QUARTERLY REPORT

LICENSEE ATLANTIC CITY SHOWBOAT, INC.

ADDRESS 801 BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED JUNE 30, **19** 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . MARK J. MILLER

OFFICIAL TITLE. . . . . VICE-PRESIDENT FINANCE

ADDRESS . . . . . 801 BOARDWALK
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

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FOR THE QUARTER ENDED JUNE 30, 19 89

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TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

BALANCE SHEETS

JUNE 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 19 89	(d) 19 88
	ASSETS			
	Current Assets:		$	$
1	Cash	note 1	32,076	20,299
2	Marketable securities		-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 2,715 ; 19 88, $ 1,304)	note 3	10,047	8,101
4	Inventories	note 1	2,715	2,870
5	Prepaid expenses and other current assets		3,616	3,735
6	Total current assets		48,454	35,005
7	Investments, Advances, And Receivables	note 2	19,209	12,187
8	Property And Equipment - Net	note 4	216,562	225,992
9	Other Assets		10,873	12,489
10	Total Assets		$ 295,098	$ 285,673
	LIABILITIES AND EQUITY			
	Current Liabilities:		$	$
11	Accounts payable		4,172	6,272
12	Notes payable		-0-	-0-
	Current portion of long-term debt:			
13	Due to affiliates		-0-	-0-
14	Other	note 8	2,584	2,250
15	Income taxes payable and accrued		-0-	-0-
16	Other accrued expenses	note 5	13,469	8,059
17	Other current liabilities	note 6	6,884	6,754
18	Total current liabilities		27,109	23,335
	Long-Term Debt:			
19	Due to affiliates	note 7	180,000	180,000
20	Other	note 8	13,664	16,272
21	Deferred Credits		35	55
22	Other Liabilities	note 2	30,692	15,696
23	Commitments And Contingencies	note 12		
24	Total Liabilities		251,500	235,358
25	Stockholders', Partners', Or Proprietor's Equity		43,598	50,315
26	Total Liabilities And Equity		$ 295,098	$ 285,673

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino ..... note 1	$ 125,005	$ 96,245
2	Rooms	7,395	6,983
3	Food and beverage	22,898	20,552
4	Other	2,427	2,818
5	Total revenue	157,725	126,598
6	Less: Promotional allowances ..... note 1 & 13	17,990	13,931
7	Net revenue	139,735	112,667
	Costs And Expenses:		
8	Cost of goods and services	83,644	74,766
9	Selling, general, and administrative	33,576	29,913
10	Provision for doubtful accounts	1,848	781
11	Depreciation and amortization ..... note 1	8,209	7,659
	Charges from affiliates other than interest:		
12	Management fees ..... note 2	7,803	6,249
13	Other	-0-	-0-
14	Total costs and expenses	135,080	119,368
15	Income (Loss) From Operations	4,655	(6,701)
	Other Income (Expenses):		
16	Interest (expense) - affiliates ..... note 1	(10,237)	(10,237)
17	Interest (expense) - external	(1,302)	(1,417)
18	Investment alternative tax and related income (expense) - net	(538)	(237)
19	Nonoperating income (expense) - net ..... note 10	1,269	769
20	Total other income (expenses)	(10,808)	(11,122)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(6,153)	(17,823)
22	Provision (credit) for income taxes ..... note 1 & 14	(1,990)	(5,118)
23	Income (Loss) Before Extraordinary Items	(4,163)	(12,705)
24	Extraordinary items (net of income taxes - 19 89 $ -0- ; 19 88 $ -0-) ..... note 1	-0-	282
25	Net Income (Loss)	$ (4,163)	$ (12,987)

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino ..... note...1.....	$ 65,376	$ 53,257
2	Rooms	4,014	3,880
3	Food and beverage	11,830	11,266
4	Other	1,263	1,332
5	Total revenue	82,483	69,735
6	Less: Promotional allowances ..... note...1..&..13	9,319	7,560
7	Net revenue	73,164	62,175
	Costs And Expenses:		
8	Cost of goods and services	42,504	40,085
9	Selling, general, and administrative	18,101	16,440
10	Provision for doubtful accounts	852	557
11	Depreciation and amortization ..... note...1.....	4,176	3,849
	Charges from affiliates other than interest:		
12	Management fees	4,080	3,441
13	Other	-0-	-0-
14	Total costs and expenses	69,713	64,372
15	Income (Loss) From Operations	3,451	(2,197)
	Other Income (Expenses):		
16	Interest (expense) - affiliates ..... note...1.....	(5,119)	(5,119)
17	Interest (expense) - external	(644)	(703)
18	Investment alternative tax and related income (expense) - net.....	(282)	(237)
19	Nonoperating income (expense) - net	612	306
20	Total other income (expenses).....	(5,433)	(5,753)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(1,982)	(7,950)
22	Provision (credit) for income taxes ..... note...1.....	(757)	(2,029)
23	Income (Loss) Before Extraordinary Items	(1,225)	(5,921)
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)	-0-	-0-
25	Net Income (Loss)	$ (1,225)	$ (5,921)

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 6 MONTHS ENDED JUNE 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (f) DOLLARS
	2500 AUTHORIZED SHARES				
	Common Stock:		$		$
1	Beginning balance (January 1)	1,500	76,909	1,500	76,909
2	Sale of stock				
3					
4	Ending balance	1,500	76,909	1,500	76,909
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)				
10					
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)		(29,148)		(13,607)
26	Prior period adjustments				
27	Net income (loss)		(4,163)		(12,987)
28	Dividends		( )		( )
29					
30					
31	Ending balance		(33,311)		(26,594)
32	Ending Stockholders' Equity		$ 43,598		$ 50,315

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 6 MONTHS ENDED JUNE 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

NOT APPLICABLE

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

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
1	Net Cash Provided (Used) By Operating Activities	$ 10,982	$ (2,919)
	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	(4,652)	(7,334)
5	Proceeds from disposition of property and equipment		3
6	Purchase of casino reinvestment obligations	(1,536)	(676)
7	Purchase of other investments and loans/advances made	(2,767)	(2,253)
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	(8,955)	(10,260)
	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	(1,160)	(1,044)
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	(1,160)	(1,044)
24	Net Increase (Decrease) In Cash And Cash Equivalents	867	(14,223)
25	Cash And Cash Equivalents At Beginning Of Period	31,209	34,522
26	Cash And Cash Equivalents At End Of Period	$ 32,076	$ 20,299

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 10,237	$ 10,237
28	Income taxes	$ (953)	$ 1,237

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

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TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ (4,163)	$ (12,987)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	8,209	7,659
31	Amortization of other assets		
32	Amortization of debt discount or premium		
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent	953	(1,237)
35	(Gain) loss on disposition of property and equipment		
36	(Gain) loss on casino reinvestment obligations	538	236
37	(Gain) loss from other investment activities		
38	Net (increase) decrease in receivables and patrons' checks	(123)	(2,375)
39	Net (increase) decrease in inventories	(314)	(11)
40	Net (increase) decrease in other current assets	(1,386)	(1,449)
41	Net (increase) decrease in other assets	(486)	(13)
42	Net increase (decrease) in accounts payables	(3,453)	(2,128)
43	Net increase (decrease) in other current liabilities excluding debt	3,141	2,872
44	Net increase (decrease) in other noncurrent liabilities excluding debt	7,793	6,239
45	AMORTIZATION OF BOND ISSUANCE COSTS ACCOUNTED FOR		
46	AS INTEREST EXPENSE	273	275
47	Net Cash Provided (Used) By Operating Activities	$ 10,982	$ (2,919)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 4,652	$ 7,334
49	Less: Capital lease obligations incurred	-0-	-0-
50	Cash Outflows For Property And Equipment	$ 4,652	$ 7,334
	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.
NOTES TO FINANCIAL STATEMENTS

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 $24,018,000 and $15,999,000 as of June 30, 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.

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.

Disclosure

In accordance with the Quarterly Report Instructions, we have not submitted quarterly updated information for the aggregate maturities of long term debt, future lease obligations and the reconciliation of the provision for income taxes to the statutory rate. There have been no significant changes to the information submitted in our December 31, 1988 Annual report.

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 six months ended June 30, 1989 and 1988, management fee expenses of $7,803,000 and $6,249,000 have been incurred, respectively. As of June 30,1989 and 1988, management fees of $30,692,000 and $15,696,000 have been accrued, respectively.

The investments, advances and receivables balances of $19,209,000 and $12,187,000 at June 30, 1989 and 1988, include $16,859,000 and $11,747,000 receivables from Showboat, Inc. related to federal income taxes relating to the management fee.

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

3. RECEIVABLES

Receivables consist of the following:

	June 30 1989	June 30 1988
Casino	$ 8,194,000	$ 5,091,000
Hotel	1,035,000	1,410,000
Income Tax Receivable	2,876,000	2,715,000
Other	657,000	189,000
	12,762,000	9,405,000
Less allowance for doubtful accounts	2,715,000	1,304,000
	$10,047,000	$ 8,101,000

4. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	June 30 1989	June 30 1988
Building and Improvements	$187,847,000	$187,739,000
Furniture, Fixtures & Equipment	38,585,000	32,990,000
Vehicles	757,000	704,000
Properties under capital lease:		
Building	2,050,000	2,050,000
Furniture, Fixtures & Equipment	19,488,000	19,488,000
Construction in Progress	2,974,000	1,895,000
	251,701,000	244,866,000
Less accumulated depreciation and amortization	35,139,000	18,874,000
	$216,562,000	$225,992,000

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

5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	June 30 1989	June 30 1988
Salaries and Wages	$ 3,707,000	$ 2,481,000
Progressive Slot Liability	1,559,000	1,285,000
Medical Claims-Employee	1,308,000	784,000
Taxes-Other	916,000	629,000
DGE/CCC Charges	836,000	575,000
Settlement Claims	804,000	360,000
Payroll Taxes	1,090,000	834,000
Legal Fees	295,000	159,000
Union Benefits	232,000	227,000
Advertising	1,413,000	483,000
Profit Sharing	600,000	150,000
Other	709,000	92,000
	$ 13,469,000	$ 8,059,000

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	June 30 1989	June 30 1988
Due to Affiliates - Interest	$ 5,972,000	$ 5,972,000
Other	912,000	782,000
	$ 6,884,000	$ 6,754,000

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

7. LONG-TERM DEBT, DUE TO AFFILIATES

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

	June 30 1989	June 30 1988
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%	$180,000,000	$180,000,000

8. LONG-TERM DEBT, OTHER

Long-term debt, other consist of the following:

	June 30 1989	June 30 1988
Capitalized lease obligations (Note 9)	$ 16,249,000	$ 18,522,000
Less current maturities	2,585,000	2,250,000
	$ 13,664,000	$ 16,272,000

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. In April 1989, the annual rent increased to $6,959,000. 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 $3,660,000 and $3,525,000 for the six months ended June 30, 1989 and 1988.

10. NON-OPERATING INCOME (EXPENSE)

For the six month period ended June 30, 1989 and 1988, Non-Operating Income (Expense) is:

	June 30 1989	June 30 1988
Interest Income on temporary Cash Investments	$ 1,269,000	$ 769,000
	$ 1,269,000	$ 769,000

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 $300,000 and $150,000 during the six months ended June 30, 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 June 30, 1989 is $3,612,000.

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 June 30, 1989 deposits and other assets includes $2,350,000 representing the Company's obligation to the CRDA of $3,612,000 net of the allowance for the interest rate differential of $1,262,000.

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

13. COMPLIMENTARIES

Promotional Allowances

	Six Months Ending June 30, 1989		Three Months Ending June 30, 1989	
	Recipients	Amount	Recipients	Amount
Rooms	34,524	$ 4,567,000	17,401	$2,341,000
Food	795,097	8,517,000	462,012	4,500,000
Beverage	1,928,740	4,527,000	947,717	2,256,000
Showroom	18,589	379,000	9,867	222,000
	2,776,950	$17,990,000	1,436,997	$9,319,000

Promotional Expenses

	Six Months Ending June 30, 1989		Three Months Ended June 30, 1989	
	Recipients	Amount	Recipients	Amount
Coin	1,194,279	$16,798,000	$688,279	$ 9,367,000
Travel	9,097	1,592,000	5,343	935,000
Other	123,086	1,077,000	61,029	534,000
	1,326,462	$19,467,000	754,651	$10,836,000

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.

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

14. INCOME TAXES

Income tax benefit consists of the following:

	June 30	
	1989	1988
Current	($3,015,000)	($3,565,000)
Deferred	1,025,000	(1,553,000)
	($1,990,000)	($5,118,000)
State Taxes	-0-	-0-
	($1,990,000)	($5,118,000)

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 5,254		
2	Returned patrons' checks	2,940		
3	Total patrons' checks	8,194	$ 2,548	$ 5,646
4	Hotel Receivables	1,035	167	868
	Other Receivables:			
5	Receivables due from officers and employees	258		
6	Receivables due from affiliates	15		
7	Other accounts and notes receivables	3,260		
8	Total other receivables	3,533		3,533
9	Totals (Form 205)	$ 12,762	$ 2,715	$ 10,047

LINE (f)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 5,628
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	87,351
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)	(66,743)
13	Checks collected through deposits	(17,232)
14	Checks transferred to returned checks	(3,750)
15	Other adjustments	-0-
16	Ending Balance	$ 5,254
17	"Hold" Checks Included In Balance On Line 16	$ -0-
18	Provision For Uncollectible Patrons' Checks	$ 1,814
19	Provision As A Percent Of Counter Checks Issued	2.0 %

STATEMENT OF CONFORMITY AND ACCURACY

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

MARK J. MILLER, 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

V.P. OF FINANCE
Title

3587-11
License Number

Subscribed and sworn to
before me this 15th day
of August, 1987

Brenda Sue Wallace
Signature

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

Basis of Authority
to Take Oaths

On Behalf Of:

ATLANTIC CITY SHOWBOAT, INC.
Casino Licensee

TRADING NAME OF LICENSEE SHOWBOAT HOTEL AND CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	516	15,480	12,482	$ 99.11	80.6 %	23,091	$ 53.57
MAY	516	15,938	12,911	$ 96.73	81.0 %	25,822	$ 48.37
JUNE	516	15,424	13,229	$ 99.14	85.8 %	26,457	$ 49.57
2ND QUARTER TOTALS		46,842	38,622	$ 98.33	82.5 %	75,370	$ 50.39
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE GNOC, CORP. (BALLY'S GRAND)

ADDRESS P.O. BOX 1737 BOSTON & PACIFIC AVE.
ATLANTIC CITY, N.J. 08401

FOR THE QUARTER ENDED JUNE 30, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

OFFICIAL TITLE. . . . . VICE PRESIDENT FINANCE & ADMINISTRATION

ADDRESS . . . . . P.O. BOX 1737 BOSTON & PACIFIC AVE.
ATLANTIC CITY, N.J. 08401

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

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 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

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

BALANCE SHEETS

JUNE 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash	$ 5,724	$ 4,357
2	Marketable securities NOTE 3	1,575	3,650
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, $ 15,235 ; 1988, $ 14,691)	5,538	6,446
4	Inventories	2,937	2,951
5	Prepaid expenses and other current assets NOTE 4	7,534	3,271
6	Total current assets	23,308	20,675
7	Investments, Advances, And Receivables NOTE 5	13,835	12,659
8	Property And Equipment - Net NOTE 6	258,416	257,479
9	Other Assets NOTE 7	113,214	117,037
10	Total Assets	$ 408,773	$407,850
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	$ 2,257	$ 1,247
12	Notes payable	5,500	-
13	Current portion of long-term debt:		
	Due to affiliates	-	-
14	Other	-	-
15	Income taxes payable and accrued		
16	Other accrued expenses NOTE 8	1,191	1,100
17	Other current liabilities NOTE 9	21,117	28,681*
18	Total current liabilities	2,273	4,444*
		32,338	35,472*
	Long-Term Debt:		
19	Due to affiliates NOTE 10		
20	Other	300,030	301,185
21	Deferred Credits NOTE 11	-	-
22	Other Liabilities NOTE 12	5,709	941
23	Commitments And Contingencies NOTE 18	31,906	30,567*
24	Total Liabilities	369,983	368,165
25	Stockholders', Partners', Or Proprietor's Equity NOTE 13	38,790	39,685
26	Total Liabilities And Equity	$ 408,773	$ 407,850

*Restated to conform to 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 GNOC, CORP. (BALLY'S GRAND)

STATEMENTS OF INCOME

FOR THE 6 MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 104,163	$ 107,542
2	Rooms	8,080	7,504
3	Food and beverage	12,868	13,969
4	Other	4,320	4,132
5	Total revenue	129,431	133,147
6	Less: Promotional allowances NOTE 14	14,394	15,217
7	Net revenue	115,037	117,930
	Costs And Expenses:		
8	Cost of goods and services	48,183	48,133
9	Selling, general, and administrative	38,918	36,985
10	Provision for doubtful accounts	457	1,187
11	Depreciation and amortization	8,518	7,333
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other NOTE 15	2,191	6,876
14	Total costs and expenses	98,267	100,514
15	Income (Loss) From Operations	16,770	17,416
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 15	(18,585)	(19,809)
17	Interest (expense) - external	(17)	24
18	Investment alternative tax and related income (expense) - net	(644)	(779)
19	Nonoperating income (expense) - net NOTE 16	1,203	1,553
20	Total other income (expenses)	(18,043)	(19,011)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(1,273)	(1,595)
22	Provision (credit) for income taxes NOTE 17	267	69
23	Income (Loss) Before Extraordinary Items	(1,540)	(1,664)
24	Extraordinary items (net of income taxes - 19 89, $ - ; 19 88, $ -)	-	-
25	Net Income (Loss)	$ (1,540)	$ (1,664)

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 INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 54,515	$ 55,101
2	Rooms	4,463	4,244
3	Food and beverage	6,908	7,301
4	Other	2,512	2,328
5	Total revenue	68,398	68,974
6	Less: Promotional allowances NOTE 14	7,584	7,911
7	Net revenue	60,814	61,063
	Costs And Expenses:		
8	Cost of goods and services	24,560	24,179
9	Selling, general, and administrative	19,807	17,660
10	Provision for doubtful accounts	240	610
11	Depreciation and amortization	4,287	4,078
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other	1,058	3,373
14	Total costs and expenses	49,952	49,900
15	Income (Loss) From Operations	10,862	11,163
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(9,292)	(9,904)
17	Interest (expense) - external	24	24
18	Investment alternative tax and related income (expense) - net	(340)	(393)
19	Nonoperating income (expense) - net	693	822
20	Total other income (expenses)	(8,915)	(9,457)
21	Income (Loss) Before Income Taxes And Extraordinary Items	1,947	1,706
22	Provision (credit) for income taxes	1,167	1,008
23	Income (Loss) Before Extraordinary Items	780	698
24	Extraordinary items (net of income taxes - 19 89, $ - ; 19 88, $ -)	-	-
25	Net Income (Loss)	$ 780	$ 698

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 STOCKHOLDERS' EQUITY

FOR THE 6 MONTHS ENDED JUNE 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (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)		(1,540)		(1,664)
28	Dividends		( )		( )
29					
30					
31	Ending balance		3,048		3,943
32	Ending Stockholders' Equity		$ 38,790		$ 39,685

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 6 MONTHS ENDED JUNE 30, 1989 AND 1988

(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.

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

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 1988

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$ (4,506)	$ 4,022
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	-	(3,150)
3	Proceeds from the sale of short-term investment securities	6,175	-
4	Purchase outflows for property and equipment	(8,813)	(3,723)
5	Proceeds from disposition of property and equipment	-	-
6	Purchase of casino reinvestment obligations	(1,288)	(1,558)
7	Purchase of other investments and loans/advances made	-	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables	-	529
9	Cash outflows to acquire business entities	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities	(3,926)	(7,902)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	5,500	-
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		-	-
22		-	-
23	Net Cash Provided (Used) By Financing Activities	5,500	-
24	Net Increase (Decrease) In Cash And Cash Equivalents	(2,932)	(3,880)
25	Cash And Cash Equivalents At Beginning Of Period	8,656	8,237
26	Cash And Cash Equivalents At End Of Period	$ 5,724	$ 4,357

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 19,809	$ 19,809
28	Income taxes	$ 103	$ 524

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 CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 1988

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ (1,540)	$ (1,664)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	7,078	6,065
31	Amortization of other assets	1,440	1,268
32	Amortization of debt discount or premium	(577)	(577)
33	Deferred income taxes - current	-	-
34	Deferred income taxes - noncurrent	304	(2,180)*
35	(Gain) loss on disposition of property and equipment	-	-
36	(Gain) loss on casino reinvestment obligations	644	779
37	(Gain) loss from other investment activities	-	5,490
38	Net (increase) decrease in receivables and patrons' checks	(300)	3,785
39	Net (increase) decrease in inventories	(300)	(896)
40	Net (increase) decrease in other current assets	(1,787)	1,027 *
41	Net (increase) decrease in other assets	52	-
42	Net increase (decrease) in accounts payables	(1,761)	(1,596)
43	Net increase (decrease) in other current liabilities excluding debt	(8,078)	(117)*
44	Net increase (decrease) in other noncurrent liabilities excluding debt	319	389 *
45	Decrease in GNI receivable	-	105 *
46	Purchase price adjustment	-	(7,856)
47	Net Cash Provided (Used) By Operating Activities	$ (4,506)	$ 4,022

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 8,813	$ 3,723
49	Less: Capital lease obligations incurred	-	
50	Cash Outflows For Property And Equipment	$ 8,813	$ 3,723
	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	$	$

*Restated to conform to 1989 presentation

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 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 June 30, 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 June 30 consisted of the following:

	1989	1988
Prepaid state gaming taxes and licenses	$ 970,000	$1,104,000
Prepaid operating expenses	635,000	641,000
Prepaid entertainment costs	235,000	287,000
Prepaid state income tax	22,000	120,000
Refundable federal income tax	4,000	346,000
Prepaid insurance expenses	448,000	768,000
Deferred federal and state income tax	5,214,000	-
Other	6,000	5,000
	$7,534,000	$3,271,000

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of June 30 consisted of the following:

	1989	1988
New Jersey Casino Reinvestment (net of purchase discount)	$13,835,000	$12,359,000
Bally's Grand Marketing affiliates	-	300,000
	$13,835,000	$12,659,000

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 - PROPERTY AND EQUIPMENT

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

	1989	1988
Land and improvements	$ 51,737,000	$ 51,715,000
Buildings and leasehold improvements	174,405,000	178,704,000
Furniture, fixtures and equipment	51,802,000	46,733,000
Construction in progress	13,059,000	3,268,000
	291,003,000	280,420,000
Less accumulated depreciation and amortization	(32,587,000)	(22,941,000)
	$258,416,000	$257,479,000

See Note 2 for discussion of purchase price accounting.

NOTE 7 - OTHER ASSETS

Other assets as of June 30 consisted of the following:

	1989	1988
Costs in excess of acquired assets, net	$112,940,000	$116,967,000
Other	274,000	70,000
	$113,214,000	$117,037,000

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 June 30 consisted of the following:

	1989	1988
Accrued payroll	$ 7,636,000	$ 7,626,000
Accrued progressive jackpot liability	1,751,000	4,244,000
Accrued interest	3,253,000	2,529,000
Accrued New Jersey casino reinvestment liability	679,000	5,614,000
Accrued sales, use and luxury taxes	373,000	149,000
Accrued Casino Control Commission and Division of Gaming Enforcement Fees	227,000	371,000
Accrued Casino License Fee	341,000	192,000
Accrued self insurance claims	1,427,000	1,627,000
Accrued casino win tax	191,000	99,000
Accrued legal fees	912,000	1,084,000
Accrued insurance	574,000	797,000
Accrued real estate tax	429,000	-
Other	3,324,000	4,349,000
	$21,117,000	$28,681,000

NOTE 9 - OTHER CURRENT LIABILITIES

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

	1989	1988
Customer deposits	$ 184,000	$ 431,000
Unredeemed gaming chips and tokens	1,334,000	1,788,000
Advance room deposits	82,000	60,000
Bally Manufacturing Corp.	65,000	1,317,000
Bally's Park Place, Inc.	547,000	836,000
Bally's Las Vegas	15,000	-
Other	46,000	12,000
	$2,273,000	$4,444,000

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 10 - LONG TERM DEBT-DUE TO AFFILIATES

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

	1989	1988
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 $11,030,000 at June 30, 1989 and $12,185,000 at June 30, 1988). (Note 2)	$300,030,000	$301,185,000

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 June 30, 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 June 30 consisted of advances due to affiliates and other liabilities as follows:

	1989	1988
Bally's Grand Transportation Corp.	$ 1,426,000	$ 1,579,000
GNAC, CORP.	26,265,000	25,550,000
Bally's Grand Marketing affiliates	-	797,000
Self Insurance Claim	4,215,000	2,641,000
	$31,906,000	$30,567,000

NOTE 13 - STOCKHOLDER'S EQUITY

At June 30, 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 six months ended June 30, 1989 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	58,341	$ 5,244,000	-	$ -
Food	393,472	5,221,000	-	-
Beverage	1,206,107	2,413,000	-	-
Travel	-	-	16,036	2,656,000
Other				
Coin	-	-	601,124	10,927,000
Entertainment	6,698	186,000	2,764	374,000
Parking	47,564	380,000	-	-
Retail	31,791	878,000	-	-
Other	2,062	72,000	17,202	443,000
Total Other	88,115	1,516,000	621,090	11,744,000
TOTAL	1,746,035	$14,394,000	637,126	$14,400,000

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 14 - PROMOTIONAL EXPENSES AND ALLOWANCES(cont.)

