

QUARTERLY REPORT

974.901
C1931

LICENSEE ATLANTIC CITY SHOWBOAT, INC.

ADDRESS 801 BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NEW JERSEY
MAY 2 1989
TREASURY
185 W. STATE ST.
N.J.

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

KATHLEEN M. CARACCILO

OFFICIAL TITLE

FINANCIAL CONTROLLER

ADDRESS

801 BOARDWALK
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE SHOWBOAT, INC.

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March, 1989

DESCRIPTION	(4) 19 89	(4) 19 88
ASSETS		
TITLE	FORM NO.	
Balance Sheets	CCC-205	6,595
Statements of Income (Year-to-Date)	CCC-210	2,748
Statements of Income (Three Months)	CCC-215	34,845
Statements of Changes in Stockholders' Equity	CCC-220	10,528
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	12,347
Statements of Cash Flows	CCC-235	284,868
LIABILITIES AND EQUITY		
Schedule of Receivables and Patrons' Checks	CCC-240	9,437
Statement of Conformity and Accuracy	CCC-250	-0-
Liabilities:		
Due to affiliates		-0-
Taxes payable and accrued		2,203
Accrued expenses		-0-
Current liabilities		6,395
Current liabilities		1,534
Total current liabilities		19,469
Equity:		
Due to affiliates		180,000
Retained Credits		16,348
Total Equity		60
Contingencies		12,255
Total Equity		278,632
Partners', Or Proprietor's Equity		56,236
Total Liabilities and Equity		284,868

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

BALANCE SHEETS

March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
	Current Assets:		
1	Cash NOTE 1	\$ 24,918	\$ 22,353
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$2,749 ; 1988, \$770) NOTE 3	10,455	6,596
4	Inventories NOTE 1	2,558	2,748
5	Prepaid expenses and other current assets	2,804	3,148
5	Total current assets	40,745	34,845
7	Investments, Advances, And Receivables NOTE 2	17,241	10,526
3	Property And Equipment - Net NOTE 4	218,384	227,150
3	Other Assets	10,716	12,347
2	Total Assets	\$ 287,086	\$ 284,868
LIABILITIES AND EQUITY			
	Current Liabilities:		
	Accounts payable	\$ 5,765	\$ 9,437
	Notes payable	-0-	-0-
	- Current portion of long-term debt:		
	Due to affiliates	-0-	-0-
	Other NOTE 8	2,498	2,203
	Income taxes payable and accrued	-0-	-0-
	Other accrued expenses NOTE 5	11,021	6,295
	Other current liabilities NOTE 6	1,990	1,534
	Total current liabilities	21,274	19,469
	Long-Term Debt:		
	Due to affiliates NOTE 7	180,000	180,000
	Other NOTE 8	14,338	16,848
	Deferred Credits	40	60
	Other Liabilities NOTE 2	26,612	12,255
	Commitments And Contingencies NOTE 12		
	Total Liabilities	242,264	228,632
	Stockholders', Partners', Or Proprietor's Equity	44,822	56,236
	Total Liabilities And Equity	\$ 287,086	\$ 284,868

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

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED MARCH 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino NOTE 1	\$ 59,629	\$ 42,988
2	Rooms	3,381	3,103
3	Food and beverage	11,068	9,286
4	Other	1,164	1,486
5	Total revenue	75,242	56,863
6	Less: Promotional allowances NOTE 1 & 13	8,671	6,371
7	Net revenue	66,571	50,492
	Costs And Expenses:		
8	Cost of goods and services	41,140	34,681
9	Selling, general, and administrative	15,475	13,473
0	Provision for doubtful accounts	996	224
1	Depreciation and amortization NOTE 1	4,033	3,810
	Charges from affiliates other than interest:		
2	Management fees NOTE 2	3,723	2,808
3	Other	-0-	-0-
4	Total costs and expenses	65,367	54,996
5	Income (Loss) From Operations	1,204	(4,504)
	Other Income (Expenses):		
5	Interest (expense) - affiliates NOTE 1	(5,118)	(5,118)
7	Interest (expense) - external	(658)	(714)
3	Investment alternative tax and related income (expense) - net.....	(255)	-0-
3	Nonoperating income (expense) - net NOTE 10	656	463
0	Total other income (expenses).....	(5,375)	(5,369)
1	Income (Loss) Before Income Taxes And Extraordinary Items.....	(4,171)	(9,873)
2	Provision (credit) for income taxes NOTE 1 & 14	(1,233)	(3,089)
3	Income (Loss) Before Extraordinary Items	(2,938)	(6,784)
4	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ 0 ; 19 <u>88</u> , \$ 0) NOTE 1	-0-	282
5	Net Income (Loss)	\$ (2,938)	\$ (7,066)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED MARCH 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1)	1,500	\$ 76,909	1,500	\$ 76,909
2	Sale of stock				
3	.....			
+	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)				
0	.....			
1	.....			
2	Ending balance				
	Treasury Stock:				
3	Beginning balance (January 1)		()		()
+	Purchase of additional stock		()		()
5	Sale or retirement of stock				
6	Ending balance		()		()
	Subscriptions Receivable For Capital Stock:				
7	Beginning balance (January 1)		()		()
8	.....			
9	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
1	Beginning balance (January 1)		()		()
2	.....			
3	Ending balance		()		()
+					
	Retained Earnings:				
5	Beginning balance (January 1)		(29,149)		(13,607)
6	Prior period adjustments				
7	Net income (loss)		(2,938)		(7,066)
8	Dividends		()		()
9	.....			
0	Ending balance		(32,087)		(20,673)
	Ending Stockholders' Equity		\$ 44,822		\$ 56,236

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 PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED MARCH 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

NEI	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Invested Capital:		
1	Beginning balance (January 1)	\$	\$
2	Additional capital invested		
3	Ending balance		
4	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	Ending balance		
9	Capital Withdrawals:		
10	Beginning balance (January 1)	()	()
11	Additional capital withdrawals	()	()
12	Ending balance	()	()
13	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	Ending balance	()	()
16	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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

line a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ (1,367)	\$ (5,982)
	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.....	(2,298)	(4,640)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(730)	-0-
7	Purchase of other investments and loans/advances made.....	(1,324)	(1,032)
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.....	(4,352)	(5,672)
	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.....	(572)	(515)
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.....		
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(572)	(515)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(6,291)	(12,169)
25	Cash And Cash Equivalents At Beginning Of Period	31,209	34,522
26	Cash And Cash Equivalents At End Of Period.....	\$ 24,918	\$ 22,353

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 10,237	\$ 10,237
28	Income taxes.....	\$ 787	\$ 692

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (2,938)	\$ (7,066)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	4,033	3,810
31	Amortization of other assets.....		
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	(1,025)	(692)
35	(Gain) loss on disposition of property and equipment.....		
36	(Gain) loss on casino reinvestment obligations.....	(256)	
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(531)	(870)
39	Net (increase) decrease in inventories.....	(167)	111
40	Net (increase) decrease in other current assets.....	(574)	(862)
41	Net (increase) decrease in other assets.....	(265)	(279)
42	Net increase (decrease) in accounts payables.....	(1,860)	1,037
43	Net increase (decrease) in other current liabilities excluding debt.....	(4,201)	(4,112)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	3,718	2,803
45	<u>AMORTIZATION OF BOND ISSUANCE COSTS ACCOUNTED</u>		
46	<u>FOR AS INTEREST EXPENSE</u>	137	138
47	Net Cash Provided (Used) By Operating Activities.....	\$ (1,367)	\$ (5,982)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ (2,298)	\$ (4,640)
49	Less: Capital lease obligations incurred.....	-0-	-0-
50	Cash Outflows For Property And Equipment.....	\$ (2,298)	\$ (4,640)
	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.....	\$	\$

ATLANTIC CITY SHOWBOAT, INC.
ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atlantic City Showboat (ACS), is a wholly-owned subsidiary of Ocean Showboat, Inc. (OSI). OSI is a 97.525% owned subsidiary of Showboat, Inc. (SBI). Additionally, OSI also owns all of the stock of Ocean Showboat Finance Corporation (OSF). On March 30, 1987, ACS commenced limited services of hotel, restaurant, bar, bowling, and convention facilities at the Showboat Hotel, Casino and Bowling Center in Atlantic City, New Jersey. Full operation of the casino commenced on April 2, 1987.

Casino Revenue and Complimentaries

In accordance with common industry practice, casino revenues are net of gaming wins less losses.

Complimentaries consist of rooms, food, and beverage furnished gratuitously to customers. The sales values of such services are included in the respective revenue classifications and are then deducted as complimentary expenses.

Cash

Included in cash are cash equivalents of \$20,081,000 and \$16,153,000 as of March 31, 1989 and 1988, respectively.

These are repurchase agreements and commercial paper which have short-term maturities.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in first-out method.

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost. Depreciation, including amortization of capitalized leases, is computed using the straight-line method. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

Estimated useful lives for property and equipment are 40 years for buildings and 5 to 7 years for furniture and equipment.

Income Taxes

Statement of Financial Accounting Standard No. 96 (FAS 96), "Accounting for Income Taxes", was issued by the Financial Accounting Standards Board in December 1987. FAS 96 requires a change from the deferred method to the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Under FAS 96, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Under the deferred method, deferred taxes were recognized using the tax rate applicable to the year of the calculation and were not adjusted for subsequent changes in the tax laws.

The Company elected to adopt FAS 96 in 1988 and has reported the cumulative effect of the change in the method of accounting for income taxes of \$282,000 as of January 1, 1988 in the 1988 statement of income (loss).

The Company has consented to be included in the consolidated Federal income tax group of Showboat, Inc. and subsidiaries and is under a tax allocation agreement with SBI. Accordingly, income taxes are allocated based on the agreement which reflects the separate return method except that tax benefits available to the Company are recognized when generated by the company to the extent utilized by the consolidated group, including carrybacks.

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

Amortization of Debt Issuance Cost

Costs associated with the issuance of debt have been deferred and are being amortized over the life of the related indebtedness using a weighted average method based on retirement schedules specified in the bond indenture.

2. RELATED PARTY TRANSACTIONS

In November 1985, ACS and SBI entered into a Parent Services Agreement whereby SBI has agreed to provide ACS with executive, financial, data processing, legal, marketing, tax planning and compliance, and administrative services. SBI's services are intended to support and supplement the routine functions and responsibilities of the ACS staff and are not intended to substitute for ACS's performance or OSI's oversight responsibilities. In addition to the services outlined above, SBI has also granted ACS a non-exclusive right to the use of each of SBI's trademarks, service marks, trade names and logos in the operation of ACS's business, including the registered trademark "Showboat".

In consideration for such services and license, ACS has agreed to pay SBI a fee equal to five percent of gross revenues, payable on a quarterly basis. The Bond Indenture of OSF provides that this management fee may not be paid during any period in which certain tests are not met, and to date, no management fees have been paid. For the three months ended March 31, 1989 and 1988, management fee expenses of \$3,723,000 and \$2,808,000 have been incurred, respectively. As of March 31, 1989 and 1988, management fees of \$26,612,000 and \$12,255,000 have been accrued, respectively.

The investments, advances and receivables balances of \$17,241,000 and \$10,526,000 at March 31, 1989 and 1988, include \$15,415,000 and \$10,526,000 receivables from Showboat, Inc. related to federal income taxes relating to the management fee.

Building and Improvements	\$188,838,000	\$186,838,000
Furniture, Fixtures & Equipment	19,488,000	19,588,000
Construction in Progress	1,892,000	1,945,000
	<u>209,218,000</u>	<u>208,371,000</u>
Less accumulated depreciation and amortization	<u>(30,963,000)</u>	<u>(13,025,000)</u>
	\$178,255,000	\$195,346,000

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

3. RECEIVABLES

Receivables consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	1989	1988
Casino	\$ 8,488,000	\$ 3,758,000
Hotel	1,000,000	1,082,000
Income Tax Receivable	3,635,000	2,452,000
Other	81,000	74,000
	<u>13,204,000</u>	<u>7,366,000</u>
Less allowance for doubtful accounts	2,749,000	770,000
	<u>\$10,455,000</u>	<u>\$ 6,596,000</u>
	=====	=====

4. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	1989	1988
Building and Improvements	\$188,041,000	\$186,858,000
Furniture, Fixtures & Equipment	37,131,000	30,971,000
Vehicles	745,000	663,000
Properties under capital lease		
Building	2,050,000	2,050,000
Furniture, Fixtures & Equipment	19,488,000	19,688,000
Construction in Progress	1,892,000	1,945,000
	<u>249,347,000</u>	<u>242,175,000</u>
Less accumulated depreciation and amortization	30,963,000	15,025,000
	<u>\$218,384,000</u>	<u>\$227,150,000</u>
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	<u>1989</u>	<u>1988</u>
Salaries and Wages	\$ 3,361,000	\$ 2,070,000
Progressive Slot Liability	1,594,000	686,000
Medical Claims-Employee	1,246,000	545,000
Taxes-Other	838,000	657,000
DGE/CCC Charges	683,000	472,000
Settlement Claims	784,000	320,000
Payroll Taxes	920,000	839,000
Legal Fees	270,000	147,000
Union Benefits	187,000	229,000
Advertising	208,000	227,000
Profit Sharing	450,000	60,000
Other	480,000	43,000
	<u>\$ 11,021,000</u>	<u>\$ 6,295,000</u>
	=====	=====

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	<u>1989</u>	<u>1988</u>
Due to Affiliates - Interest	\$ 853,000	\$ 853,000
Other	1,137,000	681,000
	<u>\$ 1,990,000</u>	<u>\$ 1,534,000</u>
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

LEASES

7. LONG-TERM DEBT, DUE TO AFFILIATES

Long-term debt, due to affiliates consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	<u>1989</u>	<u>1988</u>

ACS is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey for a term of 99 years commencing October 1983. Promissory note to OSF, secured by the collateral assignment of a first leasehold mortgage on ACS's ground lease on the site of the Atlantic City Showboat, the Atlantic City Showboat and certain personal property in the hotel casino complex. Promissory note is due 2002 with interest payable semi-annually at the annual rate of 11 3/8%

	<u>\$180,000,000</u>	<u>\$180,000,000</u>
	=====	=====

NON-OPERATING INCOME (EXPENSE)

8. LONG-TERM DEBT, OTHER

Long-term debt, other consist of the following:

	<u>Mar. 31</u>	<u>Mar. 31</u>
	<u>1989</u>	<u>1988</u>
Capitalized lease obligations (Note 9)	\$ 16,836,000	\$ 19,051,000
Less current maturities	<u>2,498,000</u>	<u>2,203,000</u>
	<u>\$ 14,338,000</u>	<u>\$ 16,848,000</u>
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

9. LEASES

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which range from 5 to 7 years expiring through 1994, and a warehouse, which is for 15 years expiring in 2001, are classified as capital leases. The Company has the option to purchase the warehouse from August 1, 1989 to July 31, 1990 for \$1,928,000.

ACS 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, payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted based upon increases or decreases in the Consumer Price Index, not to exceed 10% per year during the second through the sixth lease year. In April 1988, the annual rent increased to \$6,587,000. ACS 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 \$1,791,000 and \$1,588,000 for the three months ended March 31, 1989 and 1988.

10. NON-OPERATING INCOME (EXPENSE)

For the three month period ended March 31, 1989 and 1988, Non-Operating Income (Expense) is:

	Mar. 31	Mar. 31
	1989	1988
Interest Income on temporary Cash Investments	\$ <u>656,000</u>	\$ <u>463,000</u>
	\$ <u>656,000</u>	\$ <u>463,000</u>

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
(continued)

11. EMPLOYEE BENEFIT PLANS

The Company participates in a profit sharing and retirement plan of SBI. The plan is for eligible employees who are not covered by a collective bargaining agreement or by another retirement plan to which the Company is required to contribute. Qualifying employees become eligible after they have completed twelve months of service. Contributions to this plan are made at the discretion of the Board of Directors of OSI. The benefits are limited to the allocated interest in the fund assets and each participant's account vests over a ten-year period. The Company accrued \$150,000 and \$60,000 during the three months ended March 31, 1989 and 1988.

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.

12. COMMITMENTS AND CONTINGENCIES

In conjunction with its land lease agreement, and in conjunction with obtaining various permits from various authorities of the State of New Jersey, the Company is required to share in certain costs subsequent to opening. Such costs relate to improving the Urban Renewal Tract, on which the Atlantic City Showboat is located, and improving the traffic and transportation infrastructure in Atlantic City. The Company's proportionate share of these costs, if any, has not yet been determined.

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on licensees based upon their 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 Redevelopment Authority (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA. The company's obligation under the Act through March 31, 1989 is \$2,806,000.

The Company intends to satisfy its obligation by purchasing CRDA bonds which may have terms as long as 50 years and will bear interest at two-thirds of market rates at issue date resulting in a current value lower than the face value of such bonds. At March 31, 1989 deposits and other assets includes \$1,826,000 representing the Company's obligation to the CRDA of \$2,806,000 net of the allowance for the interest rate differential of \$980,000.

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

13. COMPLIMENTARIES

Promotional Allowances

	Three Months Ending Mar. 31, 1989		Three Months Ending Mar. 31, 1988	
	Recipients	Amount	Recipients	Amount
Rooms	17,123	\$ 2,226,000	14,000	\$1,873,000
Food	333,085	4,017,000	303,000	2,857,000
Beverage	981,023	2,271,000	610,000	1,370,000
Showroom	8,722	157,000	27,000	271,000
	1,339,953	\$8,671,000	954,000	\$6,371,000
	=====	=====	=====	=====

Promotional Expenses

	Three Months Ending Mar. 31, 1989		Three Months Ended Mar. 31, 1988	
	Recipients	Amount	Recipients	Amount
Coin	506,000	\$ 7,431,000	312,000	\$5,611,000
Travel	3,754	657,000	3,000	205,000
Other	62,057	543,000	22,000	195,000
	571,811	\$8,631,000	337,000	\$6,011,000
	=====	=====	=====	=====

Promotional allowances represent complimentaries furnished gratuitously to customers of ACS goods and services, such as free room, food and beverage. The sales value of these complimentaries are included in the respective revenue classification and are then deducted as promotional allowances. Promotional expenses are complimentaries furnished gratuitously to customers of non-revenue producing items such as coin coupons issued to patrons and reimbursement of travel expenses. These charges are included in selling, general and administrative expense.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

14. INCOME TAXES

(\$ IN THOUSANDS)

Income tax benefit consists of the following:

DESCRIPTION (b)	MARCH 31		ACCOUNTS RECEIVABLE - (c) NET OF ALLOWANCE
	1989	1988	
Patrons' checks			
Including patrons' checks	5,442		
Current checks (\$ 208,000)	2,016	(\$1,495,000)	
Deferred (1,025,000)		(1,594,000)	
Patrons' checks	3,426		5,962
(\$1,233,000)		(\$3,089,000)	
State taxes	1,001		778
-0-		-0-	
(\$1,233,000)		(\$3,089,000)	
=====		=====	
15			
1,694			
3,715			3,715
Total (Line 10)	\$ 13,204	\$ 2,749	\$ 10,455

NECESSARY PATRONS' CHECKS ACTIVITY

DESCRIPTION (a)	AMOUNT (b)
Beginning Balance (January 1)	\$ 5,625
Counter checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	45,995
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)	35,551
Checks collected through deposits	8,525
Checks transferred or returned checks	2,109
Other adjustments	
Ending Balance	\$ 3,442
* Held* Checks Included In Balance On Line 16	\$
* Provision For Uncollectible Patrons' Checks	\$ 925
* Provision As A Part Of Counter Checks Issued	\$ 2,0

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
NE	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks	5,442		
2	Returned patrons' checks	3,046		
3	Total patrons' checks	8,488	\$ 2,526	\$ 5,962
4	Hotel Receivables	1,001	223	778
	Other Receivables:			
5	Receivables due from officers and employees.....	6		
6	Receivables due from affiliates	15		
7	Other accounts and notes receivables	3,694		
8	Total other receivables	3,715		3,715
9	Totals (Form 205).....	\$ 13,204	\$ 2,749	\$ 10,455

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT (h)
NE	DESCRIPTION (g)	
0	Beginning Balance (January 1)	\$ 5,628
1	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	45,998
2	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)	(35,551)
3	Checks collected through deposits	(8,524)
4	Checks transferred to returned checks	(2,109)
5	Other adjustments	
6	Ending Balance	\$ 5,442
7	"Hold" Checks Included In Balance On Line 16	\$
8	Provision For Uncollectible Patrons' Checks	\$ 925
9	Provision As A Percent Of Counter Checks Issued	2.0 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Kathleen M. Caraccio, 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.

K M Caraccio
Signature

Financial Controller
Title

3472-11

License Number

Subscribed and sworn to
before me this 15th day
of May, 1989

On Behalf Of:

Brenda Sue Wallace
Signature

Atlantic City Showboat, Inc.
Casino Licensee

BRENDA SUE WALLACE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 30, 1990

Basis of Authority
to Take Oaths

HOTEL STATISTICS

DRAFT

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	516	15,937	11,670	\$ 90.55	73.2%	23,159	\$ 45.63
FEBRUARY	516	14,424	11,470	\$ 91.39	79.5%	22,940	\$ 45.69
MARCH	516	15,531	12,292	\$ 90.76	79.1%	24,584	\$ 45.38
1ST QUARTER TOTALS		45,892	35,432	\$ 90.89	77.2%	70,683	\$ 45.56
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING NAME OF LICENSEE GNOC, CORP. (BALLY'S GRAND)

974-901
C193

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH, 1989

PROPERTY OF
NEW JERSEY STATE LIBRARY
MAY 22 1989
185 W. STATE ST.
TRENTON, N.J. 08646

LICENSEE GNOC, CORP. (BALLY'S GRAND)
ADDRESS P.O. BOX 1737 BOSTON & PACIFIC AVE.
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . Donald Hinkle
OFFICIAL TITLE Corporate Controller
ADDRESS P.O. Box 1737 Boston & Pacific Ave.
Atlantic City, New Jersey 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE GNOC, CORP. (BALLY'S GRAND)

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1989

TITLE	FORM NO.	(a) 1989	(b) 1988
ASSETS			
Accounts receivable		5,188	5,069
Investments and securities			5,300
Prepaid expenses and other current assets			8,310
Notes receivable			2,893
Other current assets			2,908
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		
Statement of Conformity and Accuracy	CCC-250		
LIABILITIES AND EQUITY			
Accounts payable		31,361	26,812*
Other current liabilities		1,826	1,478*
Long-term liabilities		31,991	41,880
Liabilities to affiliates		300,318	301,473
Other liabilities			
Deferred credits		3,708	2,034
Other liabilities		31,041	31,074*
Contingents and Contingencies			
Total Liabilities		372,735	376,468
Stockholders', Partners', or Proprietor's Equity		38,010	38,987
Total Liabilities And Equity		\$ 410,745	\$ 415,455

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

*Restricted to conform to 1989 presentation

BALANCE SHEETS

March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
ASSETS			
Current Assets:			
1	Cash	\$ 5,188	\$ 5,069
2	Marketable securities Note 3	1,100	5,300
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$ 15,126; 1988, \$14,166)	4,489	8,310
4	Inventories	2,575	2,655
5	Prepaid expenses and other current assets Note 4	7,078	2,908
6	Total current assets	20,430	24,242
7	Investments, Advances, And Receivables Note 5	19,496	16,743
8	Property And Equipment - Net Note 6	256,929	264,548
9	Other Assets Note 7	113,928	109,920
10	Total Assets	\$ 410,783	\$ 415,453
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 1,719	\$ 2,539
12	Notes payable	-	-
Current portion of long-term debt:			
13	Due to affiliates	-	-
14	Other	-	-
15	Income taxes payable and accrued	-	56
16	Other accrued expenses Note 8	31,361	36,812*
17	Other current liabilities Note 9	1,826	2,478*
18	Total current liabilities	34,906	41,885
Long-Term Debt:			
19	Due to affiliates Note 10	300,318	301,473
20	Other	-	-
21	Deferred Credits Note 11	5,708	2,034
22	Other Liabilities Note 12	31,841	31,074*
23	Commitments And Contingencies		
24	Total Liabilities	372,773	376,466
25	Stockholders', Partners', Or Proprietor's Equity Note 13	38,010	38,987
26	Total Liabilities And Equity	\$ 410,783	\$ 415,453

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 1989 presentation

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 49,648	\$ 52,441
2	Rooms	3,617	3,260
3	Food and beverage	5,960	6,668
4	Other	1,808	1,804
5	Total revenue	61,033	64,173
6	Less: Promotional allowances Note 15	6,810	7,306
7	Net revenue	54,223	56,867
	Costs And Expenses:		
8	Cost of goods and services	23,623	23,954
9	Selling, general, and administrative	19,111	19,325
10	Provision for doubtful accounts	217	577
11	Depreciation and amortization	4,231	3,255
	Charges from affiliates other than interest:		
12	Management fees		
13	Other Note 15	1,133	3,503
14	Total costs and expenses	48,315	50,614
15	Income (Loss) From Operations	5,908	6,253
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 15	(9,293)	(9,905)
17	Interest (expense) - external	(41)	-
18	Investment alternative tax and related income (expense) - net.....	(304)	(380)
19	Nonoperating income (expense) - net Note 16	510	731
20	Total other income (expenses).....	(9,128)	(9,554)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(3,220)	(3,301)
22	Provision (credit) for income taxes Note 17	(900)	(939)
23	Income (Loss) Before Extraordinary Items	(2,320)	(2,362)
24	Extraordinary items (net of income taxes -		
	19 <u>89</u> \$ 0 ; 19 <u>88</u> , \$ 0)		
25	Net Income (Loss)	\$ (2,320)	\$ (2,362)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED March, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89		19 88	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(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)		35,712		35,712
10	.....			
11	.....			
12	Ending balance		35,712		35,712
	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)		4,588		5,607
26	Prior period adjustments				
27	Net income (loss)		(2,320)		(2,362)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		2,268		3,245
32	Ending Stockholders' Equity		\$ 38,010		\$ 38,987

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. (BALLY'S GRAND)

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED March 31, 1988 AND 1989

(UNAUDITED)
(\$ IN THOUSANDS)

- NOT APPLICABLE -

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(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	()	()
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 250	\$ 16,291
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		(4,800)
3	Proceeds from the sale of short-term investment securities.....	6,650	-
4	Purchase outflows for property and equipment.....	(3,759)	(1,860)
5	Proceeds from disposition of property and equipment.....		1
6	Purchase of casino reinvestment obligations.....	(609)	(761)
7	Purchase of other investments and loans/advances made.....	(6,000)	(3,953)
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.....	(3,718)	(11,373)
	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.....	-	-
18	Cash proceeds from issuing stock or capital contributions.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	Unallocated purchase price		(8,086)*
22			
23	Net Cash Provided (Used) By Financing Activities.....		(8,086)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(3,468)	(3,168)
25	Cash And Cash Equivalents At Beginning Of Period	8,656	8,237
26	Cash And Cash Equivalents At End Of Period.....	\$ 5,188	\$ 5,069

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ -	\$ -
28	Income taxes.....	\$ -	\$ 524

Noncash transfer from
noncurrent assets (other)
to unallocated purchase
price

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (2,320)	\$ (2,362)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	3,511	2,621
31	Amortization of other assets.....	720	634
32	Amortization of debt discount or premium.....	(289)	(289)
33	Deferred income taxes - current.....	(539)	-
34	Deferred income taxes - noncurrent.....	303	526
35	(Gain) loss on disposition of property and equipment.....	-	1
36	(Gain) loss on casino reinvestment obligations.....	304	380
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	749	1,921
39	Net (increase) decrease in inventories.....	62	(600)
40	Net (increase) decrease in other current assets.....	(792)	7,863
41	Net (increase) decrease in other assets.....	58	
42	Net increase (decrease) in accounts payables.....	(2,299)	(304)
43	Net increase (decrease) in other current liabilities excluding debt.....	528	8,263
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	254	(2,363)
45	.....	-
46	.....	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 250	\$ 16,291

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 3,759	\$ 1,185
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 3,759	\$ 1,185
	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.....	\$	\$

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of Presentation

GNOC, CORP. (the "Company") is a wholly owned subsidiary of GNAC, CORP. ("GNAC"). The financial statements include the transactions between the Company, GNAC and GNAC's other affiliates.

On March 1, 1987, the capital stock of GNAC and certain of its affiliates, including the Company, were purchased by Bally Manufacturing Corporation ("Bally") from Golden Nugget, Inc. ("GNI") (Note 2).

B. Disclosures Not Presented

Certain disclosures have not been presented in these Notes to Financial Statements since they would duplicate disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1988. The Notes excluded are Summary of Significant Accounting Policies, Pension Costs, Lease and Other Commitments.

NOTE 2 - TRANSFER OF OWNERSHIP

On March 1, 1987, Bally acquired GNAC, including the Company, other related properties and real estate property leases from GNI in a transaction which has been accounted for as a purchase. The accompanying financial statements reflect a preliminary allocation of the purchase price, which is subject to adjustment based on the resolution of certain disputed matters (See Note 18). Pursuant to the acquisition, Bally paid an aggregate consideration of approximately \$141,000,000 plus acquisition costs of \$2,800,000. In addition, Bally assumed approximately \$299,000,000 of existing indebtedness (see Note 10). The excess of the total estimated acquisition cost and debt assumed over the preliminary estimate of the fair value of net assets acquired is being amortized by the Company over forty years.

NOTE 3 - MARKETABLE SECURITIES

Marketable securities as of March 31 1989 and 1988 consisted of repurchase agreements, at cost which approximates market.

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Prepaid state gaming taxes and licenses	\$ 393,000	\$ 691,000
Prepaid operating expenses	607,000	770,000
Prepaid entertainment costs	208,000	-
Prepaid state income tax	4,000	50,000
Refundable federal income tax	111,000	1,397,000
Prepaid insurance expenses	660,000	-
Deferred federal and state income tax	5,095,000	-
	<u>\$7,078,000</u>	<u>\$2,908,000</u>
	=====	=====

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Golden Nugget Marketing Corp. (a New York Corporation)	\$ -	\$ 238,000
Golden Nugget Marketing Corp. (a Florida Corporation)	-	77,000
Golden Nugget Marketing Corp. (a Massachusetts Corporation)	-	15,000
Bally Manufacturing Corp.	6,000,000	4,454,000
New Jersey reinvestment (net of purchase discount)	13,496,000	11,959,000
	<u>\$19,496,000</u>	<u>\$16,743,000</u>
	=====	=====

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land and improvements	\$ 51,737,000	\$ 51,713,000
Buildings and leasehold improvements	174,242,000	178,646,000
Furniture, fixtures and equipment	51,506,000	46,439,000
Construction in progress	<u>8,470,000</u>	<u>1,880,000</u>
	285,955,000	278,678,000
Less accumulated depreciation and amortization	<u>(29,026,000)</u>	<u>(14,130,000)</u>
	<u>\$256,929,000</u>	<u>\$264,548,000</u>

See Note 2 for discussion of purchase price accounting.

NOTE 7 - OTHER ASSETS

Other assets as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Costs in excess of acquired assets, net	\$113,656,000	\$109,851,000
Other	<u>272,000</u>	<u>69,000</u>
	<u>\$113,928,000</u>	<u>\$109,920,000</u>

See Note 2 for discussion of purchase price accounting.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 8 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 8,063,000	\$ 7,749,000
Accrued progressive jackpot liability	1,678,000	4,070,000
Accrued interest	12,764,000	12,764,000
Accrued New Jersey casino reinvestment liability	609,000	5,464,000
Accrued sales, use and luxury taxes	552,000	727,000
Accrued Casino Control Commission and Division of Gaming Enforcement Fees	431,000	377,000
Accrued self insurance claims	1,627,000	627,000
Accrued Casino License Fee	360,000	341,000
Accrued casino win tax	167,000	114,000
Accrued legal fees	996,000	432,000
Accrued insurance	467,000	731,000
Accrued real estate tax	430,000	25,000
Other	<u>3,217,000</u>	<u>3,391,000</u>
	<u>\$31,361,000</u>	<u>\$36,812,000</u>

NOTE 9 - OTHER CURRENT LIABILITIES

Other current liabilities as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Customer deposits	\$ 122,000	\$ 494,000
Unredeemed gaming chips and tokens	1,220,000	1,497,000
Advance room deposits	101,000	109,000
Bally Manufacturing Corp.	86,000	-
Bally's Park Place, Inc.	227,000	368,000
Bally's Las Vegas	22,000	-
Other	<u>48,000</u>	<u>10,000</u>
	<u>\$1,826,000</u>	<u>\$2,478,000</u>

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 10 - LONG TERM DEBT-DUE TO AFFILIATES

Long term debt-due to affiliates as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
13 1/4% (effective rate of 13.3%) Mortgage-Backed Notes of \$289,000,000 principal amount, interest payable semi-annually, maturing in 1995, sinking fund payments to retire \$14,950,000 principal amount annually commencing on June 1, 1991 and 20% of issue prior to maturity (including unamortized premium of \$11,318,000 at March 31, 1989 and \$12,473,000 at March 31, 1988). (Note 2)	\$300,318,000	\$301,473,000
	=====	=====

In June 1985, the Company consummated the public sale of \$299 million principal amount of 13 1/4% Mortgage-Backed Notes ("the Notes") due June 1, 1995. The Notes are unconditionally guaranteed by GNAC and are secured by a first lien and security interest on the Company's Boardwalk Casino-Hotel.

