,000)
Nonoperating lease and related costs	(1,171,000)	(2,036,000)	(3,727,000)	(2,407,000)
	$(975,000)	$(1,969,000)	$(3,216,000)	$(2,082,000)

NOTE 13: OTHER LIABILITIES

Other liabilities as of September 30, consisted of the following:

	1994	1993
Deferred Income Taxes relating to Preferred Partnership Interest	$3,743,000	$ 3,953,000

On June 25, 1993, TPF's Preferred Stock units were redeemed with $40,000,000 of the proceeds of the Company's 10 7/8% Mortgage Note as well as Trump Plaza Holding Associates ("Holding")'s $35,000,000 of 12 1/2% Pay-In-Kind Notes, due 2003 (the "PIK Notes"). The balance of the Company's preferred partnership interest was converted into and classified as a general partnership interest in accordance with the amended Partnership Agreement.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Casino License Renewal

The operation of an Atlantic City hotel and casino is subject to significant regulatory controls which affect virtually all of its operations. Under the New Jersey Casino Control Act (the "Act"), the Company is required to maintain certain licenses.

In April, 1993, the New Jersey Casino Control Commission ("CCC") renewed the Company's license to operate Trump Plaza. This license must be renewed in June, 1995, is not transferable and will include a review of the financial stability of the Company. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

B. Pay-In-Kind Notes

On June 25, 1993, Holding, a newly formed Partnership beneficially owned 100% by Donald J. Trump ("Trump"), issued $60,000,000 principal amount of 12 1/2% PIK Notes, together with Warrants to acquire an additional $12,000,000 of PIK Notes at no additional cost. The Warrants will be exercisable following the earlier of certain triggering events or June 15, 1996.

The PIK Notes mature on June 15, 2003. The PIK Notes bear interest at the rate of 12 1/2% per annum from the date of issuance, payable semi-annually on each June 15 and December 15, commencing December 15, 1993. At the option of Holding, interest is payable in whole or in part, in cash or, in lieu of cash, through the issuance of additional PIK Notes valued at 100% of their principal amount. Holding has no other assets or business other than its 99% equity interest in the Company. As such, the ability of Holding to pay interest in cash on the PIK Notes is entirely dependent on the ability of the Company to distribute available cash, as defined, to Holding for such purpose. On June 15, 1994 and December 15, 1993 the Company elected to

B. Pay-In-Kind Notes Cont.

issue, in lieu of cash, an additional $3,973,000 and $3,561,000 respectively in PIK Notes to satisfy its semi-annual PIK Note interest obligations.

The PIK Notes are subordinate to TPF's Mortgage Notes and any other indebtedness of the Company. The PIK Notes are secured by a pledge of Holding's 99% equity interest in the Company. The indenture to which the PIK Notes were issued (the "PIK Note Indenture") contains covenants prohibiting Holding from incurring additional indebtedness and engaging in other activities, and other covenants restricting the activities of the Company substantially similar to those set forth in the Mortgage Note Indenture. The PIK Note and Warrants are non-recourse to the Partners of Holding, including Trump, and to all other persons and entities (other than Holding). Upon an event of default, holders of PIK Notes or Warrants will have recourse only to the assets of Holding which consist solely of its equity interest in the Company.

C. Future Expansion

In 1993, the Company received the approval of the CCC, subject to certain conditions, for the expansion of its hotel facilities (the "Boardwalk Expansion Site"). On June 25, 1993, Trump transferred title to the Boardwalk Expansion Site to a lender in exchange for a reduction in indebtedness to such lender in an amount equal to the sum of fair market value of the Boardwalk Expansion Site and all rent payments made to such lender by Trump under the Boardwalk Expansion Site Lease. On June 25, 1993, the lender leased the Boardwalk Expansion Site to Trump (the "Boardwalk Expansion Site Lease") for a term of five years,which expires on June 30, 1998, during which time Trump is obligated to pay the lender $260,000 per month in lease payments. In October 1993, the Company assumed the Boardwalk Expansion Site Lease and related expenses.

On June 25, 1993, the Company acquired a five-year option to purchase the Boardwalk Expansion Site (the "Option"). In addition, the Company has a right of first refusal upon any proposed sale of all or any portion of the Boardwalk Expansion Site during the term of the Option. Until such time as the Option is exercised or expires, the Company will be obligated, from and after the date it entered into the Option, to pay the net expenses associated with the Boardwalk Expansion Site. During the nine months ended September 30, 1994 the Company incurred $3,700,000 of such expenses. Under the Option, the Company has the right to acquire the Boardwalk Expansion Site for a purchase price of $26,000,000 through 1994, increasing by $1,000,000 annually thereafter until expiration on June 30, 1998. The CCC has required that the Company exercise the Option for its right of first refusal therein no later than July 1, 1995. If the Company defaults in making payments due under the Option, the Company would be liable to the lender for the sum of (a) the present value of all remaining payments to be made by the Company pursuant to the Option during the term thereof and (b) the cost of demolition of all improvements then located on the Boardwalk Expansion Site.