Promotional expenses and allowances and number of recipients for the three months ended June 30, 1989 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	30,554	$2,792,000	-	$ -
Food	235,442	2,776,000	-	-
Beverage	587,327	1,175,000	-	-
Travel	-	-	8,142	1,143,000
Other				
Coin	-	-	344,078	6,015,000
Entertainment	4,359	124,000	2,208	297,000
Parking	25,831	206,000	-	-
Retail	16,240	474,000	-	-
Other	1,051	37,000	15,695	285,000
Total Other	47,481	841,000	361,981	6,597,000
TOTAL	900,804	$7,584,000	370,123	$7,740,000

NOTE 15 - CHARGES FROM AFFILIATES

The charges from affiliates for the six months ended June 30 consisted of the following:

Nature of Charge From Affiliate	1989	1988
Interest	$18,585,000	$19,809,000
Other (a)	2,191,000	6,876,000

(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, and other affiliates' expenses allocated from Bally's Grand Marketing Corporations, GNF, Corp., Bally's Grand Transportation Corp., GNAC, Corp. and Bally's Park Place, Inc.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 16 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the six months ended June 30 consisted of the following:

	1989	1988
Interest and dividend income	$1,198,000	$1,546,000
Other non-operating income	5,000	7,000
	$1,203,000	$1,553,000

NOTE 17 - INCOME TAXES

The income tax provision for the six months ended June 30 consisted of the following:

Current:	1989	1988
Federal	$413,000	$481,000
State	207,000	155,000
	620,000	636,000
Deferred:		
Federal	(206,000)	(416,000)
State	(147,000)	(151,000)
	(353,000)	(567,000)
	$267,000	$ 69,000

GNOC, CORP.
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. Additionally, the value is in dispute and the arbitration process is currently underway. The Company is involved in various 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.

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

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 5,457		
2	Returned patrons' checks	12,756		
3	Total patrons' checks	18,213	$ 13,983	$ 4,230
4	Hotel Receivables	1,033	85	948
	Other Receivables:			
5	Receivables due from officers and employees	19		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	1,508		
8	Total other receivables	1,527	1,167	360
9	Totals (Form 205)	$ 20,773	$ 15,235	$ 5,538

LINE (i)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	82,958
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)	
13	Checks collected through deposits	(60,018)
14	Checks transferred to returned checks	(20,125)
15	Other adjustments	(3,170)
16	Ending Balance	$ 5,457
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 457
19	Provision As A Percent Of Counter Checks Issued	.11 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Henry W. Hornbostel, 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 & Administration
Title

1174-11
License Number

On Behalf Of:

GNOC, CORP.
Casino Licensee

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

Signature

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

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE BALLY'S GRAND HOTEL & CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	518	15,540	12,802	$ 109.31	82.4%	23,044	$ 60.73
MAY	518	16,058	11,851	$ 118.68	73.8%	21,332	$ 65.93
JUNE	518	15,540	12,356	$ 136.38	79.5%	22,241	$ 75.76
2ND QUARTER TOTALS		47,138	37,009	$ 121.34	78.5%	66,617	$ 67.41
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE Bally's Park Place Inc.

ADDRESS Park Place and the Boardwalk
Atlantic City, N.J. 08401

FOR THE QUARTER ENDED June 30, 19 89

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, N.J. 08401

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED June 30, 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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

BALANCE SHEETS

June 30, 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	$ 6,427	$ 8,177
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 5,318 ; 19 88, $ 5,350)	8,340	12,529
4	Inventories	2,842	2,316
5	Prepaid expenses and other current assets ....Note 2	5,456	5,965
6	Total current assets	23,065	28,987
7	Investments, Advances, And Receivables ....Note 11	19,686	15,530
8	Property And Equipment - Net ....Note 3	479,043	421,285
9	Other Assets	4,782	5,258
10	Total Assets	$ 526,576	$ 471,060
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	$ 18,484	$ 16,879
12	Notes payable	-	-
13	Current portion of long-term debt:	-	-
14	Due to affiliates	-	-
15	Other	2,938	434
16	Income taxes payable and accrued	21,525	7,134
17	Other accrued expenses	1,862	19,710
18	Other current liabilities ....Note 12	44,809	1,234
	Total current liabilities		45,391
	Long-Term Debt:		
19	Due to affiliates	99,679	99,647
20	Other ....Note 4	70,035	40,864
21	Deferred Credits ....Note 4	14,195	14,323
22	Other Liabilities ....Note 5	17,219	10,172
23	Commitments And Contingencies ....Note 7		
24	Total Liabilities	245,937	210,397
25	Stockholders', Partners', Or Proprietor's Equity	280,639	260,663
26	Total Liabilities And Equity	$ 526,576	$ 471,060

*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 Six MONTHS ENDED June 30, 1989 and 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$ 132,904	$ 126,836
2	Rooms	10,130	7,886
3	Food and beverage	16,266	15,008
4	Other	4,647	4,840
5	Total revenue	163,947	154,570
6	Less: Promotional allowances Note 8	13,860	11,897
7	Net revenue	150,087	142,673
	Costs And Expenses:		
8	Cost of goods and services	74,873	69,080
9	Selling, general, and administrative	34,363	30,405
10	Provision for doubtful accounts	293	304
11	Depreciation and amortization	11,386	10,853
12	Charges from affiliates other than interest:		
13	Management fees	-	-
14	Other	600	600
15	Total costs and expenses Note 6	121,515	111,242
	Income (Loss) From Operations	28,572	31,431
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 9	<2,528>	<4,143>
17	Interest (expense) - external Note 9	<2,370>	<1,219>
18	Investment alternative tax and related income (expense) - net	<988>	<972>
19	Nonoperating income (expense) - net Note 14	848	653
20	Total other income (expenses)	<5,038>	<5,681>
21	Income (Loss) Before Income Taxes And Extraordinary Items	23,534	25,750
22	Provision (credit) for income taxes Note 10	9,591	10,341
23	Income (Loss) Before Extraordinary Items	13,943	15,409
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)	-	-
25	Net Income (Loss)	$ 13,943	$ 15,409

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 June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$ 70,643	$ 68,316
2	Rooms	6,183	4,233
3	Food and beverage	8,914	8,179
4	Other	2,535	2,754
5	Total revenue	88,275	83,482
6	Less: Promotional allowances Note 8	7,185	6,171
7	Net revenue	81,090	77,311
	Costs And Expenses:		
8	Cost of goods and services	38,814	35,137
9	Selling, general, and administrative	17,560	15,683
10	Provision for doubtful accounts	160	155
11	Depreciation and amortization	5,931	5,355
12	Charges from affiliates other than interest:		
13	Management fees	-	-
14	Other Note 6	300	300
15	Total costs and expenses	62,765	56,630
	Income (Loss) From Operations	18,325	20,681
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 9	<1,837>	<1,889>
17	Interest (expense) - external Note 9	<1,492>	<559>
18	Investment alternative tax and related income (expense) - net	<493>	<612>
19	Nonoperating income (expense) - net Note 14	561	431
20	Total other income (expenses)	<3,261>	<2,629>
21	Income (Loss) Before Income Taxes And Extraordinary Items	15,064	18,052
22	Provision (credit) for income taxes Note 10	6,014	7,078
23	Income (Loss) Before Extraordinary Items	9,050	10,974
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)	-	-
25	Net Income (Loss)	$ 9,050	$ 10,974

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 CHANGES IN STOCKHOLDERS' EQUITY

FOR THE Six MONTHS ENDED June 30, 19 89 AND 1988

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (f) DOLLARS
	Common Stock:		$		$
1	Beginning balance (January 1)	100	93,987	100	93,987
2	Sale of stock	0	0	0	0
3				100	
4	Ending balance	100	93,987	-	93,987
	Preferred Stock:				
5	Beginning balance (January 1)	0	0	0	0
6	Sale of stock	0	0	0	0
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	0	(0)	0	(0)
15	Sale or retirement of stock	0	0	0	
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)		13,943		15,409
28	Dividends		( )		(0)
29					
30					
31	Ending balance		152,000		132,024
32	Ending Stockholders' Equity		$ 280,639		$ 260,663

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 CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE Six MONTHS ENDED June 30, 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.

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE Six MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	* (d) 19 88
1	Net Cash Provided (Used) By Operating Activities	$ 29,304	$ 30,560
	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	<42,029>	<32,772>
5	Proceeds from disposition of property and equipment		
6	Purchase of casino reinvestment obligations	<1,039>	<1,638>
7	Purchase of other investments and loans/advances made	<2,381>	<1,407>
8	Proceeds from disposal of investments and collection of advances and long-term receivables	236	968
9	Cash outflows to acquire business entities		
10			
11			
12	Net Cash Provided (Used) By Investing Activities	<45,213>	<34,849>
	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	38,555	24,000
16	Costs of issuing debt		
17	Payments to settle long-term debt	<25,319>	<22,202>
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	13,236	1,798
24	Net Increase (Decrease) In Cash And Cash Equivalents	<2,673>	<2,491>
25	Cash And Cash Equivalents At Beginning Of Period	9,100	10,668
26	Cash And Cash Equivalents At End Of Period	$ 6,427	$ 8,177

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 4,264	$ 5,112
28	Income taxes	$ 8,945	$ 9,620

*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 CASH FLOWS

FOR THE Six MONTHS ENDED June 30, 1989 and 19 88

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	* (d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 13,943	$ 15,409
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	10,905	10,373
31	Amortization of other assets	481	480
32	Amortization of debt discount or premium	16	16
33	Deferred income taxes - current	<85>	<303>
34	Deferred income taxes - noncurrent	270	<1,089>
35	(Gain) loss on disposition of property and equipment	30	58
36	(Gain) loss on casino reinvestment obligations	202	972
37	(Gain) loss from other investment activities	9	152
38	Net (increase) decrease in receivables and patrons' checks	2,131	1,428
39	Net (increase) decrease in inventories	<677>	<197>
40	Net (increase) decrease in other current assets	<1,468>	<2,726>
41	Net (increase) decrease in other assets	<89>	<21>
42	Net increase (decrease) in accounts payables	<2,167>	<1,172>
43	Net increase (decrease) in other current liabilities excluding debt	2,638	3,639
44	Net increase (decrease) in other noncurrent liabilities excluding debt	3,165	3,541
45			
46			
47	Net Cash Provided (Used) By Operating Activities	$ 29,304	$ 30,560

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 42,029	$ 32,772
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	$ 42,029	$ 32,772
	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	$	$

12/87 *Restated to conform with 1989 presentation

BALLY'S PARK PLACE CASINO HOTEL
Note 1 - Notes to Financial Statements
For the Six Months Ended June 30, 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 June 30, 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 $3,096,000 for the six months ended June 30, 1988. No costs were allocated to these properties for the six months ended June 30, 1989. During the six months ended June 30, 1988, the Company purchased slot machines for its casino from an affiliate of Bally for an aggregate amount of $225,000. There were no such purchases during the first half of 1989.

Income Taxes

The effective income tax rate was greater than the statutory Federal income tax rate for the six months ended June 30, 1989 and 1988 (40.8% and 40.2%, 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
June 30,

Unaudited

	1989	1988
Deferred Income Taxes	$ 3,151,000	$ 2,505,000
Prepaid Insurance	1,038,000	1,328,000
Prepaid Licenses-Casino	835,000	834,000
Prepaid Expenses-Other (A)	210,000	1,035,000
Other (A)	222,000	263,000
	$ 5,456,000	$ 5,965,000

(A) No item in this category exceeds 5% of total current assets.

BALLY'S PARK PLACE CASINO HOTEL
Note 3 - Property, Plant and Equipment
June 30,

Unaudited

	1989	1988
Land	$ 62,054,000	$ 62,045,000
Buildings, Leasehold Improvements	318,198,000	316,405,000
Furniture, Fixtures and Equipment	109,183,000	105,277,000
Construction in Progress	171,588,000	98,792,000
	661,023,000	582,519,000
Less Accumulated Depreciation and Amortization	181,980,000	161,234,000
Property and Equipment, Net	$479,043,000	$421,285,000

BALLY'S PARK PLACE CASINO HOTEL
Note 4 - Long-Term Debt - Other
June 30, 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 June 30, 1989: Total	Current	Non-Current
Revolving Credit Agreement:										
First Fidelity (A) (Agent)	04/84	Converts to 4 year term loan 3/31/90.	Credit line for $90,000,000; Commitment Fee 3/8 of 1% on unused balance; calculation based on 365-days; loan take downs calculated at Prime Rate or LIBOR (10.809% at June 30, 1989-consolidated weighted average).	$54,500	$36,600	$ ---	$25,300	$65,800	$ ---	$65,800
Installment Contract										
United Health Services (Trading as Victor Kramer) Division of Crothal American, Inc.	12/17/87	12/17/92	5 yr. loan-monthly installments; Monthly payment $51,895 interest calculated at 9.00%. Payment stopped; contract terminated; commenced settlement negotiations.	2,262	---	---	---	2,262	---	2,262
Mortgage Backed Bonds										
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 6% or 8.5%.	37	1,955	19	---	1,973	---	1,973
				$56,799	$38,555	$ 19	$25,300	$70,035	$ ---	$70,035

(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
June 30, 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	$ 99,663	$ 16	$ --	$ 99,679	$ --	$ 99,679

BALLY'S PARK PLACE CASINO HOTEL
Note 5 - Deferred Credits
June 30,

Unaudited

	1989	1988
Deferred Federal Income Taxes	$14,195,000	$14,323,000

BALLY'S PARK PLACE CASINO HOTEL
Note 6 - Rent Expense
For the Three Months Ended June 30,

Unaudited

	1989	1988
Affiliates - Bally Manufacturing Corp.	$ 300,000	$ 300,000

For the Six Months Ended June 30,

	1989	1988
Affiliates - Bally Manufacturing Corp.	$ 600,000	$ 600,000

BALLY'S PARK PLACE CASINO HOTEL
Note 7 - Other Liabilities
June 30,

Unaudited

	1989	1988
Accrued S.E.R.P.	$17,219,000	$10,172,000

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.

BALLY'S PARK PLACE CASINO HOTEL
Note 8 - Complimentary Services
For the Three Months Ended June 30, 1989

Unaudited

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	14,596	$2,552,000		
Food	276,665	2,005,000		
Beverage	738,250	1,476,000		
Parking	147,037	1,029,000		
Shows	3,801	65,000		
Other	1,926	58,000		
Travel			50,436	$1,009,000
Coupon Redemption - Cash			358,533	5,468,000
Rooms off premises			593	44,000
Other			1,699	85,000
Total Amount of Services		$7,185,000		$6,606,000

BALLY'S PARK PLACE CASINO HOTEL
Note 8 - Complimentary Services
For the Six Months Ended June 30, 1989

Unaudited

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	37,688	$ 4,881,000		
Food	454,205	3,997,000		
Beverage	1,428,143	2,856,000		
Parking	268,875	1,882,000		
Shows	7,883	135,000		
Other	3,639	109,000		
Travel			86,398	$ 1,728,000
Coupon Redemption - Cash			624,004	9,878,000
Rooms off premises			1,437	95,000
Other			4,224	211,000
Total Amount of Services		$13,860,000		$11,912,000

BALLY'S PARK PLACE CASINO HOTEL
Note 9 - Interest Expense
For the Three Months Ended June 30,

Unaudited

	1989	1988
Charges From Affiliates		
Bally's Park Place Funding, Inc.	$ 3,469,000	$ 3,469,000
Capitalized interest	(1,632,000)	(1,580,000)
	$ 1,837,000	$ 1,889,000
External Sources		
Interest on various loans	$ 1,926,000	$ 1,025,000
Capitalized interest	(434,000)	(466,000)
	$ 1,492,000	$ 559,000

For the Six Months Ended June 30,

	1989	1988
Charges From Affiliates		
Bally's Park Place Funding, Inc.	$ 6,938,000	$ 6,938,000
Capitalized interest	(4,410,000)	(2,795,000)
	$ 2,528,000	$ 4,143,000
External Sources		
Interest on various loans	$ 3,542,000	$ 2,040,000
Capitalized interest	(1,172,000)	(821,000)
	$ 2,370,000	$ 1,219,000

BALLY'S PARK PLACE CASINO HOTEL
Note 10 - Provision for Income Taxes
For the Three Months Ended June 30,

Unaudited

	1989	1988
Current:		
Federal	$ 3,464,000	$ 5,828,000
State	1,750,000	1,791,000
	5,214,000	7,619,000
Deferred:		
Federal	620,000	(419,000)
State	180,000	(122,000)
	800,000	(541,000)
Total Income Taxes	$ 6,014,000	$ 7,078,000

For the Six Months Ended June 30,

	1989	1988
Current:		
Federal	$ 7,122,000	$ 9,055,000
State	2,100,000	2,678,000
	9,222,000	11,733,000
Deferred:		
Federal	286,000	(1,078,000)
State	83,000	(314,000)
	369,000	(1,392,000)
Total Income Taxes	$ 9,591,000	$10,341,000

Reconciliation of Deferred Income Taxes
For the Six Months Ended June 30,

	1989	1988
Short-term	$ (171,000)	$ (303,000)
Long-term	540,000	(1,089,000)
	$ 369,000	$(1,392,000)

BALLY'S PARK PLACE CASINO HOTEL
Note 11 - Investments, Advances and Receivables
June 30,

Unaudited

Other long-term investments and receivables:

	1989	1988
Reese Palley/Martin Blatt (Mortgage - Marlboro Bleinheim)		
First Mortgage	$ 1,952,000	$ 2,094,000
Second Mortgage	2,602,000	2,792,000
Blumfeld Development Corporation	--	1,600,000
Total long-term receivables	$ 4,554,000	$ 6,486,000
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,219,000	4,141,000
B.W. Realty, Inc. - 100% owned	4,936,000	4,159,000
Total investments in subsidiaries - equity	9,155,000	8,300,000
Casino Reinvestment Development Authority funds (less discount of $4,303,000 in 1989 and $3,339,000 in 1988)	4,251,000	2,504,000
Central credit receivable (less discount of $56,000 in 1989)	142,000	81,000
Jacobs Family Terrace	1,974,000	0
Other	0	99,000
Less current portion	(390,000)	(1,940,000)
Total Investments, Advances and Receivables	$19,686,000	$15,530,000

BALLY'S PARK PLACE CASINO HOTEL
Note 12 - Other Accrued Expenses
June 30,

Unaudited

	1989	1988
Payroll	$ 6,013,000	$ 6,731,000
Progressive Jackpots	2,691,000	2,865,000
Interest	5,491,000	5,161,000
Miscellaneous (A)	7,330,000	4,953,000
Total	$21,525,000	$19,710,000

(A) No item in this category exceeds 5% of total current liabilities.

BALLY'S PARK PLACE CASINO HOTEL
Note 13 - Reinvestment Obligation
June 30, 1989
Unaudited

The Company, pursuant to the New Jersey Casino Control Act ("Act") as amended, is required to either pay 2.5% of gross revenues, as defined, as a tax or invest 1.25% of gross revenues, as defined, in bonds of the Casino Reinvestment Development Authority ("CRDA"). The CRDA uses such proceeds to finance projects in Atlantic City, South Jersey and North Jersey. The CRDA can also approve direct investments in projects made by the licensee and such direct investments may be used by the licensee to satisfy their investments obligations. The Company has fulfilled its obligation under the Act by making deposits to the CRDA and by direct investments.

At June 30, 1989 and 1988, the Company had $8,154,000 and $5,443,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased $400,000 in bonds with the CRDA as of June 30, 1989 and 1988. Since these deposits and bonds provide for interest at below market rates, the Company has discounted these amounts by $4,303,000 and $3,339,000 at June 30, 1989 and 1988 respectively. 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 June 30,1989 50 units were sold.

BALLY'S PARK PLACE CASINO HOTEL
Note 14 - Non-Operating Income
For the Three Months Ended June 30,

Unaudited

	1989	1988
Interest income	$374,000	$362,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(3,000)	(16,000)
Bally Warwick, Inc.	94,000	8,000
Other	96,000	77,000
Total	$561,000	$431,000

For the Six Months Ended June 30,

	1989	1988
Interest income	$685,000	$686,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(103,000)	(171,000)
Bally Warwick, Inc.	93,000	19,000
Other	173,000	119,000
Total	$848,000	$653,000

BALLY'S PARK PLACE CASINO HOTEL
Note 15 - Revision of Proposed Restructuring
June 30, 1989

Unaudited

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 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.

In August 1989, the New Jersey Casino Control Commission approved the Company's proposal to issue these mortgage notes and the Company expects to complete the offering in the third quarter of 1989.

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 2,474		
2	Returned patrons' checks	6,718		
3	Total patrons' checks	9,192	$ 5,243	$ 3,949
4	Hotel Receivables	788	75	713
	Other Receivables:			
5	Receivables due from officers and employees	5		
6	Receivables due from affiliates	559		
7	Other accounts and notes receivables	3,114		
8	Total other receivables	3,678	0	3,678
9	Totals (Form 205)	$ 13,658	$ 5,318	$ 8,340

LINE (f)	DESCRIPTION (g)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	53,211
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)	(42,422)
13	Checks collected through deposits	(8,724)
14	Checks transferred to returned checks	(2,286)
15	Other adjustments	0
16	Ending Balance	$ 2,474
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 266
19	Provision As A Percent Of Counter Checks Issued	.5 %

STATEMENT OF CONFORMITY AND ACCURACY

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

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

deposes and says:

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

Signature

Vice President & Treasurer
Title

03310-11
License Number

On Behalf Of:

Bally's Park Place, NJ
Casino Licensee

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

Signature

KIMBERLY A. KETSCHEK
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

FOR THE 6 MONTHS ENDED June 30, 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	506	15,180	13,434	$ 103.74	88.5 %	26,161	$ 53.27
MAY	1,000	31,000	16,724	$ 120.48	53.9 %	33,826	$ 59.56
JUNE	1,140	34,200	23,200	$ 118.94	67.8 %	46,197	$ 59.73
2ND QUARTER TOTALS		80,380	53,358	$ 115.59	66.4 %	106,184	$ 58.09
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

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

ADDRESS 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED JUNE 30, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . MICHAEL J. WALSH

OFFICIAL TITLE. . . . . VICE PRESIDENT, FINANCE

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

TRADING NAME OF LICENSEE BOARDWALK REGENCY CORPORATION d/b/a CAESARS ATLANTIC CITY

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

BALANCE SHEETS
JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets	$	$
1	Cash	7,783	8,058
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989_, $14,905 ; 1988_, $13,443)	17,434	19,853
4	Inventories (NOTE 1)	3,016	1,840
5	Prepaid expenses and other current assets (NOTE 2)	10,613	7,258
6	Total current assets	38,846	37,009
7	Investments, Advances and Receivables (NOTES 3 & 13)	627	14,654
8	Property and Equipment - Net (NOTES 1,4&9)	237,200	207,973
9	Other Assets	3,965	3,065
10	Total Assets	$ 280,638	$ 262,701
	LIABILITIES AND EQUITY		
	Current Liabilities	$	$
11	Accounts payable	11,204	10,619
12	Notes payable (NOTE 5)	-	-
	Current portion of long-term debt:		
13	Due to affiliates	-	-
14	Other (NOTE 9)	180	824
15	Income taxes payable and accrued (NOTES 1,2&6)	-	7,603
16	Other accrued expenses (NOTE 7)	30,483	28,751
17	Other current liabilities	2,484	4,764
18	Total current liabilities	44,351	52,561
	Long-Term Debt:		
19	Due to affiliates (NOTE 8)	92,260	79,772
20	Other (NOTE 9)	16,481	33,270
21	Deferred Credits (NOTE 6)	5,415	4,782
22	Other Liabilities (NOTE 10)	6,646	6,143
23	Commitments and Contingencies (NOTE 13)		
24	Total Liabilities	165,153	176,528
25	Stockholders', Partners', Or Proprietor's Equity	115,485	86,173
26	Total Liabilities and Equity	$ 280,638	$ 262,701