As a result of the purchase of the Company by Bally the Notes were valued at \$312,829,000 at March 1, 1987, based upon an imputed interest rate.

On October 8, 1987, \$10,000,000 principal amount of the Notes had been acquired to satisfy future sinking fund requirements.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of March 31, 1989 and 1988 consisted of deferred federal and state income taxes.

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 12 - OTHER LIABILITIES

Other liabilities as of March 31 consisted of advances due to affiliates and other liabilities as follows:

	<u>1989</u>	<u>1988</u>
Bally's Grand Transportation Corp.	\$ 1,600,000	\$ 1,666,000
GNAC, CORP.	26,021,000	26,185,000
Golden Nugget Marketing Corp. (an Illinois Corporation)	-	536,000
Golden Nugget Marketing Corp. (a Maryland Corporation)	-	9,000
Golden Nugget Marketing Corp. (an Ohio Corporation)	-	37,000
Golden Nugget Marketing Corp. (New York)	1,000	-
Self Insurance Claims	4,219,000	2,641,000
	<u>\$31,841,000</u>	<u>\$31,074,000</u>
	=====	=====

NOTE 13 - STOCKHOLDER'S EQUITY

At March 31, 1989 and 1988, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

NOTE 14 - PROMOTIONAL EXPENSES AND ALLOWANCES

Promotional expenses and allowances and number of recipients for the three months ended March 31, 1989 consisted of the following:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	27,787	\$2,452,000	-	\$ -
Food	158,030	2,445,000	-	-
Beverage	618,780	1,238,000	-	-
Travel	-	-	7,894	1,513,000
Other				
Coin	-	-	257,046	4,941,000
Entertainment	2,339	62,000	556	77,000
Parking	21,733	174,000	-	-
Retail	15,551	404,000	-	-
Other	1,011	35,000	1,507	158,000
Total Other	<u>40,634</u>	<u>675,000</u>	<u>259,109</u>	<u>5,176,000</u>
TOTAL	<u>845,231</u>	<u>\$6,810,000</u>	<u>267,003</u>	<u>\$6,689,000</u>
	=====	=====	=====	=====

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 15 - CHARGES FROM AFFILIATES (EXPENSE) - NET

The charges from affiliates for the three months ended March 31, 1989 and March 31, 1988 consisted of the following:

<u>Nature of Charge From Affiliate</u>	<u>1989</u>	<u>1988</u>
Interest	\$9,293,000	\$9,905,000
Other (a)	1,133,000	3,503,000

(a) Other expenses include payroll expense and operating expenses from affiliated companies, promotional expenses, depreciation and amortization expenses, and allocations of costs associated with air transportation.

These other expenses were allocated from the following affiliates:

- Golden Nugget Marketing Corp. (a New York Corporation)
- Golden Nugget Marketing Corp. (a Florida Corporation)
- Golden Nugget Marketing Corp. (an Illinois Corporation)
- Golden Nugget Marketing Corp. (an Ohio Corporation)
- Golden Nugget Marketing Corp. (a Massachusetts Corporation)
- Golden Nugget Marketing Corp. (a Maryland Corporation)
- GNF, Corp.
- Bally's Grand Transportation Corp.
- GNAC, CORP.
- Bally's Park Place, Inc.

	<u>1989</u>	<u>1988</u>
Federal	\$(543,000)	\$(1,093,000)
State	(122,000)	(372,000)
	<u>(665,000)</u>	<u>(1,465,000)</u>
Federal	(134,000)	360,000
State	(81,000)	166,000
	<u>(215,000)</u>	<u>526,000</u>
	\$(90,000)	\$ (929,000)

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 16 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three months ended March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest and dividend income	\$508,000	\$730,000
Gain on disposition of property, plant and equipment	-	1,000
Other non-operating income	<u>2,000</u>	-
	<u>\$510,000</u> =====	<u>\$731,000</u> =====

NOTE 17 - INCOME TAXES

The income tax provision for the three months ended March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$(543,000)	\$(1,093,000)
State	<u>(122,000)</u>	<u>(372,000)</u>
	<u>(665,000)</u>	<u>(1,465,000)</u>
Deferred:		
Federal	(154,000)	360,000
State	<u>(81,000)</u>	<u>166,000</u>
	<u>(235,000)</u>	<u>526,000</u>
	<u>\$(900,000)</u> =====	<u>\$ (939,000)</u> =====

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 18 - LITIGATION

Pursuant to the Purchase Agreement (the "Agreement") between Bally and GNI, an amount may be due to either party depending on the difference in value of certain assets and liabilities as defined in the Agreement. The Agreement provides for arbitration to satisfy the dispute between Bally and GNI as to such value. The value is in dispute and the arbitration process is currently underway. The Company is involved in various other matters of litigation as both plaintiff and defendant. In the opinion of management and counsel, none of these matters would have a material adverse effect on the Company's financial statements.

Patrons' checks	17,564	13,871	3,693
Accounts receivable	633	87	546
Due to/from officers and employees	20		
Due to/from affiliates	-		
Accounts and notes receivable	1,397		
Other receivables	1,418	1,158	260
	19,613	15,126	4,489

DESCRIPTION	AMOUNT
Ending Balance (January 1)	5,812
Number of checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	19,514
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)	29,359
Checks collected through deposits	9,118
Checks transferred to returned checks	2,522
Other adjustments	
Ending Balance	5,922
Provision for Uncollectible Patrons' Checks	217
Provision As a Percent of Counter Checks Issued	55

STATEMENT OF CONFORMITY AND ACCURACY
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

STATE OF NEW JERSEY

March 31, 19 89

COUNTY OF ATLANTIC

(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	5,020		
2	Returned patrons' checks	12,544		
3	Total patrons' checks	17,564	\$ 13,871	\$ 3,693
4	Hotel Receivables	633	97	536
	Other Receivables:			
5	Receivables due from officers and employees.....	20		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	1,398		
8	Total other receivables	1,418	1,158	260
9	Totals (Form 205).....	\$ 19,615	\$ 15,126	\$ 4,489

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,812
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	39,504
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)	(29,359)
13	Checks collected through deposits	(9,316)
14	Checks transferred to returned checks	(1,621)
15	Other adjustments	-
16	Ending Balance	\$ 5,020
17	"Hold" Checks Included In Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 217
19	Provision As A Percent Of Counter Checks Issued .....	.55 %

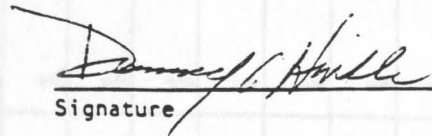
STATEMENT OF CONFORMITY AND ACCURACY

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

Donald Hinkle, 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.

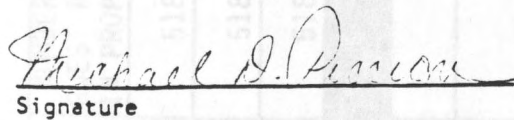

 Signature

Corporate Controller
 Title

03496-11
 License Number

On Behalf Of:

Subscribed and sworn to
 before me this 11th day
 of May, 1989


 Signature

Gnoc, Corp.
 Casino Licensee

MICHAEL D. PICCIONI
 NOTARY PUBLIC STATE OF NEW JERSEY
 My Commission Expires August 25, 1993

 Basis of Authority
 to Take Oaths

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	518	16,058	9,758	\$ 112.31	60.8 %	17,564	\$ 62.39
FEBRUARY	518	14,504	10,295	\$ 111.85	71.0 %	18,531	\$ 62.14
MARCH	518	16,058	12,836	\$ 104.95	79.9 %	23,105	\$ 58.31
1ST QUARTER TOTALS		46,620	32,889	\$ 109.29	70.5 %	59,200	\$ 60.72
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

974-901

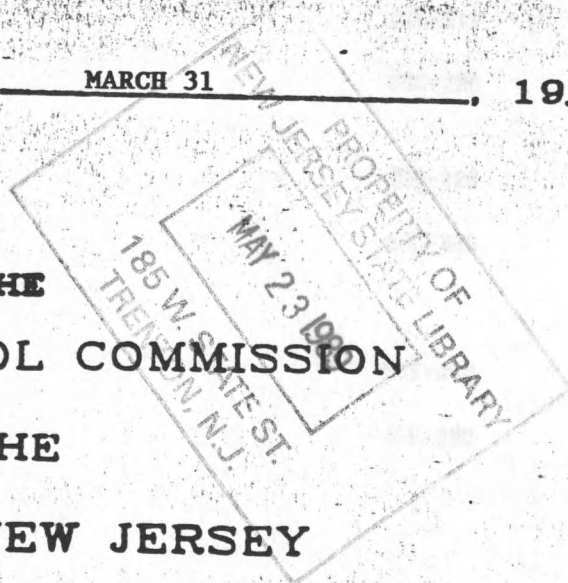
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LICENSEE BALLY'S PARK PLACE, INC.

ADDRESS PARK PLACE AND THE BOARDWALK
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

JOSEPH A. D'AMATO

OFFICIAL TITLE

VICE PRESIDENT & TREASURER

ADDRESS

PARK PLACE AND THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

BALANCE SHEETS

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

MARCH 31, 19 89 AND 12 31 88

LIST OF FORMS - QUARTERLY REPORT

(IN THOUSANDS)

FOR THE QUARTER ENDED March 31, 19 89

(a)	(b)	(c) 19 89	(d) 19 88*
ASSETS			
	and Cash Equivalents	\$ 8,249	\$ 6,520
	receivable securities		
	and <u>TITLE</u> checks (net of allowance for doubtful)		
	March 31, 19 89, \$5,709 ; 12 31 88, \$5,452	7,389	12,037
	Balance Sheets	CCC-205	1,998
	and other current assets <u>NOTE 2</u>	2,783	4,878
	Statements of Income (Year-to-Date)	CCC-210	
	Statements of Income (Three Months)	CCC-215	73,433
	Accounts, Advances, And Receivables <u>NOTE 11</u>	19,311	14,963
	Statements of Changes in Stockholders' Equity	CCC-220	406,785
	Statements of Changes in Partners' or Proprietor's Equity	5,002	5,588
	Statements of Cash Flows	506	452,774
	Notes to Financial Statements	CCC-225	
	Schedule of Receivables and Patrons' Checks	CCC-235	
	Statement of Conformity and Accuracy	18,714	14,335
		CCC-240	
		CCC-250	
			424
		5,142	5,724
		16,046	14,110
		1,851	1,326
		41,573	35,919
		99,671	99,639
		67,040	43,976
		10,633	15,420
		15,717	8,131
		234,616	203,085
		271,589	249,689
		506,205	452,774

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

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88*
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents	\$ 8,249	\$ 6,520
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$5,709 ; 19 88, \$5,452)	7,589	12,037
4	Inventories	2,243	1,998
5	Prepaid expenses and other current assets NOTE 2	2,285	4,878
6	Total current assets	20,366	25,433
7	Investments, Advances, And Receivables ..NOTE. 11	18,311	14,968
8	Property And Equipment - Net NOTE 3	462,526	406,785
9	Other Assets	5,002	5,588
10	Total Assets	\$ 506,205	\$ 452,774
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 18,714	\$ 14,335
12	Notes payable	-	-
Current portion of long-term debt:			
13	Due to affiliates	-	-
14	Other	-	424
15	Income taxes payable and accrued	5,142	5,724
16	Other accrued expenses ..NOTE. 12	16,046	14,110
17	Other current liabilities	1,651	1,326
18	Total current liabilities	41,553	35,919
Long-Term Debt:			
19	Due to affiliates NOTE 4	99,671	99,639
20	Other NOTE 4	67,040	43,976
21	Deferred Credits NOTE 5	10,635	15,420
22	Other Liabilities NOTE 7	15,717	8,131
23	Commitments And Contingencies		
24	Total Liabilities	234,616	203,085
25	Stockholders', Partners', Or Proprietor's Equity	271,589	249,689
26	Total Liabilities And Equity	\$ 506,205	\$ 452,774

*Restated to conform with 1989 presentation.

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

STATEMENTS OF INCOME

FOR THE Three MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u> *
	Revenue:		
1	Casino	\$ 62,261	\$ 58,520
2	Rooms	3,947	3,653
3	Food and beverage	7,352	6,829
4	Other	2,112	2,086
5	Total revenue	75,672	71,088
6	Less: Promotional allowances	6,675	5,726
7	Net revenue	68,997	65,362
	Costs And Expenses:		
8	Cost of goods and services	36,059	33,943
9	Selling, general, and administrative	16,803	14,722
10	Provision for doubtful accounts	133	149
11	Depreciation and amortization	5,455	5,498
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other	300	300
14	Total costs and expenses	58,750	54,612
15	Income (Loss) From Operations	10,247	10,750
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(691)	(2,254)
17	Interest (expense) - external	(878)	(660)
18	Investment alternative tax and related income (expense) - net.....	(495)	(360)
19	Nonoperating income (expense) - net	287	222
20	Total other income (expenses).....	(1,777)	(3,052)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	8,470	7,698
22	Provision (credit) for income taxes	3,577	3,263
23	Income (Loss) Before Extraordinary Items	4,893	4,435
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-	-
25	Net Income (Loss)	\$ 4,893	\$ 4,435

*Restated to conform with 1989 presentation.

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE Three MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1)	100	\$ 93,987	100	\$ 93,987
2	Sale of stock	-0-	-0-	-0-	-0-
3	.....			
4	Ending balance	100	93,987	100	93,987
	Preferred Stock:				
5	Beginning balance (January 1)	-0-	-0-	-0-	-0-
6	Sale of stock				
7	.....			
8	Ending Balance	-0-	-0-	-0-	-0-
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		34,652		34,652
10	.....		-0-		-0-
11	.....			
12	Ending balance		34,652		34,652
	Treasury Stock:				
13	Beginning balance (January 1)	-0-	(-0-)	-0-	(-0-)
14	Purchase of additional stock		()		()
15	Sale or retirement of stock				
16	Ending balance	-0-	(-0-)	-0-	(-0-)
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)	-0-	(-0-)	-0-	(-0-)
18	.....			
19	.....			
20	Ending balance	-0-	(-0-)	-0-	(-0-)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		(-0-)		(-0-)
22	.....			
23	.....			
24	Ending balance		(-0-)		(-0-)
	Retained Earnings:				
25	Beginning balance (January 1)		138,057		116,615
26	Prior period adjustments		-0-		-0-
27	Net income (loss)		4,893		4,435
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		142,950		121,050
32	Ending Stockholders' Equity		\$ 271,589		\$ 249,689

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE Three MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(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	()	()
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 10,392	\$ 5,084
	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.....	(19,796)	(13,238)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(389)	(740)
7	Purchase of other investments and loans/advances made.....	(1,463)	(220)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	164	66
9	Cash outflows to acquire business entities.....		
10	.....	
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	(21,484)	(14,132)
	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.....	17,747	16,000
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(7,506)	(11,100)
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.....	10,241	4,900
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(851)	(4,148)
25	Cash And Cash Equivalents At Beginning Of Period	9,100	10,668
26	Cash And Cash Equivalents At End Of Period.....	\$ 8,249	\$ 6,520

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 4,744	\$ 6,338
28	Income taxes.....	\$ 1,447	\$ 3,010

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 4,893	\$ 4,435
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	5,214	5,257
31	Amortization of other assets.....	241	241
32	Amortization of debt discount or premium.....	8	8
33	Deferred income taxes - current.....	(141)	(859)
34	Deferred income taxes - noncurrent.....	(290)	8
35	(Gain) loss on disposition of property and equipment.....	5	140
36	(Gain) loss on casino reinvestment obligations.....	(9)	360
37	(Gain) loss from other investment activities.....	101	144
38	Net (increase) decrease in receivables and patrons' checks.....	2,882	1,920
39	Net (increase) decrease in inventories.....	(78)	121
40	Net (increase) decrease in other current assets.....	(1,243)	(1,083)
41	Net (increase) decrease in other assets.....	(69)	(112)
42	Net increase (decrease) in accounts payables.....	(1,937)	(3,716)
43	Net increase (decrease) in other current liabilities excluding debt.....	(848)	(3,280)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,663	1,500
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 10,392	\$ 5,084

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 19,796	\$ 13,238
50	Less: Capital lease obligations incurred.....		
	Cash Outflows For Property And Equipment.....	\$ 19,796	\$ 13,238
51	Acquisition Of Business Entities:		
52	Property and equipment acquired.....	\$	\$
53	Goodwill acquired.....		
54	Net assets acquired other than cash, goodwill, and property and equipment.....		
55	Long-term debt assumed.....		
56	Issuance of stock or capital invested.....		
	Cash Outflows To Acquire Business Entities.....	\$	\$
57	Stock Issued Or Capital Contributions:		
58	Total issuances of stock or capital contributions.....	\$	\$
59	Less: Issuances to settle long-term debt.....		
60	Consideration in acquisition of business entities.....		
	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$	\$

BALLY'S PARK PLACE CASINO HOTEL
Note 1 - Notes to Financial Statements
For the Three Months Ended March 31, 1989 and 1988

(Unaudited)

The accompanying financial statements should be read in conjunction with the consolidated financial statements in the Casino Control Commission Annual Report for the year December 31, 1988.

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 (credit) for income taxes, reconciliation to statutory rate
4. Pension Plans
5. Investments obligation/potential alternative tax
6. Capital stock-description of features

All adjustments (which include only normal and recurring adjustments) have been recorded which are, in the opinion of management, necessary for a fair presentation of the financial position of Bally's Park Place, New Jersey (the "Company") at March 31, 1989 and 1988. Certain reclassifications have been made to the 1988 financial statements to conform to the 1989 representation.

Investments in Subsidiaries

The Company has two wholly-owned subsidiaries, B.W. Realty, Inc. (which operates a motel in Atlantic City) and Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease). The investments in these subsidiaries are reflected in the accompanying financial statements on the equity method.

Transactions With Related Parties

Various management personnel of the Company are involved in the direction and operation of three other casino hotels owned by Bally Manufacturing Corporation ("Bally"). Certain costs were allocated to these other properties, amounting to \$1,519,000 for the three months ended March 31, 1988. No costs were allocated to these properties for the three months ended March 31, 1989. During the three months ended March 31, 1988, the Company purchased slot machines for its casino from an affiliate of Bally for an aggregate amount of \$30,000. There were no such purchases during the first quarter of 1989.

Income Taxes

The effective income tax rate was greater than the statutory Federal income tax rate for the three months ended March 31, 1989 and 1988 (42.2% and 42.4%, respectively). The variation from the statutory rate was due principally to state income taxes (net of the related Federal income tax benefit).

BALLY'S PARK PLACE CASINO HOTEL

Note 2 - Prepaid Expenses and
Other Current Assets

March 31,

Unaudited

Unaudited

	<u>1989</u>	<u>1988</u>
Deferred Income Taxes	\$ 206,000	\$ 3,061,000
Prepaid Insurance	1,428,000	1,085,000
Prepaid Licenses-Casino	209,000	172,000
Prepaid Expenses-Other	181,000	218,000
*Other	<u>261,000</u>	<u>342,000</u>
	<u>\$ 2,285,000</u>	<u>\$ 4,878,000</u>
Accumulated Depreciation and Amortization	176,433,000	156,439,000
Property and Equipment, Net	<u>1467,526,000</u>	<u>1385,785,000</u>

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

BALLY'S PARK PLACE CASINO HOTEL
 Note 3 - Property, Plant and Equipment
 March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Land	\$ 62,045,000	\$ 62,026,000
Buildings, Leasehold Improvements	317,719,000	316,242,000
Furniture, Fixtures and Equipment	107,252,000	104,161,000
Construction in Progress	<u>151,933,000</u>	<u>80,795,000</u>
	638,949,000	563,224,000
Less Accumulated Depreciation and Amortization	<u>176,423,000</u>	<u>156,439,000</u>
Property and Equipment, Net	<u>\$462,526,000</u>	<u>\$406,785,000</u>

(A) In April 1988, Bally's Hotel was insured by First Security for \$100,000,000 of the credit line, from \$100,000,000 to \$20,000,000.

BALLY'S PARK PLACE CASINO HOTEL
 Note 4 - Long-Term Debt - Other
 March 31, 1989
 (000's Omitted)
 Unaudited

Lender	Original Date of Loan	Maturity Date Of Loan	Interest Rate and Payment Terms	Principal amount						
				Balance at 12/31/88	Additions	Scheduled Repayments	Other Reductions	Balance March 31, 1989		
								Total	Current	Non-Current
<u>Revolving Credit Agreement:</u> Mellon Bank (Agent) (A)	04/84	Converts to 4 year term loan 3/31/90.	Credit line for \$150,000,000 Commitment Fee 3/8 of 1% on unused balance; calculation based on 365-days; loan take downs calculated at Prime Rate (11.5% at March 31, 1989) or LIBOR (10.63% at March 31, 1989-weighted average).	\$54,500	\$16,500	\$ ---	\$ 7,500	\$63,500	\$ ---	\$63,500
<u>Installment Contract:</u> United Health Services (Trading as Victor Kramer) Division of Crothal American, Inc.	12/17/87	12/17/92	5 yr. loan-monthly install-ments Monthly payment \$51,895 interest calculated at 9.00%. Payment stopped; contract terminated; commenced settlement negotiations.	2,262	---	---	---	2,262	---	2,262
<u>Mortgage Backed Bonds</u> Casino Redevelopment Investment Authority Jacobs Family Terrace Mortgage Notes	10/27/88	11/01/2018	Mortgage notes associated with Sale of Jacobs Family Terrace to public. Interest rate 8.5%.	37	1,247	6	---	1,278		1,278
				\$56,799	\$17,747	\$ 6	\$ 7,500	\$67,040	\$	\$67,040

(A) In April 1989, Mellon Bank was replaced by First Fidelity Bank, N.A., New Jersey as agent bank. There has been a reduction of the aggregate amount of the credit line, from \$150,000,000 to \$90,000,000.

BALLY'S PARK PLACE CASINO HOTEL
 Note 4 - Long-Term Debt - Affiliates
 March 31, 1989
 (000's Omitted)

Unaudited

Lender U. S. dollars	Original Date of note	Due Date of note	Interest rate, payment terms and collateral	Principal Amount					
				Balance at 12/31/88	Additions	Reductions	Balance at March 31, 1989		
							Total	Current	Non-current
Bally's Park Place Funding, Inc.	09/01/83	09/01/2003	20 year Mortgage; interest at 13 7/8% payable semi-annually	\$ 99,633	\$ 8	\$ --	\$ 99,671	\$ --	\$ 99,671

BALLY'S PARK PLACE CASINO HOTEL
 Deferred Credits
 March 31, 1989
 Unaudited
 1989
 1988
 \$10,635,000
 \$15,426,500

BALLY'S PARK PLACE CASINO HOTEL
Note 5 - Deferred Credits
March 31,

Unaudited

Deferred Federal Income Taxes

	<u>1989</u>	<u>1988</u>
	<u>\$10,635,000</u>	<u>\$15,420,000</u>

BALLY'S PARK PLACE CASINO HOTEL
Note 6 - Rent Expense
For the Three Months Ended March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Affiliates - Bally Manufacturing Corp.	<u>\$ 300,000</u>	<u>\$ 300,000</u>

In connection with the employment of certain officers, the Company has unfunded Supplemental Executive Retirement Plans, under which the participants earn benefits based on years of service and compensation. The Company recognizes the expense over the expected length of the officers' employment.

BALLY'S PARK PLACE CASINO HOTEL
 Note 7 - Other Liabilities
 For the Three Months Ended March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Accrued S.E.R.P.	<u>\$15,717,000</u>	<u>\$8,131,000</u>

In connection with the employment of certain officers, the Company has unfunded Supplemental Executive Retirement Plans, under which the participants earn benefits based on years of service and compensation. The Company recognizes this expense over the expected length of the officers' employment.

	1989	1988
Coverage	1,200,000	1,200,000
Medical	21,000	21,000
Life	100,000	100,000
Other	100,000	100,000
Travel	10,000	10,000
Corporate Federal Income Tax	100,000	100,000
Losses off balance sheet	100,000	100,000
Total Amount of Liabilities	1,641,000	1,641,000

BALLY'S PARK PLACE CASINO HOTEL
 Note 8 - Complimentary Services
 For the Three Months Ended March 31, 1989

Unaudited

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	23,092	\$2,329,000	(2,778,000)	(11,215,000)
Food	177,540	1,992,000	\$ 521,000	\$ 2,254,000
Beverage	689,893	1,380,000		
Parking	121,838	853,000		
Shows	4,082	70,000	\$ 1,018,000	\$ 1,019,000
Other	1,713	51,000	(738,000)	(355,000)
Travel			\$ 878,000	\$ 660,000
			35,962	\$ 719,000
Coupon Redemption - Cash			265,471	4,410,000
Rooms off premises			844	51,000
Other			2,525	126,000
Total Amount of Services		\$6,675,000		\$5,306,000

BALLY'S PARK PLACE CASINO HOTEL
 Note 9 - Interest Expense
 For the Three Months Ended March 31,

Unaudited

<u>Charges From Affiliates</u>	<u>1989</u>	<u>1988</u>
Bally's Park Place Funding, Inc.	\$ 3,469,000	\$ 3,469,000
Capitalized interest	<u>(2,778,000)</u>	<u>(1,215,000)</u>
	<u>\$ 691,000</u>	<u>\$ 2,254,000</u>
<u>External Sources</u>		
Interest on various loans	\$ 1,616,000	\$ 1,015,000
Capitalized interest	<u>(738,000)</u>	<u>(355,000)</u>
	<u>\$ 878,000</u>	<u>\$ 660,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 10 - Provision for Income Taxes
 For the Three Months Ended March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$3,658,000	\$3,227,000
State	350,000	887,000
	<u>4,008,000</u>	<u>4,114,000</u>
Deferred:		
Federal	(334,000)	(659,000)
State	(97,000)	(192,000)
	<u>(431,000)</u>	<u>(851,000)</u>
Total Income Taxes	<u>\$3,577,000</u>	<u>\$3,263,000</u>

Reconciliation of Deferred Income Taxes
 For the Three Months Ended March 31,

	<u>1989</u>	<u>1988</u>
Short-term	\$ (141,000)	\$ (859,000)
Long-term	(290,000)	8,000
	<u>\$ (431,000)</u>	<u>\$ (851,000)</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 11 - Investments, Advances and Receivables
 March 31,

Other long-term investments and receivables:

	<u>1989</u>	<u>1988</u>
Reese Palley/Martin Blatt (Mortgage - Marlboro Bleinheim)		
First Mortgage	\$ 1,989,000	\$ 2,128,000
Second Mortgage	2,652,000	2,838,000
Blumfeld Development Corporation	--	1,600,000
Total long-term receivables	<u>\$ 4,641,000</u>	<u>\$ 6,566,000</u>
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,125,000	4,132,000
B.W. Realty, Inc. - 100% owned	<u>4,716,000</u>	<u>3,961,000</u>
Total investments in subsidiaries - equity	8,841,000	8,093,000
Casino Reinvestment Development Authority funds (less discount of \$4,092,000 in 1989 and \$2,883,000 in 1988)	3,811,000	2,058,000
Notes receivable - officer	--	876,000(A)
Central credit receivable (less discount of \$56,000 in 1989)	112,000	81,000
Other	1,279,000	--
Less current portion	<u>(373,000)</u>	<u>(2,706,000)</u>
Total Investments, Advances and Receivables	<u><u>\$18,311,000</u></u>	<u><u>\$14,968,000</u></u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 11 (Continued)

(A) Notes receivable - officers:

	<u>1989</u>	<u>1988</u>
(1) William Weinberger		
Balance January 1,	\$ --	\$ 104,000
Less payments	--	<u>(2,000)</u>
Balance March 31,	--	102,000

Current portion: 1988: \$7,048

Repayment Terms:

Due Date: Quarterly payments of \$2,750
 Interest Rate: 4%
 Collateral: Mortgage Loan

(2) Richard Gillman, Chairman of the Board		
Balance January 1,	--	774,000
Balance March 31,	--	<u>774,000</u>

Current portion: 1988: \$774,000

Repayment Terms: without interest until certain
 future stock prices occur

Total notes receivable - officer	<u>\$ --</u>	<u>\$ 876,000</u>
----------------------------------	--------------	-------------------

BALLY'S PARK PLACE CASINO HOTEL
 Note 12 - Other Accrued Expenses
 March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Payroll	\$ 5,762,000	\$ 4,995,000
Progressive Jackpots	2,994,000	2,712,000
Interest	1,802,000	1,440,000
*Miscellaneous	<u>5,488,000</u>	<u>4,963,000</u>
Total	<u>\$16,046,000</u>	<u>\$14,110,000</u>

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

BALLY'S PARK PLACE CASINO HOTEL
Note 13 - Reinvestment Obligation
For the Year Ended March 31, 1989

(Unaudited)

The Company, pursuant to the New Jersey Casino Control Act ("Act"), is subject to making qualified investments, as specified by the Act or become liable for an alternative tax (2.5% of gross casino revenues). The Company has fulfilled its obligation under the Act by making deposits to the Casino Reinvestment Development Authority ("CRDA") and by direct investments.

At March 31, 1989 and 1988, the Company had \$7,503,000 and \$4,941,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$400,000 in bonds with the CRDA as of March 31, 1989 and 1988. The Company has also sponsored the development of a 72-unit condominium housing project in Atlantic City. In 1988, the Company commenced direct sales of the units and as of March 31, 1989 42 units were sold.

BALLY'S PARK PLACE CASINO HOTEL
 Note 14 - Non-Operating Income
 For the Three Months Ended March 31,

Unaudited

	<u>1989</u>	<u>1988</u>
Interest income	\$311,000	\$324,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(100,000)	(155,000)
Bally Warwick, Inc.	(1,000)	11,000
Other	<u>77,000</u>	<u>42,000</u>
Total	<u>\$287,000</u>	<u>\$222,000</u>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

BALLY'S PARK PLACE CASINO HOTEL
 Note 15 - Revision of Proposed Restructuring
 March 31, 1989
 (IN THOUSANDS)

DESCRIPTION	ACCOUNTS RECEIVABLE BALANCES		ACCOUNTS RECEIVABLE BALANCE
	ACCOUNT BALANCE	ALLOWANCE	
In February 1989, Bally, the parent company of Bally's Park Place, Inc., a Delaware Corporation, ("BPP Delaware"), which is the parent of the Company, announced that it was revising its previously announced proposed restructuring by withdrawing the planned spin-off of its casino hotel business of which the Company is a part. In May 1989, Bally's Park Place Funding, Inc. ("BPP Funding") (a wholly-owned subsidiary of BPP Delaware) intends to file a registration statement for an offering of \$350 million aggregate principal amount of mortgage notes secured by Bally's Park Place Casino Hotel. These proceeds, net of offering expenses, will be immediately loaned by BPP Funding to the Company. Thereafter, the Company will use the proceeds to repay substantially all of its long-term debt, including repayment of an earlier loan by BPP Funding to the Company (which will in turn be used by BPP Funding to redeem the Bonds). The balance of the proceeds is expected to be paid to Bally principally, in the form of a dividend. The consummation of the issuance of the mortgage notes is subject to, among other things, the approval of the New Jersey Casino Control Commission.	3,751		3,751
Accounts receivable	3,751		3,751
Allowance			
Total	3,751		3,751

UNRECORDED PATRONS' CHECKS ACTIVITY	DESCRIPTION	AMOUNT	
		(a)	(b)
Balance (January 1)		\$ 2,495	
Checks issued (excluding counter checks issued through transactions in consolidations, partial redemptions, substitutions, and patrons' deposits prior to deposit (including the unrecorded portion of counter checks issued through partial redemptions, and excluding checks returned to patrons relating to consolidations, substitutions, and patrons' deposits)		26,186	
Checks returned through deposits		(20,562)	
Checks returned to returned checks		(4,675)	
Checks issued		1,454	
Total		\$ 3,210	
Amount included in Balance on Line 15		\$ -	
For Unrecorded Patrons' Checks		\$ 1,500	
Net Amount of Counter Checks Issued		\$ 1,700	

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	\$ 2,210		
2	Returned patrons' checks	6,904		
3	Total patrons' checks	9,114	\$ 5,659	\$ 3,455
4	Hotel Receivables	433	50	383
5	Other Receivables:			
	Receivables due from officers and employees.....	4		
6	Receivables due from affiliates	462		
7	Other accounts and notes receivables	3,285		
8	Total other receivables	3,751		3,751
9	Totals (Form 205).....	\$ 13,298	\$ 5,709	\$ 7,589

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 2,695
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	26,186
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)	(20,562)
13	Checks collected through deposits	(4,655)
14	Checks transferred to returned checks	(1,454)
15	Other adjustments	
16	Ending Balance	\$ 2,210
17	"Hold" Checks Included In Balance On Line 16	\$ --
18	Provision For Uncollectible Patrons' Checks	\$ 130
19	Provision As A Percent Of Counter Checks Issued .....	.05 %

STATEMENT OF CONFORMITY AND ACCURACY

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

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 & Treasurer
Title

#03310-11
License Number

Subscribed and sworn to
before me this day
of May 15 , 19 89

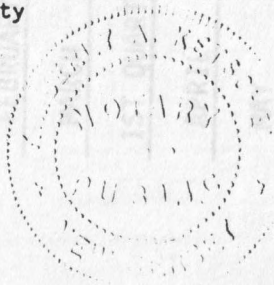
On Behalf Of:

Kimberly A. Ketscher
Signature

Bally's Park Place, NJ
Casino Licensee

KIMBERLY A. KETSCHER
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 7, 1993

Basis of Authority
to Take Oaths



TRADING NAME OF LICENSEE BALLY'S PARK PLACE CASINO HOTEL

HOTEL STATISTICS

DRAFT

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	506	15,686	11,598	\$ 109.06	73.9 %	22,180	\$ 57.03
FEBRUARY	506	14,168	11,856	\$ 107.52	83.7 %	22,726	\$ 56.09
MARCH	506	15,686	13,444	\$ 104.66	85.7 %	25,437	\$ 55.32
1ST QUARTER TOTALS		45,540	36,898	\$ 106.96	81.0 %	70,343	\$ 56.11
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

974.901
C193

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

ADDRESS 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NEW JERSEY
PROPERTY OF
MAY 2 2 1989
185 W. STATE ST.
TRENTON, N.J.