C. Future Expansion Cont.

As of September 30, 1994 the Company had capitalized approximately $9,300,000 in construction costs related to the Boardwalk Expansion Site. The Company's ability to acquire the Boardwalk Expansion Site pursuant to the Option would be dependent upon its ability to obtain financing to acquire the property. The ability to incur such indebtedness is restricted by the Indenture and the PIK Note Indenture and requires the consent of certain of Trump's personal creditors. The Company's ability to develop the Boardwalk Expansion Site would be dependent upon its ability to use existing cash on hand and generate cash flow from operations sufficient to fund development costs. No assurance can be given that such cash on hand will be available to the Company for such purposes or that it will be able to generate sufficient cash flow from operations. In addition, exercise of the Option or right of first refusal requires the consent of certain of Trump's personal creditors, and there can be no assurance that such consent will be obtained at the time the Company desires to exercise the Option or such right.

The accompanying financial statements do not include any adjustments that may be necessary should the Company be unable to exercise the Option.

D. Services Agreement

Pursuant to the terms of a Services Agreement with Trump Plaza Management Corp. ("TPM"), a corporation beneficially owned by Trump, in consideration for services provided, the Company pays TPM each year an annual fee of $1.0 million in equal monthly installments, and reimburses TPM on a monthly basis for all reasonable out-of-pocket expenses incurred by TPM in performing its obligations under the Services Agreement, up to certain amounts. Under this Agreement, $961,000 was charged to expense for the period ended September 30, 1994.

E. Advances to Donald J. Trump

In December, 1993, Trump entered into an option agreement (the "Original Chemical Option Agreement") with Chemical Bank ("Chemical") and ACFH, Inc. ("ACFH") a wholly owned subsidiary of Chemical. The Original Chemical Option Agreement grants to Trump an option to purchase (i) the Trump Regency (including the land, improvements and personal property used in the operation of the hotel) and (ii) certain promissory notes made by Trump and/or certain of his affiliates and payable to Chemical (the "Chemical Notes") which are secured by certain real estate assets located in New York, unrelated to the Company.

The aggregate purchase price payable for the assets subject to the Original Chemical Option Agreement was $80 million. Under the terms of the Original Chemical Option Agreement, $1 million was required to be paid for the option by January 5, 1994. In addition, the Original Chemical Option Agreement provided for an expiration of the option on May 6, 1994, subject to an extension until June 30, 1994 upon payment of an additional $250,000 on or prior to May 6, 1994. The Original Chemical Option Agreement did not allocate the purchase price among the assets subject to the option or permit the option to be exercised for some, but not all, of such assets.

E. Advances to Donald J. Trump Cont.

In connection with the execution of the Original Chemical Option Agreement, Trump agreed with the Company that, if Trump is able to acquire the Trump Regency pursuant to the exercise of the option, he would make the Trump Regency available for the sole benefit of the Company on a basis consistent with the Company's contractual obligations and requirements. Trump further agreed that the Company would not be required to pay any additional consideration to Trump in connection with any assignment of the option to purchase the Trump Regency. On January 5, 1994, the Company obtained the approval of the CCC to make the $1,000,000 payment, which was made on that date. On June 16, 1994 Trump, Chemical and ACFH entered into, amended and restated the Original Chemical Option Agreement the ("Amended Chemical Option Agreement"). The Amended Chemical Option Agreement provides for an extension of the expiration of the Option through September 30, 1994, upon payment of $250,000. Such payment was made on June 27, 1994. The Amended Chemical Option Agreement provided for a $60,000,000 option price for the Trump Regency and one of the Chemical Notes and a separate $20,000,000 option price for the other Chemical Notes. The Amended Chemical Option would be terminated if certain conditions were not met. Certain of such conditions were not met. On August 30, 1994, Trump, Chemical and ACFH entered into an amendment to the First Amended Chemical Option Agreement (the "Second Amended Chemical Option Agreement"). The Second Amended Chemical Option Agreement provides for an extension of the expiration of the Option through March 31, 1995 upon the payment of $50,000 a month for the period October through December 1994, and $150,000 a month for the period January through March 1995. No such payments will be made until the Company receives the approval of the CCC.