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 prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:	$	$
1	Casino.....(NOTE 1).....	147,970	146,655
2	Rooms.....	8,012	8,712
3	Food and beverage.....	17,786	16,944
4	Other.....	8,023	7,126
5	Total revenue.....	181,791	179,437
6	Less: promotional allowances.....(NOTE 14).....	19,934	18,596
7	Net revenue.....	161,857	160,841
	Costs And Expenses:		
8	Cost of goods and services.....(NOTE 1).....	84,892	78,672
9	Selling, general, and administrative.....(NOTES 1 & 14)..	40,491	40,924
10	Provision for doubtful accounts.....	3,553	1,945
11	Depreciation and amortization.....(NOTE 1).....	8,063	11,129
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	3,492	2,991
14	Total costs and expenses.....	140,491	135,661
15	Income (Loss) From Operations.....	21,366	25,180
	Other Income (Expense):		
16	Interest income (expense) - affiliates....(NOTES 8 & 12)..	(3,770)	(5,094)
17	Interest income (expense) - external.....	(183)	(2,218)
18	Investment alternative tax and related income (expense) - net.....(NOTE 13).....	45	1,142
19	Nonoperating income (expense) - net.....(NOTE 15).....	(67)	-
20	Total other income (expense).....	(3,975)	(6,170)
21	Income (Loss) Before Income Taxes and Extraordinary items..	17,391	19,010
22	Provision (Credit) for income taxes.....(NOTE 6).....	6,973	8,204
23	Income (Loss) Before Extraordinary Items.....	10,418	10,806
24	Extraordinary items (net of income taxes - 19__, $; 19__, $).....	-	-
25	Net Income (Loss).....	$ 10,418	$ 10,806

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 JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 1989	(d) 1988
	Revenue:		$	$
1	Casino	(NOTE 1)	77,627	77,648
2	Rooms		4,394	4,797
3	Food and beverage		9,649	9,062
4	Other		4,443	3,624
5	Total revenue		96,113	95,131
6	Less: promotional allowances	(NOTE 14)	10,586	9,691
7	Net revenue		85,527	85,440
	Costs And Expenses:			
8	Cost of goods and services	(NOTE 1)	43,563	40,330
9	Selling, general, and administrative	(NOTES 1 & 14)	23,550	21,554
10	Provision for doubtful accounts		2,308	1,160
11	Depreciation and amortization	(NOTE 1)	4,097	5,152
	Charges from affiliates other than interest:			
12	Management fees		-	-
13	Other	(NOTE 12)	1,879	1,600
14	Total costs and expenses		75,397	69,796
15	Income (Loss) From Operations		10,130	15,644
	Other Income (Expense):			
16	Interest income (expense) - affiliates	(NOTES 8 & 12)	(2,094)	(2,468)
17	Interest income (expense) - external		470	(1,214)
18	Investment alternative tax and related income (expense) - net	(NOTE 13)	260	-
19	Nonoperating income (expense) - net	(NOTE 15)	(8)	
20	Total other income (expense)		(1,372)	(3,682)
21	Income (Loss) Before Income Taxes and Extraordinary items		8,758	11,962
22	Provision (Credit) for income taxes	(NOTE 6)	3,370	4,935
23	Income (Loss) Before Extraordinary Items		5,388	7,027
24	Extraordinary items (net of income taxes - 19__, $; 19__, $)		-	-
25	Net Income (Loss)		$ 5,388	$ 7,027

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 SIX MONTHS ENDED JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989 (c) SHARES	1989 (d) DOLLARS	1988 (e) SHARES	1988 (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).....	++++++++++	10,418	+++++++++	10,806
28	Dividends.....	++++++++++	(-)	+++++++++	(-)
29	.....	++++++++++	-	+++++++++	-
30	.....	++++++++++	-	+++++++++	-
31	Ending balance.....	++++++++++	108,203	+++++++++	78,891
32	Ending Stockholders' Equity.....	++++++++++	$115,485	+++++++++	$ 86,173

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 SIX MONTHS ENDED JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:	$	$
1	Beginning balance (January 1)		
2	Additional capital invested		
3			
4	Ending balance		
	Accumulated Income:		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8			
9	Ending balance		
	Capital Withdrawls:		
10	Beginning balance (January 1)	( )	( )
11	Additional capital withdrawls	( )	( )
12			
13	Ending balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	( )	( )
15		( )	( )
16			
17	Ending balance	( )	( )
18	Ending Partners' Or Proprietor's Equity	$	$

THIS STATEMENT IS NOT APPLICABLE

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1989 AND 1988

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$ 20,520	$ 18,183
	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	(29,021)	(15,203)
5	Proceeds from disposition of property and equipment	-	-
6	Purchase of casino reinvestment obligations	(398)	(1,682)
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	8,836
11		-	-
12	Net Cash Provided (Used) By Investing Activities	(26,819)	(8,049)
	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	33,402	3,125
16	Costs of issuing debt	-	-
17	Payments to settle long-term debt	(28,671)	(13,377)
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	4,731	(10,252)
24	Net Increase (Decrease) in Cash and Cash Equivalents	(1,568)	(118)
25	Cash and Cash Equivalents At Beginning Of Period	9,351	8,176
26	Cash And Cash Equivalents At End Of Period	$ 7,783	$ 8,058

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 5,074	$ 7,210
28	Income taxes	$ 15,616	$ 11,875

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 prior period financial statements in order to conform with the presentation used in 1989 the current period.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 10,418	$ 10,806
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	7,930	10,904
31	Amortization of other assets	133	225
32	Amortization of debt discount or premium	-	-
33	Deferred income taxes - current	482	(292)
34	Deferred income taxes - noncurrent	(906)	(1,926)
35	(Gain) loss on dispostion of property and equipment	67	-
36	(Gain) loss on casino reinvestment obligations	(45)	(1,142)
37	(Gain) loss from other investment activities	-	-
38	Net (increase) decrease in receivables and patrons' checks	17,352	(4,496)
39	Net (increase) decrease in inventories	(205)	719
40	Net (increase) decrease in other current assets	(2,127)	24
41	Net (increase) decrease in other assets	(815)	(109)
42	Net increase (decrease) in accounts payable	(139)	2,179
43	Net increase (decrease) in other current liabilities excluding debt	(11,662)	1,051
44	Net increase (decrease) in other noncurrent liabilities excluding debt	37	240
45		-	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities	$ 20,520	$ 18,183
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 31,995	$ 15,203
49	Less: Mortgage assumed	2,974	-
50	Cash Outflows For Property And Equipment	$ 29,021	$ 15,203
	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 six months ended June 30, 1989 and 1988 capitalized interest of $1,411,000 and $113,000, respectively, was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 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.

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

Reclassifications

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

Income Taxes

BRC is 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 BRC could have derived as a separate entity, 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:

	1989	1988
	(In Thousands)	
Deferred income taxes	$ 4,933	$3,887
Taxes, licenses	2,090	1,754
Other	1,757	1,617
Income taxes	1,833	-
	$10,613	$7,258

NOTE 3. Investments, Advances, and Receivables:

	1989	1988
	(In Thousands)	
CRDA investment deposits	$874	$17,105
CRDA bonds receivable	43	43
	917	17,148
Less: valuation allowance	290	2,494
	$627	$14,654

NOTE 4. Property and Equipment:

	1989	1988
	(In Thousands)	
Land	$ 35,186	$ 20,172
Buildings and improvements	204,511	144,198
Furniture, fixtures and equipment	68,101	62,871
Construction in progress	4,295	22,539
Properties under capital leases:		
Land	9,055	9,055
Buildings	7,363	34,702
Furniture, fixtures and equipment	10,637	10,637
	339,148	304,174
Less: accumulated depreciation and amortization	99,463	96,201
CRDA valuation allowance	2,485	-
	$237,200	$207,973

NOTE 5. Notes Payable:

CWI has 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,

NOTE 5. Notes Payable: (continued)

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

There were no short-term borrowings by BRC for the six months ended June 30, 1989 under this credit facility.

NOTE 6. Income Taxes:

The provision for income taxes for the six months ended June 30, 1989 and 1988 is comprised of the following:

	1989	1988
	(In Thousands)	
Current:		
Federal	$5,417	$8,315
State	1,980	2,107
Deferred:		
Federal	(91)	(1,973)
State	(333)	(245)
	$6,973	$8,204

Deferred credits of $5,415,000 and $4,782,000 at June 30, 1989 and 1988, respectively, represent deferred income taxes which result from temporary differences between income for financial reporting purposes and income for tax purposes. The most significant temporary differences 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 six months ended June 30, 1989 and 1988 differs from the amount computed at the statutory rate as follows:

	1989	1988
	(In Thousands)	
Federal income tax at statutory rate	$5,913	$6,463
State income taxes, net of federal benefit	1,033	1,129
Other	27	612
	$6,973	$8,204

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:

	1989	1988
	(In Thousands)	
Rent	$ 9,193	$ 9,423
Insurance	5,253	2,893
Salaries, wages and vacation pay	5,215	4,617
Progressive slots	2,971	2,569
Legal	2,917	4,389
Taxes, other than income taxes	1,852	1,639
Other	3,082	3,221
	$30,483	$28,751

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

	1989	1988
	(In Thousands)	
Desert Palace, Inc, (DPI), a wholly owned subsidiary of CWI, interest at 11.45%:		
Non-negotiable term note due June 1, 1992.	$71,169	$63,505
Non-negotiable term note due June 1, 1990.	-	16,267
Fixed rate term note due May 1, 1994, interest at 11.30%.	21,091	-
	$92,260	$79,772

NOTE 9. Long-term Debt, Other:

	1989	1988
	(In Thousands)	
(a) Long-term debt	$ 2,759	$ 6
(b) Capitalized lease obligation	13,722	33,264
	$16,481	$33,270

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

	1989	1988
	(In Thousands)	
(a) Mortgage payable, interest at 8.0%, maturing January 1999, secured by property.....	$2,939	-
(b) Mortgage payable, interest at 10.5%, matured February 1989, secured by property.....	-	520
	2,939	520
Less current maturities.....	180	514
	$2,759	$ 6

(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 maintainance 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. This 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.

On June 1, 1989, the Company purchased property formerly under lease for $38,667,000, which included the assumption of a mortgage of $ 2,974,000 (see (a) above). The excess of the purchase price over the capital lease obligation has been added to property and equipment. This lease had provided 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 $3,216,000 and $4,536,000 for the six months ended June 30, 1989 and 1988, respectively.

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

	1989	1988
	(In Thousands)	
Capital lease obligations, less amounts representing interest.....	$13,722	$33,574
Less current maturities.....	-	310
	$13,722	$33,264

Rent expense for the six months ended June 30, 1989 and 1988 is comprised of the following:

	1989	1988
	(In Thousands)	
Minimum rentals under operating leases..	$1,705	$1,505
Contingent rentals under capital leases.	3,216	4,536
	$4,921	$6,041

Note 10. Other Liabilities:

	1989	1988
	(In Thousands)	
CRDA valuation allowance.....	$2,600	$2,300
Settlement claims.....	3,765	3,603
Other liabilities.....	281	240
	$6,646	$6,143

NOTE 11. Pension Plans:

BRC participates in CWI's Funded 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 $159,000 and $100,000 for the six months ended June 30, 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 $380,000 and $310,000 for the six months ended June 30, 1989 and 1988, respectively.

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 and DPI provide 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 $3,492,000 and $2,991,000 for the six months ended June 30, 1989 and 1988, respectively. The breakdown of these services is as follows:

	1989	1988
	(In Thousands)	
General insurance	$1,468	$1,565
Reservations office expenses	1,699	1,228
Other	325	198
	$3,492	$2,991

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 June 30, 1989 is $35,178,000 which is net of a prepayment discount of $555,000 and a Minority Set-Aside credit of $32,000.

As of June 30, 1989, the Company's cummulative disbursements for deposits, the purchase of bonds and direct investments in satisfaction of CRDA obligations amounted to $37,781,000. Of this amount $917,000 is carried in Investments, Advances and Receivables (see Note 3). The remaining portion, $36,864,000 is carried

NOTE 13. Commitments and Contingencies (continued):

in Property and Equipment (see Note 4). The Company is still obligated to make quarterly deposits toward its North Jersey and South Jersey obligations. These obligations amounted to $349,000 for the six months ended June 30, 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 230 low through middle income families. Two of the housing developments have since been completed. One development is a 15 unit costing approximately $2,600,000 and was placed in operation in July 1988. During March, 1989 a 200 unit high-rise development costing approximately $35,400,000 was completed and placed in operation. Two of the developments are expected to incur a negative cash flow and have a negligible residual value. Allowances of $5,085,000 and $4,600,000 exist as of June 30, 1989 and 1988, respectively, to provide for such losses.

For the six months ended June 30, 1989 and 1988, $45,000 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 six months ended June 30, 1989, $70,000 has been credited to operations related to the amortization of the previously established allowance.

In addition to the qualified eligible direct investments, 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 $290,000 and $194,000 exist as of June 30, 1989 and 1988, respectively, to provide for such interest differentials.

In May 1989, the Company donated $756,000 to the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises. This donation was equal to the Company's cummulative CRDA obligations for minority set-aside thru March 31, 1989.

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.

NOTE 14. Complimentaries:

Promotional Allowances

($ Amounts in Thousands)

	Three Months Ended June 30, 1989		Six Months Ended June 30, 1989	
	Recipients	Amount	Recipients	Amount
Rooms	36,949	$ 2,447	69,863	$ 4,697
Food	230,102	3,647	418,333	6,799
Beverage	542,802	2,797	1,028,245	5,285
Parking	108,671	945	216,894	1,828
Theatre	27,336	574	57,531	1,003
Other	1,970	176	7,819	322
	947,830	$10,586	1,798,685	$19,934

Promotional Expenses

($ Amounts in Thousands)

	Three Months Ended June 30, 1989		Six Months Ended June 30, 1989	
	Recipients	Amount	Recipients	Amount
Coin	398,184	$ 7,667	678,272	$13,163
Travel	13,673	2,702	23,983	5,035
Special events	8,708	977	9,529	1,751
Other	30,412	776	71,474	1,571
	450,977	$12,122	783,258	$21,520

NOTE 15. Nonoperating Income/Expense - Net:

Nonoperating expense of $67,000 for the six months ended June 30, 1989 consists of losses on the disposition of property and equipment.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 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	9,012		
2	Returned patrons' checks	19,351		
3	Total patrons' checks	28,363	$ 14,800	$ 13,563
4	Hotel Receivables	998	105	893
	Other Receivables:			
5	Receivables due from officers and employees	-		
6	Receivables due from affiliates	2,317		
7	Other accounts and notes receivables	661		
8	Total other receivables	2,978	-	2,978
9	Totals (Form 205)	$ 32,339	$ 14,905	$ 17,434

	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)	142,574
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)	(97,688)
13	Checks collected through deposits	(41,447)
14	Checks transferred to returned checks	(4,351)
15	Other adjustments	-
16	Ending Balance	$ 9,012
17	"Hold" Checks Included In Balance On Line 16	$ -
18	Provision For Uncollectible Patrons' Checks	$ 3,522
19	Provision As A Percent Of Counter Checks Issued	2.5%

STATEMENT OF CONFORMITY AND ACCURACY

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

Michael J. Walsh, 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

01482-11
License Number

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

Signature

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

Basis of Authority
to Take Oaths

On Behalf Of:

BOARDWALK REGENCY CORPORATION
Casino License

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	644	18,297	17,192	$ 80.04	94.0 %	33,111	$ 41.56
MAY	644	19,462	17,537	$ 85.25	90.1 %	33,439	$ 44.71
JUNE	644	19,191	17,503	$ 86.96	91.2 %	33,464	$ 45.48
2ND QUARTER TOTALS		56,950	52,232	$ 84.11	91.7 %	100,014	$ 43.92
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE The Claridge at Park Place, Inc.

ADDRESS Indiana Avenue and The Boardwalk
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED June 30, 19 89

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 Vice President of Finance

ADDRESS . . . . . Indiana Avenue and The Boardwalk
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE The Claridge Casino Hotel

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED June 30, 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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

BALANCE SHEETS

June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:	$	$
1	Cash	6,313	3,169
2	Marketable securities (at cost which approximates market)	50	50
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 2,790 ; 19 88, $ 2,519)	16,568	14,234
4	Inventories	2,163	2,943
5	Prepaid expenses and other current assets	1,246	1,062
6	Total current assets	26,340	21,458
7	Investments, Advances, And Receivables (Note 3)	150,286	154,693
8	Property And Equipment - Net of Accum. Depr. of $9,334 & $7,162	3,482	5,195
9	Other Assets (Note 4)	66	1,129
10	Total Assets	$ 180,174	$ 182,475
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
11	Accounts payable	3,799	4,761
12	Notes payable	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates (Note 7)	-0-	10,352
14	Other (Note 7)	3,300	9,200
15	Income taxes payable and accrued	446	-0-
16	Other accrued expenses (Note 5)	11,284	10,806
17	Other current liabilities (Note 6)	10,025	7,123
18	Total current liabilities	28,854	42,242
	Long-Term Debt:		
19	Due to affiliates (Note 7)	-0-	43,768
20	Other (Note 7)	105,132	87,181
21	Deferred Credits	-0-	-0-
22	Other Liabilities (Note 8)	75,248	88,804
23	Commitments And Contingencies		
24	Total Liabilities	209,234	261,995
25	Stockholders', Partners', Or Proprietor's Equity	(29,060)	(79,520)
26	Total Liabilities And Equity	$ 180,174	$ 182,475

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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF INCOME

FOR THE Six MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 63,258	$ 64,114
2	Rooms	5,773	5,802
3	Food and beverage	10,499	11,807
4	Other	1,553	1,593
5	Total revenue	81,083	83,316
6	Less: Promotional allowances (Note 10)	8,294	10,548
7	Net revenue	72,789	72,768
	Costs And Expenses:		
8	Cost of goods and services	41,404	42,412
9	Selling, general, and administrative	18,489	18,230
10	Provision for doubtful accounts	319	340
11	Depreciation and amortization	825	1,699
	Charges from affiliates other than interest:		
12	Management fees (Note 14)	-0-	-0-
13	Other (Note 14)	20,568	22,144
14	Total costs and expenses	81,605	84,825
15	Income (Loss) From Operations	(8,816)	(12,057)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 14)	(4,823)	(4,770)
17	Interest (expense) - external	(6,216)	(4,708)
18	Investment alternative tax and related income (expense) - net	(255)	(237)
19	Nonoperating income (expense) - net (Note 9)	11,110	10,982
20	Total other income (expenses)	(184)	1,267
21	Income (Loss) Before Income Taxes And Extraordinary Items	(9,000)	(10,790)
22	Provision (credit) for income taxes (Note 12)	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(9,000)	(10,790)
24	Extraordinary items (net of income taxes - 19 89, $ 446 ; 19 88, $ -0-) (Note 15)	69,070	-0-
25	Net Income (Loss)	$ 60,070	$ (10,790)

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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 33,956	$ 34,349
2	Rooms	3,301	3,358
3	Food and beverage	5,672	6,214
4	Other	723	753
5	Total revenue	43,652	44,674
6	Less: Promotional allowances (Note 10)	4,157	5,450
7	Net revenue	39,495	39,224
	Costs And Expenses:		
8	Cost of goods and services	21,202	22,842
9	Selling, general, and administrative	10,100	9,627
10	Provision for doubtful accounts	161	189
11	Depreciation and amortization	413	825
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	9,599	11,335
14	Total costs and expenses	41,475	44,818
15	Income (Loss) From Operations	(1,980)	(5,594)
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(2,109)	(2,453)
17	Interest (expense) - external	(3,391)	(2,331)
18	Investment alternative tax and related income (expense) - net	(137)	(112)
19	Nonoperating income (expense) - net	5,561	5,572
20	Total other income (expenses)	(76)	676
21	Income (Loss) Before Income Taxes And Extraordinary Items	(2,056)	(4,918)
22	Provision (credit) for income taxes	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(2,056)	(4,918)
24	Extraordinary items (net of income taxes - 1989, $ 446 ; 1988, $ -0-)	69,070	-0-
25	Net Income (Loss)	$ 67,014	$ (4,918)

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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE Six MONTHS ENDED June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (f) DOLLARS
	Common Stock: (Par Value $.10, authorized and outstanding 1000 shares)		$		$
1	Beginning balance (January 1)	1000	1	1000	1
2	Sale of stock				
3					
4	Ending balance	1000	1	1000	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)		60,070		(10,790)
28	Dividends		( )		( )
29					
30					
31	Ending balance		(34,060)		(84,520)
32	Ending Stockholders' Equity		$ (29,060)		$ (79,520)

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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE Six MONTHS ENDED June 30, 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 -

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE Six MONTHS ENDED June 30, 1989 and 1988

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$ 757	$ (6,048)
	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	(222)	(1,378)
5	Proceeds from disposition of property and equipment		
6	Purchase of casino reinvestment obligations	(787)	(791)
7	Purchase of other investments and loans/advances made	(272)	(1,016)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	3,502	1,788
9	Cash outflows to acquire business entities		
10	Reclassification of Receivable to Short Term	1,243	1,711
11			
12	Net Cash Provided (Used) By Investing Activities	3,464	314
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	4,550	5,950
14	Payments to settle short-term debt	(6,000)	
15	Cash proceeds from issuance of long-term debt		
16	Costs of issuing debt		
17	Payments to settle long-term debt	(750)	(2,000)
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	(2,200)	3,950
24	Net Increase (Decrease) In Cash And Cash Equivalents	2,021	(1,784)
25	Cash And Cash Equivalents At Beginning Of Period	4,292	4,953
26	Cash And Cash Equivalents At End Of Period	$ 6,313	$ 3,169

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 6,714	$ 8,447
28	Income taxes	$	$

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

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE Six MONTHS ENDED June 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 60,070	$ (10,790)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	825	1,135
31	Amortization of other assets	-0-	564
32	Amortization of debt discount or premium	223	190
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent		
35	(Gain) loss on disposition of property and equipment	-0-	169
36	(Gain) loss on casino reinvestment obligations	255	237
37	(Gain) loss from other investment activities		
38	Net (increase) decrease in receivables and patrons' checks	(2,305)	(2,465)
39	Net (increase) decrease in inventories	305	221
40	Net (increase) decrease in other current assets	(397)	(172)
41	Net (increase) decrease in other assets	-0-	(157)
42	Net increase (decrease) in accounts payables	123	1,113
43	Net increase (decrease) in other current liabilities excluding debt and amounts forgiven at restructuring	5,995	74
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(499)	5,418
45	Deferred Interest Receivable and Discount	(278)	(1,585)
46	Debt forgiveness resulting from Restructuring	(63,560)	
47	Net Cash Provided (Used) By Operating Activities	$ 757	$ (6,048)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 222	$ 1,378
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	$ 222	$ 1,378
	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-

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements
JUNE 30, 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 Parternship, 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. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement. The implementation of this agreement results in a reorganization of the ownership interests in the Corporation, modifications of the rights and obligations of the five banks which are the 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 following transactions occurred on June 16, 1989 in accordance with the Restructuring Agreement.

Webb made a payment to the First Mortage Lenders of $14.5 million to reduce the first mortgage loan. This resulted in the reduction of 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 exceeded $76.0 million.

Additionally, Webb forgave and cancelled all of the working capital loans up to $10.35 million which it had made to New Claridge. At June 16, 1989, such loans were $15.0 million. Webb made 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 had guaranteed on behalf of New Claridge. Webb was released from its obligation to provide working capital facilities to New Claridge.

Under the terms of the Restructuring Agreement , as amended, DEWNJ assigned, 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 Purchase Money Second Mortgage. New Claridge has 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, forgave and cancelled all accrued but unpaid management fees, and interest thereon, and the Management Agreement was terminated. In addition, Webb forgave and cancelled a $500,000 unsecured loan made to New Claridge.

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

The Partnership agreed to 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 a sale or further refinancing of the Claridge. The receipt of amounts deferred is contingent upon the realization of profits or distributions from such sale or further refinancing.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

At the closing of the Restructuring, the Partnership paid or lent 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. The amount paid to New Claridge from the Partnership amounted to $4,528,000.

On the closing of the Restructuring, New Claridge paid 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 could not exceed $5 million. Such cash included 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 entered into an amended and restated loan agreement ("Revolving Credit and Term Loan Agreement") with New Claridge under which the First Mortgage Lenders established 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 is in the amount of $5.4 million subject to increase up to $7.5 million to the extent that during 1989 New Claridge makes payments of principal other than scheduled payments of principal on the first mortgage loan.

New Claridge is 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 revolving working capital facility.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

New Claridge is 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 is 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 is 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 is at the rate of $958,333 per month.

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

On the Restructuring date, Webb relinquished all of its Class B stock in the Corporation and vacated 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 were terminated on the Restructuring date.

The Restructuring Agreement provided 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 received written releases of all liabilities ("Releasing Investors").

Under the Restructuring Agreement, the Corporation and the Partnership agreed 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.

Under the Restructuring Agreement, Webb 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 provided 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 was 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 provided New Claridge with a working capital line of credit guaranteed by Webb of up to $5 million. This working capital line of credit became available for use by New Claridge when funds provided by Webb were exhausted. The line was paid in full and terminated at the closing of the Restructuring.

In addition Webb paid 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 deferred receipt of all amounts it was 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 deferred principal payments under the First Mortgage Loan from December 1, 1988 through the Restructuring date but not beyond March 31, 1989. Principal payments totalling $750,000 were paid in April and May of 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. As of August 4, 1989, the Seller and the Partnership had obtained investor approval of the proposed sale.