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT

EDWARD J. SUTON

OFFICIAL TITLE

SENIOR VICE PRESIDENT OF FINANCE

ADDRESS

2100 ATLANTIC AVENUE

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

(UNAUDITED)

LINE NO.	DESCRIPTION	(c) 1989	(d) 1988
	FOR THE QUARTER ENDED <u>MARCH 31</u> , 1989		
	ASSETS		
	Current Assets		
	Cash	\$ 7,781	\$ 6,287
	Marketable securities		
	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$13,942; 1988, \$14,047)		
	Prepaid expenses		
	Prepaid expenses and other current assets		
	LIABILITIES AND EQUITY		
	Current Liabilities		
	Accounts payable		
	Accrued expenses		
	Other current liabilities		
	Total current liabilities		
	Long-Term Debt:		
	Due to affiliates		
	Deferred credits		
	Other liabilities		
	Commitments and Contingencies		
	Total liabilities		
	Stockholders', Partners', Or Proprietor's Equity		
	Total Liabilities and Equity	\$ 270,803	\$ 258,012

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

CCC-240

Schedule of Receivables and Patrons' Checks

CCC-250

Statement of Conformity and Accuracy

CCC-250

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

Certain reclassifications have been made in the 1988 financial statements in order to conform with the presentation used in 1989.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

BALANCE SHEETS
 MARCH 31, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
ASSETS			
	Current Assets		
1	Cash.....	\$ -	\$ -
2	Marketable securities.....	7,761	6,287
3	Receivables and patrons' checks (net of allowance for..... doubtful accounts - 1989_, \$13,942 ; 1988_, \$14,047).....	-	-
4	Inventories.....(NOTE 1).....	30,570	16,583
5	Prepaid expenses and other current assets.....(NOTE 2).....	3,058	2,560
		9,043	6,879
6	Total current assets.....	50,432	32,309
7	Investments, Advances and Receivables.....(NOTES 3 & 13)	959	19,018
8	Property and Equipment - Net.....(NOTES 1,4 & 9)	216,249	203,736
9	Other Assets.....	3,163	2,949
10	Total Assets.....	\$ 270,803	\$ 258,012
LIABILITIES AND EQUITY			
	Current Liabilities		
11	Accounts payable.....	\$ 11,221	\$ 8,224
12	Notes payable.....	-	-
	Current portion of long-term debt:		
13	Due to affiliates.....	-	-
14	Other.....(NOTE 9).....	19,702	827
15	Income taxes payable and accrued.....(NOTES 1 & 6)	4,524	6,586
16	Other accrued expenses.....(NOTE 7).....	27,588	25,243
17	Other current liabilities.....	2,248	2,023
18	Total current liabilities.....	65,283	42,903
	Long-Term Debt:		
19	Due to affiliates.....(NOTE 8).....	69,174	90,593
20	Other.....(NOTE 9).....	13,701	33,328
21	Deferred Credits.....(NOTE 6).....	5,939	5,899
22	Other Liabilities.....(NOTE 10).....	6,609	6,143
23	Commitments and Contingencies.....(NOTES 9&13).....	-	-
24	Total Liabilities.....	160,706	178,866
25	Stockholders', Partners', Or Proprietor's Equity.....	110,097	79,146
26	Total Liabilities and Equity.....	\$ 270,803	\$ 258,012

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

Certain reclassifications have been made in the 1988 financial statements in order to conform with the presentation used in 1989.

TRADING NAME OF CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED MARCH 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....(NOTE 1).....	\$ 70,343	\$ 69,007
2	Rooms.....	3,618	3,915
3	Food and beverage.....	8,136	7,882
4	Other.....	3,580	3,502
5	Total revenue.....	85,677	84,306
6	Less: promotional allowances.....(NOTES 1 & 14)..	9,347	8,905
7	Net revenue.....	76,330	75,401
	Costs And Expenses:		
8	Cost of goods and services.....(NOTES 1 & 14)..	41,329	38,342
9	Selling, general, and administrative.....(NOTES 1 & 14)..	16,941	19,370
10	Provision for doubtful accounts.....	1,245	785
11	Depreciation and amortization.....(NOTE 1).....	3,966	5,977
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	1,613	1,391
14	Total costs and expenses.....	65,094	65,865
15	Income (Loss) From Operations.....	11,236	9,536
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(NOTES 9 & 12)..	(1,676)	(2,626)
17	Interest (expense) - external.....	(653)	(1,004)
18	Investment alternative tax and related income (expense) - net.....(NOTE 13).....	(215)	1,142
19	Nonoperating income (expense) - net.....(NOTE 15).....	(59)	-
20	Total other income (expenses).....	(2,603)	(2,488)
21	Income (Loss) Before Income Taxes and Extraordinary items..	8,633	7,048
22	Provision (Credit) for income taxes.....(NOTE 6).....	3,603	3,269
23	Income (Loss) Before Extraordinary Items.....	5,030	3,779
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$).....	-	-
25	Net Income (Loss).....	\$ 5,030	\$ 3,779

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 INCOME

FOR THE THREE MONTHS ENDED MARCH, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 100	\$ 1,370
2	Rooms.....		
3	Food and beverage.....		
4	Other.....		
5	Total revenue.....		
6	Less: promotional allowances.....		
7	Net revenue.....		
	Costs And Expenses:		
8	Cost of goods and services.....		
9	Selling, general, and administrative.....		
10	Provision for doubtful accounts.....		
11	Depreciation and amortization.....		
	Charges from affiliates other than interest:		
12	Management fees.....		
13	Other.....		
14	Total costs and expenses.....		
15	Income (Loss) From Operations.....		
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....		
17	Interest (expense) - external.....		
18	Investment alternative tax and related income (expense)-net		
19	Nonoperating income (expense) - net.....		
20	Total other income (expenses).....		
21	Income (Loss) Before Income Taxes and Extraordinary items..		
22	Provision (Credit) for income taxes.....		
23	Income (Loss) Before Extraordinary Items.....		
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$).....		
25	Net Income (Loss).....	\$	\$

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 CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED MARCH 31, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989		1988	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock: NO PAR VALUE, 1000 SHARES		\$		\$
1	Beginning balance (January 1) AUTHORIZED....	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).....	+++++	5,912	+++++	5,912
10		+++++	-	+++++	-
11		+++++	-	+++++	-
12	Ending balance.....	+++++	5,912	+++++	5,912
	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).....	+++++	97,785	+++++	68,085
26	Prior period adjustments.....	+++++	-	+++++	-
27	Net income (loss).....	+++++	5,030	+++++	3,779
28	Dividends.....	+++++	(-)	+++++	(-)
29		+++++	-	+++++	-
30		+++++	-	+++++	-
31	Ending balance.....	+++++	102,815	+++++	71,864
32	Ending Stockholders' Equity.....	+++++	\$110,097	+++++	\$ 79,146

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 3 MONTHS ENDED MARCH 31, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1).....	\$ 2,442	\$ 540
2	Additional capital invested.....		
3			
4	Ending balance.....		
	Accumulated Income:		
5	Beginning balance (January 1).....	(95)	(87)
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.....	\$ 2,347	\$ 453

THIS STATEMENT IS NOT APPLICABLE

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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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CCG-225

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

CCG-225

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 2,449	\$ 560
	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.....	(7,044)	(5,869)
5	Proceeds from disposition of property and equipment.....	-	-
6	Purchase of casino reinvestment obligations.....	(956)	(837)
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	CRDA reimbursements.....	2,600	3,627
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(5,400)	(3,079)
	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.....	1,916	691
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(555)	(61)
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.....	1,361	630
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(1,590)	(1,889)
25	Cash and Cash Equivalents At Beginning Of Period.....	9,351	8,176
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,761	\$ 6,287

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 2,962	\$ 1,840
28	Income taxes.....	\$ 5,938	\$ 4,655

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 3 MONTHS ENDED MARCH 31, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 5,030	\$ 3,779
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment....	3,904	5,806
31	Amortization of other assets	62	171
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	(84)	114
34	Deferred income taxes - noncurrent.....	(382)	(809)
35	(Gain) loss on disposition of property and equipment.....	59	-
36	(Gain) loss on casino reinvestment obligations.....	215	(1,142)
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	4,216	(1,226)
39	Net (increase) decrease in inventories.....	(247)	(1)
40	Net (increase) decrease in other current assets.....	9	(3)
41	Net (increase) decrease in other assets.....	58	62
42	Net increase (decrease) in accounts payable.....	(122)	(216)
43	Net increase (decrease) in other current liabilities excluding debt.....	(10,269)	(6,215)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	240
45		-	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 2,449	\$ 560

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 7,044	\$ 5,869
49	Less: Capital lease obligations incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 7,044	\$ 5,869
	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 Captial 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 an 86.6% owned subsidiary of Caesars World, Inc. (CWI), a Florida corporation. Additionally, CNJ also owns all of the stock of Caesars World Finance Corporation (CWFC), a Delaware 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 on funds borrowed to finance construction. For the three months ended March 31, 1989 and 1988 capitalized interest of \$317,000 and \$73,000, respectively, was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

Buildings and improvements	8 to 40 years
Furniture, fixtures and equipment	3 to 8 years
Property under capital leases, excluding land	8 to 30 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.

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

NOTE 1. Summary of Significant Accounting Policies (continued):

Reclassifications

Certain reclassifications have been made in the 1987 financial statements in order to conform with the presentation used in 1988.

Income Taxes

CNJ and BRC are included in CWI's consolidated Federal income tax return. Pursuant to a tax reimbursement agreement, BRC records income taxes based upon what the amount would have been had BRC filed a separate return. In addition, when the potential tax benefits to CWI exceed the benefits that CNJ and BRC could have derived as a separate group, CWI will reimburse BRC for these excess benefits. The reimbursement of the excess benefits will be made before the earlier of the last year in which those benefits are available to BRC or the last year in which BRC is a member of CWI's consolidated group for Federal income tax purposes. Interest on the excess benefits will accrue at 7% per annum from the date CWI files a tax return in which such tax benefits are realized. 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. 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, 1988.

NOTE 2. Prepaid Expenses and Other Current Assets:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Deferred income taxes.....	\$5,499	\$3,481
Taxes, licenses, fees.....	1,482	1,142
Other.....	<u>2,062</u>	<u>2,256</u>
	<u>\$9,043</u>	<u>\$6,879</u>

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

NOTE 3. Investments, Advances, and Receivables:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
CRDA investment deposits.....	\$1,431	\$21,469
CRDA bonds receivable.....	<u>43</u>	<u>43</u>
	1,474	21,512
Less: valuation allowance.....	<u>515</u>	<u>2,494</u>
	<u>\$ 959</u>	<u>\$19,018</u>

NOTE 4. Property and Equipment:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Land.....	\$ 21,997	\$ 20,157
Buildings and improvements.....	178,575	143,747
Furniture, fixtures and equipment.....	66,231	62,275
Construction in progress.....	2,874	14,266
Properties under capital leases:		
Land.....	9,055	9,055
Buildings.....	34,702	34,702
Furniture, fixtures and equipment.....	<u>10,637</u>	<u>10,637</u>
	324,071	294,839
Less: accumulated depreciation and amortization.....	105,302	91,103
CRDA valuation allowance.....	<u>2,520</u>	<u>-</u>
	<u>\$216,249</u>	<u>\$203,736</u>

NOTE 5. Notes Payable:

In October 1987, CWI entered into an unsecured revolving credit facility with a syndicate of banks. The credit facility is to be used by CWI and its affiliates, including BRC, for working capital needs and general corporate purposes. The revolving credit facility bears interest at one quarter percent below the prime rate or an alternative negotiated rate and matures on September 30, 1991, unless extended by the banks. This facility replaced all prior short-term bank credit facilities.

This credit facility contains affirmative and negative covenants and among other things, requires the maintainance of certain financial ratios; limits CWI's and BRC's ability to incur additional debt, repurchase shares and sell certain assets; and restricts mergers,

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

NOTE 5. Notes Payable: (continued)

consolidations and similar transactions with respect to CWI and its subsidiaries.

There were no short-term borrowings for the three months ended March 31, 1989.

NOTE 6. Income Taxes:

The provision for income taxes for the three months ended March 31, 1989 and 1988 is comprised of the following:

	1989	1988
	(In Thousands)	
Current:		
Federal.....	\$3,088	\$3,077
State.....	984	887
Deferred:		
Federal.....	(325)	(543)
State.....	(144)	(152)
	<u>\$3,603</u>	<u>\$3,269</u>

Deferred credits of \$5,939,000 and \$5,899,000 at March 31, 1989 and 1988, respectively, represent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes, the most significant of which relate to depreciation, certain accrued liabilities and the provisions for the reinvestment obligations imposed by the Casino Control Act.

The provision for income taxes for the three months ended March 31, 1989 and 1988 differs from the amount computed at the statutory rate as follows:

	1989	1988
	* (In Thousands)	
Federal income tax at statutory rate.....	\$2,935	\$2,396
State income taxes, net of federal benefit.	512	422
Other.....	156	451
	<u>\$3,603</u>	<u>\$3,269</u>

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

NOTE 6. Income Taxes: (continued)

The Internal Revenue Service has examined CWI's consolidated Federal income tax returns through fiscal 1985 and is currently examining the returns for fiscal 1986 and 1987.

NOTE 7. Other Accrued Expenses:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Rent.....	\$ 8,353	\$ 6,647
Salaries, wages and vacation pay...	5,400	4,728
Legal costs and issues.....	3,510	4,018
Insurance.....	3,007	3,005
Progressive slots.....	2,822	2,544
Taxes, other than income taxes.....	2,222	1,995
Other.....	<u>2,274</u>	<u>2,306</u>
	<u>\$27,588</u>	<u>\$25,243</u>

NOTE 8. Long-term Debt, Due to Affiliates:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Desert Palace, Inc, (DPI), a wholly owned subsidiary of CWI, interest at 11.45%:		
Non-Negotiable Term Note due June 1, 1992.	\$69,174	\$61,731
Non-Negotiable Term Note due June 1, 1990	<u>-</u>	<u>28,862</u>
	<u>\$69,174</u>	<u>\$90,593</u>

NOTE 9. Long-term Debt, Other:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Long-term debt.....	-	\$ 6
(b) Capitalized lease obligation....	<u>\$13,701</u>	<u>33,322</u>
	<u>\$13,701</u>	<u>\$33,328</u>

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

NOTE 9. Long-term Debt, Other (continued):

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Mortgage payable, interest at 10.5%, maturing February 1989, secured by property.....	\$ -	\$ 527
Less current maturities.....	-	<u>521</u>
	<u>\$ -</u>	<u>\$ 6</u>

(b) Leases:

The Company leases land, buildings and equipment under noncancellable lease agreements which expire at various dates through 2076. The leases generally provide that the Company pay the taxes, insurance and maintenance expenses related to the leased assets. CWI has guaranteed a substantial portion of the Company's lease obligations. Major leased assets, which have been capitalized, include a portion of the Caesars Atlantic City building and the land on which the casino/hotel is situated.

In August 1988, the Company gave notice of its intent to exercise its right to purchase the property under its primary lease for \$38,667,000 in June 1989. Accordingly, the remaining capital lease obligation of \$19,702,000 is included in current maturities of obligations under capital leases at March 31, 1989 and \$18,991,000 will be added to property and equipment upon consummation of the purchase. This lease provides for a minimum rental of \$1,230,000 for the five months of 1989 prior to the purchase and a percentage rental of 19.3 % of the casino/hotel's net profit (as defined). The percentage rental amounted to \$2,158,000 and \$1,760,000 for the three months ended March 31, 1989 and 1988, respectively.

In addition to the primary lease, a separate secondary lease requires annual payments of \$575,000 and beginning in 1990 the payments increase by 50 percent of the increase in the producer price index. The lease expires in 2008 and is renewable for two additional 30-year periods. The Company has the right to exercise a \$6,500,000 purchase option beginning in November 1990. After July 1991 the purchase price increases pursuant to a formula tied to the increase in the producer price index.

BRC also has an Individual Retirement Account Plan which is available to all full-time employees who have at least one year of service and are not covered under any qualified retirement plan. The expense of this plan was \$172,000 and \$166,000 for the three months ending March 31, 1989 and 1988, respectively.

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

NOTE 9. Long-term Debt, Other (continued):

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Capital lease obligations, less amounts representing interest.....	\$33,403	\$33,628
Less current maturities.....	<u>19,702</u>	<u>306</u>
	<u>\$13,701</u>	<u>\$33,322</u>

Rent expense for the three months ended March 31, 1989 and 1988 is comprised of the following:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Minimum rentals under operating leases..	\$ 856	\$ 746
Contingent rentals under operating and capital leases.....	<u>2,158</u>	<u>1,760</u>
	<u>\$3,014</u>	<u>\$2,506</u>

Note 10. Other Liabilities:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
CRDA valuation allowance.....	\$2,600	\$2,300
Settlement claims.....	3,765	3,603
Other liabilities.....	<u>244</u>	<u>240</u>
	<u>\$6,609</u>	<u>\$6,143</u>

NOTE 11. Pension Plans:

BRC participates in CWI's unfunded Executive Security Plan. The Plan is available to any officer or other employee designated as a key executive of CWI and its subsidiaries. Pension expense is determined under the aggregate method and was \$81,000 and \$50,000 for the three months ending March 31, 1989 and 1988, respectively.

BRC also has an Individual Retirement Account Plan which is available to all full-time employees who have at least one year of service and are not covered under any qualified retirement plan. The expense of this plan was \$172,000 and \$166,000 for the three months ending March 31, 1989 and 1988, respectively.

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

NOTE 11. Pension Plans (continued):

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 12. Related Party Transactions:

Intercompany Services

CWI, CNJ, CWFC and DPI have provided BRC with substantial funds for lease deposits, working capital and other operating purposes. CWI also provides certain assistance to BRC, including supervision of the hotel/casino operations and the furnishing of accounting, tax, internal audit, marketing, legal and security services. BRC reimburses CWI and CNJ for the cost of such services, which amounted to \$1,613,000 and \$1,391,000 for the three months ending March 31, 1989 and 1988, respectively. The breakdown of these services is as follows:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
General insurance.....	\$ 784	\$ 821
Reservations office expenses.....	777	497
Other.....	<u>52</u>	<u>73</u>
	<u>\$1,613</u>	<u>\$1,391</u>

NOTE 13. Commitments and Contingencies:

The New Jersey Casino Control Act (the "Act") provides, among other things, for an assessment on licensees based upon their gross casino revenues. This assessment may be satisfied by investing in qualified eligible 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. The Company's total obligation under the Act for all periods through March 31, 1989 is \$34,266,000 which is net of a prepayment discount of \$555,000.

As of March 31, 1989, the Company's cumulative disbursements for the purchase of bonds and direct investments in satisfaction of CRDA obligations amounted to \$35,340,000. Of this amount \$1,474,000 is carried in Investments, Advances and Receivables (see Note 3). The remaining portion or \$33,866,000 is carried in Property and Equipment (see Note 4). The Company is still obligated to make

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

NOTE 13. Commitments and Contingencies (continued):

quarterly deposits toward Minority Set-Aside, North Jersey and South Jersey obligations. Although these obligations cannot be accurately calculated until the results of casino operations for the entire industry are determined at calendar year end, \$198,000 was estimated to be incurred during the three months ended March 31, 1989.

BRC has received approval from the CRDA for a qualified eligible direct investment. This approval requires BRC to construct and then operate three housing developments in Atlantic City costing approximately \$38,500,000, which will provide housing for approximately 230 low through middle income families. Two of the housing developments have since been completed. One development of 15 units costing approximately \$2,600,000 was placed in operation in July 1988. A 200 unit development costing approximately \$31,266,000 was placed in operation during March, 1989. Two of the low income developments are expected to incur negative cash flow and have a negligible residual value. Allowances of \$5,120,000 and \$4,600,000 exist as of March 31, 1989 and 1988, respectively, to provide for such losses.

Additionally, BRC is required to purchase CRDA bonds which when purchased, will carry below market interest rates resulting in a valuation lower than cost. Accordingly, valuation allowances of \$515,000 and \$194,000 exist as of March 31, 1989 and 1988, respectively, to provide for such interest differentials.

For the three months ended March 31, 1989 and 1988, \$250,000 has been charged and \$1,142,000 has been credited, respectively, to operations relating to CRDA valuation allowances. One development has been in operation since July 1988 and accordingly, for the three months ended March 31, 1989, \$35,000 has been credited to operations related to the amortization of the previously established allowance.

Litigation

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

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

NOTE 14. Complimentaries:

Promotional Allowances

(\$ Amounts in Thousands)

DESCRIPTION	Three Months		ALLOWANCE	ACCOUNTS RECEIVABLE
	Recipients	Amount		
Checks:				
Rooms and patrons' checks	32,914	\$ 2,250		
Food	188,231	3,152		
Beverage and patrons' checks	485,443	2,488		
Parking	108,223	883		
Theatre and patrons' checks	30,195	429	\$ 13,817	\$ 13,849
Other	5,849	145		
	<u>850,855</u>	<u>\$9,347</u>	125	375

Promotional Expenses

(\$ Amounts in Thousands)

DESCRIPTION	Three Months		AMOUNT
	Recipients	Amount	
Coin	280,088	\$ 5,496	
Travel	10,310	7,829	
Special Events	821	774	\$ 9,324
Other	41,883	1,569	
	<u>333,102</u>	<u>\$15,668</u>	66,003

NOTE 15. Nonoperating Income/Expense - Net:

Nonoperating expense of \$59,000 for the three months ended March 31, 1989 consists of losses on the disposition of property and equipment.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patron's Checks:	\$		
1	Undeposited patrons' checks.....	9,405		
2	Returned patrons' checks.....	18,261		
3	Total patrons' checks.....	27,666	\$ 13,817	\$ 13,849
4	Hotel Receivables.....	700	125	575
	Other Receivables:			
5	Receivables due from officers and employees.....	22		
6	Receivables due from affiliates.....	15,390		
7	Other accounts and notes receivables.....	734		
8	Total other receivables.....	16,146	-	16,146
9	Totals (Form 205).....	\$ 44,512	\$ 13,942	\$ 30,570

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 9,924
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	66,005
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).....	(43,581)
13	Checks collected through deposits.....	(20,445)
14	Checks transferred to returned checks.....	(2,498)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 9,405
17	"Hold" Checks Included In Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 1,236
19	Provision As A Percent Of Counter Checks Issued.....	.02%

STATEMENT OF CONFORMITY AND ACCURACY

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

Edward J. Sutor, 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.

Edward J. Sutor
Signature

SENIOR VICE PRESIDENT OF FINANCE
Title

00587-11
License Number

Subscribed and sworn to
before me this 11th day
of May, 1989

On Behalf Of:

Kathryn J. Robinson
Signature

BOARDWALK REGENCY CORPORATION
Casino License

KATHRYN J. ROBINSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires FEB. 20, 1992

Basis of Authority
to Take Oaths

DRAFT

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	644	19,497	14,053	\$ 81.90	72.1%	27,116	\$ 42.45
FEBRUARY	644	17,633	14,105	\$ 80.68	80.0%	27,723	\$ 41.05
MARCH	644	19,375	17,113	\$ 77.37	88.3%	33,056	\$ 40.05
1ST QUARTER TOTALS		56,505	45,271	\$ 79.81	80.1%	87,895	\$ 41.11
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

PROPERTY OF
NEW JERSEY STATE LIBRARY
MAY 22 1989
185 W. STATE ST.
TRENTON, NJ 08646

974-901
C 193.1

LICENSEE The Claridge at Park Place, Inc.
ADDRESS Indiana Avenue and The Boardwalk
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED March 31, 1989

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT . . .** Jean I. Abbott
OFFICIAL TITLE. Senior VP of Finance
ADDRESS Indiana Avenue and The Boardwalk
Atlantic City, NJ 08401

CCC 101

BALANCE SHEETS

TRADING NAME OF LICENSEE Del Webb's Claridge Casino Hotel

March 31, 19 89 AND 19 88

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 19 89

TITLE	(c) 19 89	(d) 19 88	FORM NO.
ASSETS			
Current Assets			
Cash	4,771	3,735	
Accounts receivable (at cost, which approximates market)	50	50	
Notes receivable			
Prepaid expenses			
Other current assets			
Total Current Assets	4,821	3,785	
Fixed Assets			
Land			
Buildings			
Equipment			
Total Fixed Assets			
Total Assets	4,821	3,785	
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable			
Notes payable			
Other current liabilities			
Total Current Liabilities			
Long-Term Liabilities			
Total Long-Term Liabilities			
Proprietors', Partners', or Proprietor's Equity			
Total Equity			
Total Liabilities and Equity	4,821	3,785	

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

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	\$ 4,771	\$ 3,735
2	Marketable securities (at cost which approximates market).....	50	50
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 2,771 ; 19 88, \$ 2,498)	15,258	12,306
4	Inventories	2,317	3,147
5	Prepaid expenses and other current assets	747	682
6	Total current assets	23,143	19,920
7	Investments, Advances, And Receivables (Note 3).....	152,260	155,105
8	Property And Equipment - Net of Accum. Depr. of \$8,921 & \$6,943	3,885	4,937
9	Other Assets (Note 4)	66	1,258
10	Total Assets	\$ 179,354	\$ 181,220
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 3,357	\$ 3,734
12	Notes payable	-0-	-0-
13	Current portion of long-term debt:		
14	Due to affiliates (Note 7).....	12,508	6,302
15	Other (Note 7).....	15,500	9,075
16	Income taxes payable and accrued	-0-	-0-
17	Other accrued expenses (Note 5).....	18,359	10,718
18	Other current liabilities (Note 6).....	7,077	7,938
	Total current liabilities	56,801	37,767
	Long-Term Debt:		
19	Due to affiliates (Note 7).....	43,583	43,671
20	Other (Note 7).....	83,557	88,306
21	Deferred Credits	-0-	-0-
22	Other Liabilities (Note 8).....	91,487	86,078
23	Commitments And Contingencies (Note 13)		
24	Total Liabilities	275,428	255,822
25	Stockholders', Partners', Or Proprietor's Equity	(96,074)	(74,602)
26	Total Liabilities And Equity	\$ 179,354	\$ 181,220

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 Del Webb's Claridge Casino Hotel

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 29,302	\$ 29,765
2	Rooms	2,472	2,444
3	Food and beverage	4,827	5,593
4	Other	830	840
5	Total revenue	37,431	38,642
6	Less: Promotional allowances (Note 10)	4,137	5,098
7	Net revenue	33,294	33,544
	Costs And Expenses:		
8	Cost of goods and services	20,202	19,570
9	Selling, general, and administrative	8,389	8,603
10	Provision for doubtful accounts	158	151
11	Depreciation and amortization	412	874
	Charges from affiliates other than interest:		
12	Management fees (Note 14)	-0-	-0-
13	Other (Note 14)	10,969	10,809
14	Total costs and expenses	40,130	40,007
15	Income (Loss) From Operations	(6,836)	(6,463)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 14)	(2,714)	(2,317)
17	Interest (expense) - external	(2,825)	(2,377)
18	Investment alternative tax and related income (expense) - net	(118)	(125)
19	Nonoperating income (expense) - net (Note 9)	5,549	5,410
20	Total other income (expenses)	(108)	591
21	Income (Loss) Before Income Taxes And Extraordinary Items	(6,944)	(5,872)
22	Provision (credit) for income taxes (Note 12)	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(6,944)	(5,872)
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-0-	-0-
25	Net Income (Loss)	\$ (6,944)	\$ (5,872)

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 Del Webb's Claridge Casino Hotel

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Revenue:		
1	Casino	\$	\$
2	Rooms		
3	Food and beverage		
4	Other		
5	Total revenue		
6	Less: Promotional allowances		
7	Net revenue		
	Costs And Expenses:		
8	Cost of goods and services		
9	Selling, general, and administrative		
10	Provision for doubtful accounts		
11	Depreciation and amortization		
	Charges from affiliates other than interest:		
12	Management fees		
13	Other		
14	Total costs and expenses		
15	Income (Loss) From Operations		
	Other Income (Expenses):		
16	Interest (expense) - affiliates		
17	Interest (expense) - external		
18	Investment alternative tax and related income (expense) - net.....		
19	Nonoperating income (expense) - net		
20	Total other income (expenses).....		
21	Income (Loss) Before Income Taxes And Extraordinary Items.....		
22	Provision (credit) for income taxes		
23	Income (Loss) Before Extraordinary Items		
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)		
25	Net Income (Loss)	\$	\$

See Form CCC-210

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	(Par value \$.10, authorized & Common Stock: outstanding 1000 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	.....			
11	.....			
12	Ending balance		4,999		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)		(94,130)		(73,730)
26	Prior period adjustments				
27	Net income (loss)		(6,944)		(5,872)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		(101,074)		(79,602)
32	Ending Stockholders' Equity		\$ (96,074)		\$ (74,602)

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Del Webb's Claridge Casino Hotel

**STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY**

FOR THE 3 MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(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	()	()
18	Ending Partners' Or 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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
1	Net Cash Provided (Used) By Operating Activities.....	\$ (3,766)	\$ (2,151)
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.....	(212)	(553)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(363)	(362)
7	Purchase of other investments and loans/advances made.....	(59)	(504)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	1,460	695
9	Cash outflows to acquire business entities.....		
10	Reclassification of Receivable to Short Term.....	669	757
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	1,495	33
Cash Flows From Financing Activities:			
13	Cash proceeds from issuance of short-term debt.....	2,750	1,900
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.....	-0-	(1,000)
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.....	2,750	900
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	479	(1,218)
25	Cash And Cash Equivalents At Beginning Of Period	4,292	4,953
26	Cash And Cash Equivalents At End Of Period.....	\$ 4,771	\$ 3,735

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 3,787	\$ 4,579
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
Net Cash Flows From Operating Activities:			
29	Net income (loss).....	\$ (6,944)	\$ (5,872)
Noncash items included in income and cash items excluded from income:			
30	Depreciation and amortization of property and equipment.....	412	586
31	Amortization of other assets.....	-0-	288
32	Amortization of debt discount or premium.....	109	93
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	-0-	151
36	(Gain) loss on casino reinvestment obligations.....	118	125
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(995)	(537)
39	Net (increase) decrease in inventories.....	151	17
40	Net (increase) decrease in other current assets.....	102	208
41	Net (increase) decrease in other assets.....	-0-	(10)
42	Net increase (decrease) in accounts payables.....	(319)	86
43	Net increase (decrease) in other current liabilities excluding debt.....	3,912	801
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(176)	2,692
45	<u>Deferred Interest Receivable and Discount</u>	(136)	(779)
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ (3,766)	\$ (2,151)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Acquisition Of Property And Equipment:			
48	Additions to property and equipment.....	\$ 212	\$ 553
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 212	\$ 553
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.....	\$ -0-	\$ -0-
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.....	\$ -0-	\$ -0-

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements Continued
MARCH 31, 1989 and 1988

(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) Claridge Expansion

New Claridge expanded its facility by constructing a two story bridge building which connects the hotel building to the parking garage. The expanded facility, which opened to the public on August 28, 1986, houses approximately 10,000 square feet of casino space and a cabaret theatre with a seating capacity of approximately 200. The cost of the project approximated \$20 million. To finance the expansion, New Claridge together with Webb, DEWNJ, and the Partnership committed on March 17, 1986, to an agreement with the First Fidelity Bank, N.A. which increased the current First Mortgage by an amount sufficient to finance the cost of the expansion. As a result of the expansion project and the increase in the First Mortgage certain new agreements were entered into and certain existing agreements and certain Webb Commitments were amended on March 17, 1986.