NOTE 15: PROVISION (CREDIT) FOR INCOME TAXES

The provision for state income taxes for the three and nine months ended September 30, consisted of the following:

	Three months ended		Nine months ended	
	1994	1993	1994	1993
Current	$ -	$ -	$ -	$ -
Deferred	708,000	902,000	185,000	1,325,000
Total	$ 708,000	$ 902,000	$ 185,000	$1,325,000

NOTE 16: EXTRAORDINARY GAIN:

The $4,120,000 excess of the carrying value of the Regency Note Obligation over the amount of the settlement payment net of related prepaid expenses has been reported as an extraordinary gain for the nine months ended September 30, 1993.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

(UNAUDITED)
($ IN THOUSANDS)

	ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
1	Patrons' Checks: Undeposited patrons' checks	$ 3,206		
2	Returned patrons' checks	11,643		
3	Total patrons' checks	14,849	$ 9,070	$ 5,779
4	Hotel Receivables	1,195	230	965
5	Other Receivables: Receivables due from officers and employees	28		
6	Receivables due from affiliates	–		
7	Other accounts and notes receivables	265		
8	Total other receivables	293	–	293
9	Totals (Form 205)	$ 16,337	$ 9,300	$ 7,037

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 3,074
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	85,107
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks, redemmed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(61,935)
13	Checks collected through deposits	(18,650)
14	Checks transferred to returned checks	(4,390)
15	Other adjustments	–
16	Ending Balance	$ 3,206
17	"Hold Checks" included in Balance on Line 16	$ –
18	Provision for Uncollectible Patrons' Checks	$ 337
19	Provision as a percent of Counter Checks Issued	0.4%

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL AND CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

For the Three Months Ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	36,309	$ 3,601,000	938	$ 70,000
Food	261,495	3,399,000	-	-
Beverage	784,698	2,355,000	-	-
Travel	-	-	5,125	768,000
Coin	-	-	717,069	5,644,000
Coupon	90,771	863,000	-	-
Entertainment	9,188	430,000	4,293	172,000
Retail & Gifts	-	-	275	376,000
Other	18,989	190,000	8,923	224,000
Total	1,201,450	$10,838,000	736,623	$7,254,000

For the Nine Months Ended September 30, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	84,000	$ 8,583,000	3,142	$ 236,000
Food	677,336	8,805,000	-	-
Beverage	2,069,170	6,208,000	-	-
Travel	-	-	12,521	1,878,000
Coin	-	-	2,000,240	15,117,000
Coupon	232,679	2,059,000	-	-
Entertainment	40,112	971,000	5,625	225,000
Retail & Gifts	-	-	501	939,000
Other	56,279	563,000	22,750	568,000
Total	3,159,576	$27,189,000	2,044,779	$18,963,000

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
:ss.
COUNTY OF ATLANTIC :

FRANCIS X. MCCARTHY, JR., being duly sworn according to law upon
Name

my oath deposes and says:

1. I have examined this Quarterly Report.

2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

Executive V.P. of Finance & Administration
Title

001015-11
License Number

On Behalf of:
TRUMP PLAZA HOTEL & CASINO
Casino Licensee

Subscribed and sworn to
before me this 14 day
of November, 1994

Signature

Sherry A. Field
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 26, 1999

Basis of Authority
to Take Oaths
4/86

CCC-250

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

AMENDED 11/17/94

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of September 30, consisted of the following:

	1994	1993
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 8.8% to 11.0%. The notes are due at various dates between 1994 and 1998 and are secured by certain real property.	$5,602,000	$6,507,000
Other notes with interest rates ranging from 8.0% to 11.5%, principal and interest payable monthly, secured by automobile and computer equipment	688,000	1,180,000
	6,290,000	7,687,000
Less current maturities	3,142,000	1,611,000
	$3,148,000	$6,076,000

NOTE 10: DEFERRED CREDITS

Deferred credits as of September 30, 1994 and 1993 consisted of deferred state income taxes.

NOTE 11: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense)- Affiliates consisted of the interest on the 10 7/8% Partnership Note for the three and nine months ended September 30, 1994, and interest on the 12% Partnership Note and the 10 7/8% Partnership Note upon consummation of the Mortgage Note Offering on June 25, 1993 for the three and nine months ended September 30, 1993.

NOTE 12: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three and nine months ended September 30, consisted of the following:

	Three Months Ended		Nine Months Ended	
	1994	1993	1994	1993
Interest income	$ 204,000	$ 133,000	$ 520,000	$ 361,000
Gain on disposal of property and equipment	(8,000)	-	(9,000)	5,000
Litigation expense	-	(66,000)	-	(41,000)
Nonoperating lease and related costs	(1,171,000)	(1,893,000)	(3,727,000)	(2,407,000)
	$(975,000)	$(1,826,000)	$(3,216,000)	$(2,082,000)

QUARTERLY REPORT

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT..... R. BRUCE MCKEE

OFFICIAL TITLE..... SENIOR VICE PRESIDENT, FINANCE

ADDRESS..... 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1994.