Completion of the sale is also subject to the Purchaser's obtaining necessary financing and the Commission approval of such financing. It appears unlikely that the Purchaser will have completed such financing arrangements or obtained Commission approval by the August 15, 1989 termination date under the sale agreement. At request of Purchaser, the Purchaser, the Seller and the Partnership are negotiating an extension of the sale agreement. These negotiations have not yet produced an agreement on an extension. In addition, the Seller has begun reviewing various refinancing alternatives in preparation of its casino license renewal.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

Since its inception, New Claridge has incurred significant operating losses. 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, and absent the Interim period arrangements under the Restructuring Agreement (see note 1.c), 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. New Claridge 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. 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.

(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.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(d) Promotional Allowances

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

(e) Inventories

Inventories are stated at 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 June 30, 1989 and 1988 are summarized as follows:

	1989	1988
	(in thousands)	
$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of $15,891,000 discount and $16,368,000 discount at June 30, 1989 and 1988, respectively)	$108,609	110,132
Deferred interest receivable, due September 30, 2000	20,000	18,500
FF & E promissory note, 14%	9,604	11,769
FF & E promissory note - expansion, 14%	14,600	15,314
Reinvestment Obligations	5,955	4,612
	158,768	160,327
Less Current Installments	8,482	5,634
	$150,286	154,693

THE 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 six months ended June 30, 1989, $1,500,000 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 six months ended June 30, 1989, $1,630,000 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 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 administrating 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 preceeding 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 preceeding 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 June 30, 1989 $8,059,000 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. Five 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; May 1, 1989, $681; June 1, 1989, $65. 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 $2,861,000 to date of which $255,0000 was recorded during the six months ended June 30, 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 June 30, 1989 and 1988 is $424,000 and $429,000 respectively.

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 June 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Intangible assets and deferred charges	$ -0-	1,050
Refundable deposits, non-current	66	79
	$ 66	1,129

Intangible assets and deferred charges as of June 30, 1989 and 1988 are stated net of accumulated amortization of $6,628,000 and $5,379,000, 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 June 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Progressive jackpot liability	$ 2,996	3,024
Accrued payroll and related benefits	4,876	4,702
Other	3,412	3,080
	$11,284	10,806

(6) Other Current Liabilities

Other current liabilities at June 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Due to affiliates	$ 3,759	3,855
Deferred lease, current	3,035	-0-
Auto/general claims liability	1,818	1,436
Other	1,413	1,832
	$10,025	7,123

As of June 30, 1989, Due to Affiliates includes $3.6 million due to the Partnership. On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge $3.6 million representing all its cash other than funds needed to pay expenses incurred through or at the closing of the Restructuring.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(7) Long-term Debt

Long term debt at June 30, 1989 and 1988 consists of the following:

	1989	1988
	(in thousands)	
First Mortgage Note, prime plus 1%, or LIBOR plus 2%, or unadjusted LIBOR plus 2.25%, maturities to 1993 (a)	$ 74,557	91,431
$47,000,000 Purchase Money Second Mortgage 14%, due September 30, 2000 (net of $14,925,000 and $15,354,000 discount at June 30, 1989 and 1988, respectively)	32,075	31,646
Deferred interest payable, due September 30, 2000 (b)	-0-	11,622
Working capital line, prime or fixed rate determined by lender (c)	-0-	15,302
Revolving line of credit, prime plus 1% (d)	1,800	---
Unsecured 10% Note due December 31, 1989	-0-	500
	108,432	150,501
Less current installments	3,300	19,552
	$105,132	130,949

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. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement. The First Mortgage balance was reduced in accordance with the agreement from approximately $89 million to $74.6 million. As of June 30, 1989 $74.6 million was outstanding.

Principal payments under the Revolving Credit and Term Loan Agreement total $1,500,000 in 1989 and 1990. A payment in the amount of $500,000 is due and payable on the last day of each July, August, and September of 1989 and 1990. Commencing January 31, 1991, required amortization of the first mortgage loan for the calendar years 1991 and 1992 is $11,500,000 per year payable in equal monthly installments. New Claridge is also 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 loan agreement. A balloon payment for the remaining balance is due January 31, 1993.

Interest is payable monthly in arrears at an annual rate equal to 1% over Marine Midland Bank, N.A.'s prime rate or the Eurodollar Rate (as defined) plus the applicable margin.

(b) On June 16, 1989 the Purchase Money Second Mortgage was assigned without recourse and without representation or warrant, of any kind or nature to the First Mortgage Lenders in accordance with the terms of the Restructuring Agreement as amended. New Claridge has the right, upon the occurance of certain conditions, to require the First Mortgage Lenders to cancel and release the Second Mortgage and the obligations secured thereunder.

(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 June 30, 1988, $15,302,000 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 Revolving Credit and Term Loan Agreement, the First Mortgage Lenders established on the restructuring date, a revolving working capital facility in the amount of $5.4 million. Interest on the revolving credit borrowings is payable monthly in arrears at the prime rate plus 1%. As of June 30, 1989, $1.8 million of the revolving line was in use.

(8) Other Liabilities

Other liabilities at June 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Deferred rent	$ 55,248	53,424
Deferred fees	-0-	31,942
Management fees abated	-0-	3,425
Capital lease obligations (Total obligations of $20,000 and $376,000 less current portion of $20,000 and $363,000 at June 30, 1989 and 1988, respectively).	-0-	13
Contingent Liability - Webb	20,000	-0-
Total	$ 75,248	88,804

Pursuant to the Restructuring Agreement, Webb retains an interest as a creditor, equal to $20 million plus interest at a rate of 15% per annum, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan. Consequently, New Claridge has deferred the recognition of $20 million of forgiveness income with respect to the Webb payment.

(9) Other Nonoperating Income (Expense - Net)

Other nonoperating income (expense) - net for the six months ended June 30, 1989 and 1988 consists of the following (in thousands):

	1989	1988
Interest Income - Wraparound Mortgage	$ 10,824	10,976
Interest Income - Other	262	162
Other Nonoperating income/(expense)	2	13
Loss on Disposal of Assets	-0-	(169)
Facilities/Maintenance Fee	22	-0-
Total	$ 11,110	10,982

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(10) Complimentary Services

Complimentary services for the three months and six months ended June 30, 1989 are summarized as follows:

For the three months ended June 30, 1989

Promotional Allowances

	Number of Recipients	Dollar Amount
Room	22,203	$ 788,828
Food	122,960	1,781,527
Beverage	226,182	1,334,453
Showroom	28,792	252,308
Total	400,137	$4,157,116

Promotional Expenses

	Number of Recipients	Dollar Amount
Coupon Redemption of Cash & Tokens	345,716	$3,873,494
Travel	2,025	159,328
Parking	12,556	76,636
Other	6,284	67,199
Total	366,581	$4,176,657

For the six months ended June 30, 1989

Promotional Allowances

	Number of Recipients	Dollar Amount
Room	36,548	$1,714,739
Food	277,854	3,531,022
Beverage	414,145	2,509,057
Showroom	61,089	539,184
Total	789,636	$8,294,002

Promotional Expenses

	Number of Recipients	Dollar Amount
Coupon Redemption of Cash and Tokens	562,718	$6,385,337
Travel	4,680	335,574
Parking	24,234	147,176
Other	31,405	169,036
Total	623,037	$7,037,123

(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 June 30, 1989 are as follows (in thousands):

07/01/89 - 06/30/90	$ 30,181
07/01/90 - 06/30/91	31,349
07/01/91 - 06/30/92	31,968
07/01/92 - 06/30/93	33,039
07/01/93 - 06/30/94	34,038
Later Years	168,175
Total Minimum	$328,750

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 six months ended June 30, 1989 and 1988 rental expense for all operating leases amounted to $21,204,000 and $20,672,000 respectively, of which $(499,000) and $2,324,000 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

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 June 30, 1989 and 1988 is comprised of the following:

	1989	1988
	(in thousands)	
Current:		
Federal	$-0-	-0-
State	-0-	-0-
Deferred	-0-	-0-
	$-0-	-0-

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

	1989	1988
	(in thousands)	
Federal income tax at statutory rates	$(3,060)	(3,669)
Goodwill amortization not deductible for tax purposes	-0-	153
Unrecognized tax benefit of loss carryforward	3,060	3,516
	$ -0-	-0-

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At June 30, 1989 and 1988 there were available net operating loss carryforwards of $99,721,000 and $81,111,000. 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.

The alternative minimum tax resulting from the restructuring transactions has been estimated to be $446,000 (see Note 15).

(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

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. Subsequently, New Claridge was granted an additional extension and on June 16, 1989 the Restructuring was concluded. The Restructuring Agreement was entered into in an attempt to implement a plan pursuant to which New Claridge could remain financially viable through October 1989 and, subject to relicensing, possibly into 1990, but not beyond that time absent a sale or further refinancing of the Claridge. If the proposed sale is not consumated [see Note 1 (d)], absent sale to another purchaser or substantial operating improvements, (a) New Claridge would not be able to meet mortgage payments due beginning 1991 and would be faced with either the need for a further refinancing or possible bankruptcy and (b) even prior to 1991 New Claridge's financial stability would remain questionable. New Claridge has begun reviewing various refinancing alternatives in preparation of its 1989 casino license renewal. 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 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 had an initial term of 15 years, entitled DEWNJ to receive as compensation certain management fees based on various operating results.

Under the terms of the Management Agreement, Webb was obligated to defer the payment or allow the recapture of management fees and interest whenever the New Claridge's cash flow was 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 and each year thereafter upon the mutual consent of DEWNJ and New Claridge. In addition, DEWNJ agreed to abate interest on deferred management fees for the period of April 1, 1987 to and including December 31, 1987. Effective January 1, 1988 the agreement with DEWNJ was further amended to abate management fees and interest on deferred management fees through December 31, 1988. This agreement was further extended, effective January 1, 1989, through the earlier of the closing of the Restructuring or August 1, 1989. At June 16, 1989 New Claridge had deferred fees and interest of $32,491,000. In addition Webb guaranteed a $20 million line of credit which was available to fund cash flow deficits. At June 30, 1988, $15,302,000 Of the credit line was in use.

Management fees earned by DEWNJ for the six months ended June 30, 1989 and 1988 amounted to $-0- and $-0-, respectively.

On June 16, 1989 the Restructuring transaction was concluded and therewith Webb and DEWNJ terminated virtually all of their contractual and financial arrangements with New Claridge, including the Management Agreement.

(b) Through June 16, 1989 Webb and DEWNJ had direct and material interest in the Purchase Money Second Mortgage and other indebtedness of New Claridge. For the six months ended June 30, 1989 and 1988 interest expense due to affiliates was $4,823,000 and $4,770,000 respectively.

(c) Prior to the Restructuring, New Claridge purchased from Webb and DEWNJ certain services including insurance through October 1, 1988, and other miscellaneous services. On October 1, 1988 New Claridge obtained its own equivalent insurance coverage. The costs of these services for the six months ended June 30, 1989 and 1988 amounted to $334,000 and $2,211,000, respectively.

(d) The Partnership has a direct material interest in the Expandable Wraparound Mortage Loan Agreement and the Operating Lease as described in the preceding notes. Under the terms of the above agreements, for the six months ended June 30, 1989 and 1988 New Claridge has earned interest income of $10,824,000 and $10,976,000 respectively, and incurred lease expense of $20,234,000 and $19,933,000 respectively.

(15) Extraordinary Items (Net of Income Taxes)

For the six months ended June 30, 1989 New Claridge recorded extraordinary items in the amount of $69,070,000 net of income taxes. The extraordinary items which result from the closing of the Restructuring and the related tax effect consist of the following (in thousands):

	1989
Debt forgiveness by Webb:	
Deferred fees/interest	$ 32,491
Deferred interest	11,622
Line of credit	10,350
Abated fees	3,425
Offering cost loan	500
Interest on Webb debt	9,501
Webb contribution for payment of First Mortgage/Manufacturers Hanover line of credit	19,500
Payment by ACBA for land option cancellation	100
Webb contribution of interim restructuring funding	2,027
Less Webb contingent payment	(20,000)
	69,516
Income taxes	24,206
Extraordinary item from restructuring net of income taxes	45,310
Extraordinary item: Reduction of income taxes arising from carryforward of prior year operating losses, net of alternative minimum tax of $446	23,760
	$ 69,070

TRADING NAME OF LICENSEE The Claridge Casino Hotel

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 1,365		
2	Returned patrons' checks	3,139		
3	Total patrons' checks	4,504	$ 2,633	$ 1,871
4	Hotel Receivables	962	132	830
	Other Receivables:			
5	Receivables due from officers and employees	3		
6	Receivables due from affiliates	13,556		
7	Other accounts and notes receivables	333		
8	Total other receivables	13,892	25	13,867
9	Totals (Form 205)	$ 19,358	$ 2,790	$ 16,568

LINE (f)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	37,232
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)	(30,161)
13	Checks collected through deposits	(6,236)
14	Checks transferred to returned checks	(1,630)
15	Other adjustments	
16	Ending Balance	$ 1,365
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 298
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, 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

Sr. Vice President of Finance
Title

01717-11
License Number

On Behalf Of:

The Claridge at Park Place, Inc.
Casino Licensee

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

Eleanor A. Bryan
Signature

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

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	501	14,939	14,086	$ 78.41	94.3 %	28,031	$39.40
MAY	501	15,600	12,733	$ 85.52	81.6 %	25,529	$42.65
JUNE	501	15,077	12,660	$ 86.39	84.0 %	27,166	$40.26
2ND QUARTER TOTALS		45,616	39,479	$ 83.26	86.6 %	80,726	$40.72
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE Elsinore Shore Associates

ADDRESS 2500 Boardwalk
Atlantic City, NJ 08401

FOR THE QUARTER ENDED June 30, 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. . . . . 2500 Boardwalk

ADDRESS . . . . . Atlantic City, NJ 08401

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED June 30, 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

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

BALANCE SHEETS

June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash (Note 1 & 9)	$ 2,988	$ 8,395
2	Marketable securities		
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 804 ; 19 88, $ 1,471)	558	870
4	Inventories (Note 1)		1,450
5	Prepaid expenses and other current assets (Note 3)	100	1,273
6	Total current assets	3,646	11,988
7	Investments, Advances, And Receivables (Note 10)	8,680	6,144
8	Property And Equipment - Net (Note 1,4 & 8)	6,798	119,430
9	Other Assets	311	4,125
10	Total Assets	$ 19,435	$ 141,687
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	$ 6,979	$ 4,483
12	Notes payable (Note 5)	7,000	
	Current portion of long-term debt:		
13	Due to affiliates (Note 8)		5,951
14	Other	1,032	
15	Income taxes payable and accrued		
16	Other accrued expenses (Note 6)	8,267	7,055
17	Other current liabilities (Note 7)	529	1,133
18	Total current liabilities	23,807	18,622
	Liabilities Subject to Chapter 11 Proceedings		276,742
	Long-Term Debt:		
19	Due to affiliates (Note 8)	88,985	
20	Other (Note 8)	19,315	
21	Deferred Credits		
22	Other Liabilities		
23	Commitments And Contingencies (Notes 9 & 10)		
24	Total Liabilities	132,107	295,364
25	Stockholders', Partners', Or Proprietor's Equity (Deficit)	(112,672)	(153,677)
26	Total Liabilities And Equity	$ 19,435	$ 141,687

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 Elsinore's Atlantis Casino Hotel

STATEMENTS OF INCOME

FOR THE 6 MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 30,753	$ 38,660
2	Rooms	3,660	3,994
3	Food and beverage	5,408	6,754
4	Other	1,339	1,690
5	Total revenue	41,160	51,098
6	Less: Promotional allowances (Note 11)	(3,973)	(5,564)
7	Net revenue	37,187	45,534
	Costs And Expenses:		
8	Cost of goods and services	33,776	35,320
9	Selling, general, and administrative	12,579	12,046
10	Provision for doubtful accounts	(390)	18
11	Depreciation and amortization	2,989	3,779
	Charges from affiliates other than interest:		
12	Management fees (Note 9b)	300	
13	Other Corporate Overhead (Note 9b)		223
14	Total costs and expenses	49,254	51,386
15	Income (Loss) From Operations	(12,067)	(5,852)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 8)	(8,398)	(7,151)
17	Interest (expense) - external	(924)	(528)
18	Investment alternative tax and related income (expense) - net (Note 10)	(299)	(162)
19	Nonoperating income (expense) - net (Note 12)	8,935	(1,541)
20	Total other income (expenses)	(686)	(9,382)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(12,753)	(15,234)
22	Provision (credit) for income taxes		
23	Income (Loss) Before Extraordinary Items	(12,753)	(15,234)
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)		
25	Net Income (Loss)	$ (12,753)	$ (15,234)

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 Elsinore's Atlantis Casino Hotel

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 10,838	$ 21,021
2	Rooms	1,990	2,325
3	Food and beverage	2,131	3,761
4	Other	612	929
5	Total revenue	15,571	28,036
6	Less: Promotional allowances (Note 11)	(1,543)	(2,973)
7	Net revenue	14,028	25,063
	Costs And Expenses:		
8	Cost of goods and services	14,586	18,443
9	Selling, general, and administrative	4,987	6,320
10	Provision for doubtful accounts	(395)	13
	Depreciation and amortization	1,498	1,899
	Charges from affiliates other than interest:		
12	Management fees (Note 9b)	150	
13	Other Corporate Overhead (Note 9b)		109
14	Total costs and expenses	20,826	26,784
15	Income (Loss) From Operations	(6,798)	(1,721)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 8)	(4,275)	(3,577)
17	Interest (expense) - external	(452)	(265)
18	Investment alternative tax and related income (expense) - net (Note 10)	(86)	(88)
19	Nonoperating income (expense) - net (Note 12)	8,802	(556)
20	Total other income (expenses)	3,989	(4,486)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(2,809)	(6,207)
22	Provision (credit) for income taxes		
23	Income (Loss) Before Extraordinary Items	(2,809)	(6,207)
24	Extraordinary items (net of income taxes - 19__, $; 19__, $)		
25	Net Income (Loss)	$ (2,809)	$ (6,207)

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 Elsinore's Atlantis Casino Hotel

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 6 MONTHS ENDED June 30, 19 89 AND 19 88

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (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.

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 6 MONTHS ENDED June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	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)	(215,023)	(138,463)
6	Prior period adjustments		
7	Net income (loss)	(12,753)	(15,234)
8			
9	Ending balance	(227,776)	(153,697)
	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)	$ (112,672)	$ (153,677)

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 Elsinore's Atlantis Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1988 and 1989
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
1	Net Cash Provided (Used) By Operating Activities	$ (13,277)	$ (2,296)
	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	(513)	(1,084)
5	Proceeds from disposition of property and equipment	63,000	12
6	Purchase of casino reinvestment obligations	(88)	(487)
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	Net (Incr.) Decr. in Invest., Adv. & Rec.	(1,192)	
11	Recovery of prop. & equip. cost from litigation	1,721	
12	Net Cash Provided (Used) By Investing Activities	62,928	(1,559)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	2,500	
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	(262)	(71)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals		
21	Increase in LT Debt due to accrued interest	5,215	1,480
22	Escrowed to satisfy long term debt	(62,090)	
23	Net Cash Provided (Used) By Financing Activities	(54,637)	1,409
24	Net Increase (Decrease) In Cash And Cash Equivalents	(4,986)	(2,446)
25	Cash And Cash Equivalents At Beginning Of Period	7,974	10,841
26	Cash And Cash Equivalents At End Of Period	$ 2,988	$ 8,395

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 561	$ 352
28	Income taxes	$	$

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

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ (12,753)	$ (15,234)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	2,933	3,779
31	Amortization of other assets		110
32	Amortization of debt discount or premium	56	
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent		
35	(Gain) loss on disposition of property and equipment	(8,779)	1
36	(Gain) loss on casino reinvestment obligations	299	162
37	(Gain) loss from other investment activities		
38	Net (increase) decrease in receivables and patrons' checks	256	235
39	Net (increase) decrease in inventories	1,422	(38)
40	Net (increase) decrease in other current assets	3,287	(47)
41	Net (increase) decrease in other assets	148	(12)
42	Net increase (decrease) in accounts payables	(1,067)	432
43	Net increase (decrease) in other current liabilities excluding debt	921	910
44	Net increase (decrease) in other noncurrent liabilities excluding debt		
45	Incr. in Liabilities subj to Chapt. 11 Proceedings		7,406
46			
47	Net Cash Provided (Used) By Operating Activities	$ (13,277)	$ (2,296)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 513	$ 1,084
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	$ 513	$ 1,084
	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

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 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. (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.

On April 14, 1989 ESA entered into an agreement with DJT Acquistion Corporation (DJT) regarding the sale of the Atlantis. The sale was consummated on June 28, 1989 after receipt of the requisite approvals of the Casino Control Commission (CCC) and Bankruptcy Court. The purchase price was $63 million and included substantially all property and equipment. Capitalized leases and installment purchase contracts were also acquired with assumption of related outstanding debt. As a credit against the purchase price, DJT assumed $2.7 million of ESA liabilities for payroll, related taxes, utilities, empoyee benefits and other contractual obligations. The net proceeds of the sale, after customary closing adjustments, have been held in escrow pending an order of the Bankruptcy Court for approval of fees and distributions to creditors. The Bankruptcy Court heard applications on this matter on August 10,1989 and scheduled a further hearing August 21, 1989.

The accompanying financial statements give effect to the sale of underlying assets and relief of the related mortgage and property tax debt. The transaction resulted in a gain, which is included in non-operating income. This gain is subject to adjustment, upward or downward, since the agreement provides for a final closing and adjustments to preliminary estimates 120 days after June 28, 1989.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 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.

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.

Cash equivalents are comprised of repurchase agreements which are stated at cost and have a maturity date of three months or less.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

2. Connsummation 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 suostantially 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 JUNE 30, 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 required, and the new institutional lenders permitted such support. In connection with the sale of Atlantis, (Note 1), Elsinore agreed, with the consent of such lenders, to contribute the sum of $2,000,000 for the payment of creditors of ESA, in the Company's sole discretion. Elsinore's obligations with respect to guaranteed payment of the principal and interest on the New Bonds and the 1989 Coupon, attached to the Bonds, is limited solely to the issuance of Common Stock pursuant to Common Stock Formulae contained in the New Bonds and the 1989 Coupon. Pursuant to the quaranty, in connection with the sale of the Atlantis and subsequent required redemption of the Bonds, Elsinore will issue shares of stock on the redemption date in satisfaction of accrued interest on the new Bonds and the 1989 Coupon (Note 8).

3. Prepaid Expenses

	1989	1988
	(in thousands)	
Insurance	$ 100	$ 743
Advertising		55
Contracts		267
Other		208
	$ 100	$1,273

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

4. Property and equipment:

	1989	1988
	(in thousands)	
Land	$ 5,317	$ 11,121
Buildings and improvements	1,481	139,766
Furniture, fixtures and equipment		35,031
	$ 6,798	$185,918
Accumulated depreciation		(54,606)
Reserve for devaluation of building & improvements		(12,737)
	$ 6,798	$118,575
China, glass, silver, linen, net		855
Total property and equipment (net)	$ 6,798	$119,430

In November 1986, an independent appraisal was obtained to determine the current market value of the building and inprovements 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. Also see Note 1.

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 June 30, 1989 Elsinore 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 June 30, 1989, such interest has been accrued by ESA but not paid to Elsinore. This note is also junior and subordinate to the New ESA Note (Note 8) and, therefore, Elsinore does not anticipate repayment of this Note.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

6. Other Accrued Expenses:

	1989	1988
	(Dollars in thousands)	
Taxes other than income	$	$ 910
Payroll	15	923
Progressive jackpot	1,017	947
Benefits	866	1,333
Chapter 11 expenses		1,919
Interest	5,669	
Management Fees	450	
Other	250	1,023
	$ 8,267	$ 7,055

7. Other Current Liabilities:

	1989	1988
	(in thousands)	
Reinvestment obligation	$ 30	$ 266
Unredeemed chips	194	223
Slot tokens	273	267
Other	32	377
	$ 529	$ 1,133

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). Many of these obligations became due and payable upon the sale of the Atlantis. The proceeds of the sale after adjustments were held in escrow awaiting approval for distribution from the Bankruptcy Court. Net proceeds were only sufficient to cover the $55,000,000 principal balance on the New ESA Note (and in turn the New Bonds) and a portion of the accrued interest thereon. 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 June 30, 1989 consisted of the following (dollars in thousands):

Elsinore Finance Corporation:		
- Note payable	(A)	$ 15,000
- Subordinated note payable	(B)	59,707
- Coupon interest payable	(A)	12,103
- Accrued interest payable		2,175
		$ 88,985

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

8. Long Term Debt (continued):

(A) $70,000,000 note with attached coupon of (approximately $12,103,000) from ESA to EFC (the "New ESA Note"). The New ESA Note was secured by a mortgage and security interest encumbering the Atlantis, the Atlantis Improvements and the Additional Collateral (all as defined in the New Indenture), which included 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 (Note 5) together with interest and fees, costs and expenses thereon or payable in connection therewith. The New ESA Note was 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% was payable semi-annually. 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. Terms of the New Indenture stipulate that upon the sale of the Atlantis, EFC shall redeem all of the outstanding New Bonds and the 1989 Coupon within 60 days following the consummation of such sale. The New ESA Note provides for prepayment in connection with any mandatory redemption of the New Bonds. Consequently, in anticipation of an order of the Bankruptcy Court approving the distribution of the proceeds from the sale of the Atlantis, EFC will receive $55,000,000 in payment of principal on the New ESA Note. In turn, EFC has fixed the redemption date for the New Bonds to be in September, 1989. All the outstanding New Bonds (55,000,000) will be redeemed on such redemption date in cash, the 1989 Coupon and accrued interest on the New Bonds through the redemption date will be satisfied partially in cash (from the sale proceeds) and partially with the the issuance of shares of Elsinore's Common Stock in accordance with the Common Stock formulae. Accordingly, the accompaying financial statements give effect to the satisfaction of $55,000,000 portion of the ESA Note which is due by EFC to unrelated parties, plus accrued interest thereon. EFC does not anticipate the balance ($15,000,000) of the New ESA Note, the attached Coupon, and the interest thereon to be repaid.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

8. Long Term Debt (continued):

9% EFC Note in the approximate 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 Indeptedness (as defined in the EFC Note). 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. Upon the sale of the Atlantis, it is stipulated that amounts available to pay the EFC Note will be shared such that $.80 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. As previously discussed, no amounts were availaole from the sales proceeds after satisfaction of the Superior Indebtedness; therefore. Elsinore does not expect the EFC Note or the Elsinore Notes to be repaid.