(c) Restructuring

On October 27, 1988, the parties with an economic interest in the Corporation and New Claridge executed an agreement (the "Restructuring Agreement") with respect to the restructuring (the "Restructuring") of the Claridge. The implementation of this agreement will result in a reorganization of the ownership interests in the Corporation, modifications of the rights and obligations of the five banks which are the

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

participants in New Claridge's first mortgage loan (the "First Mortgage Lenders"), satisfaction and termination of the obligations and commitments of Webb and DEWNJ, and modifications of the lease arrangements between New Claridge and the Partnership. Had the parties not executed the Restructuring Agreement, New Claridge would probably have exhausted its working capital resources by December 1988, would not have been relicensed (see note 13.a.), and would have had to consider filing for protection in bankruptcy.

The Restructuring is intended to provide the Corporation and New Claridge with financial viability through its current license period (expiring October 1989) and, subject to relicensing, as to which no assurances can be given, into 1990 but not beyond that time absent a sale or further refinancing.

Because New Claridge has not been able to obtain a profitable level of operations since its inception in 1983, it has not generated the cash flow necessary to meet its obligations. Further additional debts have arisen since 1983 representing fees and interest earned by Webb which Webb was required to loan back to New Claridge. The total of all debt due to Webb and DEWNJ at March 31, 1989 approximated \$103 million, as included in the accompanying balance sheet as of March 31, 1989.

The Restructuring Agreement is subject to approval by at least two-thirds of the limited partners of the Partnership and at least two-thirds of the holders of the Class A capital stock of the Corporation. Such approval will be solicited through a Proxy Statement-Consent Solicitation and Prospectus to be issued by the Corporation, the Partnership and Webb.

The Restructuring is expected to be completed in the second quarter of 1989 but not later than August 1, 1989 as may be agreed to by Webb and the First Mortgage Lenders and approved by the New Jersey Casino Control Commission (the "Commission"). The Restructuring Agreement provides for the following transactions to occur on the closing of the Restructuring.

Webb will forgive and cancel all accrued but unpaid management fees and interest thereon, and the Management Agreement will be terminated. In addition, Webb will forgive and cancel a \$500,000 unsecured loan made to New Claridge.

Webb will transfer all of its rights title and interest to its Claridge land, easement and air rights to the Partnership.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Webb will make a payment to the First Mortgage Lenders of \$14.5 million to reduce the first mortgage loan. This was expected to reduce the outstanding balance of the first mortgage loan to approximately \$74.5 million. First Mortgage Lenders were not required to complete the Restructuring if the balance of the first mortgage loan, after giving effect to the Restructuring exceeds \$74.5 million. Subsequently, the Claridge Entities have agreed, in principal, to an amendment which provides that the First Mortgage Lenders are not required to complete the Restructuring if the balance of the first mortgage loan, after giving effect to the Restructuring, exceeds \$76 million. The first mortgage balance at the closing of the Restructuring is now expected to be approximately \$75.7 million.

Additionally, Webb will forgive and cancel all of the working capital loans in excess of \$10.35 million which it has made to New Claridge. As of March 31, 1989, such loans were \$15.0 million. Webb will make a payment to Manufacturers Hanover Trust Company in the amount of approximately \$5 million to satisfy fully the working capital advances made to New Claridge under a \$5 million working capital line of credit which Webb has guaranteed on behalf of New Claridge. Webb will be released from its obligation to provide working capital facilities to New Claridge.

Under the terms of the Restructuring Agreement Webb will forgive and cancel the Purchase Money Second Mortgage Loan, which has an outstanding principal balance equal to the original principal amount of \$47 million, plus all accrued but unpaid interest thereon. Subsequently, the Claridge Entities have agreed, in principal, to an amendment to the Restructuring Agreement which provides for DEWNJ to assign, without recourse and without representation or warrant, of any kind or nature, to the First Mortgage Lenders all rights, title and interest of DEWNJ in, to and under the Second Mortgage. New Claridge will have the right, upon the occurrence of certain conditions, to require the First Mortgage Lenders to cancel and release the Second Mortgage and the obligations secured thereunder.

Webb, will forgive and cancel all accrued but unpaid management fees, and interest thereon, and the Management Agreement will be terminated. In addition, Webb will forgive and cancel a \$500,000 unsecured loan made to New Claridge.

Webb will transfer all of its rights title and interest to its Claridge land, easement and air rights to the Partnership.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

The Partnership will abate or defer receipt of all amounts it is entitled to receive under the Operating Lease and the Expansion Operating Lease except to the extent necessary to pay Partnership expenses until the sale or further refinancing of the Claridge. The receipt of amounts deferred would be contingent upon the realization of profits or distributions from such sale or further refinancing.

At such time as two-thirds of the investors have approved the Restructuring, the Partnership would lend 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.

On the closing of the Restructuring, New Claridge will pay to the First Mortgage Lenders, in reduction of the first mortgage loan, all cash on hand other than its casino and hotel bankroll. By agreement between the parties the Casino and Hotel bankroll will not exceed \$5 million. Such cash will include all amounts paid, repaid or loaned to New Claridge in accordance with the Restructuring Agreement.

On the closing of the Restructuring, the First Mortgage Lenders will enter into an amended and restated loan agreement ("Revolving Credit and Term Loan Agreement") with New Claridge under which the First Mortgage Lenders will establish a revolving working capital facility, secured by the first mortgage and all other collateral presently securing the first mortgage loan in favor of New Claridge. This revolving working capital facility will mature on January 1, 1993 and will be in the amount of \$5 million subject to increase up to \$7.5 million to the extent that the first mortgage loan is reduced to less than \$75 million on the closing of the Restructuring or to the extent that during 1989 New Claridge makes payments of principal other than scheduled payments of principal on the first mortgage loan. The \$5 million line of credit would be reduced to the extent that the First Mortgage Loan balance would be in excess of \$75 million at the closing of the Restructuring.

New Claridge will be required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital line.

Advances under the revolving working capital facility will be available to New Claridge so long as no payment default or other material default has occurred under the working capital facility or the first mortgage loan and can be used for operating expenses, and to make payments of principal and interest on the first mortgage loan or the revolving working capital facility.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

New Claridge will be required to use all available cash in excess of \$50,000 (other than its casino and hotel bankroll) to pay down the revolving working capital facility no less frequently than weekly and all cash balances of New Claridge will be held in a cash collateral account at one of the First Mortgage Lenders.

New Claridge will be required to pay, quarterly, to the First Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the Restructuring Agreement.

Required amortization of the first mortgage loan will commence on July 31, 1989. A payment in the amount of \$500,000 will be due and payable on the last day of each of July, August and September of the year 1989 and the year 1990. Commencing January 31, 1991, required amortization of the first mortgage loan for the calendar years 1991 and 1992 will be at the rate of \$958,333 per month.

The first mortgage loan will mature on January 1, 1993.

On the Restructuring date, Webb will relinquish all of its Class B stock in the Corporation and will vacate all but one of its seats on the Board of Directors of the Corporation and New Claridge. All options, cross options and land options existing between Webb, DEWNJ, the Partnership and New Claridge will terminate on the Restructuring date.

The Restructuring Agreement provides for Webb retaining an interest as a creditor, equal to \$20 million plus interest at the rate of 15% per annum (the "Contingent Payment"), in any proceeds ultimately recovered from the operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan. Webb has agreed to subordinate the Contingent Payment to a priority payment of up to \$10 million to those investors from whom Webb will receive written releases of all liabilities ("Releasing Investors").

Under the Restructuring Agreement, the Corporation and the Partnership would agree not to make any distributions to the investors whether derived from operations or from sale or refinancing proceeds, until Webb in its capacity as an unsecured creditor pursuant to the Contingent Payment, had been paid \$20 million plus interest on such amount from the closing to the date of such payment at a rate of 15%, compounded semi-annually.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Under the Restructuring Agreement, Webb has agreed to permit Releasing Investors to receive certain amounts ("Contingent Payment Rights"), to the extent available, in accordance with the following schedule of priorities:

- (i) Releasing Investors would receive a pro rata interest in the first \$10 million of any net proceeds from operations or a sale or a refinancing of the Claridge facility pursuant to an agreement executed within five years after the Restructuring ("Five-Year Payments") (i.e., the sum obtained by multiplying the lesser of \$10 million of, or the total of, any Five-Year Payments by the percentage interest of the Releasing Investors in the Partnership and the Corporation, with the balance of any such funds to be applied against the Contingent Payment), and
- (ii) All distributions of funds other than Five-Year Payments, or of Five-Year Payments in excess of the \$10 million, will be shared by Webb and Releasing Investors in the following proportions: Releasing Investors will receive a pro rata share of one-half of any such excess proceeds, with Webb receiving the balance until it has received the Contingent Payment.

The Restructuring Agreement provides for certain financial arrangements during the period commencing with the signing of the Restructuring Agreement and ending on the Restructuring date (the "Interim Period"). During the Interim Period Webb is obligated to continue to meet its obligations under the Management Agreement including its obligation to provide working capital to New Claridge.

Pursuant to the Restructuring Agreement on February 1, 1989 the First Mortgage Lenders and New Claridge entered into an agreement (the "Interim Bank Agreement") pursuant to which the First Mortgage Lenders will provide New Claridge with a working capital line of credit guaranteed by Webb of up to \$5 million. This working capital line of credit will be available for use by New Claridge when funds provided by Webb are exhausted. Availability under this working capital line of credit will be the greater of the amount loaned to New Claridge by the Partnership pursuant to the Restructuring Agreement or \$2.6 million at such time as investor approval of the Restructuring is obtained.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

In addition Webb will pay interest accrued on \$14.5 million of the First Mortgage Loan and on the \$5 million Manufacturers Hanover Trust Co. line of credit from December 1, 1988 through the Restructuring date.

During the Interim Period the Partnership will defer receipt of all amounts it is entitled to receive under the Operating Lease and Expansion Operating Lease except to the extent necessary to pay Partnership expenses during the Interim Period.

The First Mortgage Lenders will defer principal payments under the First Mortgage Loan from December 1, 1988 through the Restructuring date but not beyond March 31, 1989.

This note 1.C. has described the many events and changed relationships that might occur if the Restructuring is closed. The accompanying financial statements and all of the following footnote information reflect the historical events and relationships as they existed up to and including March 31, 1989.

(d) Current Business Development

On April 15, 1989, the Corporation, New Claridge, (the "Seller"), and the Partnership entered into an agreement with ALM Moonstone, Inc. (the "Purchaser" for the sale of the Claridge Hotel and Casino (the "Claridge").

Completion of the sale is subject to a number of conditions including licensing of the Purchaser by the Commission, closing of the restructuring, the absence of any material adverse change to the business of the Seller or the assets of the Seller or the Partnership and approval of the sale by two-thirds of the Class A Shareholders of the Corporation and a majority in interest of the limited partners of the Partnership.

Completion of the sale is also subject to the Purchaser's obtaining necessary financing and the Commission approval of such financing.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

New Claridge has incurred significant operating losses and as of March 31, 1989 New Claridge's total liabilities exceeded its total assets by \$96,074,000. Due to its continuing losses and the inability of the expansion project to generate anticipated revenues, New Claridge had to borrow all funds available on its \$20,000,000 line of credit guaranteed by Webb as of March 31, 1989 and absent the Interim period arrangements under the Restructuring Agreement (see note 1.c and 7.d.), all funds available under this line of credit would probably have been used by December 1988 and therewith all of the Webb obligations to provide or guarantee working capital sources would have been exhausted. Further New Claridge would probably not have been relicensed and would have had to consider filing for protection under bankruptcy. These factors, among others, indicate that New Claridge may be unable to continue in existence. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should New Claridge be unable to continue in existence.

New Claridge has entered into the Restructuring Agreement in an attempt to implement a plan pursuant to which it would remain financially viable through October 1989 and, subject to relicensing, as to which no assurance can be given, possibly into 1990, but not beyond that time absent a further refinancing or sale of the Claridge.

(b) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities. 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.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(d) Promotional Allowances

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

(e) Inventories

Inventories are stated at the 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 (from three to five years) of the respective assets using the straight-line method.

(g) Income Taxes

Deferred income taxes are provided on timing differences in reporting rent expense, depreciation and amortization, interest and other transactions for financial reporting and income tax purposes. Investment tax credits are accounted for as a reduction of income tax expense in year realized.

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at March 31, 1989 and 1988 are summarized as follows:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
\$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$16,032,000 discount and \$16,425,000 discount at March 31, 1989 and 1988, respectively)	\$109,218	110,325
Deferred interest receivable, due September 30, 2000	20,000	17,750
FF & E promissory note, 14%	10,494	11,937
FF & E promissory note - expansion, 14%	14,788	15,477
Reinvestment Obligations	<u>5,668</u>	<u>4,295</u>
	160,168	159,784
Less Current Installments	<u>7,908</u>	<u>4,679</u>
	<u>\$152,260</u>	<u>155,105</u>

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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 Partnership's debt under the Partnership's First Mortgage and Purchase Money Second Mortgage indebtedness (Note 7). The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of \$20,000,000 in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the three months ended March 31, 1989, \$750,000 in principal payments were made.

The Expandable Wraparound also includes a provision whereby New Claridge will loan the Partnership up to \$25,000,000 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 three months ended March 31, 1989, \$528,000 in principal payments were made.

The Expandable Wraparound Mortgage was increased by \$17 million to provide the Partnership with funding for the construction of the expansion. 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 \$80,000,000 and on September 30, 2000 a balloon payment of \$67,000,000, which includes \$20,000,000 of deferred interest.

On October 26, 1984 New Claridge entered into a financing agreement ("Purchase Agreement") with First Fidelity Bank N/A ("Bank") whereby the bank would purchase from New Claridge any FF&E promissory notes up to the aggregate sum of \$5 million. The purchase price would be one hundred (100%) percent of the outstanding principal amount of each FF&E promissory note, and would include a proportionate sale and assignment by New Claridge to the bank of New Claridge's interest in the Expandable Wraparound Mortgage and other security instruments, to the extent that they secure the purchased FF&E promissory notes. As

DEL WEBB'S CLARIDGE CASINO - HOTEL
Notes to Financial Statements - Continued

At December 31, 1987, New Claridge also had a contingent liability to additional consideration for the purchase of the promissory notes, New Claridge agreed to pay the Bank an amount equal to the excess, if any, that would be due as interest computed on a prime plus two (2%) percent basis. On January 27, 1987 the Bank required New Claridge to repurchase \$1 million of the FF&E Notes. In addition the Purchase Agreement was amended so that the Bank may require at any time on or after November 1, 1987 that New Claridge repurchase the FF&E Notes. On November 6, 1987 New Claridge repurchased the remaining \$4 million of FF&E Promissory Notes. The funds to repurchase these notes were obtained through the recapture of interest previously paid to DEWNJ and the use of a portion of the \$20 million line of credit.

The Casino Control Act as amended in December 1984 provides for the imposition of an investment obligation pursuant to criteria set forth in the Act or the payment of an alternative tax. The investment obligation is calculated as 1.25% of the total gaming revenues each calendar year. Gaming revenues are the total revenues derived from gaming operations less the provision for bad debt. If the casino licensee opts not to make an investment as required it is assessed an additional tax of 2.5% of total gaming revenues less the provision for bad debt. The licensee has two options in satisfying its investment obligation. It can make a direct investment in a project which must be approved by the Casino Reinvestment Development Authority ("CRDA") which is the agency responsible for administering this portion of the Casino Control Act. Or it can buy bonds issued by the CRDA which shall, if tax exempt, bear interest at the rate of 66 2/3% of the average rate of Bond Buyer Weekly 25 Revenue Bond Index for the 26 weeks proceeding the issue of the bonds. If the bonds are not tax exempt they shall bear interest at the rate of 66 2/3% of the average rate of Moody's A Rated Utility Index for the 26 weeks preceding the issue of the CRDA bonds. The investment obligation must be paid on the 15th day of the first, fourth, seventh, and tenth months of each year based on the estimated gaming revenues for the three month period preceding the first day of those months. The alternative tax must be paid not later than April 30 of the following year. New Claridge has deposited its reinvestment funds with the State Treasurer. Through March 31, 1989 \$7,696,000 has been deposited with the State. On March 16, 1987 CRDA had its first bond issue of which New Claridge's mandatory share was \$602,000. On April 30, 1987 a second bond issue was executed. New Claridge's portion amounted to \$1,052,000. Three bond issues have been executed in 1989; the dates of these issues and New Claridge's mandatory shares are as follows: January 1, 1989, \$941; February 10, 1989, \$11,237; March 1, 1989, \$42. All purchases were made from funds already deposited. These funds deposited are earning interest at a rate approximately one-third less than market. Since at the time of purchase the bonds will also bear interest at two-thirds of market rates New Claridge has recorded a valuation allowance of \$2,724,000 to date of which \$118,000 was recorded during the three months ended March 31, 1989. Until such time as the bonds are issued this valuation allowance may be adjusted due to potential fluctuations in bond interest rates and other factors, including the determination of the terms of the bonds. New Claridge's investment obligation at March 31, 1989 and 1988 is \$363,000 and \$362,000 respectively.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

At December 31, 1987, New Claridge also had a contingent liability to make a qualified investment in satisfaction of its pre-December 1984 investment obligation. Because no such qualified investment was made by December 31, 1988, New Claridge funded its obligation and accordingly \$333,000 was deposited with the State in 1988.

(4) Other Assets

Other assets at March 31, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Intangible assets and deferred charges	\$ -0-	1,258
Refundable deposits, non-current	<u>66</u>	<u>-0-</u>
	<u>\$ 66</u>	<u>1,258</u>

Intangible assets and deferred charges as of March 31, 1989 and 1988 are stated net of accumulated amortization of \$6,628,000 and \$5,282,000, respectively. During the fourth quarter of 1988, New Claridge wrote-off all remaining intangible assets and deferred charges.

(5) Other Accrued Expenses

Other accrued expenses at March 31, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Progressive jackpot liability	\$ 2,879	2,832
Accrued payroll and related benefits	4,618	4,672
Accrued interest payable	7,635	738
Other	<u>3,227</u>	<u>2,476</u>
	<u>\$18,359</u>	<u>10,718</u>

Accrued interest as of March 31, 1989 includes \$7,579,000 of interest expense due to DEWNJ for the period July 1, 1988 through March 31, 1989. These amounts were not paid pursuant to the terms of the Restructuring Agreement.

(6) Other Current Liabilities

Other current liabilities at March 31, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Due to affiliates	\$ 2,490	4,787
Other	<u>4,587</u>	<u>3,151</u>
	<u>\$ 7,077</u>	<u>7,938</u>

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(7) Long-term Debt

Long term debt at March 31, 1989 and 1988 consists of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
First Mortgage Note, prime plus 1%, or LIBOR plus 2%, or unadjusted LIBOR plus 2.25%, maturities to 1993 (a)	\$ 89,765	92,431
\$47,000,000 Purchase Money Second Mortgage 14%, due September 30, 2000 (net of \$15,039,000 and \$15,451,000 discount at March 31, 1989 and 1988, respectively)	31,961	31,549
Deferred interest payable, due September 30, 2000 (b)	11,622	11,622
Working capital line, prime or fixed rate determined by lender (c)	19,950	11,252
Interim working capital line, prime plus 1% (d)	1,350	---
Unsecured 10% Note due December 31, 1989	<u>500</u>	<u>500</u>
	155,148	147,354
Less current installments	<u>28,008</u>	<u>15,377</u>
	<u>\$127,140</u>	<u>131,977</u>

Pursuant to the Expandable Wraparound Mortgage Loan Agreement (Note 3) on October 31, 1983 New Claridge assumed the debt of the Partnership relating to an \$80,000,000 First Mortgage made by the Partnership to a group of banks and a \$47,000,000 Purchase Money Second Mortgage made by the Partnership to DEWNJ. The Expandable Wraparound Mortgage is secured by the Hotel Assets and is subordinate to the First Mortgage and the Purchase Money Second Mortgage.

Provided the Partnership is not in default of its obligations under the Expandable Wraparound Mortgage and New Claridge is current in its rental obligations to the Partnership under the Operating Lease, New Claridge will be obligated to make payments required under the First Mortgage and Purchase Money Second Mortgage.

- (a) On March 17, 1986 the First Mortgage was amended and assumed by New Claridge. The amount of the amended and assumed First Mortgage ("Amended First Mortgage") was increased to \$96.5 million to provide financing for the construction of the expansion. As of March 31, 1989 \$89.8 million of the \$96.5 million was outstanding. No further loan draws will be made.

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Principal payments (in equal monthly installments) under the Amended First Mortgage total \$2,000,000 in 1987, \$4,000,000 in 1988, \$4,500,000 in 1989, \$5,500,000 in 1990 and \$11,500,000 in each of the years 1991, 1992, 1993, 1994, and 1995. A balloon payment of \$23 million is due January 31, 1996. Interest is payable monthly in arrears at an annual rate equal to one of the following: (1) 1% over Marine Midland Bank, N.A.'s prime rate (2) 2% in excess of the LIBOR rate (3) 2.25% in excess of the unadjusted LIBOR rate. Webb has agreed to pay shortfalls on foreclosure of the Amended First Mortgage up to \$20 million.

- (b) The discounted portion of the Purchase Money Second Mortgage is due to the deferral to maturity of certain interest payments. The original terms of the Purchase Money Second Mortgage provided for the deferral of \$20 million of interest occurring between 1983 and 1988.

The Purchase Money Second Mortgage was also amended on March 17, 1986 to eliminate, effective on the date that the expansion opened to the public, (August 28, 1986), the deferral of certain interest payments until maturity.

- (c) Pursuant to the Management Agreement as amended on March 17, 1986, Del Webb Corporation through Del E. Webb New Jersey, Inc. increased its guarantee from \$10 million to \$20 million to New Claridge the availability of credit from third party lenders, or if such credit becomes unavailable, to provide such funds to New Claridge. As of March 31, 1989 and 1988, \$19,950,000 and \$11,252,000 respectively, had been advanced.

The Expandable Wraparound Loan Agreement places various restrictions on the operations of New Claridge, including the maintenance of certain financial ratios, limits the amount of indebtedness and limits dividends paid by New Claridge. The First Mortgage prohibits the payment of dividends to the Corporation before 1989.

- (d) Pursuant to the terms of the Restructuring Agreement New Claridge together with First Fidelity Bank, N.A., as the lead bank for the First Mortgage Lenders, and Webb as guarantor entered into the Interim Bank Agreement whereby the First Mortgage Lenders would provide New Claridge with a working capital line of credit of up to \$5 million. The Interim Bank Agreement was executed on February 1, 1989. The working capital line of credit is available to New Claridge when funds provided by Webb pursuant to the Management Agreement have been exhausted. Availability under

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

this working capital line of credit will be reduced by the greater of the amount loaned to New Claridge by the Partnership pursuant to the Restructuring Agreement or \$2.6 million at such time as investor approval of the Restructuring is obtained. Interest on working capital line of credit borrowings is paid monthly in arrears at the prime rate plus 1%. As of March 31, 1989, \$1,350,000 was borrowed under the interim line of credit.

(8) Other Liabilities

Other liabilities at March 31, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Deferred rent	\$ 55,571	52,262
Deferred fees	32,491	30,297
Management fees abated	3,425	3,425
Capital lease obligations (Total obligations of \$57,000 and \$476,000 less current portion of \$57,000 and \$382,000 at March 31, 1989 and 1988, respectively).	<u>-0-</u>	<u>94</u>
Total	<u>\$ 91,487</u>	<u>86,078</u>

(9) Other Nonoperating Income (Expense - Net)

Other nonoperating income (expense) - net for the three months ended March 31, 1989 and 1988 consists of the following (in thousands):

	<u>1989</u>	<u>1988</u>
Interest Income - Wraparound Mortgage	\$ 5,434	5,481
Interest Income - Other	113	78
Other Nonoperating income/(expense)	2	2
Loss on Disposal of Assets	<u>-0-</u>	<u>(151)</u>
Total	<u>\$ 5,549</u>	<u>5,410</u>

DEL WEBB'S CLAIRIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(10) Complimentary Services

Complimentary services for the three months ended March 31, 1989 are summarized as follows:

For the three months ended March 31, 1989

Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	14,345	\$ 925,911
Food	154,894	1,749,495
Beverage	187,963	1,174,604
Showroom	32,297	286,876
Total	<u>389,499</u>	<u>\$4,136,886</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	215,926	\$2,501,073
Travel	2,655	176,246
Parking	11,678	70,540
Other	25,121	101,837
Total	<u>255,380</u>	<u>\$2,849,696</u>

On March 17, 1986 New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge will lease 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 \$3,950,000 in 1986 (prorated based on the day that the Expansion Improvements open to the public), annually thereafter the rental amount will be adjusted based on the Consumer Price Index but any increase not to exceed two percent per annum. The basic annual rent is predicated on the construction of the Expansion Improvements costing a specified amount. If the cost of construction differs from this amount, basic annual rent will be adjusted according

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(11) Operating Lease

New Claridge leases the Hotel Assets and subleases the land on which the Claridge is located from the Partnership under an Operating Lease. The initial lease term is 15 years with three ten-year renewal options.

Minimum future lease payments under the Operating Lease as of March 31, 1989 are as follows (in thousands):

04/01/89 - 03/31/90	\$ 33,158
04/01/90 - 03/31/91	34,846
04/01/91 - 03/31/92	35,219
04/01/92 - 03/31/93	36,311
04/01/93 - 03/31/94	37,324
Later Years	<u>192,686</u>
Total Minimum	<u>\$369,544</u>

In addition, 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 three months ended March 31, 1989 and 1988 rental expense for all operating leases amounted to \$11,366,000 and \$10,130,000 respectively, of which \$(176,000) and \$1,162,000 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.

On March 17, 1986 New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge will lease 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 \$3,950,000 in 1986 (prorated based on the day that the Expansion Improvements open to the public), annually thereafter the rental amount will be adjusted based on the Consumer Price Index but any increase not to exceed two percent per annum. The basic annual rent is predicated on the construction of the Expansion Improvements costing a specified amount. If the cost of construction differs from this amount, basic annual rent will be adjusted according

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

to a formula. The total Expansion Operating Lease to be paid for 1989 is \$4,107,000. 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 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 required to pay as additional rent certain expenses relating to the leasing by the Partnership of the Air Rights granted by the City of Atlantic City to DEWNJ, over which the expansion facility is constructed. 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 and the Partnership's leasehold interest in the Air Rights for their fair market value at the time the option is exercised.

(12) Income Taxes

The provision for income taxes as of March 31, 1989 and 1988 is comprised of the following:

	1989	1988
	(in thousands)	
Current:		
Federal	\$-0-	-0-
State	-0-	-0-
Deferred	-0-	-0-
	<u>\$-0-</u>	<u>-0-</u>

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

The provision for income taxes differs from the amount computed at the statutory rate as follows:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Federal income tax at statutory rates	\$(2,361)	(1,996)
Goodwill amortization not deductible for tax purposes	306	76
Unrecognized tax benefit of loss carryforward	<u>2,361</u>	<u>1,920</u>
	<u>\$ -0-</u>	<u>-0-</u>

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At March 31, 1989 and 1988 there were available net operating loss carryforwards of \$97,665,000 and \$76,193,000. These losses result primarily from expenses for fees and rents which are not currently recognized for tax purposes. If such losses result in a reduction of income tax liability at a future date, the benefit will be recognized as an extraordinary item at the time. In addition, there were approximately \$1,041,000 in unused tax credits.

(13) Contingencies

(a) Licensing.

New Claridge was issued a plenary casino license effective October 31, 1988 by the New Jersey Casino Control Commission (the "Commission") which, in accordance with the State of New Jersey regulation N.J.S.A. 5:12-87(e), will expire one year thereafter. During the licensing process the Commission and the New Division of Gaming Enforcement (the "Division") raised concerns regarding the financial stability of New Claridge. As a condition of licensure a requirement that the Restructuring Agreement (see note 1.c.) be executed by October 31, 1988 was imposed; the Restructuring Agreement was executed on October 27, 1988. In addition, New Claridge is required to periodically provide to the Commission and Division certain financial information, to maintain a casino bankroll cash balance in excess of a specified minimum amount, to notify the Commission and Division of changes

DEL WEBB'S CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

in the condition of or use of credit lines, to provide periodic updates as to the status of the plans for the financial restructuring and sale of the Claridge facility, and if a financial restructuring or sale does not take place by March 31, 1989, to have shown that New Claridge continues to possess the financial stability, integrity and responsibility required for casino licensure. Since the Restructuring did not close prior to March 31, 1989, New Claridge has provided the Commission with information which demonstrate management's belief that New Claridge continues to possess the financial stability, integrity and responsibility required for casino licensure. On April 26, 1989 the Commission rendered its decision granting New Claridge an extension on the closing of the Restructuring to May 31, 1989. Aside from the financial stability issue, management of the Corporation is aware of no charges, objections or other facts which would provide a basis for the Commission to deny renewal of the casino license.

(14) Related Party Transactions

- (a) Pursuant to an exclusive management agreement ("Management Agreement") between New Claridge and DEWNJ, DEWNJ has agreed to manage the Claridge in a proper, efficient and competitive manner in accordance with standards not less than those existing at the time of the agreement was entered into. The Management Agreement which has an initial term of 15 years, entitles DEWNJ to receive as compensation certain management fees based on various operating results.

Under the terms of the Management Agreement, Webb is obligated to defer the payment or allow the recapture of management fees and interest whenever the New Claridge's cash flow is insufficient to meet its current obligations including payment of such fees. The Management Agreement was amended to provide for the abatement of management fees for the period November 1, 1985 through the completion of the expansion project. With the opening of the expansion facility on August 28, 1986, the abatement of management fees ceased and the Incentive Fee increased to an amount equal to 10% of gross operating profit until such time as all abated fees have been recouped. Effective January 1, 1987 DEWNJ agreed to abate management fees through December 31, 1987

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	\$ 1,896		
2	Returned patrons' checks	3,126		
3	Total patrons' checks	5,022	\$ 2,607	\$ 2,415
4	Hotel Receivables	666	139	527
Other Receivables:				
5	Receivables due from officers and employees.....	1		
6	Receivables due from affiliates	11,941		
7	Other accounts and notes receivables	399		
8	Total other receivables	12,341	25	12,316
9	Totals (Form 205).....	\$ 18,029	\$ 2,771	\$ 15,258

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 2,160
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	19,402
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)	(15,604)
13	Checks collected through deposits	(3,123)
14	Checks transferred to returned checks	(939)
15	Other adjustments	
16	Ending Balance	\$ 1,896
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 .....	.8 %

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey

:

: ss.

COUNTY OF Atlantic

:

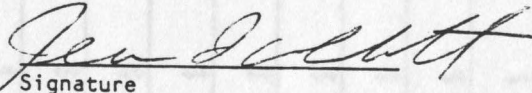
Jean I. Abbott

Name

, 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

Senior VP of Finance

Title

01717-11

License Number

Subscribed and sworn to
before me this 12th day
of May, 1989

On Behalf Of:

Eleanor A. Bryan
Signature

The Claridge at Park Place, Inc.
Casino Licensee

ELEANOR A. BRYAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 8, 1993

Basis of Authority
to Take Oaths

HOTEL STATISTICS

DRAFT

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	501	14,631	10,909	\$ 67.04	74.6 %	21,365	\$ 34.23
FEBRUARY	501	13,447	10,592	\$ 73.62	78.8 %	21,035	\$ 37.07
MARCH	501	15,290	13,854	\$ 69.43	90.6 %	26,350	\$ 36.51
1ST QUARTER TOTALS		43,368	35,355	\$ 69.95	81.5 %	68,750	\$ 35.97
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901
C193

QUARTERLY REPORT

NEW JERSEY STATE LIBRARY
MAY 23 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE Elsinore Shore Associates

ADDRESS 2500 Boardwalk

Atlantic City, NJ 08401

FOR THE QUARTER ENDED March 31 1989

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

Vice President, Finance/Controller

ADDRESS

2500 Boardwalk

Atlantic City, NJ 08401

BALANCE SHEETS
TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 1989

<u>TITLE</u>	<u>FORM NO.</u>
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
Statement of Conformity and Accuracy	CCC-250

The accompanying notes are an integral part of the financial statements. Refer to the notes for more information without using interpretive comments in the notes.