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Promotional Expenses and Allowances	CCC-245
Statement of Conformity and Accuracy	CCC-250

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

BALANCE SHEETS

SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		SEPTEMBER (c) 1994	SEPTEMBER (c) 1993
	ASSETS			
	Current Assets:			
1	Cash and cash investments		$ 76,482	$ 80,320
2	Marketable securities		-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1994, $3,452; 1993, $5,534)		12,913	12,315
4	Inventories		6,568	3,598
5	Prepaid expenses and other current assets		5,179	5,485
6	Total current assets		101,142	101,718
7	Investment, Advances, and Receivables - CRDA		9,280	6,456
8	Property and Equipment - Gross	NOTE 2	879,143	859,358
9	(Accumulated Depreciation/Amortization)	NOTE 2	(169,136)	(131,111)
10	Other Assets		2,465	1,458
11	Total Assets		$ 822,894	$ 837,879
	LIABILITIES AND EQUITY			
	Current Liabilites:			
12	Accounts Payable		$ 6,185	$ 6,182
13	Notes Payable		-	-
	Current portion of long-term debt:			
14	Due to affiliates		-	-
15	Other	NOTES 1 & 3	711	705
16	Income taxes payable and accrued		-	-
17	Other accrued expenses	NOTE 4	53,479	54,628
18	Other current liabilities	NOTE 5	8,938	8,693
19	Total current liabilities		69,313	70,208
	Long-Term Debt:			
20	Due to affiliates	NOTES 1 & 3	606,509	576,264
21	Other	NOTES 1 & 3	45,117	45,319
22	Deferred Credits		-	-
23	Other Liabilities	NOTE 6	28,366	28,423
24	Commitments and Contingencies	NOTE 9		
25	Total Liabilities		749,305	720,214
26	Stockholders', Partners', or Proprietor's Equity		73,589	117,665
27	Total Liabilities and Equity		$ 822,894	$ 837,879

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	REVENUE:		
1	Casino	$ 347,476	$ 338,077
2	Rooms	32,159	31,046
3	Food and Beverage	44,110	41,848
4	Other	13,743	12,926
5	Total Revenue	437,488	423,897
6	Less: Promotional allowances	48,802	42,373
7	Net Revenue	388,686	381,524
	COSTS AND EXPENSES:		
8	Cost of Goods and Services	185,272	176,267
9	Selling, General and Administrative	108,957	101,179
10	Provision for Doubtful Accounts	1,809	3,768
11	Total Costs and Expenses	296,038	281,214
12	Gross Operating Profit	92,648	100,310
13	Depreciation and Amortization	28,944	27,487
	Charges from Affiliates other than Interest:	-	-
14	Management Fees	-	-
15	Other NOTE 7	3,667	3,729
16	Income (Loss) From Operations	60,037	69,094
	Other Income (Expenses):		
17	Interest (Expenses) - Affiliates NOTE 3	(79,913)	(76,308)
18	Interest (Expenses) - External NOTE 3	(6,942)	(3,533)
19	Investment Alternative Tax and Related Income(Expense) - Net	(2,148)	(2,087)
20	Nonoperating Income (Expense) - Net NOTE 8	(2,356)	851
21	Total Other Income (Expenses)	(91,359)	(81,077)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(31,322)	(11,983)
23	Provision (Credit) for Income Taxes	-	-
24	Income (Loss) Before Extraordinary Items	(31,322)	(11,983)
25	Extraordinary Items	-	-
26	Net Income (Loss)	$ (31,322)	$ (11,983)

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 1994	(d) 1993
	REVENUE:			
1	Casino		$ 133,592	$ 126,932
2	Rooms		12,549	12,103
3	Food and Beverage		16,097	15,649
4	Other		5,066	4,179
5	Total Revenue		167,304	158,863
6	Less: Promotional allowances		18,510	15,991
7	Net Revenue		148,794	142,872
	COSTS AND EXPENSES:			
8	Cost of Goods and Services		66,608	64,248
9	Selling, General and Administrative		38,423	35,258
10	Provision for Doubtful Accounts		455	1,253
11	Total Costs and Expenses		105,486	100,759
12	Gross Operating Profit		43,308	42,113
13	Depreciation and Amortization		9,801	9,144
	Charges from Affiliates other than Interest:		-	-
14	Management Fees		-	-
15	Other	NOTE 7	1,376	1,374
16	Income (Loss) From Operations		32,131	31,595
	Other Income (Expenses):			
17	Interest (Expenses) - Affiliates	NOTE 3	(27,037)	(25,832)
18	Interest (Expenses) - External	NOTE 3	(1,467)	(1,141)
19	Investment Alternative Tax and Related Income(Expense) - Net		(824)	(783)
20	Nonoperating Income (Expense) - Net	NOTE 8	483	373
21	Total Other Income (Expenses)		(28,845)	(27,383)
22	Income (Loss) Before Income Taxes and Extraordinary Items		3,286	4,212
23	Provision (Credit) for Income Taxes		-	-
24	Income (Loss) Before Extraordinary Items		3,286	4,212
25	Extraordinary Items		-	-
26	Net Income (Loss)		$ 3,286	$ 4,212