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.

Interest charges from affiliates for the quarters ended June 30, 1989 and 1988 were as follows:

	1989	1988
	(In thousand)	
EFC	$ 6,975	$ 6,975
Elsinore	1.423	176
Total	$ 8,398	$ 7.151

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

8. Long Term Debt (continued):

Long Term Debt - Due to Others

Long term debt - due to others as of June 30, 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)	5,897
City of Atlantic City	(E)	--
Various federal and state agencies	(F)	905
Georgia Avenue mortgages	(G)	6,342
Capitalized leases	(H)	--
Accrued interest payable		456
Less: Current portion		(1,032)
		$ 19,316

(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 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. Both notes becoame due upon the sale of the Atlantis. These notes are subordinate and junior in all respects to the New ESA Note.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

8. Long Term Debt (continued):

(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. Both notes became due upon the sale of the Atlantis. These notes are subordinate and junior in all respects to the New ESA Note.

(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. An additional $667,000 was placed in escrow during July to be used to satisfy the remaining cash payment portion of this obligation.

(D) An agreement was entered into on the Effective Date by ESA with the Casino Reinvestment Development Authority ("CRDA") regarding payment of pre-petition cummulative 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. Also see Note 10.

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 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. The Partnership expects to fully satisfy this tax lien, net of credits. with the net proceeds of sale (Note 1) and has given effect to same in these financial statements.

(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

The Partnership did not make its installments due May 1, 1989 or thereafter and the mortgagee has initiated foreclosure proceedings. ESA does not intend to contest the action.

(H) Capitalized lease obligations were assumed by the buyer as part of the agreement of sale (Note 1).

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

9. Commitments and contingencies:

a. General litigation:

At June 30, 1989 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 option that the resolution of these matters will not materially affect the Partnership's financial position or results of operation.

Elsinore and ESA have been named as defendants in a class action lawsuit by former casino employees of the Atlantis and a civil action lawsuit by the Hotel Employees Restaurant Employees International Union Local 54. The lawsuits allege violation of the Worker Adjustment and Retraining Notification Act of 1988. The Partnership intends to seek dismissal of both complaints or, if necessary, vigorously defend such action.

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 June 30, 1989 and 1988 were $300,000 and $223,000, respectively.

c. Lease commitments:

Rent expense charged to operations for the quarter ended June 30, 1989 and 1988 was $367,000 and $439,000, respectively.

d. Pension plans:

The Partnership makes contributions to serveral multi-employer defined benefits pension plans covering substantially all unionized employees. Amounts charged against operations and contributed to the Plan for the quarters ended June 30, 1989 and 1988 amounted to 108,000 and 122,000, respectively. Information from the Plan's administrators is not sufficient to permit the Partnership to determine its share of unfunded vested benefits, if any.

9. Commitments and contingencies (continued):

e. License renewal and conditions:

The CCC did not renew ESA's casino license which expired April 14, 1989, and appointed a conservator to take title to ESA's assets. The CCC empowered the conservator with monitoring, oversight and decision making authority regarding the operations of the Atlantis, including the casino, until the property was sold. At the New Jersey Division of Gaming Enforcement's recommendation, the CCC ordered the closure of the casino on May 22, 1989; however, the hotel remained opened.

During the period of operation the Partnership was required by the CCC to 1) maintain a minumum 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. Subsequently, the CCC directed the Conservator to take possession of the Partnership's investment account in the amount of $2,939,000 in order to cover its progressive jackpot liability, outstanding chip/token liability to patrons, and accrued vacation benefits due terminated employees. These issues are the subject of several petitions to be heard by the CCC and other jurisdictions in order to determine their eventual resolution.

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 June 30, 1989 and 1988, the Partnership has reserved $264,000 and $256,000 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%.

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

10. Casino reinvestment obligation (continued):

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 there of, 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. $503,000 and $78,000 of credit and gain respectively were applied in the first half of 1989.

In June of 1989 in connection with the sale (Note 1), the Partnership requested the CRDA to allow it to satisfy all of its unpaid liabilities by the application of available credit and payment of $1.9 million by July 15, 1989. Although the CRDA approved the application and the sale was consummated, the aforementioned payment was not remitted since all sale proceeds were escrowed pending Bankruptcy Court approval of distribution. Similarly, the second calandar quarter installment due July 15 and the installment of prepetition obligations due under the consent order have not been made. The CRDA has issued notices of default under the consent order and indicated that the terms of the June 1989 resolution may no longer be valid.

These matters are expected to be resolved in the Bankruptcy Court.

The Partnership's net investment at June 30, 1989 and 1988 consists of (Dollars in thousands):

	1989	1988
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	6,762	7,506
Allowance for decrease in market value	(1,709)	(2,819)
Credit toward future obligation, net of deferred gain of $743	2,169	
	$ 8,680	$ 6,144

ELSINORE SHORE ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 1989 AND 1988

11. Promotional Allowances and Expenses

Promotional Allowances and Expenses consist of the following for the six months ended June 30, 1989:

	Promotional Allowance		Promotional Expense	
	# of Recipients	Amount	# of Recipients	Amount
Rooms	$ 16,552	$ 693,000		
Food	163,249	1,051,000		
Beverage	1,030,053	1,501,000		
Bus Tour Tokens			$ 520,907	$ 7,422,000
Travel			52,723	458,000
Theater	68,649	269,000		
Other	71,644	459,000	3,522	334,000
Total	$1,350,147	$ 3,973,000	$ 577,152	$ 8,214,000

Promotional Allowances and Expenses consist of the following for the three months ended June 30, 1989:

	Promotional Allowance		Promotional Expense	
	# of Recipients	Amount	# of Recipients	Amount
Rooms	$ 7,516	$ 298,000	$	
Food	62,422	373,000		
Beverage	353,265	517,000		
Bus Tour Tokens			$ 159,685	$ 2,725,000
Travel			8,772	99,000
Theater	20,191	75,000		
Other	25,429	280,000	0	93,000
Total	$ 468,823	$ 1,543,000	$ 168,457	$ 2,917,000

12. Nonoperating income (expense) - net consists of the following for the six months ended June 30, 1989 and 1988:

	1989	1988
Interest Income	$ 222,000	$ 338,000
Chapter 11 Expenses (1)		(1,966,000)
Other, Net	(66,000)	87,000
Gain or Disposal of Assets (Note 1)	8,779,000	
TOTAL	$ 8,935,000	($ 1,541,000)

(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.

TRADING NAME OF LICENSEE Elsinore's Atlantis Casino Hotel

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 0		
2	Returned patrons' checks	904		
3	Total patrons' checks	904	$ 785	$ 119
4	Hotel Receivables	271	19	252
	Other Receivables:			
5	Receivables due from officers and employees	0		
6	Receivables due from affiliates	31		
7	Other accounts and notes receivables	156		
8	Total other receivables	187	0	187
9	Totals (Form 205)	$ 1,361	$ 804	$ 558

LINE (f)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	4,734
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)	(3,553)
13	Checks collected through deposits	(1,331)
14	Checks transferred to returned checks	(403)
15	Other adjustments	
16	Ending Balance	$ 0
17	"Hold" Checks Included In Balance On Line 16	$ 0
18	Provision For Uncollectible Patrons' Checks	$
19	Provision As A Percent Of Counter Checks Issued	%

STATEMENT OF CONFORMITY AND ACCURACY

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

R. Bruce McKee, being duly sworn according to law upon my oath
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

Vice President, Finance/Controller
Title

0548-11
License Number

On Behalf Of:

Elsinore Shore Associates
Casino Licensee

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

Sharon A. Corcoran
Signature

SHARON A. CORCORAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 30, 1993

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE ATLANTIS CASINO HOTEL

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	500	14,168	12,709	$ 59.90	89.7 %	24,717	$ 30.80
MAY	500	14,875	10,585	$ 60.80	71.2 %	20,807	$ 30.93
JUNE	-	-	-	$ -	- %	-	$ -
2ND QUARTER TOTALS		29,043	23,294	$ 60.31	80.2 %	45,524	$ 30.86
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

*Atlantis discontinued its casino operations at 4:00 a.m. on May 22, 1989.

QUARTERLY REPORT

LICENSEE Greate Bay Hotel & Casino, Inc.

ADDRESS Indiana Avenue & Brighton Park
Atlantic City, NJ 08401

FOR THE QUARTER ENDED June 30, 19 89

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 June 30, 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

TRADING NAME OF LICENSEE Sands Hotel & Casino

BALANCE SHEETS

June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	$ 9,076	$ 14,776
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 11,821 ; 19 88, $ 11,798)	27,268	14,437
4	Inventories	2,370	1,997
5	Prepaid expenses and other current assets Note 8	5,594	4,721
6	Total current assets	44,308	35,931
7	Investments, Advances, And Receivables Note 9	16,158	11,346
8	Property And Equipment - Net Note 7	177,894	179,633
9	Other Assets	9,594	9,962
10	Total Assets	$ 247,954	$ 236,872
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	$ 6,934	$ 7,910
12	Notes payable	-	-
13	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other Note 2	2,105	2,066
16	Income taxes payable and accrued	2,758	<1,024>
17	Other accrued expenses Note 10	14,039	13,502
18	Other current liabilities Note 11	5,140	4,710
	Total current liabilities	30,976	27,164
	Long-Term Debt:		
19	Due to affiliates Note 2	182,395	182,034
20	Other Note 2	3,295	5,308
21	Deferred Credits	919	1,562
22	Other Liabilities	-	-
23	Commitments And Contingencies Note 5	-	-
24	Total Liabilities	217,585	216,068
25	Stockholders', Partners', Or Proprietor's Equity	30,369	20,804
26	Total Liabilities And Equity	$ 247,954	$ 236,872

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 Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE 6 MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino		
2	Rooms	$ 104,226	$ 98,735
3	Food and beverage	5,584	4,501
4	Other	12,367	12,726
5	Total revenue	2,398	2,346
6	Less: Promotional allowances Note 12	124,575	118,308
7	Net revenue	9,679	10,895
		114,896	107,413
	Costs And Expenses:		
8	Cost of goods and services	49,787	48,423
9	Selling, general, and administrative	37,884	37,679
10	Provision for doubtful accounts	1,105	1,489
11	Depreciation and amortization	8,222	7,689
12	Charges from affiliates other than interest:		
13	Management fees Note 4	2,772	2,496
14	Other	-	-
15	Total costs and expenses	99,770	97,776
	Income (Loss) From Operations	15,126	9,637
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 4	<11,268>	<10,998>
17	Interest (expense) - external	<367>	<66>
18	Investment alternative tax and related income (expense) - net	<366>	<494>
19	Nonoperating income (expense) - net Note 6	1,636	631
20	Total other income (expenses)	<10,365>	<10,927>
21	Income (Loss) Before Income Taxes And Extraordinary Items	4,761	<1,290>
22	Provision (credit) for income taxes Note 3	2,294	<631>
23	Income (Loss) Before Extraordinary Items	2,467	<659>
24	Extraordinary items (net of income taxes - 19 89, $; 19 88, $)	-	-
25	Net Income (Loss)	$ 2,467	$ <659>

Revenues of a subsidiary totalling $303,000 have been reclassed from Other Revenues to Cost of Goods and Services and Selling, General, and Administrative expense to present 1988 in conformity with 1989.

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED June 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 54,054	$ 53,921
2	Rooms	3,110	2,495
3	Food and beverage	6,679	6,728
4	Other	1,232	1,370
5	Total revenue	65,075	64,514
6	Less: Promotional allowances Note 12	5,122	5,660
7	Net revenue	59,953	58,854
	Costs And Expenses:		
8	Cost of goods and services	25,950	25,135
9	Selling, general, and administrative	20,530	20,454
10	Provision for doubtful accounts	656	938
11	Depreciation and amortization	4,084	3,888
	Charges from affiliates other than interest:		
12	Management fees	1,468	1,442
13	Other	-	-
14	Total costs and expenses	52,688	51,857
15	Income (Loss) From Operations	7,265	6,997
	Other Income (Expenses):		
16	Interest (expense) - affiliates	<5,633>	<5,635>
17	Interest (expense) - external	<181>	<24>
18	Investment alternative tax and related income (expense) - net	<197>	<282>
19	Nonoperating income (expense) - net	913	334
20	Total other income (expenses)	<5,098>	<5,607>
21	Income (Loss) Before Income Taxes And Extraordinary Items	2,167	1,390
22	Provision (credit) for income taxes	1,061	648
23	Income (Loss) Before Extraordinary Items	1,106	742
24	Extraordinary items (net of income taxes - 19 89, $; 1988, $)	-	-
25	Net Income (Loss)	$ 1,106	$ 742

Revenues of a subsidiary totalling $188,000 have been reclassed from Other Revenues to Cost of Goods and Services and Selling, General, and Administrative expense to present 1988 in conformity with 1989.

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 6 MONTHS ENDED June 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (f) DOLLARS
	Common Stock:		$		$
1	Beginning balance (January 1)	100	3,500	100	3,500
2	Sale of stock	-	-	-	-
3		-	-	-	-
4	Ending balance	100	3,500	100	3,500
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		19,738		21,355
10	Dividends		-		<1,617>
11			-		-
12	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					
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)		4,664		<1,775>
26	Prior period adjustments		-		-
27	Net income (loss)		2,467		<659>
28	Dividends		(-)		(-)
29			-		-
30			-		-
31	Ending balance		7,131		<2,434>
32	Ending Stockholders' Equity		$ 30,369		$ 20,804

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 6 MONTHS ENDED June 30, 19 89 AND 1988

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	Not Applicable (c) 19 89	(d) 19 88
	Invested Capital:	$	$
1	Beginning balance (January 1)		
2	Additional capital invested		
3			
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8			
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	( )	( )
11	Additional capital withdrawals	( )	( )
12			
13	Ending balance	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	( )	( )
15			
16			
17	Ending balance	( )	( )
18	Ending Partners' Or Proprietor's Equity	$	$

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$ 5,644	$ <2,158>
	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	<8,156>	<10,374>
5	Proceeds from disposition of property and equipment	-	-
6	Purchase of casino reinvestment obligations	<1,295>	<1,219>
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	<9,451>	<11,593>
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	-	2,064
14	Payments to settle short-term debt	-	<36>
15	Cash proceeds from issuance of long-term debt	-	17,365
16	Costs of issuing debt	-	-
17	Payments to settle long-term debt	<1,227>	<1,500>
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		-	-
23	Net Cash Provided (Used) By Financing Activities	<1,227>	16,276
24	Net Increase (Decrease) In Cash And Cash Equivalents	<5,034>	2,525
25	Cash And Cash Equivalents At Beginning Of Period	14,110	12,251
26	Cash And Cash Equivalents At End Of Period	$ 9,076	$ 14,776

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 11,515	$ 10,478
28	Income taxes	$ 5,887	$ 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.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 2,467	$ <659>
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	7,403	6,907
31	Amortization of other assets	819	782
32	Amortization of debt discount or premium	180	180
33	Deferred income taxes - current	<3,173>	<669>
34	Deferred income taxes - noncurrent	<374>	<9,013>
35	(Gain) loss on disposition of property and equipment	-	-
36	(Gain) loss on casino reinvestment obligations	366	494
37	(Gain) loss from other investment activities	-	-
38	Net (increase) decrease in receivables and patrons' checks	92	1,101
39	Net (increase) decrease in inventories	247	1
40	Net (increase) decrease in other current assets	<1,363>	<552>
41	Net (increase) decrease in other assets	<12>	<1,282>
42	Net increase (decrease) in accounts payables	<28>	<705>
43	Net increase (decrease) in other current liabilities excluding debt	<936>	1,237
44	Net increase (decrease) in other noncurrent liabilities excluding debt	<44>	-
45	Net <increase> in investments net of CRDA	-	20
46		-	-
47	Net Cash Provided (Used) By Operating Activities	$ 5,644	$ <2,158>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 8,157	$ 10,584
49	Less: Capital lease obligations incurred	-	-
50	Cash Outflows For Property And Equipment	$ 8,157	$ 10,584
	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 Pratt Hotel Corporation ("Pratt").

During the six month period ended June 30, 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 June 30, 1989 and 1988 is as follows:

	1989	1988
11.75% first mortgage notes, due 1994, net of discounts of $1,835,00 and $2,015,000 respectively (A)	$171,195,000	$170,834,000
16.5% Promissory note due 1998 (B)	11,200,000	11,200,000
Note Payable to bank, due 1991 (C)	4,900,000	6,869,000
Other	500,000	505,000
	187,795,000	189,408,000
Less: Current portion of long-term debt	2,105,000	2,066,000
Long-term portion	$185,690,000	$187,342,000

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, with interest only payable semi-annually in March and September. 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 June 30, 1989 there were no amounts outstanding under this line of credit.

Maturities of Long-term debt as of June 30, 1989 amounted to:

1989 (6 months)	$ 1,052,000
1990	2,106,000
1991	3,196,000
1992	4,678,000
1993	5,258,000
Thereafter	173,340,000
	189,630,000
Unamortized Discount	1,835,000
Current Portion	2,105,000
Long-Term Portion	$185,690,000

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 six months ended June 30, 1989 and 1988 are as follows:

	1989	1988
Federal Income Tax Expense		
Current	$2,118,000	$(169,000)
Deferred	(341,000)	(320,000)
State Income Tax Expense		
Current	607,000	(135,000)
Deferred	(90,000)	(7,000)
Total Provision (Credit) for Income Taxes	$2,294,000	$(631,000)

Note 4 - Related Party Transactions

GBH&C has a Management Agreement with Pratt Casino Management, Inc. ("PCMI"), a subsidiary of Pratt. 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 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 six months ended June 30, 1989 and 1988 were $2,772,000 and $2,496,000 respectively and are included in management fees charged from affiliates in the accompanying financial statements. Consultant and incentive fees of $2,455,000 and $477,000 were due to PCMI at June 30, 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 $167,000 and $135,000 for the six months ended June 30, 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 six months ended June 30, 1989 and 1988 the company incurred interest charges from affiliates of:

	1989	1988
11.75% first mortgage notes	$10,344,000	$10,344,000
16.5% promissory note	924,000	654,000
	$11,268,000	$10,998,000

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.

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the property during 1983 and 1984.

The arbitration award, including interest through January 31, 1989, totalled $14,524,000 and, on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company has sought reconsideration of the Superior Court's confirmation of the arbitration award and has advised GBH&C that it intends to appeal the determination of the Superior Court confirming the arbitration award into a judgment, GBH&C believes this amount is collectible, and, based on the advice of counsel, believes that the likelihood of the award being modified or vacated is remote.

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

Note 6 - Non-Operating Income (Expenses)

For the six month period ended June 30, 1989 and 1988, Non-Operating Income of $1,636,000 and $631,000 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 June 30, 1989 and 1988 consisted of the following:

	1989	1988
Land	$ 36,179,000	$ 36,179,000
Buildings	148,730,000	145,600,000
Furniture, fixtures and equipment	78,017,000	71,518,000
Construction in progress	6,848,000	3,280,000
	269,774,000	256,577,000
Less: accumulated depreciation and amortization	91,880,000	76,944,000
Total property and equipment	$177,894,000	$179,633,000

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 June 30, 1989 and 1988, the line item Prepaid Expenses and Other Current Assets is comprised of the following:

	1989	1988
Prepaid advertising and promotions	$ 661,000	$618,000
Prepaid licenses and permits	709,000	736,000
Prepaid taxes	303,000	291,000
Miscellaneous prepaids	303,000	401,000
Prepaid air charters	51,000	102,000
Deposits	3,155,000	496,000
Prepaid insurance	207,000	855,000
Prepaid slot parts	-	238,000
Other deferred charges	11,000	930,000
Other	194,000	54,000
Total prepaid expenses and other current assets	$ 5,594,000	$4,721,000

Note 9 - Investments, Advances, and Receivables

At June 30, 1989 and 1988, the line item Investments, Advances and Receivables is comprised of the following:

	1989	1988
CRDA Investments (net of allowance of $4,655,000 and $3,881,000 at June 30, 1989 and 1988 respectively)	$ 15,676,000	$ 10,853,000
Other items	482,000	493,000
Total Investments, Advances and Receivables	$ 16,158,000	$ 11,346,000

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

Note 10 - Other Accrued Expenses

As of June 30, 1989 and 1988, the line item Other Accrued Expenses is comprised of the following:

	1989	1988
Accrued salaries and wages	$ 941,000	$ 1,746,000
Accrued vacation	1,200,000	1,200,000
Other accrued expenses	1,693,000	739,000
Accrued interest on debt	1,930,000	1,981,000
Accrued progressive slot machine jackpot	3,645,000	3,577,000
Accrued C.C.C. inspection fees	170,000	279,000
Accrued D.G.E. inspection fees	179,000	150,000
Accrued casino license fees	303,000	217,000
Accrued insurance	1,679,000	1,427,000
F.I.C.A. payable	205,000	284,000
NJ Sales Tax	164,000	136,000
S.U.I payable	603,000	609,000
Gaming revenue tax	321,000	370,000
Other	1,006,000	787,000
Total other accrued expenses	$ 14,039,000	$ 13,502,000

Note 11 - Other Current Liabilities

As of June 30, 1989 and 1988, the line item Other Current Liabilities was comprised of the following:

	1989	1988
Unredeemed gaming chips liability	$ 495,000	$ 539,000
Unredeemed token liability	133,000	159,000
Casino customer deposits	203,000	390,000
Unclaimed wages	164,000	173,000
Advance deposits	57,000	87,000
CRDA	671,000	669,000
Retainage on Construction	-	384,000
Due to affiliates	3,041,000	1,441,000
Deferred trade out liability	90,000	64,000
Red Carpet Slot liability	93,000	433,000
Other	193,000	371,000
Total Other Current Liabilities	$ 5,140,000	$ 4,710,000

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 six month period ended June 30, 1989 is as follows:

	Promotional Allowances		Promotional Expenses	
	No. of Recipients	Dollar Amount	No. Of Recipients	Dollar Amount
Rooms	44,187	$ 1,369,000	-	-
Food	273,491	3,066,000	-	-
Beverage	743,866	4,463,000	-	-
Travel	-	-	10,530	$ 2,732,000
Theatre	13,664	371,000	-	-
Parking	32,071	257,000	12,108	96,000
Bus Tour Coupon Exchange Coin	-	-	520,857	9,763,000
Food Court - Other	-	-	223,375	1,561,000
Red Carpet Certificates	-	-	120,352	821,000
Other	19,113	153,000	28,876	870,000
Total Promotional Allowances and Expenses		$ 9,679,000		$15,843,000

A summary of Promotional Allowances and Expenses incurred during the three month period ended June 30, 1989 is as follows:

	Promotional Allowances		Promotional Expenses	
	No. of Recipients	Dollar Amount	No. Of Recipients	Dollar Amount
Rooms	22,246	$ 729,000	-	-
Food	143,521	1,647,000	-	-
Beverage	386,035	2,315,000	-	-
Travel	-	-	6,015	$ 1,561,000
Theatre	7,477	197,000	-	-
Parking	19,644	158,000	9,614	76,000
Bus Tour Coupon Exchange Coin	-	-	299,021	5,636,000
Food Court - Other	-	-	116,089	798,000
Red Carpet Certificates	-	-	79,789	421,000
Other	9,451	76,000	13,006	392,000
Total Promotional Allowances and Expenses		$ 5,122,000		$ 8,884,000

TRADING NAME OF LICENSEE Sands Hotel & Casino

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 6,320	-	-
2	Returned patrons' checks	14,512	-	-
3	Total patrons' checks	20,832	$ 11,746	$ 9,086
4	Hotel Receivables	989	75	914
	Other Receivables:			
5	Receivables due from officers and employees	-	-	-
6	Receivables due from affiliates	981	-	-
7	Other accounts and notes receivables	16,287	-	-
8	Total other receivables	17,268	-	17,268
9	Totals (Form 205)	$ 39,089	$ 11,821	$ 27,268