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
ASSETS			
Current Assets:			
1	Cash	\$	\$
2	Marketable securities (Note 9e).....	6,904	9,018
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$1,311 ; 19 <u>88</u> , \$1,412)		
4	Inventories (Note 1).....	497	756
5	Prepaid expenses and other current assets (Note 3).....	1,695	1,409
		3,092	1,093
6	Total current assets	12,188	12,276
7	Investments, Advances, And Receivables (Note 10).....	7,753	5,968
8	Property And Equipment - Net (Notes 1 & 4).....	64,589	120,865
9	Other Assets	449	4,185
10	Total Assets	\$ 84,979	\$ 143,294
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 8,050	\$ 4,090
12	Notes payable (Note 5).....	6,883	
Current portion of long-term debt:			
13	Due to affiliates		5,303
14	Other (Note 8).....	1,150	
15	Income taxes payable and accrued		
16	Other accrued expenses (Note 6).....	9,388	7,072
17	Other current liabilities (Note 7).....	854	1,080
18	Total current liabilities	26,325	17,545
Liabilities subject to Chapter 11 proceedings			
			273,219
Long-Term Debt:			
19	Due to affiliates (Note 8).....	147,079	
20	Other (Note 8).....	21,438	
21	Deferred Credits		
22	Other Liabilities		
23	Commitments And Contingencies, and subsequent event information (Notes 9 & 13)		
24	Total Liabilities	194,842	290,764
25	Stockholders', Partners', Or Proprietor's Equity (Deficit).....	(109,863)	(147,470)
26	Total Liabilities And Equity	\$ 84,979	\$ 143,294

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED March 31, 19 89 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 19,915	\$ 17,639
2	Rooms	1,670	1,669
3	Food and beverage	3,277	2,993
4	Other	727	761
5	Total revenue	25,589	23,062
6	Less: Promotional allowances (Note 11)	(2,430)	(2,591)
7	Net revenue	23,159	20,471
	Costs And Expenses:		
8	Cost of goods and services	19,190	16,877
9	Selling, general, and administrative	7,592	5,726
10	Provision for doubtful accounts	5	5
11	Depreciation and amortization	1,491	1,880
	Charges from affiliates other than interest:		
12	Management fees (Note 9b)	150	
13	Other ... Corporate Overhead (Note 9b)		114
14	Total costs and expenses	28,428	24,602
15	Income (Loss) From Operations	(5,269)	(4,131)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 8)	(4,123)	(3,574)
17	Interest (expense) - external	(472)	(263)
18	Investment alternative tax and related income (expense) - net (Note 10)	(213)	(74)
19	Nonoperating income (expense) - net (Note 12)	133	(985)
20	Total other income (expenses).....	(4,675)	(4,896)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(9,944)	(9,027)
22	Provision (credit) for income taxes		
23	Income (Loss) Before Extraordinary Items	(9,944)	(9,027)
24	Extraordinary items (net of income taxes - 19__, \$ _____ ; 19__, \$ _____)		
25	Net Income (Loss)	\$ (9,944)	\$ (9,027)

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

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.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(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		\$		\$

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.

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

STATEMENTS OF CHANGES IN PARTNERS'

OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$ 115,104	\$ 20
2	Additional capital invested		
3	.....	
4	Ending balance	115,104	20
	Accumulated Income (Loss):		
5	Beginning balance (January 1) ..(Loss).....	(215,023)	(138,463)
6	Prior period adjustments		
7	Net income (loss)	(9,944)	(9,027)
8	.....	
9	Ending balance .....(Loss).....	(224,967)	(147,490)
	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 .....(Deficit).....	\$ (109,863)	\$ (147,470)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ (5,664)	\$ (1,825)
	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.....	(364)	(607)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(58)	(223)
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	<u>Net (Increase) Decrease in Investments,</u>	(88)	
11	<u>Advances and Receivables</u>		
12	Net Cash Provided (Used) By Investing Activities.....	(510)	(830)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	2,383	
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.....	(161)	
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21	<u>Increase in Long Term Debt due to accrued interest...</u>	2,882	
22	<u>Increase in current portion long term debt, due affiliates</u>		832
23	Net Cash Provided (Used) By Financing Activities. (Prior to reorg.)	5,104	832
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(1,070)	(1,823)
25	Cash And Cash Equivalents At Beginning Of Period	7,974	10,841
26	Cash And Cash Equivalents At End Of Period.....	\$ 6,904	\$ 9,018

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 291	\$ 178
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (9,944)	\$ (9,027)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	1,491	1,880
31	Amortization of other assets.....		52
32	Amortization of debt discount or premium.....	28	
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.....	213	74
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	317	349
39	Net (increase) decrease in inventories.....	(69)	3
40	Net (increase) decrease in other current assets.....	1,159	133
41	Net (increase) decrease in other assets.....	10	(14)
42	Net increase (decrease) in accounts payables.....	4	39
43	Net increase (decrease) in other current liabilities excluding debt.....	1,127	874
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		
45	<u>Increase in Liabilities Subject to Chapt. 11</u>		3,812
46	<u>Proceedings</u>		
47	Net Cash Provided (Used) By Operating Activities.....	\$ (5,664)	\$ (1,825)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 364	\$ 607
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 364	\$ 607
	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.....	\$ N/A	\$ N/A
	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.....	\$ N/A	\$ N/A

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE QUARTERS ENDED MARCH 31, 1989 and 1988

(Unaudited)
(\$ IN THOUSANDS)

Line a)	Description b)	(c) 1989	(d) 1988
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES (CONTINUED)			
	<u>Purchase of Casino Reinvestment Obligations:</u>		
61	Total Casino Reinvestment Obligations Recorded		
62	Less: Issuances of Long Term Debt to Acquire Casino Reinvestment Obligations		
63	Cash Purchase of Casino Reinvestment Obligations	\$	\$
	<u>PAYMENTS TO SETTLE LONG TERM DEBT:</u>		
64	Total Payments to Settle Long Term Debt Recorded	\$ 258	\$
65	Less: Casino Reinvestment Credits Applied to Long Term Debt	(97)	
66	Cash Payments to Settle Long Term Debt	\$ 161	\$

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

1. Summary of significant accounting policies:

Organization and business:

Elsinore Shore Associates (ESA or the Partnership), a general partnership, was formed April 24, 1979 by its partners, Elsub Corporation (Elsub), then a wholly owned subsidiary of Elsinore Corporation (Elsinore) and Elsinore of Atlantic City (EAC), a limited partnership whose general partner is Elsinore of New Jersey, Inc. (ENJ), then a wholly-owned subsidiary of Playboy Enterprises, Inc. (PEI). The Partnership was formed to complete construction of, own and operate a 500 room hotel casino complex (the Atlantis Casino Hotel, (the Atlantis), formerly the Playboy Hotel and Casino) in Atlantic City, New Jersey. ESA, Elsub, EAC and ENJ as well as Elsinore Finance Corporation (EFC), a wholly-owned subsidiary of Elsinore (collectively, the Debtors) were operated as debtors-in-possession under Chapter 11 of the United States Bankruptcy Code until September 30, 1988 (Note 2).

As a result of the consummation of the Plan (hereinafter defined) (Note 2), Elsinore currently owns 85% of Elsub with the remaining 15% owned by PEI. ENJ owns an 84.3% interest in EAC, which, in turn, owns 54.3% of the Partnership. Elsinore and PEI effectively own approximately 78% and 14%, respectively of ESA, with the remaining 8% owned by unaffiliated third parties.

The Atlantis is currently operating under the oversight of a conservator appointed by the New Jersey Casino Control Commission (the "CCC") (Note 13). On April 14, 1989 ESA entered into an agreement with DJT Acquisition Corporation regarding the sale of the Atlantis (Note 13).

Basis of presentation:

The financial statements have been prepared assuming ESA will continue as a going concern until the sale of Atlantis is consummated. ESA has suffered continuing losses from operations which raises substantial doubt regarding its ability to continue as a going concern should the sale not be consummated. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

1. Summary of significant accounting policies (continued):

Accounting for casino revenues and promotional allowances:

In accordance with industry practice, the Partnership recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses. Gross revenues include the retail value of accommodations, food and beverage and other goods or services furnished without charge to certain patrons. The retail value of these promotional allowances is deducted from revenues, and the cost is charged to costs and expenses.

Inventories:

Inventories are stated at cost.

	<u>1989</u>	<u>1988</u>
	(Dollars in thousands)	
Food and beverage provisions	\$ 386	\$ 605
Gift shop merchandise	151	123
Supplies	<u>1,158</u>	<u>681</u>
	<u>\$1,695</u>	<u>\$1,409</u>

Property and equipment and depreciation:

Property and equipment are stated at cost with the exception of building and improvements, for which a net realizable value allowance is provided (Note 4). Depreciation is provided by the straight-line method over the estimated useful lives.

Income taxes:

Pursuant to the State of New Jersey's Casino Control Act, the Partnership, is liable for corporate income taxes to the State of New Jersey. However, no provision for state income taxes has been recorded as the Partnership has incurred losses for tax purposes.

No provision has been made for Federal income taxes because income taxes (benefits) are the liabilities (assets) of the Partners.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

2. Consummation of Reorganization Plan:

Each of ESA, Elsub, EAC, ENJ and EFC were operated as debtors-in-possession under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) until September 30, 1988 (the "Effective Date") when the transactions contemplated by the third amended joint plan of reorganization, as modified (the "Plan") were substantially consummated. Major features of the Plan included:

- ° The effective redemption of the \$115,000,000 15½% Senior Mortgage Bonds due 1999 issued by EFC (the "Bonds") (\$90,000,000 of which were collateralized by the Atlantis) with \$40,000,000 of new institutional borrowings, the proceeds from the sale of the Hyatt Lake Tahoe Hotel and Casino (the "Hyatt Lake Tahoe"), and the issuance by EFC of \$70,000,000 15½% New Senior Mortgage Bonds due 1999 (the "New Bonds"). Additionally, there was an immediate \$15,000,000 redemption of New Bonds resulting in a \$15,000,000 subrogation claim to Elsinore which is subordinate in payment to the rights of the New Bonds.
- ° Satisfaction of interest on the Bonds, evidenced by the 1988 and 1989 Coupons attached to the New Bonds (collectively the "Coupons") and some future interest payments on the New Bonds is payable in cash by EFC or by Elsinore, at the option of Elsinore, in shares of Elsinore's common stock, no par value (the "Elsinore Stock"), in accordance with formulae (the "Common Stock Formulae") contained in the New Bonds and the Coupons.
- ° Issuance by Elsinore on the Effective Date, of 8,955,140 shares of Elsinore Stock to the holders of the Bonds in satisfaction of accrued and unpaid interest on the Bonds for the period July 1, 1986 to December 31, 1986 (\$8,912,500). The election was made by Elsinore to satisfy the interest due November 1, 1988 and December 31, 1988 on the New Bonds with the issuance of 768,018 and 2,150,838 shares of Elsinore Stock issued November 1, 1988 and January 3, 1989, respectively. Additionally, the 1988 Coupon was satisfied with the issuance of 8,486,998 shares of Elsinore Stock on November 1, 1988. All Elsinore Stock issued in satisfaction of interest on the New Bonds or the Coupons is issued pursuant to Elsinore's guarantee, in accordance with the Common Stock Formulae contained in the New Bonds and the Coupons.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

2. Consummation of Reorganization Plan (continued):

° Payments to unsecured creditors of ESA of approximately \$1,500,000 and \$6,750,000 in cash and limited recourse notes, respectively. In partial satisfaction of various obligations and other claims, PEI, one of the unsecured creditors, also received 15% of the common stock of Elsub on the Effective Date, leaving Elsinore with 85% equity interest in Elsub and as a result a 77.9% beneficial interest in ESA.

° Receipt by Elsinore of a note from EFC (the "Elsinore Note") and receipt by EFC of a similar note from ESA (the "EFC Note") in the approximate principal amount of \$59,707,000 for interest and principal payments made on behalf of ESA on the Bonds and other debt, which is subordinate in payment to the rights of the holders of the New Bonds and the priority notes issued pursuant to the Plan (Note 8).

° Elsinore is not obligated to provide financial or other support to any of its subsidiaries that were in reorganization except to the extent that the CCC requires, and the new institutional lenders and the Nevada Gaming Authorities permit such support. Elsinore's obligations with respect to guaranteed payment of the principal and interest on the New Bonds and the 1989 Coupon is limited solely to the issuance of Elsinore Stock pursuant to a Stock Formulae contained in the New Bonds and 1989 Coupon.

3. Prepaid Expenses

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Insurance	\$ 465	\$ 706
Slot machine tax	175	175
Advertising	33	88
Contracts	82	87
Real estate taxes	1,254	
Current portion CRDA credits (Note 10)	1,063	
Other	<u>20</u>	<u>37</u>
	<u>\$3,092</u>	<u>\$1,093</u>

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

4. Property and equipment:

	1989	1988
	(in thousands)	
Land	\$ 11,121	\$ 11,121
Buildings and improvements	140,520	139,460
Furniture, fixtures and equipment	36,624	34,889
	<u>\$188,265</u>	<u>\$185,470</u>
Accumulated depreciation	(59,905)	(52,736)
Reserve for devaluation of building & improvements	(64,442)	(12,737)
	<u>\$ 63,918</u>	<u>\$119,997</u>
China, glass, silver, linen, net	671	868
Total property and equipment (net)	<u>\$ 64,589</u>	<u>\$120,865</u>

In November 1986, an independent appraisal was obtained to determine the current market value of the building and improvements comprising the hotel casino complex. Based, in part, on this appraisal, the net book value of the Partnership's property was adjusted to \$127,000,000 representing management's then estimate of net realizable value, by providing an allowance of \$12,737,000 and a corresponding charge to operations. Such estimate was revised in 1988 through the provision of an additional allowance in the amount of \$51,705,000 partially as a result of updated appraisals.

5. Note payable:

A promissory note bearing interest at prime rate plus 2% evidencing advances from Elsinore for working capital purposes up to a maximum principal amount of \$7,000,000 (the "Working Capital Loan"). The provision of such Working Capital Loan by Elsinore was required pursuant to a condition imposed by the CCC on ESA's casino license. As of March 31, 1989 Elsinore had advanced \$6,883,000 pursuant to the Working Capital Loan and had advanced the maximum principal amount of \$7,000,000 prior to the expiration of ESA's casino license. Interest on the outstanding balance of the Working Capital Loan is payable monthly and the principal is due upon notice by Elsinore to ESA. As of March 31, 1989, such interest has been accrued by ESA but not paid to Elsinore.

- Note payable	(1)	\$ 70,000
- Subordinated note payable	(1)	59,737
- Coupon interest payable	(1)	12,103
- Accrued interest payable		<u>5,269</u>
		\$147,079

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

6. Other Accrued Expenses:

	1989	1988
	(Dollars in thousands)	
Taxes other than income	\$ 845	\$ 1,069
Payroll	1,826	906
Progressive jackpot	1,018	828
Benefits	1,310	1,408
Chapter 11 expenses	—	1,688
Interest	3,261	4
Other	1,128	1,169
	<u>\$ 9,388</u>	<u>\$ 7,072</u>

7. Other Current Liabilities:

	1989	1988
	(in thousands)	
Reinvestment obligation	\$ 95	\$ 223
Unredeemed chips	250	222
Slot tokens	357	264
Other	152	371
	<u>\$ 854</u>	<u>\$ 1,080</u>

8. Long Term Debt:

As contemplated by the Plan, ESA entered into certain notes and agreements on the Effective Date in satisfaction of Allowed Claims (as defined in the Plan). Liabilities previously classified as subject to Chapter 11 proceedings have become restructured as described below.

Long Term Debt - Due to Affiliates

Long term debt - due to affiliates as of March 31, 1989 consisted of the following (dollars in thousands):

Elsinore Finance Corporation:		
- Note payable	(A)	\$ 70,000
- Subordinated note payable	(B)	59,707
- Coupon interest payable	(A)	12,103
- Accrued interest payable		<u>5,269</u>
		<u>\$147,079</u>

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

- (A) A \$70,000,000 note with attached coupon of \$12,103,000 from ESA to EFC (the "New ESA Note"). The New ESA Note is secured by a mortgage and security interest encumbering the Atlantis, the Atlantis Improvements and the Additional Collateral (all as defined in the indenture pursuant to which the New Bonds were issued, the "New Indenture") which includes all land, buildings and improvements and all furniture, furnishings, operating equipment and supplies, fixtures and machinery utilized in connection with the operations of the Atlantis. The liens and security interests granted under the Security Documents (defined in the New Indenture) relating to the Additional Collateral are subordinate and junior to liens and security interests granted to repay up to \$5,000,000 in principal amount of the Working Capital Loan together with interest and fees, costs and expenses thereon or payable in connection therewith. The New ESA Note has been assigned to the Indenture Trustee of the New Bonds as collateral for the New Bonds. Interest on the New ESA Note at a rate of 15½% is payable semi-annually May 1 and November 1; however, by virtue of Elsinore's \$15,000,000 subrogation claim, only interest on \$55,000,000 will be paid currently with the balance accrued and paid on the earlier of the sale of the Atlantis or the fifth anniversary of the Effective Date. Principal repayment terms of the New ESA Note are substantially similar to those of the New Bonds. The interest payment due May 1 was not paid to EFC by ESA and consequently the interest payment due by EFC was not made on the New Bonds (discussed below).

As discussed in Note 2, optional interest payments through December 31, 1988 were satisfied with the issuance of Elsinore Stock. Pursuant to the Plan interest at a rate of 10% on the outstanding principal balance of the New Bonds is payable semi-annually January 1, 1989 through November 30, 1989, only in cash. However, the interest payment (\$1,833,000) due May 1, 1989 was not paid to EFC by ESA and consequently EFC did not make the interest payment to the holders of the New Bonds. EFC and ESA are holding discussions with the conservator of ESA (Note 13) respecting such interest payment. Accordingly such interest payment will not be made until agreement is reached with the conservator. Additionally, interest at a rate of 5½% on the outstanding principal balance of the New Bonds for the period commencing on the Effective Date through November 30, 1989 is to be paid at any time prior to December 1, 1989, either in cash by EFC or in Elsinore Stock by Elsinore at Elsinore's sole election; provided, however, that to the extent such interest is not paid prior to December 1, 1989, such unpaid interest shall be payable only by Elsinore in Elsinore Stock on December 1, 1989. Interest at a rate of 15½% is

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

payable semi-annually only in cash for the period commencing December 1, 1989 and thereafter until maturity. The 1989 Coupon (attached to the New Bonds) is optionally payable any time prior to December 1, 1989 in cash by EFC or in Elsinore Stock by Elsinore at the sole election of Elsinore. However, if not paid prior to December 1, 1989, the 1989 Coupon shall be satisfied only with the issuance of Elsinore Stock by Elsinore on December 1, 1989 pursuant to the Common Stock Formula contained in the 1989 Coupon. The New Bonds and Coupons are collateralized by the New ESA Note.

The New Bonds are redeemable on or after the Effective Date at the option of EFC, in whole or in part, together with accrued interest. The redemption price prior to December 1, 1989 is 100% of face value and for the twelve month period beginning December 1, 1989 is 106% of face value, decreasing thereafter to 100% of face value in 1994 and thereafter. Prior thereto, under certain circumstances, mandatory partial redemptions are required in the event of the sale of any real property consisting of the Additional Collateral within 60 days following the consummation of such sale and, if the Atlantis is sold or otherwise disposed of to a person other than a Qualified Purchaser (as defined in the New Indenture), EFC shall redeem all of the outstanding New Bonds as provided in the New Bonds and the New Indenture within 60 days following the consummation of such sale or other disposition. Sinking fund payments, sufficient to retire annually approximately \$4 million principal amount of New Bonds commence May 1992 through November 1993 and commencing May 1994 and thereafter such sinking fund payments increase to retire annually approximately \$9.6 million principal amount of New Bonds. EFC may, from time to time, reduce the principal amount of New Bonds required to be redeemed pursuant to the sinking fund payments discussed above, by the principal amount of all redemptions of New Bonds (including the \$15,000,000 redemption in connection with the sale of the Hyatt Lake Tahoe) other than redemptions pursuant to the ordinary mandatory redemptions.

Elsinore has unconditionally guaranteed payment of interest and principal on the New Bonds and payment of the 1989 Coupon when due; however, Elsinore's obligations regarding such guarantee are payable solely in Elsinore Stock pursuant to the Common Stock Formulae contained in the New Bonds and the 1989 Coupon. The New

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

Bonds contain various covenants which, among other things, provide limitations on the acquisition or redemption of capital stock of Elsinore, additional encumbrances on the Atlantis and payment of dividends.

(B) 9% EFC Note in the principal amount of \$59,707,000 due on the sale of the Atlantis which is subordinate and junior in all respects including right of payment to the Superior Indebtedness (as defined in the EFC Note). During the first five years interest is payable only from Excess Cash Flow (as defined in the Plan). Any interest not paid shall be deferred and paid in five equal installments commencing on the sixth anniversary of the Effective Date. Upon the sale of the Atlantis, amounts available to pay the EFC Note will be shared such that \$.80 will be applied to payment of the EFC Note, \$.10 will be applied to payment of the Fidelity Parity Note (hereinafter defined) and \$.10 will be applied to payment of the Playboy Parity Note (hereinafter defined) until the Playboy Parity Note has been satisfied in full, at which time \$.90 will be applied to payment of the EFC Note and \$.10 will be applied to payment of the Fidelity Parity Note until the Fidelity Parity Note has been satisfied in full. EFC, in turn, issued a note (the Elsinore Note) to Elsinore for a like amount. Terms of the Elsinore Note are substantially similar to the EFC Note.

Aggregate annual maturities of long term debt - due to affiliates are as follows:

Years ending December 31

1990	\$ --
1991	--
1992	4,000
1993	5,177
1994	10,140
Thereafter	127,762

\$ 147,079

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

Interest charges from affiliates for the quarter ended March 31, 1989 and 1988 were as follows:

	<u>1989</u>	<u>1988</u>
	(In thousands)	
EFC	\$ 3,952	\$ 3,488
Elsinore	<u>171</u>	<u>86</u>
Total	<u>\$ 4,123</u>	<u>\$ 3,574</u>

Long Term Debt - Due to Others

Long term debt - due to others as of March 31, 1989 consisted of the following (dollars in thousands):

Playboy Enterprises, Inc.	(A)	\$ 1,500
First Fidelity Bank	(B)	4,250
Trade creditors	(C)	1,000
Casino Reinvestment Development Authority	(D)	6,032
City of Atlantic City	(E)	2,023
Various federal and state agencies	(F)	905
Georgia Avenue mortgages	(G)	5,888
Capitalized leases	(H)	686
Accrued interest payable		<u>304</u>
		22,588
Less: Current portion		(1,150)
		<u>\$ 21,438</u>

- (A) Two 9% notes from ESA to PEI each in the principal amount of \$750,000 (the "Playboy Priority Note" and the "Playboy Parity Note"). The entire principal amount of the Playboy Priority Note is payable on the earlier of the sale of the Atlantis or the fifth anniversary of the Effective Date. The Playboy Parity Note is payable in five equal installments of principal commencing on the sixth anniversary of the Effective Date. If not sooner paid, all principal and interest on the Playboy Parity Note shall be due on the sale of the Atlantis. During the first five years, interest

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

on the Playboy Priority Note and Playboy Parity Note is payable only from Excess Cash Flow. Any interest not paid shall be deferred and paid in five equal installments commencing on the sixth anniversary of the Effective Date. As discussed in Note 2, PEI also received 15% of the Elsub Common Stock and approximately \$500,000 in cash on the Effective Date.

- (B) Two 9% notes from ESA to First Fidelity Bank National Association, New Jersey. One note in the principal amount of \$2,150,000 (the "Fidelity Priority Note"), of which the entire principal amount is payable on the earlier of the sale of the Atlantis or the fifth anniversary of the Effective Date, and one note in the principal amount of \$2,100,000 (the "Fidelity Parity Note"), payable in five equal annual installments of principal commencing on the sixth anniversary of the Effective Date. If not sooner paid, all principal and interest on the Fidelity Parity Note shall be due on the sale of the Atlantis. During the first five years, interest on the Fidelity Priority Note and Fidelity Parity Note is payable only from Excess Cash Flow. Any interest not paid shall be deferred and paid in five equal installments commencing on the sixth anniversary of the Effective Date.
- (C) A 9% note from ESA in the principal amount of \$1,000,000 to unsecured creditors (the "Trade Note") of which the entire principal amount is payable on the earlier of the sale of the Atlantis or the fifth anniversary of the Effective Date. During the first five years, interest on the Trade Note is payable only from Excess Cash Flow. Any interest not paid shall be deferred and paid in five equal installments commencing on the sixth anniversary of the Effective Date. Additionally, in accordance with the Plan, unsecured creditors will receive approximately \$1,000,000 in cash of which \$333,000 was distributed on March 3, 1989 on an interim basis until the remaining unresolved claims are concluded.
- (D) An agreement was entered into on the Effective Date by ESA with the Casino Reinvestment Development Authority ("CRDA") regarding payment of pre-petition cumulative investment obligations. The agreement provides for the payment of approximately \$6,286,000 plus interest at a rate of 2%, quarterly over an approximate eight year period commencing October 1988.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

8. Long Term Debt (continued):

(E) An agreement was entered into on the Effective Date by ESA with the City of Atlantic City regarding payment of pre-petition property taxes. The agreement provides for the payment of approximately \$2,023,000 plus interest at a rate of 9.5% quarterly pursuant to a schedule contained in the agreement with interest only payable during the first three years commencing January 1989.

(F) In accordance with the Plan, payroll, sales and gross revenue taxes are payable quarterly with interest (9.5 - 10%) over periods up to six years from the Effective Date.

(G) In connection with the acquisition of additional land and improvements in Atlantic City during 1983, the Partnership assumed/issued additional mortgage notes. Terms were modified on the Effective Date pursuant to the Plan.

	Note A	Note B
	(Dollars in thousands)	
Stated interest rate	7½%	7½%
Principal balance face amount	\$ 244	\$5,923
Less unamortized discount based on imputed interest of 12%	11	268
	\$ 233	\$5,655
	-----	-----
Installment payments	\$ 8	\$ 63
Frequency	quarterly	monthly
Due date	11/01/99	9/28/99
Final payment	\$ 8	\$1,357

(H) Various capitalized lease obligations covering equipment. Installments are payable monthly with interest ranging between 12.5% through 21.75%.

Aggregate annual maturities of long term debt - due others are as follows:

<u>Years ending December 31</u>	
1990	\$ 1,254
1991	1,308
1992	1,417
1993	5,508
1994	3,687
Thereafter	8,452
	\$ 21,626

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

9. Commitments and contingencies: (Continued)

a. General litigation:

At December 31, 1988 the Partnership is party to various claims and lawsuits arising in the normal course of business. While the amounts claimed in some instances are substantial and the ultimate liability with respect to such claims cannot be determined, management is of the opinion that the resolution of these matters will not materially affect the Partnership's financial position or results of operation.

- b. ESA entered into an agreement on the Effective Date with Elsinore (the "Parent Services Agreement") pursuant to which Elsinore, or a subsidiary thereof, will provide certain services to ESA for a fixed monthly fee of \$50,000 to be accrued but not paid during the first 26 months and thereafter a fee equal to the greater of \$50,000 per month or one percent of gross revenue to be made current, only if interest is paid currently on the New Bonds (Note 8) in cash and paid currently thereafter by ESA.

Prior to the Effective Date, Elsinore charged the Partnership for fees equal to actual costs incurred including payroll, travel and other administrative overhead which is included in selling, general and administrative expense. Charges from affiliates for the quarter ending March 31, 1989 and 1988 were \$150,000 and \$114,000, respectively.

c. Lease commitments:

Subject to the effects of the Chapter 11 proceedings, future minimum rental payments at March 31, 1989, under agreements classified as operating leases with an initial or remaining noncancellable lease term in excess of one year, are as follows:

	<u>Amount</u>
	(Dollars in thousands)
Casino reinvestment obligations:	
1990	\$ 253
1991	159
1992	159
1993	160
1994	160
Thereafter	4,060

Rent expense charged to operations for the quarter ended March 31, 1989 and 1988 was \$68,000 and \$245,000, respectively.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

9. Commitments and contingencies (continued):

d. Pension plans:

The Partnership makes contributions to several multi-employer defined benefits pension plans covering substantially all unionized employees. Amounts charged against operations and contributed to the Plan for the quarters ended March 31, 1989 and 1988 amounted to \$64,000 and \$83,000, respectively. Information from the Plan's administrators is not sufficient to permit the Partnership to determine its share of unfunded vested benefits, if any.

e. License renewal and conditions:

ESA's current license expired on April 14, 1989 and was not renewed by the CCC (also see Note 13). Notwithstanding the non-renewal, the Partnership is required by the CCC as conditions of operation to 1) maintain a minimum casino cash balance, and 2) dedicate funds necessary to satisfy its outstanding progressive jackpot liability, current payroll, related taxes and benefits, and unpaid CCC license fees and taxes. The Partnership is also required to obtain CCC approval prior to securing new financing or entering into certain agreements.

f. Self-insured employee benefit plan:

In August, 1987, the Partnership implemented a self-funded health insurance program covering all non-union employees. The Partnership is at risk for the first \$50,000 of claims per employee; claims in excess of \$50,000 are reinsured by third party carriers. At March 31, 1989 and 1988, the Partnership has reserved \$213,000 and \$324,000 respectively, for estimated incurred but unreported claims.

10. Casino reinvestment obligation:

The New Jersey Casino Act (Act) provides for a 2-1/2% tax on casino revenues, as a measure to stimulate redevelopment in the Atlantic City and adjacent areas. Amendments to the Act, adopted in 1984, established the CRDA which is authorized to issue bonds in order to achieve its redevelopment goals. A casino which invests in bonds issued by the CRDA qualifies for a reduction in the investment tax rate to 1.25%.

EL SINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

10. Casino reinvestment obligation (continued):

On April 30, 1986, the Partnership entered into a contract with the CRDA to purchase the aforementioned bonds as they are issued by the CRDA. In the interim, the Partnership was required to deposit its post-1983 reinvestment obligation (Deposits) with the State Treasurer. The State pays interest on the Deposits at a rate approximating one third less than market. The bond issues are also expected to bear interest at less than market, with the discount changing with market conditions, until the bonds are issued.

As part of the Plan, the Partnership has entered into a consent order with the CRDA, which was approved by the Bankruptcy Court on March 24, 1988. The agreement provides that the Partnership will satisfy its \$6,286,299 pre-petition tax obligation in annual installments (payable quarterly), no later than 1996 (Note 8D). In November, 1988, the Partnership made a contribution of its Deposits to the CRDA in the amount of \$4,034,000 for application to a CRDA Approved Project. In consideration therefor, the CRDA has resolved to allow the partnership to apply an amount equal to 90% of the contribution as an investment in lieu of the Partnership's obligation to purchase future bond issues. Since the amount of the contribution was previously discounted to recognize its decrease in market value, the credit received against future obligations gave rise to a gain on the transaction in the amount of \$873,000. The partnership has elected to defer this gain and amortize it proportionately as the credits are applied. \$322,000 and \$54,000 of credit and gain respectively were applied in the first quarter of 1989.

The Partnership's net investment at December 31, 1988 and 1987 consists of (Dollars in thousands):

	<u>1989</u>	<u>1988</u>
Atlantic City Housing Project Bonds- due 2028-2038, 6.07-7.0% per annum interest rate, face amount	\$ 1,458	\$ 1,457
Deposits with the State	6,732	7,242
Allowance for decrease in market value	(1,699)	(2,731)
Credit toward future obligation, net of deferred gain of \$767	\$ 2,325	
Less current portion	(1,063)	
	<u>1,262</u>	<u> </u>
	<u>\$ 7,753</u>	<u>\$ 5,968</u>

ELLSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 1989 AND 1988

11. Promotional Allowances and Expenses

Promotional Allowances and Expenses consist of the following for the quarter ended March 31, 1989:

	Promotional Allowance		Promotional Expense	
	# of Recipients	Amount	# of Recipients	Amount
Rooms	\$ 9,036	\$ 395,000		
Food	100,827	678,000		
Beverage	676,788	984,000		
Tokens			361,222	\$ 4,697,000
Travel			43,951	359,000
Theater	48,458	194,000		
Other	46,215	179,000	3,522	241,000
Total	\$ 881,324	\$ 2,430,000	\$ 408,695	\$ 5,297,000

12. Nonoperating income (expense) - net consists of the following for the quarter ended March 31, 1989 and 1988:

	1989	1988
Interest Income	\$ 97,000	\$ 204,000
Chapter 11 Expenses (1)	0	(1,246,000)
Other, Net	36,000	57,000
TOTAL	\$ 133,000	(\$ 985,000)

(1) Chapter 11 expenses represent costs associated with the bankruptcy proceedings. These include fees of the various professionals providing accounting, consulting and legal services to the Partnership, and related administrative costs.