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

NOT APPLICABLE

LINE	DESCRIPTION	1992		1991	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	Common Stock:				
1	Beginning Balance (January 1)		$		$
2	Sale of Stock				
3	_____				
4	Ending Balance				
	Preferred Stock:				
5	Beginning Balance (January 1)				
6	Sale of Stock				
7	_____				
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning Balance (January 1)				
10	_____				
11	_____				
12	Ending Balance				
	Treasury Stock:				
13	Beginning Balance (January 1)		( )		( )
14	Purchase of Additional Stock		( )		( )
15	Sale or Retirement of Stock				
16	Ending Balance		( )		( )
	Subscriptions Receivable for Capital Stock:				
17	Beginning Balance (January 1)		( )		( )
18	_____				
19	_____				
20	Ending Balance		( )		( )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning Balance (January 1)		( )		( )
22	_____				
23	_____				
24	Ending Balance		( )		( )
	Retained Earnings:				
25	Beginning Balance (January 1)				
26	Prior Period Adjustments				
27	Net Income (Loss)				
28	Dividends		( )		( )
29	_____				
30	_____				
31	Ending Balance				
32	Ending Stockholders' Equity		$		$

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning Balance	$ 123,745	$ 123,745
2	Capital Contributions	0	0
3	_____	0	0
4	Ending Balance	123,745	123,745
	Accumulated Income (Loss):		
5	Beginning Balance	(13,566)	8,973
6	Prior Period Adjustments	0	0
7	Net Income (Loss)	(31,322)	(11,983)
8	_____	0	0
9	Ending Balance	(44,888)	(3,010)
	Capital Withdrawals:		
10	Beginning Balance	(3,558)	(1,825)
11	Additional Capital Withdrawals	-	-
12	Partnership Distribution NOTE 10	(1,710)	(1,245)
13	Ending Balance	(5,268)	(3,070)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning Balance	-	-
15	_____	-	-
16	_____	-	-
17	Ending Balance	0	0
18	Ending Partners' or Proprietor's Equity	$ 73,589	$ 117,665

The accompanying notes are an intergral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) by Operating Activities	$ 28,314	$ 50,417
	Cash Flows from Investing Activities:		
2	Purchase of Short-Term Investment Securities	-	-
3	Proceeds from the Sale of Short-Term Investment Securities	-	-
4	Purchase Outflows for Property and Equipment	(15,749)	(13,075)
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	(4,000)	(3,840)
7	Purchase of Other Investments and Loans/Advances Made	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables	-	-
9	Cash Outflows to Acquire Business Entities	-	-
10	_____	-	-
11	_____	-	-
12	Net Cash Provided (Used) by Investing Activities	(19,749)	(16,915)
	Cash Flows from Financing Activites:		
13	Cash Proceeds from Issuance of Short-Term Debt	-	-
14	Payments to Settle Short-Term Debt	-	-
15	Cash Proceeds from Issuance of Long-Term Debt	-	-
16	Costs of Issuing Debt	-	-
17	Payments to Settle Long-Term Debt	(646)	(561)
18	Cash Proceeds from Issuing Stock or Capital Contributions	-	-
19	Reduction in Debt Due To Restructuring	-	-
20	Subcontractor's Note Settlement	-	-
21	Issuance of Additional Bonds	12,249	14,582
22	Partnership Distribution	(1,710)	(1,245)
23	Net Cash Provided (Used) by Financing Activites	9,893	12,776
24	Net Increase (Decrease) in Cash and Cash Equivalents	18,458	46,278
25	Cash and Cash Equivalents at Beginning of Period	58,024	34,042
26	Cash and Cash Equivalents at End of Period	$ 76,482	$ 80,320