LINE (f)	DESCRIPTION (g)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	101,106
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)	(<74,633>)
13	Checks collected through deposits	(<23,959>)
14	Checks transferred to returned checks	(<3,247>)
15	Other adjustments	-
16	Ending Balance	$ 6,320
17	"Hold" Checks Included In Balance On Line 16	$ -
18	Provision For Uncollectible Patrons' Checks	$ 1,042
19	Provision As A Percent Of Counter Checks Issued	1.03

STATEMENT OF CONFORMITY AND ACCURACY

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

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 August, 1989

Signature

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

Basis of Authority
to Take Oaths

On Behalf Of:

Greate Bay Hotel & Casino, Inc.
Casino Licensee

TRADING NAME OF LICENSEE SANDS HOTEL AND CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	500	15,000	13,854	$ 75.26	92.4 %	25,145	$ 41.47
MAY	500	15,500	13,397	$ 76.32	86.4 %	24,512	$ 41.71
JUNE	500	15,000	13,604	$ 76.79	90.7 %	24,967	$ 41.84
2ND QUARTER TOTALS		45,500	40,855	$ 76.12	89.8 %	74,624	$ 41.67
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE MARINA ASSOCIATES

ADDRESS 1725 BRIGANTINE BOULEVARD
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED JUNE 30, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

OFFICIAL TITLE. . . . . DIRECTOR OF FINANCE

ADDRESS . . . . . 1725 BRIGANTINE BOULEVARD
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED June 30, 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	
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TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

BALANCE SHEETS

June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:	$	$
1	Cash	11,660	10,934
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 4,555 ; 19 88, $ 5,662)	9,818	9,442
4	Inventories	2,326	2,641
5	Prepaid expenses and other current assets (Note 10)	1,773	4,203
6	Total current assets	25,577	27,220
7	Investments, Advances, And Receivables (Note 4)	255,411	176,121
8	Property And Equipment - Net (Note 2)	224,555	216,919
9	Other Assets	3,259	7,138
10	Total Assets	$ 508,802	$ 427,398
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
11	Accounts payable	1,116	2,113
12	Notes payable	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates	-0-	-0-
14	Other (Note 3)	6	5
15	Income taxes payable and accrued	1,061	1,765
16	Other accrued expenses (Note 8)	15,827	12,656
17	Other current liabilities	508	490
18	Total current liabilities	18,518	17,029
	Long-Term Debt:		
19	Due to affiliates	-0-	-0-
20	Other (Note 3)	-0-	6
21	Deferred Credits	-0-	-0-
22	Other Liabilities (Note 9)	27,404	23,098
23	Commitments And Contingencies (Notes 5 & 6)		
24	Total Liabilities	45,922	40,133
25	Stockholders', Partners', Or Proprietor's Equity	462,880	387,265
26	Total Liabilities And Equity	$ 508,802	$ 427,398

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 6 MONTHS ENDED June 30, 1989 and 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 139,882	$ 132,646
2	Rooms	9,995	10,350
3	Food and beverage	21,296	21,586
4	Other	4,716	3,470
5	Total revenue	175,889	168,052
6	Less: Promotional allowances (Note 7)	19,524	19,931
7	Net revenue	156,365	148,121
	Costs And Expenses:		
8	Cost of goods and services	85,634	79,197
9	Selling, general, and administrative	23,345	24,510
10	Provision for doubtful accounts	731	818
11	Depreciation and amortization	6,338	6,587
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	116,048	111,112
15	Income (Loss) From Operations	40,317	37,009
	Other Income (Expenses):		
16	Interest (expense) - affiliates		
17	Interest (expense) - external	(1)	(3)
18	Investment alternative tax and related income (expense) - net	(257)	1
19	Nonoperating income (expense) - net	736	701
20	Total other income (expenses)	478	699
21	Income (Loss) Before Income Taxes And Extraordinary Items	40,795	37,708
22	Provision (credit) for income taxes (Note 11)	3,668	3,379
23	Income (Loss) Before Extraordinary Items	37,127	34,329
24	Extraordinary items (net of income taxes - 1989, $ -0- ; 1988, $ -0-)		
25	Net Income (Loss)	$ 37,127	$ 34,329

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 June 30, 1989 and 1988

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$ 70,394	$ 68,627
2	Rooms	5,388	5,701
3	Food and beverage	10,884	11,334
4	Other	2,664	2,220
5	Total revenue	89,330	87,882
6	Less: Promotional allowances (Note 7)	10,008	10,782
7	Net revenue	79,322	77,100
	Costs And Expenses:		
8	Cost of goods and services	43,226	40,736
9	Selling, general, and administrative	10,857	12,364
10	Provision for doubtful accounts	252	237
11	Depreciation and amortization	3,062	3,264
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	57,397	56,601
15	Income (Loss) From Operations	21,925	20,499
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	(1)	(2)
18	Investment alternative tax and related income (expense) - net	(258)	-0-
19	Nonoperating income (expense) - net	360	462
20	Total other income (expenses)	101	460
21	Income (Loss) Before Income Taxes And Extraordinary Items	22,026	20,959
22	Provision (credit) for income taxes (Note 11)	1,980	1,881
23	Income (Loss) Before Extraordinary Items	20,046	19,078
24	Extraordinary items (net of income taxes - 1989, $ -0- ; 1988 $ -0-)	-0-	-0-
25	Net Income (Loss)	$ 20,046	$ 19,078

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 CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 6 MONTHS ENDED June 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 1988
	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-	-0-
7	Net income (loss)	37,127	34,329
8		-0-	-0-
9	Ending balance	428,024	352,409
	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	$ 462,880	$ 387,265

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 CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$ 39,308	$ 45,476
	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	(13,464)	(3,943)
5	Proceeds from disposition of property and equipment	45	2,659
6	Purchase of casino reinvestment obligations	(5,713)	(1,541)
7	Purchase of other investments and loans/advances made	(32,528)	(42,109)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	9,435	-0-
9	Cash outflows to acquire business entities		
10	Accrued Interest CRDA Bonds	-0-	121
11	Reduction of Long-Term Receivables	-0-	9
12	Net Cash Provided (Used) By Investing Activities	(42,225)	(44,804)
	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	(2)	(2)
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)	(2)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(2,919)	670
25	Cash And Cash Equivalents At Beginning Of Period	14,579	10,264
26	Cash And Cash Equivalents At End Of Period	$ 11,660	$ 10,934

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 1	$ 3
28	Income taxes	$ 2,048	$ 4,018

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 CASH FLOWS

FOR THE 6 MONTHS ENDED June 30, 1989 and 19 88

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 37,127	$ 34,329
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	6,159	6,245
31	Amortization of other assets	179	342
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	155	10
36	(Gain) loss on casino reinvestment obligations	257	(1)
37	(Gain) loss from other investment activities	-0-	-0-
38	Net (increase) decrease in receivables and patrons' checks	382	523
39	Net (increase) decrease in inventories	(143)	(249)
40	Net (increase) decrease in other current assets	(743)	1,642
41	Net (increase) decrease in other assets	(161)	(15)
42	Net increase (decrease) in accounts payables	(2,374)	(364)
43	Net increase (decrease) in other current liabilities excluding debt	(4,058)	(1,127)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	2,528	4,141
45		-0-	-0-
46		-0-	-0-
47	Net Cash Provided (Used) By Operating Activities	$ 39,308	$ 45,476

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 13,464	$ 3,943
49	Less: Capital lease obligations incurred	-0-	-0-
50	Cash Outflows For Property And Equipment	$ 13,464	$ 3,943
	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. Holiday Corporation, through its subsidiaries, is the sole owner of the Company.

Gaming Revenues -

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

Promotional Allowances -

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

Inventories -

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

Property and Equipment -

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

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

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

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:

	JUNE 30 (000's) 1989	1988
Land and land improvements	$ 26,377	$ 26,404
Buildings, leaseholds and improvements	198,071	191,148
Furniture, fixtures and equipment	56,549	52,982
Construction in progress	11,831	3,358
	$292,828	$273,892
Less accumulated depreciation	(68,273)	(56,973)
Property and equipment, net	$224,555	$216,919

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:

	JUNE 30 (000's) 1989	1988
Capital lease obligation	$ 6	$ 11
Obligation due within one year	(6)	(5)
	$ 0	$ 6

The future minimum lease payments as of June 30, 1989, were as follows:

1989	$ 3
1990	3
Total minimum lease payments	$ 6
Amounts representing interest	(0)
Total obligations under capital leases	6
Obligations Due within one year	(6)
Long-term obligations under capital leases	$ 0

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Investments, Advances and Receivables:

	JUNE 30 (000's) 1989	1988
Notes Receivable	$ 2,430	$ 2,451
Investment in CRDA Bonds - Net of Valuation Adj.	2,109	2,106
Reinvestment Obligation Deposits	13,482	15,338
Due from Affiliates	236,967	156,226
Funds Advanced to Northeast Inlet Redevelopment Project to be reimbursed by a UDAG Grant	423	-0-
	$255,411	$176,121

Due from Affiliates consists of the following unsecured, non-interest bearing intercompany amounts at June 30, 1989 and 1988.

	JUNE 30 (000's) 1989	1988
Harrah's New Jersey, Inc.	$ 18,972	$ 18,972
Harrah's Lake Tahoe	131	118
Holiday Corporation	214,787	134,377
Embassy Suites, Inc.	2,627	2,627
Holiday Inns, Inc.	214	-0-
Holiday Casino, Inc.	-0-	9
Harrah's Del Rio	127	121
Bill's Casino	109	2
Total Due from Affiliates	$236,967	$156,226

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 sis months ended June 30, 1989, and June 30, 1988, were approximately $1,247,796 and $1,144,330 respectively.

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

1990	$ 1,824,696
1991	1,098,079
1992	550,398
1993	120,000
Thereafter	1,200,000
	$ 4,793,173

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 the Atlantic City portion of the company's obligation.

The Company, in the absence of receiving approval for a direct investment project, will have to purchase bonds in order to satisfy obligations outside of Atlantic City as well as obligations of the New Jersey Development Authority for Small Business, Minorities and Women's Enterprises. At June 30, 1989, the Company has accrued a liability of $258,420 to provide for the charge against operations which would be incurred at the time that these bonds were issued. The charge against operations would reflect the below market rate interest paid by the bonds.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 7: Promotional Allowances:

Promotional allowances for the six months ended June 30, 1989, consist of:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS (000's)	DOLLAR AMOUNT (000's)	NUMBER OF RECIPIENTS (000's)	DOLLAR AMOUNT (000's)
Rooms	61	$ 5,219	-0-	$ -0-
Food	949	9,487	-0-	-0-
Beverage	1,431	3,577	-0-	-0-
Travel	-0-	-0-	25	2,421
Theatre	62	1,241	-0-	-0-
Coupon Redemption of Cash & Tokens	-0-	-0-	350	4,380
Rooms Off-Premises	-0-	-0-	N/A	10
Other*	-0-	-0-	88	512
	2,503	$19,524	463	$7,323

Promotional allowances for the three months ended June 30, 1989, consist of:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS (000's)	DOLLAR AMOUNT (000's)	NUMBER OF RECIPIENTS (000's)	DOLLAR AMOUNT (000's)
Rooms	31	$ 2,679	-0-	$ -0-
Food	482	4,817	-0-	-0-
Beverage	714	1,785	-0-	-0-
Travel	-0-	-0-	13	1,301
Theatre	36	727	-0-	-0-
Coupon Redemption of Cash & Tokens	-0-	-0-	177	2,213
Rooms Off-Premises	-0-	-0-	N/A	3
Other*	-0-	-0-	52	303
	1,263	$10,008	242	$3,820

* 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:

	JUNE 30 (000's) 1989	1988
Accrued salaries and wages	$ 7,441	$ 6,410
Taxes payable	674	612
Other accrued expenses	5,547	3,838
Accrued progressive slot liability	1,950	1,270
Accrued CCC/DGE/Casino License fees	215	526
	$15,827	$12,656

NOTE 9: Other Liabilities:

Other liabilities consist of the following:

	JUNE 30 (000's) 1989	1988
Long Term due to Affiliates	$26,583	$22,713
Other Liabilities	821	385
	$27,404	$23,098

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

	JUNE 30 (000's) 1989	1988
Due to Affiliates -		
Harrah's Services, Inc.	$ 19	$ 19
Holiday Inns - Hotel Group	5,672	4,732
Harrah's Holdings, Inc.	803	511
Harrah's Atlantic City, Inc.	19,725	17,232
Harrah's Reno	31	19
Harrah's Holiday Inns of NJ, Inc.	297	200
Holiday Casino, Inc.	36	-0-
	$26,583	$22,713

NOTE 10: Prepaid Expenses and Other Current Assets:

Prepaid expenses and other current assets consist of the following:

	JUNE 30 (000's) 1989	1988
Prepaid Slot Tax	$ 872	$ 857
Prepaid Property Tax	-0-	1,231
Prepaid Insurance	53	49
Prepaid Other	848	894
Other Current Assets	-0-	1,172
	$ 1,773	$ 4,203

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 11: 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 12: 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 six months ended June 30, 1989, was $1,415,643.

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	ACCOUNTS RECEIVABLE BALANCES DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 4,704		
2	Returned patrons' checks	7,031		
3	Total patrons' checks	11,735	$ 4,487	$ 7,248
4	Hotel Receivables	1,570	68	1,502
	Other Receivables:			
5	Receivables due from officers and employees	38		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	1,030		
8	Total other receivables	1,068	-0-	1,068
9	Totals (Form 205)	$ 14,373	$ 4,555	$ 9,818

LINE (f)	UNDEPOSITED PATRONS' CHECKS ACTIVITY DESCRIPTION (g)	AMOUNT (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)	93,039
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)	(61,848)
13	Checks collected through deposits	(27,710)
14	Checks transferred to returned checks	(4,522)
15	Other adjustments	
16	Ending Balance	$ 4,704
17	"Hold" Checks Included In Balance On Line 16	$ -0-
18	Provision For Uncollectible Patrons' Checks	$ 691
19	Provision As A Percent Of Counter Checks Issued	.7 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Joseph A. Domenico, 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. Domenico
Signature

Director of Finance
Title

01833-11
License Number

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

Mary Jo L. Chatten
Signature

MARY-JO L. CHATTEN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires DEC. 26, 1990

Basis of Authority
to Take Oaths

On Behalf Of:

Marina Associates
Casino Licensee

TRADING NAME OF LICENSEE HARRAH'S MARINA HOTEL CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	760	22,800	21,269	$ 81.32	93.3 %	39,687	$ 43.58
MAY	760	23,560	21,701	$ 82.68	92.1 %	40,614	$ 44.18
JUNE	760	22,800	21,982	$ 84.80	96.4 %	43,304	$ 43.05
2ND QUARTER TOTALS		69,160	64,952	$ 82.95	93.9 %	123,605	$ 43.59
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

ADDRESS BOARDWALK & NORTH CAROLINA AVENUE
ATLANTIC CITY, NJ 08404

FOR THE QUARTER ENDED JUNE 30, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . PETER R. BURNS

OFFICIAL TITLE. . . . . SENIOR VICE PRESIDENT - FINANCE

ADDRESS . . . . . .

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 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

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

BALANCE SHEETS

JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash	$ 9,046	$ 8,090
2	Marketable securities (Short-term Money Market At Cost)	8,244	6,224
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, $4,716; 1988, $4,333) (Note 3)	145,681	24,370
4	Inventories	2,306	2,490
5	Prepaid expenses and other current assets	3,035	1,689
6	Total current assets	168,312	42,863
7	Investments, Advances, And Receivables ....(Note 4)	13,229	233,419
8	Property And Equipment - Net ....(Note 5)	222,871	81,625
9	Other Assets ....(Note 6)	126,283	4,343
10	Total Assets	$530,695	$362,250
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts Payable	$ 7,034	$ 5,628
12	Notes Payable .....(Note 7)	1,220	125,000
	Current portion of long-term debt: (Note 9)		
13	Due to affiliates		
14	Other	197	446
15	Income taxes payable and accrued (Note 16)		
16	Other accrued expenses (Note 8)	24,043	27,127
17	Other current liabilities	5,047	5,485
18	Total current liabilities	37,541	163,686
	Long-Term Debt: (Note 9)		
19	Due to affiliates	325,000	196,083
20	Other	518	668
21	Deferred Credits ....(Note 11)	36,803	660
22	Other Liabilities		
23	Commitments and Contingencies (Note 17)		
24	Total Liabilities	399,862	361,097
25	Stockholders', Partners', or Proprietor's Equity	130,833	1,153
26	Total Liabilities and equity	$530,695	$362,250

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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: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$110,708	$118,096
2	Rooms	8,053	8,970
3	Food and beverage	14,607	19,165
4	Other	3,258	3,718
5	Total revenue	136,626	149,949
6	Less: promotional allowances ....(Note 10)	12,654	17,512
7	Net revenue	123,972	132,437
	Costs And Expenses:		
8	Cost of goods and services	78,228	78,151
9	Selling, general, and administrative	24,939	27,333
10	Provision for doubtful accounts	699	523
11	Depreciation and amortization	9,893	5,558
	Charges from affiliates other than interest: (Note 13)		
12	Management fees	2,400	1,800
13	Other	6,096	7,819
14	Total costs and expenses	122,255	121,184
15	Income (Loss) From Operations	1,717	11,253
	Other Income (Expense):		
16	Interest (expense) - affiliates.. (Note 13)	(22,313)	(16,685)
17	Interest expense - external	(50)	(5,427)
18	Investment alternative tax and related inc.(exp).(Note 17)	(711)	(715)
19	Nonoperating income (expense) - net ...(Note 14)	5,213	(467)
20	Total other income (expenses)	(17,861)	(23,294)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(16,144)	(12,041)
22	Provision (Credit) for income taxes	(4,300)	
23	Income (Loss) Before Extraordinary Items	(11,844)	(12,041)
24	Extraordinary Items (net of income taxes - 19__, $; 19__, $)		
25	Net Income (Loss)	($ 11,844)	($ 12,041)

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: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$ 58,673	$ 67,908
2	Rooms	4,408	4,855
3	Food and beverage	7,622	10,685
4	Other	1,470	2,252
5	Total revenue	72,173	85,700
6	Less: promotional allowances ...(Note 10)	6,614	9,627
7	Net revenue	65,559	76,073
	Costs And Expenses:		
8	Cost of goods and services	39,851	41,349
9	Selling, general, and administrative	14,011	16,154
10	Provision for doubtful accounts	432	390
11	Depreciation and amortization	5,033	2,825
	Charges from affiliates other than interest:		
12	Management fees	1,650	900
13	Other	3,166	3,700
14	Total costs and expenses	64,143	65,318
15	Income (Loss) From Operations	1,416	10,755
	Other Income (Expense):		
16	Interest (expense) - affiliates	(11,157)	(8,343)
17	Interest expense - external	(29)	(3,116)
18	Investment alternative tax and related inc.(exp)	(382)	(405)
19	Nonoperating income (expense) - net	2,082	1,288
20	Total other income (expenses)	(9,486)	(10,576)
21	Income (Loss) Before Income Taxes And Extraordinary Items	(8,070)	179
22	Provision (Credit) for income taxes	(1,500)	
23	Income (Loss) Before Extraordinary Items	(6,570)	179
24	Extraordinary Items (net of income taxes - 19__, $; 19__, $)		
25	Net Income (Loss)	($ 6,570)	$ 179

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: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989 (c) SHARES	1989 (d) DOLLARS	1988 (e) SHARES	1988 (f) DOLLARS
	Common Stock: ($1 par value , 2,500 shares authorized)				
1	Beginning balance (January 1)	100	$	100	$
2	Sale of stock				
3					
4	Ending balance	100		100	
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending balance				
	Additional Paid-In Capital:	++++++++++++		++++++++++++	
9	Beginning balance (January 1)	++++++++++++	180,030	++++++++++++	2,490
10		++++++++++++		++++++++++++	
11		++++++++++++		++++++++++++	
12	Ending balance	++++++++++++	180,030	++++++++++++	2,490
	Treasury Stock:				
13	Beginning balance (January 1)		( )		( )
14	Purchase of additional stock ...		( )		(
15	Sale or retirement of stock				
16	Ending balance		( )		( )
	Subscriptions Receivable For From Capital Stock: Griffin Company				
17	Beginning balance (January 1)		(35,000)		( )
18					
19					
20	Ending balance		(35,000)		( )
	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)	++++++++++++	(2,353)	++++++++++++	10,704
26	Prior period adjustments	++++++++++++		++++++++++++	
27	Net income (loss)	++++++++++++	(11,844	++++++++++++	(12,041)
28	Dividends	++++++++++++	( )	++++++++++++	( )
29		++++++++++++		++++++++++++	
30		++++++++++++		++++++++++++	
31	Ending balance	++++++++++++	(14,197)	++++++++++++	(1,337)
32	Ending Stockholders' Equity	++++++++++++	$130,833	++++++++++++	$ 1,153

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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 RESORTS INTERNATIONAL, INC.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 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	$	$

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: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 31, 1989, and 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) by Operating Activities	($66,851)	($ 3,325)
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities		
3	Proceeds from the sale of short-term investment securities		
4	Cash outflows for property and equipment	(5,775)	(1,870)
5	Proceeds from disposition of property and equipment	103	3
6	Purchase of casino reinvestment obligations	(1,379)	(1,456)
7	Purchase of other investments and loans/advances made	96	(37,981)
8	Proceeds from disposal of investments and collections of advances and long-term receivables		
9	Cash outflows to acquire business entities		
10	_____		
11	_____		
12	Net Cash Provided (Used) By Investing Activities	(6,955)	(41,304)
	Cash Flows From Financing Activities		
13	Cash proceeds from issuance of short-term debt	572	125,000
14	Payments to settle short-term debt	(122)	(75,000)
15	Cash proceeds from issuance of long-term debt	744	
16	Costs of issuing debt		
17	Payments to settle long-term-debt	(29)	(221)
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	1,165	49,779
24	Net Increase (Decrease) in Cash And Cash Equivalents	(72,641)	5,150
25	Cash And Cash Equivalents At Beginning Of Year	89,931	9,164
26	Cash And Cash Equivalents At End Of Year	$17,290	$ 14,314

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	$20,519	$ 22,082
28	Income taxes	$	$

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

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	($11,844)	($12,041)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	7,144	5,156
31	Amortization of other assets	2,749	402
32	Amortization of debt discount or premium		60
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent		
35	(Gain) loss on disposition of property and equipment	167	21
36	(Gain) loss on casino reinvestment obligations	711	715
37	(Gain) loss from other investment activities	44	(11)
38	Net (increase) decrease in receivables and patrons' checks	(58,705)	(3,161)
39	Net (increase) decrease in inventories	(30)	196
40	Net (increase) decrease in other current assets	(1,934)	(260)
41	Net (increase) decrease in other assets	(1,064)	(5)
42	Net increase (decrease) in accounts payable	856	3,061
43	Net increase (decrease) in other current liabilities excluding debt	345	2,579
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(5,290)	(37)
45			
46			
47	Net Cash Provided (Used) By Operating Activities	($66,851)	($ 3,325)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	($ 5,775)	($ 1,881)
49	Less: Capital lease obligations incurred	744	
50	Cash Outflows For Property And Equipment	($ 5,031)	($ 1,881)
	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	$	$

RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 1989

NOTE 1 - ACQUISITION AND BASIS OF PRESENTATION:

Resorts International Hotel, Inc. (the "Company"), a wholly owned subsidiary of Resorts International, Inc. (RII), owns and operates the Resorts International Casino Hotel ("Resorts Casino Hotel") a casino/hotel complex located in Atlantic City, New Jersey.

Effective November 15, 1988, The Griffin Company ("Griffin Co."), a company wholly-owned by Merv Griffin, purchased a controlling interest in RII from Donald J. Trump, then Chairman of the Board and controlling shareholder of RII (The "Acquisition"). Also effective November 15, 1988, Griffco Acquisition Corp. ("Griffco"), a wholly-owned subsidiary of Griffin Co, was merged with and into RII (the "Merger"). As a result of the Merger and the Acquisition, RII became a wholly-owned subsidiary of Griffin Co.

The Acquisition was accounted for as a purchase and according to a practice known as "push-down" accounting, on November 15, 1988, the Company adjusted its net assets to reflect its portion of the cost of the Acquisition. In doing so, the Company's consolidated assets and liabilities were adjusted to their estimated fair values, based on independent appraisals, evaluations, estimations and other studies. RII's consolidated goodwill was allocated among its subsidiaries based on return on investment computations and other relevant factors. Reflected below is a summary of these adjustments:

(In Thousands of Dollars)

Increase in property and equipment	$146,487
Increase in goodwill	108,204
Increase in deferred tax liability	(43,070)
	$211,621

Goodwill is being amortized on the straight line basis over 40 years. The appraisals used to establish fair values of the majority of the Company's property and equipment also provided revised estimates of remaining depreciable lives of such assets, which generally were greater than those previously used by the Company, particularly for hotels and other buildings. The Company commenced using such revised estimates as of November 15, 1988.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries except for one wholly owned subsidiary which is

accounted for on the equity basis of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition:

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

Promotional allowances:

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

Cash equivalents

The Company considers all of its short-term money market securities which have maturities of three months or less to be cash equivalents.