13. Subsequent events:

The CCC did not renew ESA's casino license which expired April 14, 1989, and appointed a conservator effective at the expiration of ESA's casino license to take title to and possession of ESA's assets. The CCC has empowered the conservator with monitoring, oversight and decision making authority regarding the operations of the Atlantis, including the casino, until the property is sold.

On April 14, 1989 ESA entered into an agreement with DJT Acquisition Corporation regarding the sale of the Atlantis. The agreement contemplates the sale of the land and buildings comprising the Atlantis for a cash purchase price of \$63,000,000 subject to customary closing adjustments. Such agreement further provides that the casino be closed prior to the closing of the transaction. Consummation of the sale is subject to fulfillment (or waiver) of customary closing conditions and approval of the CCC.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	318		
2	Returned patrons' checks	1,038		
3	Total patrons' checks	1,356	\$ 1,292	\$ 64
4	Hotel Receivables	272	19	253
5	Other Receivables:			
	Receivables due from officers and employees.....	1		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivables	179		
8	Total other receivables	180	0	180
9	Totals (Form 205).....	\$ 1,808	\$ 1,311	\$ 497

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 553
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	3,263
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)	(2,453)
13	Checks collected through deposits	(820)
14	Checks transferred to returned checks	(225)
15	Other adjustments	0
16	Ending Balance	\$ 318
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 0
19	Provision As A Percent Of Counter Checks Issued	0 %

STATEMENT OF CONFORMITY AND ACCURACY

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

R. Bruce McKee, 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.

R. Bruce McKee

Signature
 R. Bruce McKee

Vice President, Finance/Controller
 Title

0548-11
 License Number

On Behalf Of:

Subscribed and sworn to
 before me this 10 day
 of May, 1989

Anne Dalessandro
 Signature

Elsinore Shore Associates
 Casino Licensee

ANNE DALESSANDRO
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires July 30, 1989

Basis of Authority
 to Take Oaths

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	500	14,915	8,649	\$ 55.36	58.0 %	16,288	\$ 29.40
FEBRUARY	500	13,479	9,733	\$ 55.33	72.2 %	18,738	\$ 28.74
MARCH	500	14,807	11,458	\$ 56.91	77.4 %	22,050	\$ 29.57
1ST QUARTER TOTALS		43,201	29,840	\$ 55.95	69.1 %	57,076	\$ 29.25
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING MARK OF LICENSEE

QUARTERLY REPORT

NEW JERSEY STATE LIBRARY
PROPERTY OF
974-901
C193
MAY 2 2 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE GREATE BAY HOTEL & CASINO, INC.
ADDRESS INDIANA AVENUE & BRIGHTON PARK
ATLANTIC CITY, NJ - 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . JOHN R. RAUEN
OFFICIAL TITLE VICE PRESIDENT, FINANCE
ADDRESS INDIANA AVENUE & BRIGHTON PARK
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE Sands Hotel & Casino

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 1989

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
Statement of Conformity and Accuracy	CCC-250

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
Current Assets:			
1	Cash	\$ 15,146	\$ 12,339
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 11,495 ; 19 88, \$ 11,359)	26,466	14,056
4	Inventories	2,406	1,985
5	Prepaid expenses and other current assets Note 8..	3,973	3,392
6	Total current assets	47,991	31,772
7	Investments, Advances, And Receivables Note 9	15,694	10,987
8	Property And Equipment - Net Note 7	177,057	176,596
9	Other Assets	9,876	10,297
10	Total Assets	\$ 250,618	\$ 229,652
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 6,595	\$ 8,001
12	Notes payable	-	-
Current portion of long-term debt:			
13	Due to affiliates	-	-
14	Other Note 2	2,105	773
15	Income taxes payable and accrued	7,411	(1,620)
16	Other accrued expenses Note 10..	12,882	11,785
17	Other current liabilities Note 11	5,272	3,607
18	Total current liabilities	34,265	22,546
Long-Term Debt:			
19	Due to affiliates Note 2	182,305	181,944
20	Other Note 2	3,822	3,590
21	Deferred Credits	963	1,510
22	Other Liabilities	-	-
23	Commitments And Contingencies Note 5	-	-
24	Total Liabilities	221,355	209,590
25	Stockholders', Partners', Or Proprietor's Equity	29,263	20,062
26	Total Liabilities And Equity	\$ 250,618	\$ 229,652

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 3 MONTHS ENDED March 31, 19 89 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	Not Applicable	
		(c) 19 <u>89</u>	(d) 19 <u>88</u>
Revenue:			
1	Casino	\$ 21,172	\$ 21,514
2	Rooms		
3	Food and beverage		
4	Other		
5	Total revenue		
6	Less: Promotional allowances		
7	Net revenue		
Costs And Expenses:			
8	Cost of goods and services	23,817	23,278
9	Selling, general, and administrative		
10	Provision for doubtful accounts		
11	Depreciation and amortization	4,158	3,804
Charges from affiliates other than interest:			
12	Management fees	1,304	1,054
13	Other		
14	Total costs and expenses		
15	Income (Loss) From Operations		
Other Income (Expenses):			
16	Interest (expense) - affiliates	(5,635)	(5,363)
17	Interest (expense) - external		
18	Investment alternative tax and related income (expense) - net.....		
19	Nonoperating income (expense) - net		
20	Total other income (expenses).....		
21	Income (Loss) Before Income Taxes And Extraordinary Items.....		
22	Provision (credit) for income taxes		
23	Income (Loss) Before Extraordinary Items		
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$ <u> </u> ; 19 <u> </u> , \$ <u> </u>)		
25	Net Income (Loss)	\$ <u> </u>	\$ <u> </u>

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

Revenues of a subsidiary totalling \$115,000 have been reclassified from Other Revenues to Cost of Goods and Services to present 1988 in conformity with 1989.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 50,172	\$ 44,814
2	Rooms	2,474	2,006
3	Food and beverage	5,688	5,998
4	Other	1,166	976
5	Total revenue	59,500	53,794
6	Less: Promotional allowances Note 12	4,557	5,235
7	Net revenue	54,943	48,559
	Costs And Expenses:		
8	Cost of goods and services	23,837	23,288
9	Selling, general, and administrative	17,354	17,225
10	Provision for doubtful accounts	449	551
11	Depreciation and amortization	4,138	3,801
	Charges from affiliates other than interest:		
12	Management fees Note 4	1,304	1,054
13	Other	-	-
14	Total costs and expenses	47,082	45,919
15	Income (Loss) From Operations	7,861	2,640
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 4	(5,635)	(5,363)
17	Interest (expense) - external	(186)	(42)
18	Investment alternative tax and related income (expense) - net.....	(169)	(212)
19	Nonoperating income (expense) - net	(5,990)	(5,617)
20	Total other income (expenses)..... Note 6	723	297
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	2,594	(2,680)
22	Provision (credit) for income taxes Note 3	1,233	(1,279)
23	Income (Loss) Before Extraordinary Items	1,361	(1,401)
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ - ; 19 <u>88</u> , \$ -)	-	-
25	Net Income (Loss)	\$ 1,361	\$ (1,401)

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

Revenues of a subsidiary totalling \$115,000 have been reclassified from Other Revenues to Cost of Goods and Services to present 1988 in conformity with 1989.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 3 MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(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	-	-	-	-
	Ending balance	100	3,500	100	3,500
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		19,738		21,355
10	Dividends		-		(1,617)
11	Ending balance		19,738		19,738
	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	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		()		()
22	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		4,664		(1,775)
26	Prior period adjustments		-		-
27	Net income (loss)		1,361		(1,401)
28	Dividends		(-)		(-)
29	Ending balance		-		-
30	Ending balance		-		-
31	Ending balance		6,025		(3,176)
32	Ending Stockholders' Equity		\$ 29,263		\$ 20,062

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

Not Applicable

LINE (a)	DESCRIPTION (b)	Not Applicable	
		(c) 19 <u>89</u>	(d) 19 <u>88</u>
	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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Provided (Used) By Operating Activities.....	\$ 6,005	\$ (8,769)
	Cash Flows From Investing Activities:		
	Purchase of short-term investment securities.....	-	-
	Proceeds from the sale of short-term investment securities.....	-	-
	Purchase outflows for property and equipment.....	(3,645)	(3,857)
	Proceeds from disposition of property and equipment.....	-	-
	Purchase of casino reinvestment obligations.....	(624)	(551)
	Purchase of other investments and loans/advances made.....	-	-
	Proceeds from disposal of investments and collection of advances and long-term receivables.....	-	-
	Cash outflows to acquire business entities.....	-	-
	-	-
	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(4,269)	(4,408)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	753
14	Payments to settle short-term debt	-	(18)
15	Cash proceeds from issuance of long-term debt.....	-	15,147
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(700)	(1,000)
18	Cash proceeds from issuing stock or capital contributions.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	(1,617)
21	.....	-	-
22	.....	-	-
22	Net Cash Provided (Used) By Financing Activities.....	(700)	13,265
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	1,036	88
25	Cash And Cash Equivalents At Beginning Of Period	14,110	12,251
26	Cash And Cash Equivalents At End Of Period.....	\$ 15,146	\$ 12,339

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 6,253	\$ 5,337
28	Income taxes.....	\$ -	\$ 9,000

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 1,361	\$ (1,401)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	3,729	3,427
31	Amortization of other assets.....	409	374
32	Amortization of debt discount or premium.....	90	90
33	Deferred income taxes - current.....	1,480	(1,265)
34	Deferred income taxes - noncurrent.....	(247)	(9,065)
35	(Gain) loss on disposition of property and equipment.....	-	-
36	(Gain) loss on casino reinvestment obligations.....	169	212
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	894	1,482
39	Net (increase) decrease in inventories.....	211	13
40	Net (increase) decrease in other current assets.....	258	777
41	Net (increase) decrease in other assets.....	(21)	(1,209)
42	Net increase (decrease) in accounts payables.....	(367)	(614)
43	Net increase (decrease) in other current liabilities excluding debt.....	(1,961)	(1,583)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	-
45	Net (increase) in investments net of CRDA	-	(7)
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 6,005	\$ (8,769)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 3,645	\$ 3,857
49	Less: Capital lease obligations incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 3,645	\$ 3,857
	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.....	\$	\$

SANDS HOTEL & CASINO
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
(unaudited)

Note 1 - Organization and Business

Greate Bay Hotel & Casino, Inc. ("GBH&C") is a wholly-owned subsidiary of Greate Bay Casino Corporation ("Casino Corp."). During 1987, Casino Corp. became a wholly-owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"). Pratt Casino Properties, a Delaware corporation, was incorporated during October 1987 and has acquired, through contributions to its capital by its parent, all of the outstanding capital stock of Casino Corp. Pratt Casino Properties is a wholly-owned subsidiary of Greate Bay Hotel Corporation ("Hotel Corp."). Hotel Corp. is wholly-owned by PPI Corporation ("PPI") which is wholly-owned by Pratt Hotel Corporation ("Pratt").

During the three month period ended March 31, 1989, there were no changes in GBH&C's significant accounting policies as previously reported. In addition, there are no significant differences in the footnotes presented herein versus those reported in GBH&C's annual report at December 31, 1988 to the Casino Control Commission.

Note 2 - Long-term Debt

Long-term debt as of March 31, 1989 and 1988 is as follows:

	<u>1989</u>	<u>1988</u>
11.75% first mortgage notes, due 1994, net of discounts of \$1,925,00 and \$2,286,000 respectively (A)	\$171,105,000	\$170,744,000
16.5% Promissory note due 1998 (B)	11,200,000	11,200,000
Note Payable to bank, due 1991 (C)	5,425,000	3,340,000
Other	<u>502,000</u>	<u>1,023,000</u>
	188,232,000	186,307,000
Less - Current maturities	<u>2,105,000</u>	<u>773,000</u>
Long-term portion	\$186,127,000 =====	\$185,534,000 =====

SANDS HOTEL & CASINO
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
(unaudited)

- (A) On August 6, 1987, GBH&C borrowed from an affiliate \$173,030,000 of seven-year nonrecourse first mortgage notes (the "Notes"). The Notes bear interest at 11.75% per annum, payable monthly; interest only is payable during the first four years; and thereafter, principal, with interest, is payable in monthly installments of \$2,049,000 based on a 15-year amortization schedule with the unpaid balance of \$158,310,000 due during August 1994.

The mortgage indenture contains various provisions that, among other things, restrict the ability of GBH&C to incur additional secured indebtedness, to create additional liens on the property or sell the property. Additionally, maintenance of certain cash balances is required, as well as a requirement that a minimum of \$5,000,000 be committed annually for property and fixtures renewals, replacements and betterments. Substantially all of GBH&C's assets are pledged as collateral for this mortgage and the mortgage is guaranteed to the extent of \$10,000,000 by Pratt.

- (B) In February 1988, GBH&C borrowed \$11,200,000 from an affiliate, the proceeds of which were principally used to refinance an existing liability to another affiliate. The note bears interest at 16.5% per annum, payable semi-annually in March and September and the note matures in March 1998.
- (C) The note bears interest at 1% above the bank's prime lending rate and provides for equal monthly principal payments of \$175,000 until maturity in November 1991.

On February 28, 1989, GBH&C modified its existing line of credit and increased the amount available to \$5,000,000. Interest on borrowings under the line of credit is calculated at 1% above the prime lending rate of a certain bank. As of March 31, 1989 there were no amounts outstanding under this line of credit.

Maturities of Long-term debt as of March 31, 1989 amounted to:

1989 (9 months)	\$ 1,579,000
1990	2,106,000
1991	3,196,000
1992	4,678,000
1993	5,258,000
Thereafter	<u>173,340,000</u>
Total Payments:	190,157,000
Unamortized Discount:	<u>1,925,000</u>
Long-Term Debt & Current Portion:	\$188,232,000 =====

SANDS HOTEL & CASINO
 (A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
 (unaudited)

Note 3 - Income Taxes

The components of the provision for income taxes for the three months ended March 31, 1989 and 1988 are as follows:

	1989	1988
	\$	\$
Federal Income Tax Expense		
Current	1,150,000	(231,000)
Deferred	(195,000)	(760,000)
State Income Tax Expense		
Current	330,000	(229,000)
Deferred	(52,000)	(59,000)
 Total Provision for Income Taxes	 \$ 1,233,000 =====	 \$(1,279,000) =====

Note 4 - Related Party Transactions

GBH&C has a Management Agreement with Pratt Casino Management, Inc. ("PCMI"), a subsidiary of PHC. Pursuant to the Management Agreement, PCMI is responsible for the supervision, direction and control of the day-to-day operation of the hotel/casino. The agreement expires during 1991, at which time it may be extended if certain minimum operating results are achieved. In accordance with the provisions of this Management Agreement, PCMI is entitled to receive annually a basic consulting fee of 1.5% of "adjusted gross revenues", as defined, and, if annual "gross operating profits", as defined, exceed \$5,000,000, incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts. Total charges to operations for the three months ended March 31, 1989 and 1988 were \$1,304,000 and \$1,054,000 respectively. Consultant and incentive fees of \$1,176,000 and \$682,000 were due to PCMI at March 31, 1989 and 1988 respectively, and are included in other current liabilities in the accompanying financial statements.

The Company has a License Agreement with PPI, (an affiliate) which entered into a parallel agreement with MGM Sands Inc. for the use of the trade name "Sands". The license agreement, as amended in May 1987, provides for a license fee equal to the greater of (i) 3% of room charges, as defined, or (ii) \$100,000 for each property using the name. Such charges amounted to \$74,000 and \$38,000 for the three months ended March 31, 1989 and 1988, respectively. Such amounts are included in general and administrative expenses in the accompanying financial statements.

SANDS HOTEL & CASINO
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
(unaudited)

Note 4 - Related Party Transactions - (Continued)

For the three months ended March 31, 1989 and 1988 GBH&C incurred interest charges from affiliates of:

	<u>1989</u>	<u>1988</u>
11.75% first mortgage notes	\$5,173,000	\$5,173,000
16.5% promissory note	<u>462,000</u>	<u>190,000</u>
	\$5,635,000	\$5,363,000
	=====	=====

Note 5 - Commitments and Contingencies

GBH&C is a party to various legal proceedings with respect to its normal conduct of casino/hotel operations. It is the opinion of management, based upon the advice of counsel, that the settlement or resolution of these proceedings will not have a material adverse impact upon GBH&C's financial position.

Note 6 - Total Other Income (Expenses)

For the three month period ended March 31, 1989 and 1988, Non-Operating Income of \$723,000 and \$297,000 was earned on temporary investments, and on deposits made with the CRDA pursuant to the Company's Casino Reinvestment obligations.

Note 7 - Property and Equipment

Property and equipment as of March 31, 1989 and 1988 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land	\$ 36,179,000	\$ 36,179,000
Buildings	148,730,000	140,046,000
Furniture, fixtures and equipment	76,140,000	69,080,000
Construction in progress	<u>4,211,000</u>	<u>4,760,000</u>
	265,260,000	250,065,000
Less: accumulated depreciation and amortization	<u>88,203,000</u>	<u>73,469,000</u>
Total property and equipment	<u>\$177,057,000</u>	<u>\$176,596,000</u>
	=====	=====

SANDS HOTEL & CASINO
 (A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
 (unaudited)

Note 8 - Prepaid Expenses and Other Current Assets

At March 31, 1989 and 1988, the line item Prepaid Expenses and Other Current Assets is comprised of the following:

	<u>1989</u>	<u>1988</u>
Prepaid advertising and promotions	\$ 405,000	\$ 652,000
Prepaid licenses and permits	187,000	215,000
Prepaid taxes	259,000	262,000
Miscellaneous prepaids	567,000	242,000
Prepaid air charters	69,000	198,000
Deposits	2,222,000	365,000
Prepaid insurance	153,000	190,000
Prepaid slot parts	-	238,000
Other	<u>111,000</u>	<u>1,030,000</u>
Total prepaid expenses and other current assets	\$ 3,973,000	\$ 3,392,000
	=====	=====

Note 9 - Investments, Advances, and Receivables

At March 31, 1989 and 1988, the line item Investments, Advances and Receivables is comprised of the following:

	<u>1989</u>	<u>1988</u>
CRDA Investments (net of allowance of \$4,444,000 and \$3,619,000 at March 31, 1989 and 1988 respectively)	\$ 15,202,000	\$ 10,467,000
Other items	<u>492,000</u>	<u>520,000</u>
Total Investments, Advances and Receivables	\$ 15,694,000	\$ 10,987,000
	=====	=====

SANDS HOTEL & CASINO
 (A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
 (unaudited)

Note 10 - Other Accrued Expenses

As of March 31, 1989 and 1988, the line item Other Accrued Expenses is comprised of the following:

	<u>1989</u>	<u>1988</u>	
Accrued salaries and wages	\$ 881,000	\$ 1,613,000	
Accrued vacation	1,200,000	1,200,000	
Other accrued expenses	1,429,000	533,000	
Accrued interest on debt	1,468,000	1,468,000	
Accrued progressive slot machine jackpot	3,364,000	3,140,000	
Accrued C.C.C. inspection fees	146,000	224,000	
Accrued D.G.E. inspection fees	168,000	139,000	
Accrued casino license fees	243,000	195,000	
Accrued insurance	1,751,000	1,335,000	\$ 1,171,000
F.I.C.A. payable	205,000	146,000	20,000
NJ Sales Tax	199,000	164,000	
S.U.I payable	753,000	791,000	4,127,000
Gaming revenue tax	364,000	246,000	753,000
Other	<u>711,000</u>	<u>591,000</u>	400,000
 Total other accrued expenses	 \$ <u>12,882,000</u> =====	 \$ <u>11,785,000</u> =====	 \$ 8,958,000 =====

Note 11 - Other Current Liabilities

As of March 31, 1989 and 1988, the line item Other Current Liabilities was comprised of the following:

	<u>1989</u>	<u>1988</u>
Unredeemed gaming chips liability	\$ 332,000	\$ 434,000
Unredeemed token liability	192,000	149,000
Casino customer deposits	292,000	565,000
Unclaimed wages	180,000	168,000
Advance deposits	94,000	131,000
CRDA	624,000	550,000
Retainage on Construction	7,000	213,000
Due to affiliates	2,999,000	682,000
Deferred trade out liability	53,000	62,000
Red Carpet Slot liability	316,000	503,000
Other	<u>183,000</u>	<u>150,000</u>
 Total Other Current Liabilities	 \$ <u>5,272,000</u> =====	 \$ <u>3,607,000</u> =====

SCHEDULE OF
SANDS HOTEL & CASINO
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)
Notes to Financial Statements
(unaudited)

Note 12 - Promotional Allowances and Expenses

A summary of Promotional Allowances and Expenses incurred during the three month period ended March 31, 1989 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Dollar Amount</u>
Rooms	21,941	\$ 640,000		
Food	129,970	1,419,000		
Beverage	357,831	2,148,000		
Travel			4,515	\$ 1,171,000
Theatre	6,187	174,000		
Parking	12,427	99,000	2,494	20,000
Bus Tour Coupon				
Exchange Coin			221,836	4,127,000
Food Court - Other			107,286	763,000
Red Carpet Certificates			40,563	400,000
Other	9,662	<u>77,000</u>	15,870	<u>478,000</u>
Total Promotional Allowances and Expenses		\$ 4,557,000 =====		\$ 6,959,000 =====

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	6,087	-	-
2	Returned patrons' checks	14,296	-	-
3	Total patrons' checks	20,383	\$ 11,416	\$ 8,967
4	Hotel Receivables	651	79	572
	Other Receivables:			
5	Receivables due from officers and employees.....	-	-	-
6	Receivables due from affiliates	943	-	-
7	Other accounts and notes receivables	15,984	-	-
8	Total other receivables	16,927	-	16,927
9	Totals (Form 205).....	\$ 37,961	\$ 11,495	\$ 26,466

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,053
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	46,547
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)	(33,947)
13	Checks collected through deposits	(12,178)
14	Checks transferred to returned checks	(1,388)
15	Other adjustments	
16	Ending Balance	\$ 6,087
17	"Hold" Checks Included In Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 408
19	Provision As A Percent Of Counter Checks Issued .....	.88


STATEMENT OF CONFORMITY AND ACCURACY

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

John R. Rauen, 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.

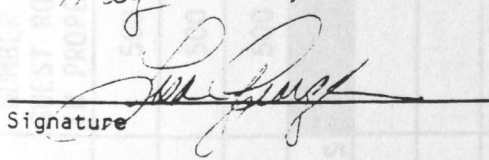


Signature
 John R. Rauen
Vice President, Finance
 Title

866-11
 License Number

Subscribed and sworn to
 before me this 15th day
 of May, 1989

On Behalf Of:



Signature

Greate Bay Hotel & Casino, Inc.
 Casino Licensee

LISA GEORGE
NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires **SEPT. 12, 1990**

Basis of Authority
 to Take Oaths

TRADING NAME OF LICENSEE: SARGO HOTEL AND CASINO
 HOTEL STATISTICS

MONTH	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	PERCENTAGE OCCUPIED	REVENUE	PER ROOM	PER ROOM PER DAY	PER ROOM PER MONTH	PER ROOM PER YEAR
JANUARY	15,500	11,618	\$ 6.39	75.0%	\$ 74,000	\$ 6.39	\$ 191.73	\$ 5,751.90	\$ 68,997.15
FEBRUARY	14,000	11,933	\$ 6.39	85.2%	\$ 76,000	\$ 6.39	\$ 191.73	\$ 5,751.90	\$ 68,997.15
MARCH	16,500	13,953	\$ 6.37	84.5%	\$ 88,000	\$ 6.37	\$ 190.80	\$ 5,724.00	\$ 68,688.00
1ST QUARTER TOTALS	46,000	37,504	\$ 6.39	81.7%	\$ 238,000	\$ 6.39	\$ 191.24	\$ 5,737.80	\$ 68,782.30
APRIL									
MAY									
JUNE									
2ND QUARTER TOTALS									
JULY									
AUGUST									
3RD QUARTER TOTALS									
SEPTEMBER									
OCTOBER									
NOVEMBER									
DECEMBER									
4TH QUARTER TOTALS									
ANNUAL TOTALS									

TRADING NAME OF LICENSEE

SANDS HOTEL AND CASINO

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	500	15,500	11,618	\$ 61.89	75.0 %	21,127	\$ 34.03
FEBRUARY	500	14,000	11,933	\$ 67.83	85.2 %	22,346	\$ 36.22
MARCH	500	15,500	13,953	\$ 68.37	90.0 %	26,257	\$ 36.33
1ST QUARTER TOTALS		45,000	37,504	\$ 66.19	83.3 %	69,730	\$ 35.60
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING NAME OF LICENSEE Marina's Marina Hotel Casino

QUARTERLY REPORT

FOR THE QUARTER ENDED March 31 1989

974.901

C193.1

NEW JERSEY STATE LIBRARY
PROPERTY OF
MAY 23 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE MARINA ASSOCIATES

ADDRESS 1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

RONALD A. LENCZYCKI

OFFICIAL TITLE

EXECUTIVE VP AND GENERAL MANAGER

ADDRESS

1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE

STATE OF MISSISSIPPI

BALANCE SHEETS

TRADING NAME OF LICENSEE

Harrah's Marina Hotel Casino

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 19 89

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
Statement of Conformity and Accuracy	CCC-250

The accompanying notes are an integral part of the financial statements. Value adjustments should be made without using information contained in the notes.

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
	Current Assets:		
1	Cash	\$ 8,457	\$ 6,834
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 4,587 ; 19 88, \$ 6,148)	10,379	9,263
4	Inventories	2,067	2,256
5	Prepaid expenses and other current assets .....(Note 10).....	1,498	4,884
6	Total current assets	22,401	23,237
7	Investments, Advances, And Receivables .....(Note 4).....	245,350	155,067
8	Property And Equipment - Net .....(Note 2).....	221,612	220,401
9	Other Assets	3,189	7,271
10	Total Assets	\$ 492,552	\$ 405,976
LIABILITIES AND EQUITY			
	Current Liabilities:		
11	Accounts payable	\$ 1,939	\$ 1,943
12	Notes payable	-0-	-0-
13	Current portion of long-term debt:		
14	Due to affiliates .....(Note 3).....	-0-	-0-
15	Other	5	5
16	Income taxes payable and accrued .....(Note 8).....	3,379	3,884
17	Other accrued expenses	17,930	12,296
18	Other current liabilities	494	392
	Total current liabilities	23,747	18,520
19	Long-Term Debt:		
20	Due to affiliates .....(Note 3).....	-0-	-0-
21	Other	2	7
22	Deferred Credits .....(Note 9).....	-0-	-0-
23	Other Liabilities .....(Notes 5&6).....	25,969	19,262
24	Commitments And Contingencies		
	Total Liabilities	49,718	37,789
25	Stockholders', Partners', Or Proprietor's Equity	442,834	368,187
26	Total Liabilities And Equity	\$ 492,552	\$ 405,976

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 Marina Hotel Casino

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED March 31, 19 89 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
Revenue:			
1	Casino	\$ 69,488	\$ 64,019
2	Rooms	4,607	4,649
3	Food and beverage	10,412	10,252
4	Other	2,052	1,250
5	Total revenue	86,559	80,170
6	Less: Promotional allowances (Note 7)	9,516	9,149
7	Net revenue	77,043	71,021
Costs And Expenses:			
8	Cost of goods and services	42,408	38,461
9	Selling, general, and administrative	12,488	12,146
10	Provision for doubtful accounts	479	581
11	Depreciation and amortization	3,276	3,323
Charges from affiliates other than interest:			
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	58,651	54,511
15	Income (Loss) From Operations	18,392	16,510
Other Income (Expenses):			
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	-0-	(1)
18	Investment alternative tax and related income (expense) - net.....	1	1
19	Nonoperating income (expense) - net	376	239
20	Total other income (expenses).....	377	239
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	18,769	16,749
22	Provision (credit) for income taxes (Note 11)	1,688	1,498
23	Income (Loss) Before Extraordinary Items	17,081	15,251
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-0-	-0-
25	Net Income (Loss)	\$ 17,081	\$ 15,251

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED March 31, 19 89 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	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
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	390,897	318,080
6	Prior period adjustments	-	-0-
7	Net income (loss)	17,081	15,251
8	.....	-	-0-
9	Ending balance	407,978	333,331
	Capital Withdrawals:		
10	Beginning balance (January 1)	(106,738)	(106,738)
11	Additional capital withdrawals	(-0-)	(-0-)
12	.....	-0-	-0-
13	Ending balance	(106,738)	(106,738)
	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	\$ 442,834	\$ 368,187

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 19,664	\$ 20,697
	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.....	(6,933)	(1,677)
5	Proceeds from disposition of property and equipment.....	1	17
6	Purchase of casino reinvestment obligations.....	(2,174)	(747)
7	Purchase of other investments and loans/advances made.....	(16,947)	(21,845)
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	<u>Accrued Interest - CRDA Bonds</u>	263	121
11	<u>Reduction of Long-Term Receivables</u>	5	5
12	Net Cash Provided (Used) By Investing Activities.....	(25,785)	(24,126)
	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.....	-0-	-0-
16	Costs of issuing debt.....	-0-	-0-
17	Payments to settle long-term debt.....	(1)	(1)
18	Cash proceeds from issuing stock or capital contributions.....	-0-	-0-
19	Purchases of treasury stock.....	-0-	-0-
20	Payments of dividends or capital withdrawals.....	-0-	-0-
21	.....	-0-	-0-
22	.....	-0-	-0-
23	Net Cash Provided (Used) By Financing Activities.....	(1)	(1)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(6,122)	(3,430)
25	Cash And Cash Equivalents At Beginning Of Period	14,579	10,264
26	Cash And Cash Equivalents At End Of Period.....	\$ 8,457	\$ 6,834

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ -0-	\$ 1
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 17,081	\$ 15,251
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	3,097	3,152
31	Amortization of other assets.....	179	171
32	Amortization of debt discount or premium.....	-0-	-0-
33	Deferred income taxes - current.....	-0-	-0-
34	Deferred income taxes - noncurrent.....	-0-	-0-
35	(Gain) loss on disposition of property and equipment.....	11	(3)
36	(Gain) loss on casino reinvestment obligations.....	(1)	(1)
37	(Gain) loss from other investment activities.....	-0-	-0-
38	Net (increase) decrease in receivables and patrons' checks.....	(179)	702
39	Net (increase) decrease in inventories.....	116	136
40	Net (increase) decrease in other current assets.....	(468)	961
41	Net (increase) decrease in other assets.....	(91)	23
42	Net increase (decrease) in accounts payables.....	(1,551)	(534)
43	Net increase (decrease) in other current liabilities excluding debt.....	377	534
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,093	305
45	.....	-0-	-0-
46	.....	-0-	-0-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 19,664	\$ 20,697

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
	Additions to property and equipment.....	\$ 6,933	\$ 1,677
49	Less: Capital lease obligations incurred.....	-0-	-0-
50	Cash Outflows For Property And Equipment.....	\$ 6,933	\$ 1,677
	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-	-0-
59	Consideration in acquisition of business entities.....	-0-	-0-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -0-	\$ -0-

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies:

Organization -

Marina Associates (The Company), doing business as Harrah's Marina Hotel Casino, operates as a general partnership. On July 31, 1983, the partnership redeemed the capital contribution and paid previously undistributed earnings attributable to a limited partner and the form of organization was changed from a limited to a general partnership. As a result, Holiday Inns, Inc., through its subsidiaries, became 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.

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 taxes, since any income or losses allocated to the partners are reportable 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.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 2: Property and Equipment:

Property and equipment consist of the following:

	MARCH 31	
	1989	(000's) 1988
Land and land improvements	\$ 26,404	\$ 29,031
Buildings, leaseholds and improvements	197,644	190,706
Furniture, fixtures and equipment	56,472	52,263
Construction in progress	<u>7,033</u>	<u>2,529</u>
	\$287,553	\$274,529
Less accumulated depreciation	<u>(65,941)</u>	<u>(54,128)</u>
Property and equipment, net	<u>\$221,612</u>	<u>\$220,401</u>

NOTE 3: Long-Term Debt:

Marina Associates has a lease on certain warehouse equipment dated June 18, 1985. This 60 month residual lease in the amount of \$41,021 is payable in monthly installments from July 1985 through June 1990.

Long-term debt consists of the following:

	MARCH 31	
	1989	(000's) 1988
Capital lease obligation	\$ 7	\$ 12
Obligation due within one year	<u>(5)</u>	<u>(5)</u>
	<u>\$ 2</u>	<u>\$ 7</u>

The future minimum lease payments as of March 31, 1989, were as follows:

1989	\$ 5
1990	<u>3</u>
Total minimum lease payments	\$ 8
Amounts representing interest	<u>(1)</u>
Total obligations under capital leases	7
Obligations Due within one year	<u>(5)</u>
Long-term obligations under capital leases	<u>\$ 2</u>

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Investments, Advances and Receivables

	MARCH 31	
	1989	(000's) 1988
Notes Receivable	\$ 2,436	\$ 2,455
Investment in CRDA Bonds - Net of Valuation Adj.	2,109	2,107
Reinvestment Obligation Deposits	19,368	14,543
Due from Affiliates	<u>221,437</u>	<u>135,962</u>
	<u>\$245,350</u>	<u>\$155,067</u>

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at March 31, 1989 and 1988.