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period for:		
27	Interest (Net of Amount Capitalized)	$ 42,074	$ 38,173
28	Income Taxes	$ -	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows from Operating Activities:		
29	Net Income (Loss)	$ (31,322)	$ (11,983)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	28,944	27,487
31	Amortization of Other Assets	-	-
32	Amortization of Debt Discount or Premium	13,795	11,542
33	Deferred Income Taxes - Current	-	-
34	Deferred Income Taxes - Noncurrent	-	-
35	(Gain) Loss on Disposition of Property and Equipment	-	-
36	(Gain) Loss on Casino Reinvestment Obligations	1,852	1,752
37	(Gain Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	121	1,910
39	Net (Increase) Decrease in Inventories	(1,883)	(525)
40	Net (Increase) Decrease in Other Current Assets	(1,193)	(1,814)
41	Net (Increase) Decrease in Other Assets	(672)	(430)
42	Net Increase (Decrease) in Accounts Payables	2,251	1,023
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	16,367	24,416
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	(1,452)	(4,258)
45	Net Increase in Notes Payable	-	-
46	Costs related to lease guarantee	1,506	1,297
47	Net Cash Provided (Used) by Operating Activites	$ 28,314	$ 50,417

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment	$ 16,117	$ 13,607
49	Less: Captial Lease Obligations Incurred	(368)	(532)
50	Cash Outflows for Property and Equipment	$ 15,749	$ 13,075
	Acquisition of Business Entities:		
51	Property and Equipment Acquired	$ N/A	$ N/A
52	Goodwill Acquired	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	-	-
54	Long-Term Debt Assumed	-	-
55	Issuance of Stock or Capital Invested	-	-
56	Cash Outflows to Acquire Business Entities	$ -	$ -
	Stock Issued or Capital Contributions:		
57	Total Issuances of Stock or Capital Contributions	$ N/A	$ N/A
58	Less: Issuances to Settle Long-Term Debt	-	-
59	Consideration in Acquisition of Business Entities	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions	$ -	$ -

TRUMP TAJ MAHAL CASINO RESORT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1994
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation:

Trump Taj Mahal Associates was formed on June 23, 1988, as a New Jersey limited partnership. The Partnership was converted to a general partnership in December, 1990. The current partners and their respective ownership interests are Trump Taj Mahal, Inc. ("TTMI"), 49.995%, the Trump Taj Mahal Corporation ("Trump Corp."), .01%, and TM/GP Corporation ("TMGP"), the managing general partner, a wholly owned subsidiary of Taj Mahal Holding Corp. ("Holding") 49.995%.

Trump Taj Mahal Funding, Inc., (the"Company") is a wholly owned subsidiary of the Partnership and was incorporated on June 3, 1988 for the purpose of raising funds through the issuance of Mortgage Bonds, the proceeds of which were loaned to the Partnership for construction of the Taj Mahal.

The accompanying financial statements have been prepared by the Partnership without audit. In the opinion of the Partnership, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position, results of operations and changes in cash flows for the periods presented, have been made.

The casino industry in Atlantic City is seasonal in nature, therefore, results of operations for the three and nine months ended September 30, 1994 are not necessarily indicative of the operating results for a full year.

NOTE 2 - PROPERTY AND EQUIPMENT

	September 30, 1994	1993
	(in thousands)	
Land	$ 37,843	$ 37,291
Buildings	656,266	646,144
Furniture, fixtures and equipment	153,959	146,520
Leasehold improvements	31,075	29,403
Total	879,143	859,358
Less Accumulated Depreciation	(169,136)	(131,111)
Net Property and Equipment	$710,007	$728,247

NOTE 3 - LONG TERM DEBT

Long term debt consisted of the following at September 30:

	1994	1993
		(in thousands)
Long-term Portion		
Due to affiliates:		
Trump Taj Mahal Funding, Inc.	$765,130	$752,884
Unamortized discount	(158,621)	(176,620)
Net	$606,509	$576,264
Other:		
Bank term loan	$ 44,986	$ 45,175
Other	131	144
Total other	$ 45,117	$ 45,319
Current Portion		
Other:		
Bank term loan	$ 189	$ 172
Other	522	533
Total other	$ 711	$ 705

	Nine months ended September 30,	
	1994	1993
		(in thousands)
Interest Expense - Affiliates		
Trump Taj Mahal Funding, Inc.	$ 64,612	$ 63,469
Accretion - bond discount	13,795	11,542
Accretion - lease guarantee	1,506	1,297
Total	$ 79,913	$ 76,308
Interest Expense - External		
Bank term loan	$ 3,217	$ 3,228
Working Capital line of credit	325	111
Refinancing Costs	3,369	-
Other	31	194
Total	$ 6,942	$ 3,533

NOTE 3 - LONG TERM DEBT (continued)