Inventories:

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

Property and equipment:

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows: land improvements, 12 - 20 years; buildings and improvements, 24-30 years; furniture and equipment, 2-7 years.

Casino Reinvestment Development Authority ("CRDA") Obligations

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

The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

Income taxes

For periods from November 15, 1988, the Company will file a consolidated United States federal income tax return with RII's new parent, Griffin Co. Pursuant to a Tax Sharing Agreement entered into with the Griffin Co. and RII. The Company will be liable to Griffin Co. for the amount of federal income taxes calculated on a separate return basis, and so taxes have been provided on that basis. However, the Company will not be liable to Griffin Co. to the extent that Griffin Co.'s consolidated federal tax return does not have an actual tax liability for a particular year, or that RII and its domestic subsidiaries would not have had an actual tax liability had they filed a separate consolidated federal income tax return for such year.

Also for periods from November 15, 1988, the Company adopted the Statement of Financial Accounting Standards No. 96, "Accounting For Income Taxes" ("SFAS 96"). Under the liability method specified by SFAS 96, the deferred tax liability is determined based on the difference between the financial reporting and tax basis of assets and liabilities and enacted tax rates which will be in effect for the years in which the differences are expected to reverse. The deferred tax liability is reduced by cumulative tax credits and losses being carried forward for tax purposes. Deferred tax expense is the result of changes in the deferred tax liability.

For periods through November 14, 1988 the Company's taxable income was included in the consolidated federal income tax return filed by RII. Based on an agreement with RII, the Company provides for federal and state income taxes using a combined tax rate, except for those isolated transactions which materially affected the Company's effective tax rate, in which case the applicable transactions are separately tax effected using the appropriate tax rates. Effective January 1, 1987, the Company's agreement with RII was amended to reflect changes in federal tax laws brought about by the Tax Reform Act of 1986 (the "1986 Act"). Based on the tax rates included in the 1986 Act, the Company has agreed with RII for 1987 that it would provide for federal and state income taxes using a combined rate of 45%. For years subsequent to 1987, taxes were provided using a combined tax rate of 40%. Isolated transactions that materially affect the Company's effective tax rates continue to be separately tax effected.

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS:

Components of receivables at June 30 were as follows:

(In Thousands of Dollars)	1989	1988
Gaming	$ 13,139	$11,755
Less allowance for doubtful accounts	(4,609)	(4,277)
	8,530	7,478
Non-gaming:		
Hotel and related	1,946	2,314
Other		
	1,946	2,314
Less allowance for doubtful accounts	(107)	(56)
	1,839	2,258
Demand note from affiliate	50,000	0
Receivables due from affiliates	85,312	14,634
	135,312	14,634
	$145,681	$24,370

In November 1988, the Company loaned $50,000,000 to Resorts International (Bahamas) 1984 Limited ("RIB"), an indirect wholly-owned subsidiary of RII, in exchange for a promissory note. Such note is payable on demand and bears interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. The note is guaranteed by certain of RIB's subsidiaries. The guaranties are secured by mortgages on the Paradise Island Resort & Casino, the Ocean Club, the Paradise Beach Resort and all furniture, machinery and equipment used in connection therewith. Interest income from the note was $3,375,000 for the six months ended June 30, 1989.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES:

(In Thousands of Dollars)

	JUNE 30, 1989	JUNE 30, 1988
Note receivable - RINJ	0	$222,212
Deposits-CRDA	19,797	16,186
Valuation allowance on CRDA deposits & bonds	(11,386)	(9,336)
CRDA Bonds	4,232	3,678
Other	586	679
	$ 13,229	$233,419

The balance at June 30, 1989, comprised balances of $125,000,000 and $97,212,000 due under two separate notes from Resorts International, Inc. of New Jersey ("RINJ"), a wholly-owned subsidiary of RII. These loans were made primarily to aid RINJ in financing construction of the Taj Mahal casino/hotel project. Interest on each loan accrued monthly on the net outstanding principal balance at the prime rate of a specified bank.

In November 1988, all outstanding balances under the notes from RINJ were paid in full from proceeds which RINJ received from its sale of the Taj Mahal and other assets.

NOTE 5 - PROPERTY AND EQUIPMENT:
(In Thousands of Dollars)

	JUNE 30,	
	1989	1988
Land	$ 54,607	$ 7,172
Land and improvements	2,086	2,390
Building and improvements	139,976	106,189
Furniture, machinery and equipment	33,818	62,086
Construction in progress	871	
	231,358	177,837
Less - Accumulated depreciation	8,487	96,212
	$222,871	$ 81,625

NOTE 6 - OTHER ASSETS:
(In Thousands of Dollars)

	JUNE 30,	
	1989	1988
Debt issuance costs	$ 18,648	$ 4,050
Goodwill (See Note 1)	106,513	0
Other	1,122	293
	$126,283	$ 4,343

Debt issuance costs consisting of underwriter's commissions, legal and accounting fees and other expenses associated with the issuance of various subordinated notes payable to affiliates are being amortized using the bonds outstanding method over the term of the note. Amortization expense was $1,322,000 and $168,000 for the six months ended June 30, 1989 and 1988.

NOTE 7 - SHORT-TERM BORROWINGS:

Short-term borrowings of $125,000,000 outstanding at June 30, 1988 represented the proceeds of a revolving credit and loan term agreement with a bank, a majority of which was loaned to RINJ (see Note 4). The $125,000,000 was repaid in full in November 1988, when RINJ repaid the Company the balances due on their outstanding loans from RINJ repaid proceeds from the sale of the Taj Mahal.

NOTE 8 - OTHER ACCRUED EXPENSES:
(In Thousands of Dollars)

	JUNE 30, 1989	1988
Accrued payroll	$ 4,205	$ 4,891
Progressive slot liability	5,085	4,425
Interest payable to affiliate	7,437	11,083
Other	7,316	6,728
	$24,043	$27,127

NOTE 9 - LONG-TERM DEBT:
(In Thousands of Dollars)

	JUNE 30, 1989	1988
Due to affiliate:		
16-5/8% subordinated note payable net of $3,927,000 unamortized discount		$196,083
13 7/8% note payable to affiliate	$200,000	
13 1/2% note payable to affiliate	125,000	
	$325,000	$196,083
Other:		
Other mortgages and notes	715	1,114
Less - Current portion	(197)	(446)
	$325,518	$196,751

On November 16, 1988, Griffin Resorts issued $200,000,000 principal amount of First Mortgage Notes due 1998 (the "Mortgage Notes"), and $125,000,000 principal amount of Senior Secured Reset Notes (the "Reset Note", and together with the Mortgage Notes, the "Securities"). Griffin Resorts loaned the proceeds of the Securities to the Company in exchange for (i) two promissory notes payable to Griffin Resorts, which Griffin Resorts, in turn, pledged to the Trustees for the Securities; and (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by the Company, and a first priority security interest in the personal property of the Company granted to the Collateral Agent for the Securities and (iii) the assignment of RIB's promissory note for $50,000,000 and mortgages securing such note (See Note 3). The Company paid, or assumed the liability for, the issuance costs of the Securities which amounted to $20,300,000.

One promissory note, in the amount of $200,000,000 contains interest, principal and redemption terms which are substantially identical to those of the Mortgage Notes. The Mortgage Notes bear interest at 13 7/8% until July 15, 1991 at which time the interest rate shall be reset to the greater of 13 7/8% or the interest rate the Mortgage Notes should bear in order to have a market value of 100% of their principal amount on such date; provided that the interest rate shall not be increased by more than 100 basis points (one percentage point). Interest is payable each May 1 and November 1. Sinking fund payments of $20,000,000 are required annually commencing November 1, 1993.

The second promissory note, for $125,000,000, contains interest, principal and redemption terms which are substantially identical to those of the Reset Notes. The Reset Notes bear interest at 13 1/2% until November 1, 1990 (the "First Reset Date"). Prior to the First Reset Date, Griffin Resorts, unless the Reset Notes are to be redeemed, will elect a new date which shall be one, three or five years from the First Reset Date. The interest rate payable on the Reset Notes from the First Reset Date to the date so chosen (such date, together with the First Reset Date and each date subsequently so chosen, a "Reset Date") shall be equal to the greater of the interest rate then in effect or the interest rate the Reset Notes should bear in order to have a market value of 101% of their principal amount on such Reset Date. Griffin Resorts may make similar elections, and the interest rate will be similarly reset on each Reset Date provided that the final maturity shall be no later than November 1, 1995. The interest rate on the Reset Notes may not exceed the initial interest rate by more than 250 basis points (two and one half percentage points). Interest is payable each May 1 and November 1.

The balance reported at June 30, 1988 represented a $200,000,000 principal amount 16 5/8% subordinated note payable to another affiliate net of unamortized discount of $3,927,000. This note was repaid in full partially from the proceeds of the above-described loans from Griffin Resorts and partially from the repayment of RINJ's loans (See Note 4).

The other long-term debt relates to notes payable, some of which were secured by mortgages on a portion of the Company's property. These notes were paid in full during 1988.

Minimum principal payments of long-term debt outstanding as of June 30, 1989: 1993 - $20,000,000, 1994 - $20,000,000.

NOTE 10 - PROMOTIONAL ALLOWANCES AND PROMOTIONAL EXPENSES:

(In Thousands of Dollars)
Quarter ended 6/30/89

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	NUMBER OF RECIPIENTS	AMOUNT	NUMBER OF RECIPIENTS	AMOUNT
Rooms	54	$2,281		
Food	262	2,609		
Beverage	183	394		
Travel			23	$ 416
Coupon redemption:				
Cash			419	7,125
Food	370	1,044		
Admissions	11	319		
Parking			96	766
Other		(33)		336
Totals	880	$6,614	538	$8,643

(In Thousands of Dollars)
Six months ended 6/30/89

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	NUMBER OF RECIPIENTS	AMOUNT	NUMBER OF RECIPIENTS	AMOUNT
Rooms	93	$4,166		
Food	470	4,782		
Beverage	337	762		
Travel			117	$1,836
Coupon redemption:				
Cash			718	12,377
Food	753	2,125		
Admissions	24	701		
Parking			174	1,390
Other		118		655
Totals	1,677	$12,654	1,009	$16,258

NOTE 11 - DEFERRED CREDITS:

Deferred credits represent deferred income taxes of $36,216,000 and $0 at June 30, 1989 and 1988 respectively, and the unamortized portion of a lump-sum payment made by a tenant at the inception, July 1983, of a fifteen year lease. This payment is being amortized and recorded in earnings in equal monthly installments over the life of the lease. The amortized amount was $36,000 and $36,000 for the six months ended June 30, 1989 and 1988 respectively.

NOTE 12 - SAVINGS AND PENSION PLANS:

The Company has a defined contribution plan (the "Plan"), in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in the Plan. Under the Plan, eligible participating employees may contribute up to a total of 4% of their annual cash compensation as a basic contribution and may also elect to contribute up to an additional 10% as a voluntary contribution. The Company and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions. The Company's contributions under the Plan were approximately $262,000 and $323,000 for the six months ended June 30, 1989 and 1988, respectively.
In addition to the Company's plan described above, union employees are covered by various multi-employer pension plans to which contributions are made. Contributions by the Company were approximately $347,000 and $332,000 for the six months ended June 30, 1989 and 1988, respectively.

NOTE 13 - CHARGES FROM AFFILIATES:

The Company has recorded expenses from affiliates and RII as follows:
(In Thousands of Dollars)

AFFILIATED COMPANY	TRANSACTION	SIX MONTHS ENDED JUNE 30, 1989	1988
Resorts International Financing, Inc.	Interest charges	$	$16,685
Griffin Resorts, Inc.	Interest charges	22,313	
		$22,313	$16,685
Resorts International, Inc.	Management fee	$ 2,400	$ 1,800
Resorts International, Inc.	Insurance	$ 981	$ 2,213
	Other	198	292
		1,179	2,505
Resorts International, Inc. of New Jersey	Property Rental		187
	Other		49
			236
International Intelligence, Inc.	Security fees	14	81
ANTL, Inc.	Aircraft rentals	2,204	2,552
RIA	Heli flights		249
Resorts of New York, Inc.	Sales office expenses	80	84
Steeplechase Transport and Parking, Inc.	Parking fees	1,490	1,619
Others	Property rentals		228
	Other	1,129	265
		$ 6,096	$ 7,819

NOTE 14 - NONOPERATING INCOME(EXPENSE), NET:
(In Thousands of Dollars)

	SIX MONTHS ENDED JUNE 30,	
	1989	1988
Interest income	$2,829	$ 574
Interest income from affiliates	3,375	5,399
Corporate office expense	(122)	(402)
Aborted sale & refinancing costs	(103)	(95)
Other	(766)	(5,943)
	$5,213	$ 467

NOTE 15 - DIVIDENDS AND OTHER RESTRICTED TRANSACTIONS:

Dividends

For periods subsequent to November 14, 1988, the declaration and payment of dividends (other than stock dividends) by the Company are restricted by the indentures for the Securities. As of June 30, 1989, due to these restrictions, no funds were available for dividends or other restricted payments.

Other Restricted Transactions:

Pursuant to the indentures for the Securities neither Griffin Resorts, the Company nor any of their respective subsidiaries may (i) sell, lease, transfer or otherwise dispose of any of its properties, assets or securities to, (ii) purchase any property, assets or securities from, (iii) make any investment in or, (iv) enter into any contract or agreement with or for the benefit of any affiliates of any of them (other than Griffin Resorts, the Company or any such subsidiary in which no affiliate (other than Griffin Resorts, the Company or another such wholly owned subsidiary) owns, directly or indirectly, any equity interest) (an "Affiliate transaction"), other than (a) loans to Griffin Co. by Griffin Resorts and the Company respectively, promptly following the issuance of the Securities, which shall not in the aggregate exceed $50,000,000 less the consolidated cash balances of RII and its subsidiaries (other than Griffin Resorts, the Company and their subsidiaries) on the date of such loans plus $3,000,000 and the forgiveness or cancellation of such loans and the notes relating thereto, (b) a loan to Griffin Co. by Griffin Resorts or the Company on or after January 1, 1989 in an amount not exceeding $25,000,000 backed by a $25,000,000 letter of credit to be pledged as Collateral for the Securities, provided, that no default or event of default shall have occurred and be continuing and the forgiveness or cancellation of such loans and the note relating thereto on or after November 15, 1992, and (c) Affiliate Transactions pursuant to a management agreement and the Tax Sharing Agreement entered into among Griffin Co., RII, Griffin Resorts, the Company, and certain other subsidiaries of RII, as in effect on the date of the indentures and certain other permitted Affiliate Transactions.

The management agreement referred to in (c) above provides for an annual management services fee from the Company, Griffin Resorts and their subsidiaries to RII of $16,000,000 and certain other permitted advances.

Notwithstanding the restrictions described above, the Company may make loans to Griffin Resorts, and Griffin Resorts may make loans or advances to RII to the extent required to provide RII and RII's subsidiaries (other than Griffin Resorts, the Company and their respective subsidiaries) with sufficient funds to satisfy the obligations on their indebtedness outstanding as of the date the Securities were issued (and any indebtedness issued in exchange therefore ("Exchange Debt"); provided that, at the time of such loan or advance, no indebtedness of RII or any of its subsidiaries shall have been accelerated prior to its stated maturity; and provided, further, that in the case of Exchange Debt, such Exchange Debt does not have scheduled principal payments due on or prior to November 1, 1996 in any amounts which are greater than, or which occur sooner than, any such scheduled principal payments due on or prior to November 1, 1996 on the indebtedness in exchange for which such Exchange Debt is issued.

NOTE 16 - INCOME TAXES:

As discussed in Note 2, the Company adopted SFAS 96, and entered into a new Tax Sharing Agreement, effective November 15, 1988. With the application of push-down accounting, the effects of adopting SFAS 96 were included in determining the new basis of the Company's assets and liabilities at November 15, 1988. Previous periods were not restated.

For federal tax purposes, the Company has net operating loss carryforwards for regular tax and alternative minimum tax ("AMT") of approximately $44,700,000 and $26,200,000, respectively, at December 31, 1988. Of these amounts, $39,200,000 and $21,200,000, respectively, are not limited as to use and expire in 2003. Due to the changes in control of RII during 1988, utilization of the balance of the tax loss carryforwards, which expire in 2002, is dependent upon the tax status of RII's consolidated group.

The balance of $2,930,000 at June 30, 1989 represents income tax liability for the years 1977 through 1980 which was the result of various income tax audits.

NOTE 17 - CONTINGENCY:

The New Jersey Casino Control Act requires casino licensees to make investments equal to a percentage of the licensee's annual net casino win or pay an alternative tax. Under the Casino Control Act the investment obligation for the Company for the years 1979 through 1988 totals approximately $36,755,000. Of that amount, management estimates that between $7,000,000 and $14,104,000 will be satisfied through housing related investments already made by the Company. However, in January 1988 the CRDA notified the Company of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from the Company's and if found to be correct would decrease the amount of the Company's qualifying expenditures by approximately $5,000,000 to $6,000,000. The Company believes that its interpretation is correct and intends to contest this issue.

Management expects that the Company may have to fulfill its remaining investment obligation by purchasing long-term bonds which will bear below-market interest rates. These bonds are to be issued by the CRDA, a public authority created under the Casino Control Act. As of June 30, 1989, the Company had purchased $4,232,000 face value of bonds issued by the CRDA and had deposited $19,067,000 with the CRDA against its remaining investment obligation. Management expects that these deposits may ultimately be used to purchase CRDA bonds. These bonds and deposits, net of an estimated discount charged to expense to reflect the below-market interest rate payable on the bonds, were recorded as Investments, advances and receivables in the Company's Consolidated Balance Sheets. Management estimates that as of June 30, 1989 the Company's remaining investment obligation, after deduction of the housing related investments and CRDA bonds and deposits, is approximately $730,000, which will be paid in July 1989. If, however, the CRDA's interpretation discussed above is found to be correct, the Company's remaining obligation would be between $5,000,000 and $6,000,000.

In years prior to 1987, the Company recorded charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation. In 1987, once the CRDA had issued a significant amount of bonds, it became apparent that the terms and credit rating of the CRDA bonds were different than had been anticipated by the Company in determining its estimated discount. Thus, in 1987 an additional charge was recorded to allow for further discounts on all the deposits and bond purchases made to date. Discounts charged to operations were $711,000 and $715,000 for the six months ended June 30, 1989 and 1988, respectively.

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 1989
(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT (c) BALANCE	(d) ALLOWANCE	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 7,456		
2	Returned patrons' checks	5,683		
3	Total patrons' checks	13,139	$4,609	$ 8,530
4	Hotel Receivables	977	107	870
	Other Receivables:			
5	Receivables due from officers and employees	25		
6	Receivables due from affiliates	135,312		
7	Other accounts and notes receivables ..	944		
8	Total other receivables	136,281		136,281
9	Totals (Form 205)	$150,397	$4,716	$145,681

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 6,359
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	$100,424
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) ...	(71,559)
13	Checks collected through deposits	(23,822)
14	Checks transferred to returned checks	(3,946)
15	Other adjustments	
16	Ending balance	$ 7,456
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 587
19	Provision As A Percent of Counter Checks Issued	.6 %

S T A T E M E N T O F C O N F O R M I T Y A N D A C C U R A C Y

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

PETER R. BURNS, 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 - FINANCE
Title

00156-11
License Number

On Behalf Of:

RESORTS INTERNATIONAL HOTEL, INC.
Casino Licensee

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

Signature

Basis of Authority to Take Oaths

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL CASINO HOTEL

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	681	20,624	15,201	$ 91.26	73.7 %	28,960	$ 47.90
FEBRUARY	681	18,615	15,181	$ 80.98	81.6 %	29,278	$ 41.99
MARCH	681	20,778	18,315	$ 72.29	88.1 %	35,555	$ 37.24
1ST QUARTER TOTALS		60,017	48,697	$ 80.92	81.1 %	93,793	$ 42.01
APRIL	681	20,195	18,359	$ 78.57	90.9 %	35,707	$ 40.40
MAY	681	20,768	19,067	$ 82.21	91.8 %	37,124	$ 42.22
JUNE	681	18,673	17,582	$ 81.78	94.2 %	34,921	$ 41.17
2ND QUARTER TOTALS		59,636	55,008	$ 80.86	92.2 %	107,752	$ 41.28
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

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

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

FOR THE QUARTER ENDED June 30, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

OFFICIAL TITLE. . . . . Vice President of Finance

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

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED June 30, 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

TRADING NAME OF LICENSEE Tropworld Casino and Entertainment Resort

BALANCE SHEETS

June 30, 1989 AND 88
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988 Restated 10/04/88
	ASSETS		
	Current Assets:	$	$
1	Cash	5,866	10,370
2	Marketable Securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts 1989 $9,141 ; 1988, $8,878)	16,970	12,589
4	Inventories	2,003	1,377
5	Prepaid expenses and other current assets	4,021	3,676
6	Total current assets	28,860	28,212
7	Investments, Advances, and Receivables (Note III-1 , II-7)	26,663	26,862
8	Property and Equipment - Net (Note II-1)	252,670	200,154
9	Other Assets	4,084	1,568
10	Total Assets	$ 312,277	$ 256,796
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
11	Accounts payable	3,863	2,111
12	Notes payable	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates	-0-	-0-
14	Other (Note II-2)	13,628	7,833
15	Income taxes payable and accrued	(3,608)	(165)
16	Other accrued expenses (Note III-2)	17,409	12,343
17	Other current liabilities (Note III-3)	4,428	2,052
18	Total current liabilities	35,720	24,174
	Long-Term Debt:		
19	Due to affiliates	-0-	-0-
20	Other (Note II-2)	108,808	74,898
21	Deferred Credits (Note II-3)	3,447	520
22	Other Liabilities (Note II-7 , III-4)	43,502	24,532
23	Commitments and Contingencies (Note II-4)		
24	Total Liabilities	191,477	124,124
25	Stockholders', Partners', Or Proprietor's Equity	120,800	132,672
26	Total Liabilities and Equity	$ 312,277	$ 256,796

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

TRADING NAME OF LICENSEE Tropworld Casino and Entertainment Resort

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED June 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:	$	$
1	Casino	134,181	107,366
2	Rooms	11,741	6,210
3	Food and beverage	21,260	12,813
4	Other	4,750	2,175
5	Total revenue	171,932	128,564
6	Less: Promotional allowances (Note II-5)	17,632	10,707
7	Net revenue	154,300	117,857
	Costs And Expenses:		
8	Cost of goods and services (Note II-7)	85,436	59,965
9	Selling, general, and administrative (Note II-6 , II-7)	47,915	37,606
10	Provision for doubtful accounts	1,682	314
11	Depreciation and amortization	13,385	5,941
	Charges from affiliates other than interest:		
12	Management fees (Note II-7)	354	215
13	Other (Note II-7)	24,840	22,511
14	Total costs and expenses	173,612	126,552
15	Income (Loss) From Operations	(19,312)	(8,695)
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external (Note II-8)	(7,806)	(49)
18	Investment alternative tax and related income (expense) - net. (II-4)	(524)	(406)
19	Nonoperating income (expense) - net (Note III-5)	9,784	8,728
20	Total other income (expenses)	1,454	8,273
21	Income (Loss) Before Income Taxes And Extraordinary Items	(17,858)	(422)
22	Provision (credit) for income taxes (Note II-9)	(7,895)	(199)
23	Income (Loss) Before Extraordinary Items	(9,963)	(223)
24	Extraordinary items (net of income taxes - 19 , $ -0- ; 19 , $ -0-)	-0-	-0-
25	Net Income (Loss)	$ (9,963)	$ (223)

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

TRADING NAME OF LICENSEE Troopworld Casino and Entertainment Resort

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED June 30, 1989 AND 1988

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:	$	$
1	Casino	74,371	57,738
2	Rooms	6,333	3,573
3	Food and beverage	11,196	7,052
4	Other	2,352	812
5	Total revenue	94,252	69,175
6	Less: Promotional allowances (Note II-5)	9,387	5,938
7	Net revenue	84,865	63,237
	Costs And Expenses:		
8	Cost of goods and services (Note II-7)	44,476	31,175
9	Selling, general, and administrative (Note II-6 , II-7)	26,031	21,117
10	Provision for doubtful accounts	792	(387)
11	Depreciation and amortization	8,064	3,078
	Charges from affiliates other than interest:		
12	Management fees	162	107
13	Other	12,422	11,278
14	Total costs and expenses	91,947	66,368
15	Income (Loss) From Operations	(7,082)	(3,131)
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest expense - external (Note II-8)	(4,016)	(1)
18	Investment alternative tax and related income (expense) - net	(291)	(213)
19	Nonoperating income (expense) - net (Note III-5)	5,210	4,332
20	Total other income (expenses)	903	4,118
21	Income (Loss) Before Income Taxes And Extraordinary Items	(6,179)	987
22	Provision (credit) for income taxes (Note II-9)	(3,112)	464
23	Income (Loss) Before Extraordinary Items	(3,067)	523
24	Extraordinary items (net of income taxes - 1989, $ -0- ; 1988, $ -0-)	-0-	-0-
25	Net Income (Loss)	$ (3,067)	$ 523

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

TRADING NAME OF LICENSEE TropWorld Casino & Entertainment Resort

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE six MONTHS ENDED June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89 (c) SHARES	19 89 (d) DOLLARS	19 88 (e) SHARES	19 88 (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)		(9,963)		(223)
28	Dividends		( )		( )
29					
30					
31	Ending balance		12,332		24,204
32	Ending Stockholders' Equity		$ 120,800		$ 132,672

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

TRADING NAME OF LICENSEE TropWorld Casino & Entertainment Resort

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE ____ MONTHS ENDED _____, 19__ AND 19__

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:		
1	Beginning balance (January 1)	$ -0-	$
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.