	MARCH 31	
	1989	(000's) 1988
Harrah's New Jersey, Inc.	\$ 18,972	\$ 18,972
Harrah's Lake Tahoe	159	121
Holiday Corporation	199,392	116,733
Embassy Suites, Inc.	2,627	-0-
Holiday Inns, Inc.	160	-0-
Holiday Casino, Inc.	-0-	37
Harrah's Del Rio	125	96
Bill's Casino	<u>2</u>	<u>3</u>
Total Due from Affiliates	<u>\$221,437</u>	<u>\$135,962</u>

NOTE 5: Commitments and Contingencies:

Leases - The Company has several operating leases relating to a storage warehouse, parking areas, computer equipment, transportation equipment and shoreline land. These leases have various expiration dates through 2003. Rental expenses for the years ended March 31, 1989, and March 31, 1988, were approximately \$610,267 and \$568,864 respectively.

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

			(000's)
1990	\$ 1,824,696		\$ -0-
1991	1,098,079		-0-
1992	550,398		-0-
1993	120,000		1,120
Thereafter	<u>1,200,000</u>		-0-
	<u>\$ 4,793,173</u>		

* Other comps are mainly comprised of tips, flowers, gift shop comps, phone calls, cigars, Harbour Holiday packages, and service charges for room service. For financial recording and reporting purposes, such complimentary are combined in one expense account.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 6: Investment Obligation:

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 equivalent 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 qualified investments or by the purchase of bonds at below market rates from the newly created Casino Reinvestment Development Authority. In addition, commencing with obligations incurred after 1983, payments of a casino licensee's obligation must be made quarterly.

The Company has filed a petition with the Casino Reinvestment Development Authority and has received final approval for a direct investment project in Atlantic City. This project will be eligible for credit in satisfaction of the investment obligation, and the Company will not be required to continue purchasing bonds or pay the investment alternative tax. Accordingly, no liability has been recorded in the financial statements for this obligation.

NOTE 7: Promotional Allowances:

Promotional allowances for the three months ended March 31, 1989, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF</u> <u>RECIPIENTS</u> (000's)	<u>DOLLAR</u> <u>AMOUNT</u> (000's)	<u>NUMBER OF</u> <u>RECIPIENTS</u> (000's)	<u>DOLLAR</u> <u>AMOUNT</u> (000's)
Rooms	30	\$ 2,540	-0-	\$ -0-
Food	467	4,670	-0-	-0-
Beverage	717	1,792	-0-	-0-
Travel	-0-	-0-	12	1,120
Theatre	26	514	-0-	-0-
Coupon Redemption of Cash & Tokens	-0-	-0-	173	2,167
Rooms Off-Premises	-0-	-0-	N/A	7
Other	-0-	-0-	36	209
	<u>1,240</u>	<u>\$ 9,516</u>	<u>221</u>	<u>\$3,503</u>

* Other comps are mainly comprised of tips, flowers, gift shop comps, phone calls, cigars, Harbour Holiday packages, and service charges for room service. For financial recording and reporting purposes, such complimentaries are combined in one expense account.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 8: Other Accrued Expenses:

Other accrued expenses consist of the following:

	MARCH 31	
	1989	(000's) 1988
Accrued salaries and wages	\$ 7,525	\$ 6,178
Taxes payable	666	551
Other accrued expenses	7,082	4,282
Accrued progressive slot liability	2,118	800
Accrued CCC/DGE/Casino License fees	539	485
	<u>\$17,930</u>	<u>\$12,296</u>

NOTE 9: Other Liabilities:

Other liabilities consist of the following:

	MARCH 31	
	1989	(000's) 1988
Long Term due to Affiliates	\$25,088	\$18,857
Other Liabilities	881	405
	<u>\$25,969</u>	<u>\$19,262</u>

Due to Affiliates consist of the following unsecured, non-interest bearing inter-company amounts.

	MARCH 31	
	1989	(000's) 1988
Due to Affiliates -		
Harrah's Services, Inc.	\$ 19	\$ 19
Holiday Inns - Hotel Group	5,423	4,456
Harrah's Holdings, Inc.	840	497
Harrah's Atlantic City, Inc.	18,485	13,619
Harrah's Reno	24	19
Harrah's Holiday Inns of NJ, Inc.	297	247
	<u>\$25,088</u>	<u>\$18,857</u>

NOTE 10: Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	MARCH 31	
	1989	(000's) 1988
Prepaid Property Tax	\$ 214	\$ 2,675
Prepaid Insurance	263	336
Prepaid Other	1,021	701
Other Current Assets	-0-	1,172
	<u>\$ 1,498</u>	<u>\$ 4,884</u>

HARRAH'S MARINA HOTEL CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 12: Provision for State Income Taxes:

The Company, in accordance with regulations prescribed by the New Jersey Casino Control Act, has provided for New Jersey State tax at the statutory rate (9%).

NOTE 13: Savings and Retirement 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 three months ended March 31, 1989, was \$708,475.

UNDEPOSITED PATRONS' CHECKS AS OF

DESCRIPTION

DESCRIPTION	AMOUNT
Beginning Balance (January 1)	\$ 745
Counter checks issued (excluding counter checks issued on high bracket bets resulting to consolidations, partial redemptions, substitutions, and patron's own deposits)	46,742
Checks returned prior to deposit (including the uncollected amount of counter checks redeemed through partial redemptions, and including checks returned through transactions relating to consolidations, substitutions, and patron's own deposits)	30,370
Checks collected through deposits	15,402
Checks transferred to returned checks	7,283
Other adjustments	1,912
Ending Balance	\$ 49,714
Checks included in Balance on Line 16	49,714
Provision for Uncollectible Patrons' Checks	1,100
Balance As A Percent Of Counter Checks Issued	1.0

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE	DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE-
(a)	(b)	(c)	(d)	(e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks	4,992		
2	Returned patrons' checks	7,033		
3	Total patrons' checks	12,025	\$ 4,552	\$ 7,473
4	Hotel Receivables	1,388	35	1,353
	Other Receivables:			
5	Receivables due from officers and employees.....	41		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	1,512		
8	Total other receivables	1,553	-0-	1,553
9	Totals (Form 205).....	\$ 14,966	\$ 4,587	\$ 10,379

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE	DESCRIPTION	AMOUNT
(f)	(g)	(h)
10	Beginning Balance (January 1)	\$ 5,745
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	46,544
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)	(30,370)
13	Checks collected through deposits	(14,402)
14	Checks transferred to returned checks	(2,525)
15	Other adjustments	
16	Ending Balance	\$ 4,992
17	"Hold" Checks Included In Balance On Line 16	\$ -0-
18	Provision For Uncollectible Patrons' Checks	\$ 479
19	Provision As A Percent Of Counter Checks Issued	1.0 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Ronald A. Lenczycki, being duly sworn according to law upon my oath
 Name

deposes and says:

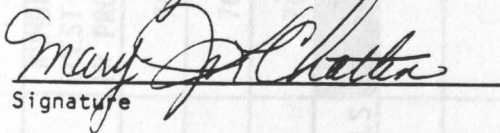
1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge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


 Signature

Executive VP and General Manager
 Title

04469-11
 License Number

Subscribed and sworn to
 before me this 15th day
 of May, 1989


 Signature

On Behalf Of:

Marina Associates
 Casino Licensee

MARTIN L. QUINNEN
 NOTARY PUBLIC
 STATE OF NEW JERSEY
 My Comm. Expires Dec. 23, 1989

Basis of Authority
 to Take Oaths

DRAFT

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	760	23,560	18,670	\$ 79.18	79.2 %	35,730	\$ 41.37
FEBRUARY	760	21,280	19,391	\$ 75.46	91.1 %	36,590	\$ 39.99
MARCH	760	23,560	21,677	\$ 76.71	92.0 %	40,178	\$ 41.39
1ST QUARTER TOTALS		68,400	59,738	\$ 77.08	87.3 %	112,498	\$ 40.93
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

QUARTERLY REPORT

974-901

C193-1

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

ADDRESS Brighton Avenue and the Boardwalk
Atlantic City, NJ 08401-6390

Balance Sheets

Statements of Income (Year-to-Date)

Statements of Income (Three Months)

FOR THE QUARTER ENDED March 31, 1989

Statements of Change in Partnerships
or Proprietor's Equity

Statements of Cash Flows

Notes to Financial Statements

Schedule of Receivables

Statement of Conformity and Accuracy

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NEW JERSEY PROPERTY
MAY 23 1989
185 W. STATE ST.
TRENTON, N.J.



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

Lester Brzozowski

OFFICIAL TITLE

Vice President of Finance

ADDRESS

Brighton Avenue & the Boardwalk

Atlantic City, NJ 08401-6390

BALANCE SHEETS

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 1989

LINE (A)	TITLE	FORM NO.
	Current Assets:	
1	Cash	
2	Marketable securities	
3	Receivables and accounts - 19 89	
4	Prepaid expenses and other current assets	
5	Balance Sheets	CCC-205
6	Statements of Income (Year-to-Date)	CCC-210
7	Statements of Income (Three Months)	CCC-215
8	Statements of Changes in Stockholders' Equity	CCC-220
9	Statements of Changes in Partners' or Proprietor's Equity	CCC-225
10	Statements of Cash Flows	CCC-235
11	Notes to Financial Statements	
12	Schedule of Receivables and Patrons' Checks	CCC-240
13	Statement of Conformity and Accuracy	CCC-250
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BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88 Restated 10/4/88
ASSETS			
Current Assets:			
1	Cash	\$ 16,199	\$ 16,289
2	Marketable securities	6,199	6,289
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 8,531 ; 19 88, \$ 9,710)	-0-	-0-
4	Inventories	14,058	11,907
5	Prepaid expenses and other current assets	2,060 3,566	1,351 3,287
6	Total current assets	25,883	22,834
7	Investments, Advances, And Receivables ... (Note III-1), (Note II-7)	24,136	35,070
8	Property And Equipment - Net	252,444	179,111
9	Other Assets	7,233	1,483
10	Total Assets	\$ 309,696	\$ 238,498
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 3,553	\$ 1,886
12	Notes payable	-0-	-0-
Current portion of long-term debt:			
13	Due to affiliates	-0-	-0-
14	Other	14,988	7,656
15	Income taxes payable and accrued	(2,170)	(132)
16	Other accrued expenses	15,872	11,462
17	Other current liabilities	2,819	8,368
18	Total current liabilities	35,062	29,240
Long-Term Debt:			
19	Due to affiliates	-0-	-0-
20	Other	107,178	52,718
21	Deferred Credits	2,097	944
22	Other Liabilities	41,492	23,447
23	Commitments And Contingencies (Note II-4)		
24	Total Liabilities	185,829	106,349
25	Stockholders', Partners', Or Proprietor's Equity	123,867	132,149
26	Total Liabilities And Equity	\$ 309,696	\$ 238,498

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

STATEMENTS OF INCOME

FOR THE three MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 59,810	\$ 49,628
2	Rooms	5,408	2,637
3	Food and beverage	10,064	5,761
4	Other	2,398	1,363
5	Total revenue	77,680	59,389
6	Less: Promotional allowances (Note II-5)	8,245	4,769
7	Net revenue	69,435	54,620
	Costs And Expenses:		
8	Cost of goods and services (Note II-7)	40,960	28,790
9	Selling, general, and administrative (Note II-6, II-7)	21,884	16,489
10	Provision for doubtful accounts	890	701
11	Depreciation and amortization	5,321	2,863
	Charges from affiliates other than interest:		
12	Management fees (Note II-7)	192	108
13	Other (Note II-7)	12,418	11,233
14	Total costs and expenses	81,665	60,184
15	Income (Loss) From Operations	(12,230)	(5,564)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note II-8)	-0-	-0-
17	Interest (expense) - external	(3,790)	(48)
18	Investment alternative tax and related income (expense) - net (Note II-4)	(233)	(193)
19	Nonoperating income (expense) - net (Note III-5)	4,574	4,396
20	Total other income (expenses)	551	4,155
21	Income (Loss) Before Income Taxes And Extraordinary Items	(11,679)	(1,409)
22	Provision (credit) for income taxes (Note II-9)	(4,783)	(663)
23	Income (Loss) Before Extraordinary Items	(6,896)	(746)
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ -0- ; 19 <u>88</u> , \$ -0-)	-0-	-0-
25	Net Income (Loss)	\$ (6,896)	\$ (746)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE Three MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(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)	70,609	78,902	70,609	78,902
6	Sale of stock				
7	.....			
8	Ending Balance	70,609	78,902	70,609	78,902
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		29,565		29,565
10	.....			
11	.....			
12	Ending balance		29,565		29,565
	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)		22,295		24,427
26	Prior period adjustments				
27	Net income (loss)		(6,896)		(746)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		15,399		23,681
32	Ending Stockholders' Equity		\$ 123,867		\$ 132,149

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 PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE three MONTHS ENDED March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(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	()	()
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.

NOT APPLICABLE

STATEMENTS OF CASH FLOWS

FOR THE three MONTHS ENDED March 31, 1989 and 1988
(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988 Restated 10/04/88
1	Net Cash Provided (Used) By Operating Activities.....	\$ (6,989)	\$ (1,042)
	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.....	(5,061)	(24,290)
5	Proceeds from disposition of property and equipment.....	5	-0-
6	Purchase of casino reinvestment obligations.....	(740)	(612)
7	Purchase of other investments and loans/advances made.....	(1,086)	(735)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	8,187	3,228
9	Cash outflows to acquire business entities.....		
10	.....	
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	1,305	(22,409)
	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.....	10,234	22,873
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(2,235)	(1,753)
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.....	7,999	21,120
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	2,315	(2,331)
25	Cash And Cash Equivalents At Beginning Of Period	3,884	8,620
26	Cash And Cash Equivalents At End Of Period.....	\$ 6,199	\$ 6,289

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 2,915	\$ 216
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.

STATEMENTS OF CASH FLOWS

FOR THE three MONTHS ENDED March 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 1988 Restated 10/04/88
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (6,896)	\$ (746)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	4,625	2,786
31	Amortization of other assets.....	696	77
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	(425)	606
35	(Gain) loss on disposition of property and equipment....	15	-0-
36	(Gain) loss on casino reinvestment obligations.....	233	193
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	266	(999)
39	Net (increase) decrease in inventories.....	70	221
40	Net (increase) decrease in other current assets.....	511	(483)
41	Net (increase) decrease in other assets.....	(418)	115
42	Net increase (decrease) in accounts payables.....	(421)	1,285
43	Net increase (decrease) in other current liabilities excluding debt.....	(7,008)	(5,163)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,763	1,066
45	.....	
46	.....	
47	Net Cash Provided (Used) By Operating Activities.....	\$ (6,989)	\$ (1,042)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ (5,476)	\$ (24,925)
49	Less: Capital lease obligations incurred.....	(415)	(635)
50	Cash Outflows For Property And Equipment.....	\$ (5,061)	\$ (24,290)
	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.....	\$	\$

NOTE 2. LONG-TERM DEBT

At March 31, 1989 and 1988, long-term debt consisted of:

ADAMAR OF NEW JERSEY, INC.
DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 1989 AND 1988

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 31, 1988.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1988 Annual Report should be read in conjunction with these financial statements.

II. SIGNIFICANT INFORMATION

NOTE 1. PROPERTY AND EQUIPMENT

At March 31, 1989 and 1988, the components of property and equipment consisted of:

	<u>1989</u>	<u>1988</u>
Land	\$ 35,707,000	\$ 35,707,000
Building, furniture and fixtures	264,431,000	80,903,000
Less accumulated depreciation	(52,409,000)	(40,164,000)
Construction in progress	<u>4,715,000</u>	<u>102,665,000</u>
Total Property and Equipment	<u>\$252,444,000</u>	<u>\$179,111,000</u>

NOTE 2. LONG-TERM DEBT

At March 31, 1989 and 1988, long-term debt consisted of:

	<u>1989</u>	<u>1988</u>
Note payable; prime minus 1%, matures 2009	\$ 439,000	\$ 466,000
Mortgage payable; 10%, matures 1994	319,000	325,000
Mortgage payable; 11%, matured 1988	-0-	180,000
Construction and term loan payable; various interest rate options ranging from prime plus 3/4% to LIBOR plus 1 3/4%, matures 1994	108,727,000	41,773,000
Obligations under capital leases	<u>12,681,000</u>	<u>17,630,000</u>
	122,166,000	60,374,000
Less current portion	<u>(14,988,000)</u>	<u>(7,656,000)</u>
Long-term portion	<u>\$107,178,000</u>	<u>\$ 52,718,000</u>

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:

1989	\$ 14,340,000
1990	10,141,000
1991	17,331,000
1992	20,771,000
1993	20,103,000
Thereafter	<u>39,480,000</u>
TOTAL	<u>\$122,166,000</u>

NOTE 3. DEFERRED CREDITS

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

NOTE 4. 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 an annual basis until 1989 when it becomes renewable biennially thereafter. The Commission voted to renew the license on October 27, 1988 effective November 26, 1988. Management has received no indication that future renewals will not be granted.

The Company has entered into an agreement providing for the lease of land across from TropWorld to an unrelated party. As part of the agreement, the lessee has constructed a parking structure on that site and has charge of the parking operation for the term of the lease. The Company is committed to pay the lessee an amount, if any, to assure that over the ninety-five year term of the lease, the parking structure has gross revenues of at least (i) \$1,600,000 (adjusted, after the tenth year, for changes in the Consumer Price Index) between September 15th of each year and May 15th of the next year and (ii) \$2,000,000 (increased each year by \$100,000 and calculated cumulatively) between May 16th and September 14th of each year.

The New Jersey Casino Control Act imposes an annual tax on gross revenue (as defined) in the amount of eight percent. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenues for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that same amount; in the event the investment requirement is not met, the casino licensee is subject to a tax on gross casino revenues in the amount of two and one-half percent. 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, as defined, and published by a national bond index at the time of the CRDA bond issuance. Adamar's reinvestment obligation for March 31, 1989 and 1988, respectively was \$740,000 and \$612,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of \$233,000 and \$193,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on March 31, 1989 and 1988, respectively.

	Number of Units	Dollar Amount	Number of Units	Dollar Amount
Motor Vehicles				\$7,716
Total				\$7,716

Due to affiliates as reflected in the following table. The identity of the affiliates and corresponding amounts are:

	1988	1989
Due to Ramada, Inc.	\$ 74,000	\$ 40,000
Due to Atlantic-Deerfield, Inc.	21,000	171,000
Due to Tropicana West	20,000	27,000
Due to Ramada, New Jersey, Inc.	1,000	112,000
	\$116,000	\$350,000

Advances to affiliates are reflected in the following table. The identity of the affiliates and corresponding amounts are:

	1988	1989
Advances to Ramada, Inc.		\$10,371,000

For the three months ended March 31, 1989 and 1988, the Company incurred management fees from Ramada, Inc. of \$1,000,000 and \$1,000,000, respectively.

NOTE 5. COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the three months ended March 31, 1989 are:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	26,579	\$ 2,326,000	83	\$ 3,000
Food	367,938	3,605,000	22,416	219,000
Beverage	1,209,789	1,599,000	-0-	-0-
Travel	-0-	-0-	2,224	778,000
Tivoli Pier/ Showroom/Boxing	38,767	220,000	6,732	135,000
Coin Payouts	-0-	-0-	652,944	7,845,000
Other	49,340	495,000	25,878	259,000
Total	1,692,413	\$ 8,245,000	710,277	\$ 9,239,000

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the three months ending March 31, 1989 are:

	<u>PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES</u>		<u>OTHER PAYOUTS</u>	
	<u>Number of Payouts</u>	<u>Dollar Amount</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	-0-	\$ -0-	2	\$ 47,716
Total	-0-	\$ -0-	2	\$ 47,716

NOTE 7. Due to affiliates is reflected in Other Liabilities. The identity of the affiliates and corresponding balances are:

	<u>1989</u>	<u>1988</u>
Due to Ramada, Inc.	\$ 706,000	\$ -0-
Due to Atlantic-Deauville, Inc.	22,191,000	9,171,000
Due to Tropicana West	195,000	47,000
Due to Ramada, New Jersey, Inc.	2,527,000	1,832,000
Total	\$25,619,000	\$11,050,000

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliates and corresponding balances are:

	<u>1989</u>	<u>1988</u>
Advances to Ramada Inc.	\$ -0-	\$14,171,000

For the three months ended March 31, 1989 and 1988 the Company incurred management fees from Ramada Inc. of \$192,000 and \$108,000, respectively.

The nature of "Charges from affiliates - other" for the three months ended March 31, 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
Basic rent - AGP	\$12,244,000	\$ 11,059,000
Rent	<u>174,000</u>	<u>174,000</u>
Total	<u>\$12,418,000</u>	<u>\$ 11,233,000</u>

For the three months ended March 31, 1989 and 1988 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:

	<u>1989</u>	<u>1988</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive Deferred Compensation Plan	\$ 1,000	\$ 2,000
Total	<u>\$ 1,000</u>	<u>\$ 2,000</u>

	<u>1989</u>	<u>1988</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance (1)	\$ 683,000	\$ 237,000
Executive Deferred Compensation Plan	14,000	20,000
Miscellaneous Purchases	-0-	10,000
Legal & Professional Fees	97,000	3,000
Executive Employee Relocation	<u>3,000</u>	<u>-0-</u>
	<u>797,000</u>	<u>270,000</u>
Total	<u>\$ 798,000</u>	<u>\$ 272,000</u>

- (1) Insurance amounts include various premiums for the property and contents and claim settlements.

NOTE 8. INTEREST

Interest expenses of \$3,790,000 and \$48,000 in the first three months of 1989 and 1988, respectively, is comprised of interest on capital leases, notes and mortgages.

	<u>1989</u>	<u>1988</u>
Gross Interest Expense	\$ 3,790,000	\$ 1,805,000
Less Capitalized Interest	-0-	(1,960,000)
Capitalized Interest Allocated to Ramada	<u>-0-</u>	<u>203,000</u>
	<u>\$ 3,790,000</u>	<u>\$ 48,000</u>

NOTE 9. INCOME TAXES/BENEFITS

The provision/(benefit) for income taxes from continuing operations is comprised of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll taxes and benefits	\$ 4,378,000	\$ 5,327,000
Accrued advertising	948,000	948,000
State Deferred	355,000	-
Federal Deferred	\$ 57,000	\$ 104,000
Total Deferred	<u>(482,000)</u>	<u>502,000</u>
State Current	-	-
Federal Current	(1,134,000)	(235,000)
Total Current	<u>(3,224,000)</u>	<u>(1,034,000)</u>
TOTAL	<u><u>\$ (4,783,000)</u></u>	<u><u>\$ (663,000)</u></u>

The following table provides a reconciliation between the provision/(benefits) for income taxes on continuing operations and the federal statutory rate (1989-34%, 1988-40%) when both are expressed as a percentage of pretax income/(loss):

	<u>1989</u>	<u>1988</u>
Reinvestment Obligation	\$ 741,000	\$ 20,000
Computed expected tax expense	34.0%	40.0%
Increase in tax resulting from:		
State taxes, net	6.1%	5.6%
Permanent tax difference	<u>0.9%</u>	<u>1.6%</u>
Total	<u><u>41.0%</u></u>	<u><u>47.1%</u></u>

For income tax purposes, Adamar is included in Ramada's consolidated corporate Federal income tax return.

III. SUPPORTING SCHEDULES FOR MATERIAL ITEMS

NOTE 1. INVESTMENTS, ADVANCES, & RECEIVABLES

At March 31, 1989 and 1988, Investments, Advances, and Receivables consisted of the following:

	<u>1989</u>	<u>1988</u>
Due from affiliates	\$ -0-	\$14,171,000
CRDA investment	9,691,000	7,597,000
Mortgage receivable	14,265,000	9,225,000
Long-term investment	-0-	3,997,000
Long-term note receivable	<u>180,000</u>	<u>80,000</u>
Total	<u><u>\$24,136,000</u></u>	<u><u>\$35,070,000</u></u>

NOTE 2. OTHER ACCRUED EXPENSES

At March 31, 1989 and 1988, Other accrued expenses consisted of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll taxes and benefits	\$ 6,378,000	\$ 5,327,000
Accrued advertising	945,000	988,000
Accrued rent	395,000	237,000
Accrued taxes	888,000	371,000
Accrued progressive slot win	3,506,000	1,700,000
Accrued CCC & DGE	516,000	356,000
Accrued miscellaneous	1,314,000	984,000
Other	<u>1,930,000</u>	<u>1,499,000</u>
Total	<u>\$ 15,872,000</u>	<u>\$ 11,462,000</u>

NOTE 3. OTHER CURRENT LIABILITIES

At March 31, 1989 and 1988, Other current liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Reinvestment Obligation	\$ 741,000	\$ 620,000
Accrued construction payables	484,000	6,819,000
Other	<u>1,594,000</u>	<u>929,000</u>
Total	<u>\$ 2,819,000</u>	<u>\$ 8,368,000</u>

NOTE 4. OTHER LIABILITIES

At March 31, 1989 and 1988, Other liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Due to affiliates	\$ 25,619,000	\$ 11,050,000
Deferred rent	<u>15,873,000</u>	<u>12,397,000</u>
TOTAL	<u>\$ 41,492,000</u>	<u>\$ 23,447,000</u>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

NOTE 5. NON-OPERATING INCOME/(EXPENSE)

March 31, 19 89

For the period ending March 31, 1989 and 1988, Non-operating income/(expense) consisted of the following:

(\$ IN THOUSANDS)

LINE	DESCRIPTION	1989	1988	
1	Interest income	\$ 730,000	\$ 588,000	
	Administrative fee	25,000	25,000	
	Leased land rental	1,385,000	1,385,000	
	Maintenance reimbursement	2,444,000	2,398,000	
	Loss on disposition	(10,000)	-0-	
	Total	\$ 4,574,000	\$ 4,396,000	
2	Total patrons' checks			\$ 3,632
3	Total Receivables	1,396	1,141	3,262
4	Other Receivables:			
5	Receivables due from officers and employees	50		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	2,184		
8	Total other receivables	2,184		2,184
9	Totals (Form 705)	22,509	18,511	\$ 24,048

LINE	DESCRIPTION	AMOUNT
10	Beginning Balance (January 1)	5,429
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	44,620
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)	37,272
13	Checks collected through deposits	1,200
14	Checks transferred to returned checks	1,200
15	Other adjustments	
16	Ending Balance	4,977
17	"Held" Checks Included in Balance On Line 16	
18	Provision For Uncollectible Patrons' Checks	
19	Provision As A Percent Of Counter Checks Issued	

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	\$ 4,892	
2	Returned patrons' checks	13,137	
3	Total patrons' checks	18,029	\$ (8,397)
4	Hotel Receivables	2,396	(134)
Other Receivables:			
5	Receivables due from officers and employees.....	38	
6	Receivables due from affiliates	-0-	
7	Other accounts and notes receivables	2,126	
8	Total other receivables	2,164	
9	Totals (Form 205).....	\$ 22,589	\$ (8,531)
			\$ 14,058

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,429
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	44,620
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)	(32,577)
13	Checks collected through deposits	(10,183)
14	Checks transferred to returned checks	(2,397)
15	Other adjustments	-0-
16	Ending Balance	\$ 4,892
17	"Hold" Checks Included In Balance On Line 16	\$ -0-
18	Provision For Uncollectible Patrons' Checks	\$ 812
19	Provision As A Percent Of Counter Checks Issued	1.8

STATEMENT OF CONFORMITY AND ACCURACY

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

Lester Brzozowski, 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.

Lester Brzozowski
Signature

Vice-President/Finance
Title

03032-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 15th day
of May, 1989

Dolores Duffor
Signature

TropWorld Casino and Entertainment Resor
Casino Licensee

DOLORIS DUFFOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 12/31/1993

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

DRAFT

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 19 89

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

DRAFT

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,014	28,392	20,450	\$ 72.72	72.0 %	38,790	\$ 38.34
FEBRUARY	1,014	35,490	30,031	\$ 70.16	84.6 %	60,231	\$ 34.98
MARCH	1,014	28,392	25,462	\$ 71.85	89.7 %	50,958	\$ 35.90
1ST QUARTER TOTALS		92,274	75,943	\$ 71.41	82.3 %	149,979	\$ 36.16
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

974.901
C193
PROPERTY OF
NEW JERSEY STATE LIBRARY
MAY 23 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE TRUMP'S CASTLE ASSOCIATES
ADDRESS Huron Avenue & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Thomas P. Venier

OFFICIAL TITLE

Vice President Finance

ADDRESS

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1989

(a)	(b)	(c) 19 89	(d) 19 88
ASSETS			
1	Current Assets:		
2	Cash	17,452	37,818
3	Marketable securities		
4	Receivables and other assets' checks (net of allowance for doubtful)		
5	Balance Sheets	FORM NO.	
6	Statements of Income (Year-to-Date)	CCC-205	9,896
7	Statements of Income (Three Months)	CCC-210	2,795
8	Statements of Changes in Stockholders' Equity	CCC-215	31,602
9	Statements of Changes in Partners' or Proprietor's Equity	CCC-220	3,492
10	Statements of Cash Flows	CCC-225	299,818
11	Notes to Financial Statements	CCC-235	13,850
12	Schedule of Receivables and Patrons' Checks	CCC-240	1,368,002
13	Statement of Conformity and Accuracy	CCC-250	
14	Other		
15	Income taxes payable and accrued		
16	Other accrued expenses		
17	Other current liabilities		
18	Total current liabilities		
19	Long-Term Debt:		
20	Due to affiliates	305,222	304,270
21	Other	21,080	334
22	Deferred Credits	190	441
23	Other Liabilities	19	24
24	Contingencies And Contingencies		
25	Total Liabilities	375,352	340,282
26	Stockholders', Partners', Or Proprietor's Equity	26,742	27,720
27	Total Liabilities And Equity	\$ 402,094	\$ 368,002

BALANCE SHEETS

MARCH 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	ASSETS		
	Current Assets:		
1	Cash	\$ 17,452	\$ 37,618
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 1,603 ; 19 <u>88</u> , \$ 2,422)	15,249	9,896
4	Inventories	2,851	2,796
5	Prepaid expenses and other current assets	2,837	1,292
6	Total current assets	38,389	51,602
7	Investments, Advances, And Receivables	5,555	3,492
8	Property And Equipment - Net	345,695	299,858
9	Other Assets	12,455	13,050
10	Total Assets	\$ 402,094	\$ 368,002
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 13,586	\$ 6,314
12	Notes payable	0	0
	Current portion of long-term debt:		
13	Due to affiliates	0	0
14	Other	0	0
15	Income taxes payable and accrued	0	0
16	Other accrued expenses	21,505	21,611
17	Other current liabilities	10,750	7,288
18	Total current liabilities	45,841	35,213
	Long-Term Debt:		
19	Due to affiliates	306,222	304,270
20	Other	23,080	334
21	Deferred Credits	190	441
22	Other Liabilities	19	24
23	Commitments And Contingencies		
24	Total Liabilities	375,352	340,282
25	Stockholders', Partners', Or Proprietor's Equity	26,742	27,720
26	Total Liabilities And Equity	\$ 402,094	\$ 368,002

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

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED MARCH 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 59,515	\$ 60,118
2	Rooms	4,253	4,238
3	Food and beverage	9,499	9,506
4	Other	2,050	1,720
5	Total revenue	75,317	75,582
6	Less: Promotional allowances (NOTE 12)	9,357	8,857
7	Net revenue	65,960	66,725
	Costs And Expenses:		
8	Cost of goods and services	34,952	34,602
9	Selling, general, and administrative	18,575	18,896
10	Provision for doubtful accounts	566	526
11	Depreciation and amortization	4,171	6,111
	Charges from affiliates other than interest:		
12	Management fees	0	0
13	Other	0	0
14	Total costs and expenses	58,264	60,135
15	Income (Loss) From Operations	7,696	6,590
	Other Income (Expenses):		
16	Interest (expense) - affiliates (NOTE 3)	(10,484)	(10,434)
17	Interest (expense) - external	0	0
18	Investment alternative tax and related income (expense) - net (NOTE 10)	(241)	(242)
19	Nonoperating income (expense) - net (NOTE 9)	482	612
20	Total other income (expenses).....	(10,243)	(10,064)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(2,547)	(3,474)
22	Provision (credit) for income taxes (NOTE 1)	(255)	(348)
23	Income (Loss) Before Extraordinary Items	(2,292)	(3,126)
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	0	0
25	Net Income (Loss)	\$ (2,292)	\$ (3,126)

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 59,515	\$ 60,118
2	Rooms	4,253	4,238
3	Food and beverage	9,499	9,506
4	Other	2,050	1,720
5	Total revenue	75,317	75,582
6	Less: Promotional allowances .....(NOTE.12)	9,357	8,857
7	Net revenue	65,960	66,725
	Costs And Expenses:		
8	Cost of goods and services	34,952	34,602
9	Selling, general, and administrative	18,575	18,896
10	Provision for doubtful accounts	566	526
11	Depreciation and amortization	4,171	6,111
	Charges from affiliates other than interest:		
12	Management fees	0	0
13	Other	0	0
14	Total costs and expenses	58,264	60,135
15	Income (Loss) From Operations	7,696	6,590
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....(NOTE.3)	(10,484)	(10,434)
17	Interest (expense) - external	0	0
18	Investment alternative tax and related income (expense) - net.....(NOTE.10)	(241)	(242)
19	Nonoperating income (expense) - net .....(NOTE.9)	482	612
20	Total other income (expenses).....	(10,243)	(10,064)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(2,547)	(3,474)
22	Provision (credit) for income taxes .....(NOTE.1)	(255)	(348)
23	Income (Loss) Before Extraordinary Items	(2,292)	(3,126)
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)	0	0
25	Net Income (Loss)	\$ (2,292)	\$ (3,126)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

NOT APPLICABLE
 FOR THE _____ MONTHS ENDED _____, 19 ____ AND 19 ____

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 ____		19 ____	
		(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.