	Three months ended September 30, 1994	1993
	(in thousands)	
Interest Expense-Affiliates		
Trump Taj Mahal Funding, Inc.	$ 21,711	$ 21,363
Accretion - bond discount	4,805	4,021
Accretion - lease guarantee	521	448
Total	$ 27,037	$ 25,832
Interest Expense-External		
Bank term loan	$ 1,083	$ 1,087
Working Capital line of credit	106	48
Refinancing Costs	265	-
Other	13	6
Total	$ 1,467	$ 1,141

Borrowings:

Long term debt consists of outstanding Mortgage Bonds (the "Bonds"). The Bonds bear interest at 11.35% per annum payable semi-annually on May 15 and November 15. Interest on the Bonds must be paid in cash on each interest payment date at the rate of 9.375% per annum (the "Mandatory Cash Interest Amount"). In addition to the Mandatory Cash Interest Amount, on each May 15 an additional amount of interest (the "Additional Amount") in cash or additional Bonds, or a combination thereof, is payable equal to the difference between 11.35% of the outstanding principal amount of the Bonds and the Mandatory Cash Interest Amount paid on that date and the immediately preceding November 15. To the extent that there is Excess Available Cash Flow ("EACF") of the Partnership, as defined, for the immediately preceding calendar year, the Company will pay the Additional Amount in cash up to 10.28% and the balance thereof may be paid at the option of the Company in cash or additional Bonds provided that an equivalent amount of cash is used to purchase or redeem Bonds. For the period from the issuance of the Bonds, October 4, 1991, through December 31, 1992, there was no EACF. Accordingly, the Company paid the Additional Amounts on May 15, 1993 and May 15, 1992 through the issuance of approximately $14,579,000 and $8,844,000, respectively, in additional Bonds. Of the $14,870,000 Additional Amount due May 15, 1994, the $2,621,000 was paid in cash and the $12,249,000 balance in Bonds. Since the Company has no business operations, its ability to repay the principal and interest on the Bonds is completely dependent on the operations of the Partnership. The Bonds are collateralized by substantially all the Partnership's property and mature November 15, 1999.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the Bonds when issued were stated at the present value of amounts to be paid. The effective interest rate of the Bonds was determined based on the trading price of the Bonds for a specific period. Stating the debt at its approximate present value resulted in a reduction of approximately $204,276,000 in the carrying amount of the Bonds. This gain is being offset by increased interest costs over the period of the Bonds to accrete such bonds to their face value at maturity. At September 30, 1994 the unaccreted balance of this discount approximated $158,621,000. The current interest rates of other borrowings approximated their stated interest rates as of October 4, 1991.

In November 1991, the Partnership obtained a working capital line of credit in the amount of $25,000,000 with a maturity of five years. In September 1994, the partnership extended the maturity to November 1999, in consideration of modifications of the terms of the facility. Interest on advances under the line have been modified to prime plus 3% with a minimum of 6% per annum. The Agreement provides for a 3/4% annual fee and a 1/2% unused line fee and contains various covenants. During 1994 and 1993, no amounts were outstanding under the line.

NOTE 4 - OTHER ACCRUED EXPENSES

	September 30,	
	1994	1993
	(in thousands)	
Accrued payroll & related	$ 14,932	$ 14,813
Accrued interest	26,910	26,484
Accrued advertising	3,152	2,998
Accrued taxes	912	3,003
Other	** 7,573	** 7,330
Total	$ 53,479	$ 54,628

** None of the individual components of Other exceed 5% of the total.

NOTE 5 - OTHER CURRENT LIABILITIES

	September 30, 1994	1993
	(in thousands)	
Affiliates:		
Donald J. Trump	$ 211	$ 411
Trump's Castle Associates	7	281
Trump Plaza Associates	(136)	(149)
Helicopter Air Service	(43)	(43)
	39	500
Advance deposits	1,097	987
Unredeemed chip liability	1,865	2,228
Insurance reserves	5,016	4,363
Other	921	615
	8,899	8,193
Total	$ 8,938	$ 8,693

NOTE 6 - OTHER LIABILITIES

	September 30, 1994	1993
	(in thousands)	
Deferred taxes	$ 6,707	$ 7,155
Insurance reserves	1,637	1,637
Accrued interest - Long Term	5,668	5,576
Accounts payable - Long Term	-	525
Lease guarantee	14,237	12,265
Other	117	1,265
	$28,366	$28,423

NOTE 7 - CHARGES FROM AFFILIATES

	Nine months ended September 30,	
	1994	1993
	(in thousands)	
Other:		
Rent	$ 2,044	$ 2,044
Allocated salaries	614	461
Trump Services Agreement	1,009	1,224
	$ 3,667	$ 3,729

	Three months ended September 30,	
	1994	1993
	(in thousands)	
Other:		
Rent	$ 681	$ 682
Allocated salaries	202	158
Trump Services Agreement	493	534
	$ 1,376	$ 1,374

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

	Nine months ended September 30,	
	1994	1993
	(in thousands)	
Interest Income	$ 1,344	$ 851
Litigation Costs	(3,700)	-
	$(2,356)	$ 851

	Three months ended September 30,	
	1994	1993
	(in thousands)	
Interest Income	$ 483	$ 373
Litigation Costs	-	-
	$ 483	$ 373

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Casino License Renewal:

The Company and the Partnership are subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Partnership's casino license must be renewed periodically, is not transferable, is dependent upon the financial

stability of the Partnership and can be revoked at anytime. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to the Partnership's financial condition or for any other reason, the Casino Control Act provides that the CCC may appoint a conservator to take possession of and title to the hotel and casino's business and property, subject to all valid liens, claims and encumbrances. On March 15, 1993, the CCC renewed the casino license of the Partnership through March 31, 1995.

Legal Proceedings:

The Partnership, its Partners, certain of its employees and the Company are involved in various legal proceedings incurred in the normal course of business. In the opinion of the Partnership the expected disposition of these proceedings would not have a material adverse effect on the Partnership's or the Company's financial condition or results of operations.

Partnership Distribution:

The Partnership is obligated to reimburse Holding for its operating expenses which consist of directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Total expenses for the nine months ended September 30, 1994 and 1993 approximated $1,710,000 and $1,245,000, respectively.

NOTE 10 - JACKPOT PAYOUTS IN MERCHANDISE

The Company purchased motor vehicles and antique slot machines to be used as jackpot payouts. This merchandise was accounted for as operating expenses of the Slot Department which are included in the accompanying statements of income as costs of goods and services.

	Nine months ended September 30,	
	1994	1993
Merchandise - jackpot payouts	$118,156	$81,315

	Three months ended September 30,	
	1994	1993
Merchandise - jackpot payouts	$ 66,051	$29,210

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1994

($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCE				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$ 8,078		
2	Returned Patrons' Checks	6,244		
3	Total Patrons' Checks	14,322	$ (3,197)	$ 11,125
4	Hotel Receivables	1,701	(255)	1,446
	Other Receivables:			
5	Receivables Due From Officers and Employees	0		
6	Receivables Due From Affiliates	0		
7	Other Accounts and Notes Receivables	342		
8	Total Other Receivables	342	0	342
9	Totals (Form 205)	$ 16,365	$ (3,452)	$ 12,913

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 8,027
11	Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	199,762
12	Checks Redeemed Prior to Deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(148,750)
13	Checks Collected Through Deposits	(42,242)
14	Checks Transferred to Returned Checks	(8,719)
15	Other Adjustments	0
16	Ending Balance	$ 8,078
17	"Hold" Checks Included in Balance on Line 16	$ 0
18	Provision for Uncollectible Patrons' Checks	$ 1,737
19	Provision as a Percent of Counter Checks Issued	0.9%

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	# OF RECIPIENTS	DOLLAR AMOUNTS	# OF RECIPIENTS	DOLLAR AMOUNTS
Rooms	155,673	$20,190		$
Food	1,501,393	16,601		
Beverage	4,287,412	8,076		
Travel			25,636	3,826
Coin/Table Coupons			2,464,961	34,159
Coupon	116,474	675		
Entertainment	124,778	2,712		
Retail & Gifts			7,234	216
Other	26,577	548	142,986	8,100
Total	6,212,307	$48,802	2,640,817	$46,301

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	# OF RECIPIENTS	DOLLAR AMOUNTS	# OF RECIPIENTS	DOLLAR AMOUNTS
Rooms	60,726	$ 8,158		$
Food	563,029	6,139		
Beverage	1,553,949	2,905		
Travel			9,411	1,624
Coin/Table Coupons			945,414	12,478
Coupon	46,038	242		
Entertainment	42,037	889		
Retail & Gifts			1,564	62
Other	9,643	177	75,080	2,922
Total	2,275,422	$18,510	1,031,469	$17,086

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :

:SS.

COUNTY OF ATLANTIC :

R. BRUCE MCKEE , being duly sworn according to law upon my oath deposes and says:
NAME

1. I have examined this Quarterly Report.

2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

R Bruce McKee
SIGNATURE

Senior Vice President, Finance
TITLE

0548-11
LICENSE NUMBER

Subscribed and Sworn to before me
this 14th day of November, 1994

Maryann S. Connor
Signature

MARYANN S. CONNOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 11, 1998

Basis of Authority
to Take Oaths

On Behalf Of:

Trump Taj Mahal Associates
Casino Licensee