STATEMENTS OF CASH FLOWS
 TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO
**STATEMENTS OF CHANGES IN PARTNERS'
 OR PROPRIETOR'S EQUITY**

FOR THE 3 MONTHS ENDED MARCH 31, 19 89 AND 19 88

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$ 66,196	\$ 66,196
2	Additional capital invested	0	0
3	.....	0	0
4	Ending balance	66,196	66,196
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	4,204	7,322
6	Prior period adjustments	0	0
7	Net income (loss)	(2,292)	(3,126)
8	.....	0	0
9	Ending balance	1,912	4,196
	Capital Withdrawals:		
10	Beginning balance (January 1)	(42,197)	(42,600)
11	Additional capital withdrawals	(0)	(72)
12	Repayment of Withdrawals	831	0
13	Ending balance	(41,366)	(42,672)
	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	\$ 26,742	\$ 27,720

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 1,892	\$ 13,864
	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.....	(9,340)	(7,042)
5	Proceeds from disposition of property and equipment.....	0	143
6	Purchase of casino reinvestment obligations.....	(743)	(747)
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.....	(10,083)	(7,646)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		0
14	Payments to settle short-term debt		0
15	Cash proceeds from issuance of long-term debt.....	5,099	334
16	Costs of issuing debt.....		0
17	Payments to settle long-term debt.....		
18	Cash proceeds from issuing stock or capital contributions.....	831	0
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		(72)
21	.....	
22	.....	
23	Net Cash Provided (Used) By Financing Activities.....	5,930	262
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(2,261)	6,480
25	Cash And Cash Equivalents At Beginning Of Period	19,713	31,138
26	Cash And Cash Equivalents At End Of Period.....	\$ 17,452	\$ 37,618

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 9,984	\$ 9,984
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.

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (2,292)	\$ (3,126)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	4,019	5,399
31	Amortization of other assets.....	152	712
32	Amortization of debt discount or premium.....	500	450
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	(255)	(348)
35	(Gain) loss on disposition of property and equipment.....	0	13
36	(Gain) loss on casino reinvestment obligations.....	241	242
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	(1,391)	1,621
39	Net (increase) decrease in inventories.....	187	146
40	Net (increase) decrease in other current assets.....	(537)	942
41	Net (increase) decrease in other assets.....	(56)	(366)
42	Net increase (decrease) in accounts payables.....	(9,052)	385
43	Net increase (decrease) in other current liabilities excluding debt.....	10,376	7,794
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	0	0
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 1,892	\$ 13,864

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 9,340	\$ 7,042
49	Less: Capital lease obligations incurred.....	0	0
50	Cash Outflows For Property And Equipment.....	\$ 9,340	\$ 7,042
	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.....	\$ 831	\$ 0
58	Less: Issuances to settle long-term debt.....	0	0
59	Consideration in acquisition of business entities.....	0	0
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ 831	\$ 0

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level consistent with the estimated losses for possible future losses. The allowance was \$1,503,000 through March 31, 1985.

TRUMP CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

Inventories:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was organized on May 24, 1985, as a New Jersey limited partnership. Donald J. Trump and Trump's Castle Hotel & Casino, Inc., a New Jersey corporation which is owned by Mr. Trump, are the general partners and Mr. Trump is the sole limited partner (the "Partners").

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. Accordingly, a provision for state income taxes has been reflected as a deferred credit at 10% in the accompanying financial statements. Deferred state income taxes result primarily from differences in the timing of reporting depreciation for tax and financial statement purposes.

Net Property and Equipment

\$354,391

54,533

\$299,858

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$1,603,000 through March 31, 1989.

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 year for buildings.

Pre-opening Expenses

All costs incurred prior to the opening of Trump Castle have been deferred. These pre-opening expenses have been charged to operations over a three year period using the straight-line method. As of June 30, 1988, all pre-opening costs (\$6,610,455) had been charged to operations.

Original Issuance Discount and Bond Issuance Costs:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

Costs associated with the issuance of the bonds are capitalized and amortized over the life of the bonds using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT: (In Thousands of Dollars)

Property and equipment as of March 31:

	<u>1989</u>	<u>1988</u>
Land	\$ 31,766	\$ 28,802
Buildings	236,728	237,120
Furniture, Fixtures and Equipment	68,323	65,980
Construction in Progress	70,652	14,792
Building Improvements	9,227	7,697
	-----	-----
TOTAL	\$416,696	\$354,391
Less Accumulated Depreciation	71,001	54,533
	-----	-----
Net Property and Equipment	\$345,695	\$299,858
	=====	=====

NOTE 3 - LONG TERM DEBT:

On June 27, 1985, Trump's Castle Funding ("The Company") issued its Series A-1 and Series A-2 First Mortgage Bonds (the "Bonds") for proceeds of \$300,000,000. The proceeds of the bonds were loaned by the Company to the Partnership under the terms which conform in all material respects with the terms of the Bonds, and were used by the Partnership to repay the interim bank financing.

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semiannually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines ratably each year to zero in the year of maturity. In addition, commencing in 1990, the Company will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of the Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

The Series A-2 Bonds in an aggregate principal amount of \$125,000,000 bear interest at a rate of 7% and were issued at a discount (net proceeds of \$73,200,000) at an effective interest rate of 13-3/4%. Interest will be payable semiannually and the principal will be due in full in 1999. These bonds will be redeemable at any time, subject to certain conditions, at the option of the Company, at 100% of the stated principal amount thereof.

The bonds are secured solely by an assignment to the Trustee of the Partnership's notes to the Company in the aggregate amount necessary to service bonds and by a first mortgage on Partnership, excluding cash which may be distributed as described below (regardless of whether such cash has been distributed) and are non-recourse to such distributable cash. The Partnership has issued a non-recourse, limited guaranty of the payment of the principal or premium, if any, and interest on the bonds. The bonds are non-recourse to the Partners of the Partnership and the shareholders of the Company and all other persons and entities (other than the Company and the Partnership). The bonds cannot be subordinated to any other future borrowings by the Partnership or the Company.

The bond indenture permits the quarterly distribution of available cash flow, as defined, to the Partners in excess of \$1,512,000. The Partnership must also maintain such cash flow in an aggregate amount of \$6,048,000 during each 12 month period ending June 30, 1986 through 1990. In addition, the bond indenture limits additional borrowings and liens, certain activities of the Partnership and the Company, and the consolidation, merger, and transfer of substantially all of the assets, among other provisions.

NOTE 4 - LINE OF CREDIT:

NOTE 5 - OTHER ASSETS - (Net):
(In Thousands of Dollars)

In February 1988, the Partnership obtained a line of credit from a bank for \$50,000,000. This line of credit is being used to finance an expansion of Trump Castle Hotel & Casino. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable beginning approximately three years from loan origination, and is based on a ten year payout with the balance due in 1998. Security for this loan is identical to that of the first mortgage bonds (Note 3). As of March 31, 1989, the Company had borrowed approximately \$23,080,000 against this line of credit for construction costs, legal fees, and other closing costs. Legal fees and closing costs are included in other assets and the borrowings are included in long term debt - other. As of March 31, 1989, Trump Castle has capitalized \$1,162,000 of interest associated with this borrowing.

NOTE 5 - OTHER ASSETS - (Net):
(In Thousands of Dollars)

Other Assets consist of:	<u>1989</u>	<u>1988</u>
Deferred Loan Cost	\$ 588	\$ 334
Pre-opening Expenses (Net)	---	466
Deferred Bond Costs (Net)	11,687	12,250
Other Non-Current Assets	180	---
	-----	-----
TOTAL OTHER ASSETS	\$12,455	\$13,050
	=====	=====

NOTE 6 - ACCOUNTS PAYABLE:
(In Thousands of Dollars)

	<u>1989</u>	<u>1988</u>
Accounts Payable Trade	\$ 4,263	\$1,048
Accounts Payable - Affiliates	2,916	---
Hilton Hotel Corporation	5,000	5,000
Advance Deposits - Marina	1,014	---
Other	393	266
	-----	-----
TOTAL ACCOUNTS PAYABLE	\$13,586	\$6,314
	=====	=====

NOTE 7 - OTHER ACCRUED EXPENSES:
(In Thousands of Dollars)

Other accrued expenses consist of:	<u>1989</u>	<u>1988</u>
Accrued Payroll	\$2,200	\$ 1,527
Accrued Interest	11,759	11,759
Accrued Advertising	1,018	824
Accrued Progressive Jackpots	1,265	2,570
Accrued Payroll Taxes	982	1,247
Accrued Sick/Vacation	3,511	3,182
Other	770	502
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	\$21,505	\$21,611
	=====	=====

NOTE 8 - OTHER CURRENT LIABILITIES:
(In Thousands of Dollars)

Other current liabilities consist of:	<u>1989</u>	<u>1988</u>
Due to Partners	\$---	\$---
Outstanding Chip Liability	1,284	645
Outstanding Token Liability	209	131
Patron Deposits	89	223
Accrued Utilities	447	255
Accrued Group Health insurance	1,198	748
Accrued Insurance	1,459	1,155
A/P Other	1,247	1,585
Accrued Legal	359	125
Accrued CCC/DGE	519	483
Construction Retainage	2,771	567
Accrued Inventories	425	624
Accrued CRDA	743	747
	-----	-----
TOTAL OTHER CURRENT LIABILITIES	\$10,750	\$7,288
	=====	=====

NOTE 9 - NON-OPERATING INCOME (EXPENSE) - NET:
(In Thousands of Dollars)

Non-operating income for quarter ended March 31, 1989:

	<u>Three Months</u>	
	<u>1989</u>	<u>1988</u>
G/L Equipment	\$---	\$ 13
Discount Earned	49	52
Interest Income	433	547
	-----	-----
TOTAL NON-OPERATING INCOME	\$ 482	\$ 612
	=====	=====

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

In May, 1988, the New Jersey Casino Control Commission ("CCC") issued the Partnership a license to operate Trump Castle. A license is not transferable, is issued for a term of one year, and must be acted upon by the CCC no later than 30 days prior to the expiration of the license then in force. The continued operations of the Partnership are subject to its retaining its operating license.

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.

At March 31, 1989, the financial statements reflect \$754,000 of below market interest rate bonds issued by the CRDA and \$7,651,000 of deposits towards the purchase of below market interest rate bonds. For the three months ended March 31, 1989 and 1988, the Partnership charged \$241,000 and \$242,000 respectively, to operations to give effect to the below market interest rates associated with the CRDA bonds. The net investment is included in other assets in the accompanying balance sheets.

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of March 31, 1989, the Partnership had made contributions totaling \$2,668,000.

NOTE 11 - 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 4% of the individual earnings. The Partnership recorded charges of approximately \$174,000 for matching contributions for the three months ended March 31, 1988.

The Partnership made payments to various trustee 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 plan's unfunded liability, if any, if the plans are terminated.

NOTE 12 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for the three months ended March 31, 1989, consisted of the following:

LINE	DESCRIPTION	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
		Number of Recipients	Amount	Number of Recipients	Amount
	Rooms	41,546	\$2,690,000	---	---
	Food	325,351	4,402,000	---	---
	Beverage	417,231	1,356,000	---	---
	Travel	2,711	310,000	5,510	1,181,000
	Cash Coupons	---	---	522,905	6,436,000
	Admissions	33,842	377,000	450	50,000
	Other	5,286	222,000	5,119	215,000
	TOTALS	825,967	\$9,357,000	533,984	\$7,822,000

LINE	DESCRIPTION	AMOUNT
10	Beginning Balance (January 1)	\$ 6,503
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	\$2,538
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)	(38,221)
13	Checks collected through deposits	(12,082)
14	Checks transferred to returned checks	(2,314)
15	Other adjustments	0
16	Ending Balance	\$ 6,424
17	Hold' Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 538
19	Provision As A Percent Of Counter Checks Issued	2.0

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1989

(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	\$ 6,424		
2	Returned patrons' checks	3,596		
3	Total patrons' checks	10,020	\$ 1,359	\$ 8,661
4	Hotel Receivables	2,801	244	2,557
	Other Receivables:			
5	Receivables due from officers and employees.....	146		
6	Receivables due from affiliates	1,464		
7	Other accounts and notes receivables	2,421		
8	Total other receivables	4,031	0	4,031
9	Totals (Form 205).....	\$ 16,852	\$ 1,603	\$ 15,249

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 6,503
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	52,538
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)	(38,221)
13	Checks collected through deposits	(12,082)
14	Checks transferred to returned checks	(2,314)
15	Other adjustments	0
16	Ending Balance	\$ 6,424
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 538
19	Provision As A Percent Of Counter Checks Issued	1.0 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Thomas P. Venier, 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.

Thomas P. Venier by Gregory Mick
 Signature

Thomas P. Venier
Vice President Finance
 Title

02762-11
 License Number

On Behalf Of:

Subscribed and sworn to
 before me this 11th day
 of May, 1989

Sharon J. Miller
 Signature

TRUMP'S CASTLE ASSOCIATES
 Casino Licensee

SHARON J. MILLER
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires **JUNE 18, 1991**

Basis of Authority
 to Take Oaths

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

77-157

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	607	18,817	14,882	\$ 92.84	79.1 %	27,529	\$ 50.19
FEBRUARY	607	16,996	14,780	\$ 90.06	87.0 %	28,527	\$ 46.66
MARCH	607	18,817	17,081	\$ 90.81	90.8 %	32,422	\$ 47.84
1ST QUARTER TOTALS		54,630	46,743	\$ 91.22	85.6 %	88,478	\$ 48.19
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

TRADING NAME OF LICENSEE TRUMP PLAZA ASSOCIATES
STATE OF NEW JERSEY
QUARTERLY REPORT

974-901
C193.1
PROPERTY OF
NEW JERSEY STATE LIBRARY
MAY 23 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE TRUMP PLAZA ASSOCIATES

ADDRESS Mississippi Avenue and the Boardwalk
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED March 31, 1989

STATEMENTS OF CHANGES IN PARTNERSHIP OR PROPRIETOR'S EQUITY
STATEMENTS OF CASH FLOW
NOTES TO FINANCIAL STATEMENTS
SCHEDULE OF RECEIPTS
STATEMENT OF CONFORMITY AND ACCURACY

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Lee C. Johnson

OFFICIAL TITLE

Vice President of Finance

ADDRESS

Mississippi Avenue and the Boardwalk

Atlantic City, New Jersey 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED March 31, 19 89

LINE NO.	TITLE	(a) 19 89	(b) 19 88	FORM NO.
1	Current Assets:			
2	Cash	32,217	17,926	
3	Marketable securities			
4	Receivables and checks (net of allowance for doubtful accounts - 19 89, \$ 12,091; 19 88, \$ 9,050)			
5	Prepaid expenses and other current assets			
6	Statements of Income (Year-to-Date)			CCC-205
7	Statements of Income (Three Months)			CCC-210
8	Statements of Changes in Stockholders' Equity			CCC-215
9	Statements of Changes in Partners' or Proprietor's Equity			CCC-220
10	Statements of Cash Flows			CCC-225
11	Notes to Financial Statements			CCC-235
12	Schedule of Receivables and Patrons' Checks			CCC-240
13	Statement of Conformity and Accuracy			CCC-250
14	Liabilities and Equity:			
15	Current Liabilities:			
16	Accounts payable			
17	Other current liabilities			
18	Total current liabilities			
19	Long-Term Debt:			
20	Due to affiliates			
21	Other			
22	Deferred Credits			
23	Other Liabilities			
24	Commitments And Contingencies			
25	Total Liabilities			
26	Stockholders', Partners', Or Proprietor's Equity			
27	Total Liabilities And Equity			

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

BALANCE SHEETS

March 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	\$ 22,217	\$ 17,926
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 12,091 ; 19 88, \$ 9,050)	12,603	12,690
4	Inventories	4,126	2,978
5	Prepaid expenses and other current assets ... (Note 2)	4,068	2,784
6	Total current assets	43,014	36,378
7	Investments, Advances, And Receivables (Note 3)	11,471	6,874
8	Property And Equipment - Net (Note 4)	313,079	288,974
9	Other Assets (Note 5)	40,032	41,927
10	Total Assets	\$407,596	\$ 374,153
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 5,705	\$ 6,133
12	Notes payable	30	-
13	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other	1,757	397
16	Income taxes payable and accrued	1,669	-
17	Other accrued expenses (Note 6)	24,604	25,571
18	Other current liabilities (Note 7)	13,355	6,153
	Total current liabilities	47,120	38,254
	Long-Term Debt:		
19	Due to affiliates (Note 8)	250,000	250,000
20	Other (Note 9)	26,886	26,935
21	Deferred Credits (Note 10)	5,936	3,617
22	Other Liabilities	-	-
23	Commitments And Contingencies (Note 14)	-	-
24	Total Liabilities	329,942	318,806
25	Stockholders', Partners', Or Proprietor's Equity	77,654	55,347
26	Total Liabilities And Equity	\$407,596	\$ 374,153

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

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino		
2	Rooms	\$ 73,720	\$ 65,249
3	Food and beverage	4,678	4,209
4	Other	10,988	9,813
5	Total revenue	2,334	4,874
6	Less: Promotional allowances ... (Note 11)	91,720	84,145
7	Net revenue	9,667	9,092
		82,053	75,053
	Costs And Expenses:		
8	Cost of goods and services		
9	Selling, general, and administrative	37,976	36,699
10	Provision for doubtful accounts	25,315	22,829
11	Depreciation and amortization	1,162	717
	Charges from affiliates other than interest:		
12	Management fees	3,905	3,457
13	Other	-	-
14	Total costs and expenses	344	194
15	Income (Loss) From Operations	68,702	63,896
		13,351	11,157
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 12)	(8,047)	(8,047)
17	Interest (expense) - external	(588)	(586)
18	Investment alternative tax and related income (expense) - net	(301)	(266)
19	Nonoperating income (expense) - net (Note 13)	498	238
20	Total other income (expenses)	(8,438)	(8,661)
21	Income (Loss) Before Income Taxes And Extraordinary Items	4,913	2,496
22	Provision (credit) for income taxes (Note 15)	473	226
23	Income (Loss) Before Extraordinary Items	4,440	2,270
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)	-	-
25	Net Income (Loss)	\$ 4,440	\$ 2,270

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 AND CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 3 MONTHS ENDED March 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE: (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$ 50,707	\$ 50,707
2	Additional capital invested	-	-
3	Ending balance	50,707	50,707
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	65,768	32,606
6	Prior period adjustments	-	-
7	Net income (loss)	4,440	2,270
8	Ending balance	70,208	34,876
	Capital Withdrawals:		
10	Beginning balance (January 1)	(49,180)	(33,175)
11	Additional capital withdrawals	5,919	2,939
12	Ending balance	(43,261)	(30,236)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	Ending balance	()	()
16	Ending Partners' Or Proprietor's Equity	\$ 77,654	\$ 55,347

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 1989 and 1988
(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 15,162	\$ 13,101
	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.....	(13,704)	(8,718)
5	Proceeds from disposition of property and equipment.....	26	
6	Purchase of casino reinvestment obligations.....	(902)	(805)
7	Purchase of other investments and loans/advances made.....	(2,202)	
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	116	190
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(16,666)	(9,333)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	
14	Payments to settle short-term debt.....	(308)	(228)
15	Cash proceeds from issuance of long-term debt.....	1,550	
16	Costs of issuing debt.....	-	
17	Payments to settle long-term debt.....	(206)	(116)
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....	5,919	2,939
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	6,955	2,595
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	5,451	6,363
25	Cash And Cash Equivalents At Beginning Of Period.....	16,766	11,563
26	Cash And Cash Equivalents At End Of Period.....	\$ 22,217	\$ 17,926

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:	
28	Interest (net of amount capitalized).....	\$ 582
	Income taxes.....	\$ 600

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

STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED March 31, 19 89 and 19 88

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 4,440	\$ 2,270
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	3,667	3,231
31	Amortization of other assets.....	238	226
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	54	226
35	(Gain) loss on disposition of property and equipment.....	63	15
36	(Gain) loss on casino reinvestment obligations.....	301	266
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	581	1,633
39	Net (increase) decrease in inventories.....	(134)	143
40	Net (increase) decrease in other current assets.....	(1,355)	1,150
41	Net (increase) decrease in other assets.....	997	(277)
42	Net increase (decrease) in accounts payables.....	1,196	(407)
43	Net increase (decrease) in other current liabilities excluding debt.....	5,114	4,625
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 15,162	\$ 13,101

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ (13,704)	\$ (8,718)
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ (13,704)	\$ (8,718)
	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.....	\$	\$

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates (formerly Harrah's Associates), (the Company), doing business as Trump Plaza Hotel and Casino, operates as a general partnership.

The accompanying financial statements include those of the Company. The 1988 financial statements include the accounts of Nagoya Holding Corp., a wholly-owned subsidiary of the Company that was dissolved during the fourth quarter of 1988 and its assets and liabilities combined with those of the Company. All significant intercompany balances and transactions have been eliminated.

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, 1988. The footnotes excluded are Summary of Significant Accounting Policies (except for Organization), Investment Obligation and Employee Benefit Plans.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Prepaid taxes	\$ 209,000	\$1,089,000
Prepaid insurance	413,000	329,000
Prepaid air transportation costs	576,000	378,000
Prepaid rent	184,000	228,000
Prepaid advertising costs	277,000	148,000
Prepaid special event costs	2,325,000	450,000
Other	84,000	162,000
	<u>\$4,068,000</u>	<u>\$2,784,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Advances due from -		
Trump's Castle Associates	\$ -	\$ 193,000
Seashore Four Associates	730,000	1,160,000
Trump Seashore Associates	1,448,000	-
The Trump Organization	-	76,000
Trump Taj Mahal Associates	1,268,000	-
Helicopter Air Services, Inc.	39,000	-
Boardwalk Properties, Inc.	1,000	-
Plaza Hotel, NYC	4,000	-
Trump Boardwalk Realty Corp.	2,000	1,000
Casino reinvestment escrow deposit and bonds, net valuation adjustment of \$3,985,000 (1989) and \$2,719,000 (1988)	7,979,000	5,444,000
	<u>\$11,471,000</u>	<u>\$6,874,000</u>

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land and land improvements	\$ 34,743,000	\$ 29,733,000
Buildings	273,539,000	242,117,000
Furniture, fixtures and equipment	50,279,000	46,904,000
Leasehold improvements	2,115,000	2,071,000
Construction in progress	5,765,000	10,023,000
	<u>366,441,000</u>	<u>330,848,000</u>
Less - Accumulated depreciation & amortization	(53,362,000)	(41,874,000)
Net property and equipment	<u>\$313,079,000</u>	<u>\$288,974,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 5: OTHER ASSETS

Other assets as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land rights, net	\$31,813,000	\$32,182,000
Deferred preopening costs, net	237,000	426,000
Debt issuance costs, net	6,865,000	7,243,000
Deposits	470,000	1,171,000
Other deferred charges	647,000	905,000
	<u>\$40,032,000</u>	<u>\$41,927,000</u>

NOTE 6: OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 6,822,000	\$ 6,034,000
Accrued progressive jackpot liabilities	3,433,000	3,215,000
Accrued interest	9,572,000	12,738,000
Accrued gaming taxes payable	423,000	789,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	1,141,000	792,000
Accrued utilities	432,000	226,000
Accrued union benefits	189,000	206,000
Accrued health insurance benefits	242,000	-
Accrued sales, use & luxury taxes	215,000	286,000
Accrued transportation costs	64,000	-
Accrued legal costs	378,000	40,000
Accrued Special Event Costs	858,000	538,000
Other	835,000	707,000
	<u>\$24,604,000</u>	<u>\$25,571,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 7: OTHER CURRENT LIABILITIES

Other current liabilities as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Unredeemed chip/token liability	\$ 1,206,000	\$ 646,000
Patron deposits	374,000	620,000
Casino reinvestment liability	899,000	805,000
Reserve for insurance claims	1,814,000	855,000
Due to partners	7,166,000	1,832,000
Advance room/theatre deposits	1,475,000	1,326,000
Advances due to Trump's Castle Associates	316,000	-
Other	105,000	69,000
	<u>\$13,355,000</u>	<u>\$6,153,000</u>

NOTE 8: LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
12-7/8% promissory note, interest payable semi-annually, sinking fund payments to retire \$25,000,000 principal amount annually commence June 15, 1991 and are calculated to retire 70% of the promissory note prior to maturity in 1998.	<u>\$250,000,000</u>	<u>\$250,000,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of March 31 consisted of the following:

	1989	1988
10% note payable, interest payable monthly, maturing in 1993 (A)	\$16,942,000	\$16,942,000
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 9.5% to 11%. The notes are due at various dates between 1989 and 1998 and are secured by certain real property.	11,470,000	10,268,000
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by television and automobile equipment.	231,000	122,000
	28,643,000	27,332,000
Less current maturities	1,757,000	397,000
	\$26,886,000	\$26,935,000

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 9: LONG-TERM DEBT - OTHER, continued

A. Interest on the note accrues at a rate of 10% per annum and is payable monthly. Payment of the original principal amounts are scheduled as follows:

- 5% due May 16, 1989
- 10% due May 16, 1990
- 15% due May 16, 1991
- 20% due May 16, 1992
- Balance due on maturity date - May 16, 1993

The aggregate maturities of long-term debt - other in each of the years subsequent to 1989 are:

1990	\$ 1,757,000
1991	3,611,000
1992	20,551,000
1993	309,000
1994	341,000
Thereafter	2,074,000
	<u>\$28,643,000</u>

NOTE 10: DEFERRED CREDITS

Deferred credits as of March 31, 1989 and 1988 consisted of deferred state income taxes.

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three ended March 31, 1989 consisted of the following:

NOTE 12: LEASE COMMITMENTS

The Company leases property (primarily land), certain parking spaces, and various equipment under operating leases. Rent expense was \$206,000 and \$1,145,000 for the three months ended March 31, 1989 and 1988, respectively, of which \$344,000 and \$200,000 relates to affiliates of the Company.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES Continued

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	18,731	\$2,913,000	780	\$ 62,000
Food	379,934	3,799,000	-	-
Beverage	884,355	2,432,000	-	-
Travel	-	-	18,566	2,785,000
Theatre	8,942	472,000	3,490	140,000
Coin Bonus	-	-	416,598	7,304,000
Tips	-	-	3,363	135,000
Other	1,870	51,000	12,185	305,000
TOTAL	<u>1,293,832</u>	<u>\$9,667,000</u>	<u>454,982</u>	<u>\$10,731,000</u>

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense) - affiliates for the three months March 31, 1989 and 1988 consisted of interest expense associated with the \$250,000,000 principal amount of 12-7/8% mortgage bonds issued by Trump Plaza Funding, Inc.

NOTE 13: NON-OPERATING INCOME (EXPENSE) - NET

Non-operating income (expense) - net for the three months ended March 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest income	\$561,000	\$253,000
Loss on disposal of property and equipment	(63,000)	(15,000)
	<u>\$498,000</u>	<u>\$238,000</u>

NOTE 14: LEASE COMMITMENTS

The Company leases property (primarily land), certain parking space, and various equipment under operating leases. Rent expense was \$986,000 and \$1,145,000 for the three months ended March 31, 1989 and 1988, respectively of which \$344,000 and \$194,000 relates to affiliates of the Company.

TRUMP PLAZA HOTEL AND CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

(in thousands)

NOTE 14: LEASE COMMITMENTS Continued

Future minimum lease payments under the noncancellable leases are as follows:

Year	Amount	Present Value	Present Value - 1%
1990	\$ 2,538,000		
1991	3,156,000		
1992	3,100,000	14,072	
1993	3,100,000		
1994	3,100,000		
Thereafter through 2078	514,521,000	11,911	9,991
Total	\$529,515,000	180	1,951

Included above are future lease payments under noncancellable leases with Seashore Four Associates and Trump Seashore Associates, affiliates of the Company which are as follows:

Year	Amount	Present Value	Present Value - 1%
1990	\$ 1,713,000		
1991	2,031,000		
1992	1,900,000	661	
1993	1,900,000		
1994	1,900,000		
Thereafter through 2078	426,739,000	12,091	12,603
Total	\$436,183,000		

Certain of the remaining leases contain options to purchase the leased properties at various prices and times throughout the lease terms. During 1988 Trump Seashore Associates exercised a \$10,000,000 option to purchase one of the leased properties. At March 31, 1989, the aggregate option prices for these leases were \$18,000,000.

NOTE 15: PROVISION FOR INCOME TAXES

Provision for income taxes for the three months ended March 31, 1989 and 1988, consisted of the following:

	1989	1988
State Income Taxes - Current	\$419,000	\$ -
- Deferred	54,000	226,000
Total	\$473,000	\$226,000

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 19 89

(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	\$ 7,830		
2	Returned patrons' checks	14,072		
3	Total patrons' checks	21,902	\$ 11,911	\$ 9,991
4	Hotel Receivables	2,131	180	1,951
	Other Receivables:			
5	Receivables due from officers and employees.....	46		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	615		
8	Total other receivables	661		661
9	Totals (Form 205).....	\$ 24,694	\$ 12,091	\$ 12,603

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,057
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	67,853
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)	(49,897)
13	Checks collected through deposits	(12,917)
14	Checks transferred to returned checks	(4,266)
15	Other adjustments	
16	Ending Balance	\$ 7,830
17	"Hold" Checks Included In Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 1,092
19	Provision As A Percent Of Counter Checks Issued	1.6 %

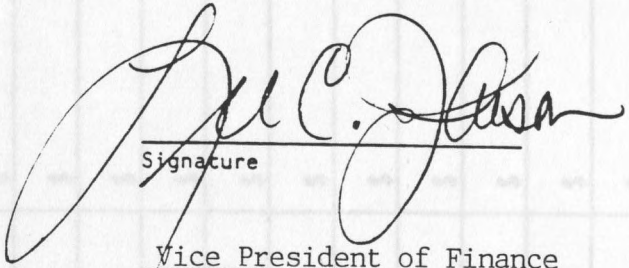
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF _____ :
 COUNTY OF _____ : ss.
 _____ :

LEE C. JOHNSON, 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.



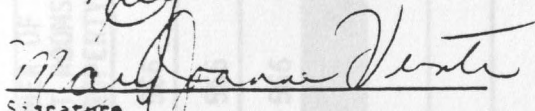
Signature

Vice President of Finance
 Title

02281-11
 License Number

On Behalf Of:

Subscribed and sworn to
 before me this 15th day
 of May, 1989



Signature
MARY JOANNE HUNTER
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires August 1, 1991

Trump Plaza Associates
 Casino Licensee

Basis of Authority
 to Take Oaths

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

HOTEL STATISTICS

FOR THE 3 MONTHS ENDED March 31, 1989

DRAFT

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	566	17,545	15,211	\$ 98.74	86.7 %	30,422	\$ 49.37
FEBRUARY	566	15,847	13,986	\$ 101.83	88.3 %	27,972	\$ 50.91
MARCH	566	17,546	15,863	\$ 110.72	90.4 %	31,726	\$ 55.36
1ST QUARTER TOTALS		50,938	45,060	\$ 103.92	88.5 %	90,120	\$ 51.96
APRIL				\$	%		\$
MAY				\$	%		\$
JUNE				\$	%		\$
2ND QUARTER TOTALS				\$	%		\$
JULY				\$	%		\$
AUGUST				\$	%		\$
SEPTEMBER				\$	%		\$
3RD QUARTER TOTALS				\$	%		\$
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$