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

STATEMENTS OF CASH FLOW

FOR THE SIX MONTHS ENDED June 30, 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	$ 259	$ (3,048)
	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	(9,073)	(47,639)
5	Proceeds from disposition of property and equipment	14	-0-
6	Purchase of casino reinvestment obligations	(1,664)	(1,344)
7	Purchase of other investments and loans\advances made	(2,977)	(1,763)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	8,184	12,983
9	Cash outflows to acquire business entities		
10			
11			
12	Net Cash Provided (Used) By Investing Activities	(5,516)	(37,763)
	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	11,458	46,649
16	Costs of issuing debt		
17	Payments to settle long-term debt	(4,219)	(3,888)
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	7,239	42,761
24	Net Increase (Decrease) In Cash And Cash Equivalents	1,982	1,350
25	Cash And Cash Equivalents At Beginning Of Period	3,884	8,620
26	Cash And Cash Equivalents At End Of Period	$ 5,866	$ 10,570

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 6,150	$ -0- *
28	Income Taxes	$ -0-	$ 211

* Revised 8/15/89

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

TRADING NAME OF LICENSEE Tropworld Casino and Entertainment Resort

STATEMENTS OF CASH FLOW

FOR THE Six MONTHS ENDED June 30, 1989 AND 1988
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988 Restated 10/04/88
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ (9,963)	$ (223)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	9,423	5,733
31	Amortization of other assets	3,962	208
32	Amortization of debt discount or premium		
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent	925	182
35	(Gain) loss on disposition of property and equipment	24	75
36	(Gain) loss on casino reinvestment obligations	524	406
37	(Gain) loss from other investment activities		
38	Net (increase) decrease in receivables and patrons' checks	(2,646)	(1,681)
39	Net (increase) decrease in inventories	127	195
40	Net (increase) decrease in other current assets	56	(872)
41	Net (increase) decrease in other assets	(535)	(101)
42	Net increase (decrease) in accounts payables	(111)	1,510
43	Net increase (decrease) in other current liabilities excluding debt	(5,300)	(10,631)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	3,773	2,151
45			
46			
47	Net Cash Provided (Used) By Operating Activities	$ 259	$ (3,048)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ (10,551)	$ (48,990)
49	Less: Capital lease obligations incurred	(1,478)	(1,351)
50	Cash Outflows For Property And Equipment	$ (9,073)	$ (47,639)
	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	$	$

ADAMAR OF NEW JERSEY, INC.
DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 1989 and 1988, the components of property and equipment consisted of:

	1989	1988
Land	$ 35,708,000	$ 35,707,000
Building, furniture and fixtures	269,917,000	82,373,000
Less accumulated depreciation	(57,205,000)	(43,093,000)
Construction in progress	4,250,000	125,167,000
Total Property and Equipment	$252,670,000	$200,154,000

NOTE 2. LONG-TERM DEBT

At June 30, 1989 and 1988, long-term debt consisted of:

	1989	1988
Note payable; prime minus 1%, matures 2009	$ 434,000	$ 456,000
Mortgage payable; 10%, matures 1994	318,000	323,000
Construction and term loan payable; various interest rate options ranging from prime plus 3/4% to LIBOR plus 1 3/4%, matures 1994	109,951,000	65,549,000
Obligations under capital leases	11,733,000	16,403,000
	122,436,000	82,731,000
Less current portion	(13,628,000)	(7,833,000)
Long-term portion	$108,808,000	$74,898,000

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	$ 12,510,000
1990	10,342,000
1991	17,691,000
1992	21,224,000
1993	20,631,000
Thereafter	40,038,000
TOTAL	$122,436,000

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 Casino and Entertainment Resort 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 at June 30, 1989 and 1988, respectively, was $924,000 and $733,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of $524,000 and $406,000 to recognize the effect of the below market interest rate the bonds would borne had they been issued on March 31, 1989 and 1988, respectively.

NOTE 5. COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the six months ended June 30, 1989 are:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Room	52,901	$ 4,966,000	270	$ 11,000
Food	786,703	7,710,000	45,000	441,000
Beverage	2,602,300	3,415,000	-0-	-0-
Travel	-0-	-0-	5,316	1,861,000
Showroom/Boxing/ Tivoli Pier	79,713	416,000	13,958	279,000
Coin Payouts	-0-	-0-	1,526,230	18,998,000
Other	63,139	1,125,000	34,950	350,000
Total	3,584,756	$17,632,000	1,625,724	$21,940,000

The amount of promotional allowances and promotional expenses for the quarter ended June 30, 1989 are:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	Number of Receipents	Dollar Amount	Number of Receipents	Dollar Amount
Room	26,322	$ 2,640,000	187	$ 8,000
Food	418,765	4,105,000	22,584	222,000
Beverage	1,392,511	1,816,000	-0-	-0-
Travel	-0-	-0-	3,092	1,083,000
Showroom/Boxing/ Tivoli Pier	40,946	196,000	7,226	144,000
Coin Payouts	-0-	-0-	873,286	11,153,000
Other	13,799	630,000	9,072	91,000
Total	1,892,343	$ 9,387,000	915,447	$12,701,000

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the six months ending June 30, 1989 are:

	PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES		OTHER PAYOUTS	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	3	$ 71,574
Total	-0-	$ -0-	3	$ 71,574

Jackpot payouts for the three months ending June 30, 1989 are:

	PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES		OTHER PAYOUTS	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	1	$23,858
Total	-0-	$ -0-	1	$23,858

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

	1989	1988
Due to Ramada, Inc.	$ 1,963,000	$ -0-
Due to Atlantic-Deauville, Inc.	22,191,000	9,171,000
Due to Tropicana West	233,000	87,000
Due to Ramada, New Jersey, Inc.	2,380,000	2,006,000
	$26,767,000	$11,264,000

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

	1989	1988
Advances to Ramada, Inc.	$ -0-	$ 6,576,000

For the six months ended June 30, 1989 and 1988 the Company incurred management fees from Ramada Inc. of $354,000 amd $215,000, respectively.

The nature of "Charges from affiliates - other" for the six months ended June 30, 1989 and 1988 are as follows:

	1989	1988
Basic rent due to AGP	$24,493,000	$22,164,000
Rent	347,000	347,000
Total	$24,840,000	$22,511,000

For the six months ended June 30, 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:

COST OF GOODS AND SERVICES	1989	1988
Executive Deferred Compensation Plan	$ 2,000	$ 3,000
Property Insurance	434,000	333,000
Miscellaneous Purchases	-0-	14,000
Executive Employee Relocation	4,000	-0-
Total	$ 440,000	$ 350,000

SELLING, GENERAL AND ADMINISTRATIVE	1989	1988
Insurance (1)	$ 928,000	$ 899,000
Executive Deferred Compensation Plan	26,000	37,000
Legal & Professional Fees	97,000	3,000
	1,051,000	939,000
Total	$1,491,000	$ 1,289,000

(1) Insurance amounts include various premiums and claim settlements.

NOTE 8. INTEREST

Interest expenses of $7,806,000 and $49,000 in the first six months of 1989 and 1988, respectively, is comprised of interest on capital leases, notes and mortgages.

	1989	1988
Gross Interest Expense	$ 7,806,000	$ 4,020,000
Less Capitalized Interest	-0-	(4,423,000)
Capitalized Interest Allocated to Ramada	-0-	452,000
	$ 7,806,000	$ 49,000

NOTE 9. INCOME TAXES/BENEFITS

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

	1989	1988
State Deferred	$ 796,000	$ 31,000
Federal Deferred	129,000	151,000
Total Deferred	925,000	182,000
State Current	(2,575,000)	(71,000)
Federal Current	(6,245,000)	(310,000)
Total Current	(8,820,000)	(381,000)
TOTAL	$ (7,895,000)	$ (199,000)

The following table provides a reconciliation between the provision/(benefit) 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):

	1989	1988
Computed expected tax expense	34.0%	40.0%
Increase in tax resulting from:		
State taxes, net	6.6%	5.7%
Permanent tax difference	3.6%	1.5%
Total	44.2%	47.2%

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, AND RECEIVABLES

At June 30, 1989 and 1988, Investments, Advances, and Receivables consisted of the following:

	1988	1987
Due from Affiliates	$ -0-	$ 6,576,000
CRDA investment	10,328,000	8,116,000
Mortgage receivable	16,104,000	10,253,000
Long-term investment	-0-	1,837,000
Long-term note receivable	231,000	80,000
Total	$ 26,663,000	$ 26,862,000

NOTE 2. OTHER ACCRUED EXPENSES

At June 30, 1989 and 1988, Other accrued expenses consisted of the following:

	1989	1988
Accrued payroll taxes and benefits	$ 6,548,000	$ 5,860,000
Accrued advertising	1,109,000	806,000
Accrued rent	424,000	324,000
Accrued taxes	1,381,000	504,000
Accrued progressive slot win	3,822,000	2,014,000
Accrued CCC & DGE	684,000	432,000
Accrued miscellaneous	1,512,000	969,000
Other	1,929,000	1,434,000
Total	$ 17,409,000	$ 12,343,000

NOTE 3. OTHER CURRENT LIABILITIES

At June 30, 1989 and 1988, Other current liabilities consisted of the following:

	1989	1988
Reinvestment Obligation	$ 924,000	$ 733,000
Accrued construction payables	1,577,000	169,000
Other	1,927,000	1,150,000
Total	$ 4,428,000	$ 2,052,000

NOTE 4. OTHER LIABILITIES

At June 30, 1989 and 1988, Other liabilities consisted of the following:

	1989	1988
Due to affiliates	$ 26,767,000	$ 11,264,000
Deferred rent	16,735,000	13,268,000
TOTAL	$ 43,502,000	$ 24,532,000

NOTE 5. NON-OPERATING INCOME/(EXPENSE)

For the period ending June 30, 1989 and 1988, Non-operating income/(expense) consisted of the following:

	1989	1988
Interest income	$ 1,603,000	$ 1,204,000
Management fee reimbursement	50,000	50,000
Leased land rental	2,771,000	2,771,000
Maintenance reimbursement	5,384,000	4,778,000
Loss on disposal of property and equipment	(24,000)	(75,000)
Total	$ 9,784,000	$ 8,728,000

TRADING NAME OF LICENSEE Tropworld Casino and Entertainment Resort

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

June 30, 1989
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (E)
	Patrons Checks:	$		
	Undeposited patrons' checks	7,319		
2	Redeemed patrons' checks	13,223		
3	Total patrons' checks	20,542	$ (9,061)	$ 11,481
4	Hotel Receivables	3,159	(80)	3,079
	Other Receivables:			
5	Receivables due from officers and employees	23		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	2,387		
8	Total other receivables	2,410		2,410
9	Totals (Form 205)	$ 26,111	$ (9,141)	$ 16,970

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
		$
1	Beginning Balance (January 1)	5,429
	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	103,016
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)	(74,248)
13	Checks collected through deposits	(22,742)
14	Checks transferred to returned checks	(4,241)
15	Other adjustments	-0-
16	Ending Balance	$ 7,319
17	"Hold" Checks Included in Balance On Line 16	$ -0-
18	Provision For Uncollectible Patrons' Checks	$ 1,525
19	Provision As A Percent Of Counter Checks Issued	1.6 %

STATEMENT OF CONFORMITY AND ACCURACY

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

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:

TropWorld Casino & Entertainment Resort
Casino Licensee

Subscribed and sworn to
before me this 14th day
of August, 1989

Dolores Durfor
Signature

DOLORES DURFOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 22, 1993

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	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	1,014	28,392	25,553	$ 74.16	90.0 %	51,752	$ 36.62
MAY	1,014	35,490	26,471	$ 87.60	74.6 %	52,979	$ 43.77
JUNE	1,014	28,392	25,444	$ 83.02	89.6 %	48,818	$ 43.27
2ND QUARTER TOTALS		92,274	77,468	$ 81.66	84.0 %	153,549	$ 41.20
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE TRUMP CASTLE HOTEL & CASINO

ADDRESS Huron Avenue & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE QUARTER ENDED JUNE 30, 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

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30 , 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 OF FINANCIAL STATEMENTS	
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS	CCC-240
STATEMENT OF CONFORMITY AND ACCURACY	CCC-250

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

BALANCE SHEETS

JUNE 30 , 1989 and 1988

(unaudited)

($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash	$ 13,459	$ 17,010
2	Marketable Securities	0	0
3	Receivables and Patrons' Checks (net of allowance for doubtful accounts - 1989, $1,766 ; 1988, $2,999)	16,290	16,417
4	Inventories	3,150	3,412
5	Prepaid Expenses and Other Current Assets	4,173	3,864
6	Total Current Assets	37,072	40,703
7	Investments, Advances, and Receivables	6,086	4,007
8	Property and Equipment - Net (NOTE 2)	357,999	308,623
9	Other Assets (NOTE 5)	12,269	12,642
10	Total Assets	$413,426	$365,975
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts Payable (NOTE 6)	$ 7,270	$ 6,708
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 (NOTE 7)	13,312	12,076
17	Other Current Liabilities (NOTE 8)	12,818	10,089
18	Total Current Liabilities	33,400	28,873
	Long Term Debt:		
19	Due to Affiliates (NOTE 3)	306,724	304,700
20	Other (NOTE 4)	41,260	3,789
21	Deferred Credits	0	62
22	Other Liabilities	20	19
23	Commitments and Contingencies		
24	Total Liabilities (NOTE 10)	381,404	337,443
25	Stockholders', Partners', or Proprietor's Equity	32,022	28,532
26	Total Liabilities and Equity	$413,426	$365,975

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 CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988

(unaudited)
($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$121,868	$122,313
2	Rooms	9,097	9,160
3	Food and Beverage	20,809	19,489
4	Other	5,249	5,836
5	Total Revenue	157,023	154,798
6	Less: Promotional Allowances (NOTE 12)	21,064	18,049
7	Net Revenue	135,959	136,749
	Costs and Expenses:		
8	Cost of Goods and Services	73,196	70,937
9	Selling, General, and Administrative	38,309	39,495
10	Provision for Doubtful Accounts	1,008	1,300
11	Depreciation and Amortization	8,346	12,323
	Charges from Affiliates Other than Interest:		
12	Management Fees	0	0
13	Other	0	0
14	Total Costs and Expenses	120,859	124,055
15	Income (Loss) from Operations	15,100	12,694
	Other Income (Expenses):		
16	Interest (Expense) - Affiliates (NOTE 3)	(20,970)	(20,848)
17	Interest (Expense) - External	0	0
18	Investment Alternative Tax and Related Income (Expense) - Net (NOTE 10)	(496)	(490)
19	Non-operating Income (Expense) - Net (NOTE 9)	993	1,382
20	Total Other Income (Expenses)	(20,473)	(19,956)
21	Income (Loss) Before Income Taxes and Extraordinary Items	(5,373)	(7,262)
22	Provision (Credit) for Income Taxes (NOTE 1)	(445)	(726)
23	Income (Loss) Before Extraordinary Items	(4,928)	(6,536)
24	Extraordinary Items (Net of Income Taxes - 19 ____, $; 19 ____, $)	0	0
25	Net Income (Loss)	$ (4,928)	$ (6,536)

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 CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 1989 and 1988

(unaudited)
($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	$ 62,353	$ 62,195
2	Rooms	4,844	4,922
3	Food and Beverage	11,310	9,983
4	Other	3,199	2,116
5	Total Revenue	81,706	79,216
6	Less: Promotional Allowances (NOTE 12)	11,707	9,192
7	Net Revenue	69,999	70,024
	Costs and Expenses:		
8	Cost of Goods and Services	38,245	36,335
9	Selling, General, and Administrative	19,734	20,599
10	Provision for Doubtful Accounts	442	774
11	Depreciation and Amortization	4,174	6,212
	Charges from Affiliates other than Interest:		
12	Management Fees	0	0
13	Other	0	0
14	Total Costs and Expenses	62,595	63,920
15	Income (Loss) From Operations	7,404	6,104
	Other Income (Expenses)		
16	Interest (Expense) - Affiliates (NOTE 3)	(10,486)	(10,414)
17	Interest (Expense) - External	0	0
18	Investment Alternative Tax and Related Income (Expense) - Net (NOTE 10)	(255)	(248)
19	Non-operating Income (Expense) - Net (NOTE 9)	511	770
20	Total Other Income (Expenses)	(10,230)	(9,892)
21	Income (Loss) Before Income Taxes and Extraordinary Items	(2,826)	(3,788)
22	Provision (Credit) for Income Taxes (NOTE 1)	(190)	(378)
23	Income (Loss) Before Extraordinary Items	(2,636)	(3,410)
24	Extraordinary Items (Net of Income Taxes - 19 ___, $; 19 ___, $)	0	0
25	Net Income (Loss)	$ (2,636)	$ (3,410)

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 CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE, 1989 and 1988

NOT APPLICABLE

(unaudited)

($ in thousands)

LINE (a)	DESCRIPTION (b)	1989 (c) SHARES	1989 (d) DOLLARS	1988 (e) SHARES	1988 (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 Non-current Marketable Equity Securities:				
21	Beginning Balance (January 1)		( )		( )
22					
23					
24	Ending Balance		( )		( )
	Retained Earnings:				
25	Beginning Balance (January 1)				
26	Prior Period Adjustments				
27	Net Income (Loss)				
28	Dividends		( )		( )
29					
30					
31	Ending Balance				
32	Ending Stockholders' Equity		$		$

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

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988

(unaudited)
($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning Balance (January 1)	$ 66,196	$ 66,196
2	Additional Capital Invested	5,000	0
3		0	0
4	Ending Balance	71,196	66,196
	Accumulated Income (Loss):		
5	Beginning Balance (January 1)	4,204	7,322
6	Prior Period Adjustments	0	0
7	Net Income (Loss)	(4,928)	(6,536)
8		0	0
9	Ending Balance	(724)	786
	Capital Withdrawals:		
10	Beginning Balance (January 1)	(42,197)	(42,600)
11	Additional Capital Withdrawals	(0)	(72)
12	Repayment of Withdrawals	3,747	4,222
13	Ending Balance	(38,450)	(38,450)
	Net Unrealized Loss on Non-current 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	$ 32,022	$ 28,532

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 CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988

(unaudited)
($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities	$(11,085)	$ 670
	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	(25,667)	(21,370)
5	Proceeds from Disposition of Property and Equipment	0	143
6	Purchase of Casino Reinvestment Obligations	(1,528)	(1,510)
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	(27,195)	(22,734)
	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	23,279	3,789
16	Costs of Issuing Debt		
17	Payments to Settle Long-Term Debt		
18	Cash Proceeds from Issuing Stock or Capital Contributions	5,000	
19	Purchases of Treasury Stock		
20	Payments of Dividends or Capital Withdrawals		
21	Repayment of Capital Withdrawals	3,747	4,150
22			
23	Net Cash Provided (Used) By Financing Activities	32,026	7,939
24	Net Increase (Decrease) In Cash and Cash Equivalents	(6,254)	(14,128)
25	Cash and Cash Equivalents at Beginning of Period	19,713	31,138
26	Cash and Cash Equivalents at End of Period	$ 13,459	$ 17,010

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (Net of Amount Capitalized)	$ 19,967	$ 19,967
28	Income Taxes	$ 0	$ 0

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

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988

(unaudited)

($ in thousands)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities		
29	Net Income (Loss)	$ (4,928)	$ (6,536)
	Non-Cash Items Included in Income and Cash Items Excluded From Income:		
30	Depreciation and Amortization of Property and Equipment	8,042	11,047
31	Amortization of Other Assets	304	1,276
32	Amortization of Debt Discount or Premium	1,002	880
33	Deferred Income Taxes - Current	0	0
34	Deferred Income Taxes - Non-current	(445)	(727)
35	(Gain) Loss on Disposition of Property and Equipment	0	(72)
36	(Gain) Loss on Casino Reinvestment Obligations	495	490
37	(Gain) Loss from Other Investment Activities	0	0
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(2,432)	(4,900)
39	Net (Increase) Decrease in Inventories	(112)	(470)
40	Net (Increase) Decrease in Other Current Assets	(1,873)	(1,630)
41	Net (Increase) Decrease in Other Assets	(22)	(522)
42	Net Increase (Decrease) in Accounts Payable	(15,368)	779
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	4,251	1,060
44	Net Increase (Decrease) in other Non-current Liabilities Excluding Debt.	1	(5)
45			
46			
47	Net Cash Provided (Used) by Operating Activities	$(11,085)	$ 670

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment	$(25,667)	$(21,369)
49	Less: Capital Lease Obligations Incurred	0	0
50	Cash Outflows for Property and Equipment	$(25,667)	$(21,369)
	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	$ 8,747	$ 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	$ 8,747	$ 0

12/87

TRUMP CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership) was 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.

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 $1,766,000 through June 30, 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.

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 June 30:

	1989	1988
Land	$ 31,767	$ 28,766
Buildings	236,748	237,120
Furniture, Fixtures and Equipment	72,000	65,985
Construction in Progress	82,294	28,619
Building Improvements	10,213	7,746
TOTAL	$433,022	$368,236
Less Accumulated Depreciation	75,023	59,613
Net Property and Equipment	$357,999	$308,623

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:

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 partially 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 June 30, 1989, the Company had borrowed approximately $41,260,000 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 June 30, 1989, Trump Castle has capitalized $1,992,000 of interest associated with this borrowing.

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

Other Assets consist of:	1989	1988
Deferred Loan Cost	$ 514	$ 522
Deferred Bond Costs (Net)	11,535	12,120
Other Non-Current Assets	220	---
TOTAL OTHER ASSETS	$12,269	$12,642

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

	1989	1988
Accounts Payable Trade	$ 6,381	$1,043
Accounts Payable - Affiliates	0	---
Hilton Hotel Corporation	0	5,000
Advance Deposits - Marina	624	382
Other	265	283
TOTAL ACCOUNTS PAYABLE	$ 7,270	$6,708

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

Other accrued expenses consist of:	1989	1988
Accrued Payroll	$2,787	$ 2,389
Accrued Interest	1,775	1,775
Accrued Advertising/Promotions	1,913	963
Accrued Progressive Jackpots	2,177	2,154
Accrued Payroll Taxes	855	1,129
Accrued Sick/Vacation	3,380	3,123
Other	425	543
TOTAL OTHER ACCRUED EXPENSES	$13,312	$12,076

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

Other current liabilities consist of:	1989	1988
Outstanding Chip Liability	$1,244	$ 703
Outstanding Token Liability	138	130
Patron Deposits	177	121
Accrued Utilities	419	328
Accrued Group Health insurance	1,398	898
Accrued Insurance	2,468	2,611
A/P Other	1,963	1,520
Accrued Legal	295	277
Accrued CCC/DGE	346	671
Construction Retainage	2,786	1,616
Accrued Inventories	799	451
Accrued CRDA	785	763
TOTAL OTHER CURRENT LIABILITIES	$12,818	$10,089

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

Non-operating income for quarter ended June 30, 1989:

	Three Months	
	1989	1988
G/L Equipment	$---	$ 85
Discount Earned	65	59
Interest Income	446	626
TOTAL NON-OPERATING INCOME	$ 511	$ 770

Non-operating income for the six months ended June 30, 1989:

	Six Months	
	1989	1988
G/L Equipment	$---	$ 72
Discount Earned	114	111
Interest Income	879	1,199
TOTAL NON-OPERATING INCOME	$ 993	$1,382

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

In May 1989, 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 two years, 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 June 30, 1989, the financial statements reflect $754,000 of below market interest rate bonds issued by the CRDA and $8,436,000 of deposits towards the purchase of below market interest rate bonds. For the six months ended June 30, 1989 and 1988, the Partnership charged $496,000 and $490,000 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 June 30, 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 $344,000 for matching contributions for the six months ended June 30, 1989.

The Partnership made payments to various trusteed 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 six months ended June 30, 1989, consisted of the following:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Amount	Number of Recipients	Amount
Rooms	91,672	$5,887,000	---	---
Food	738,819	10,011,000	---	---
Beverage	897,538	2,917,000	---	---
Travel	4,323	644,000	12,311	3,065,000
Cash Coupons	---	---	1,059,860	12,739,000
Admissions	69,063	955,000	450	50,000
Other	15,476	650,000	15,048	632,000
TOTALS	1,816,891	$21,064,000	1,087,669	$16,486,000

Promotional Allowances and Expenses and number of recipients for the three months ended June 30, 1989, consisted of the following:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Amount	Number of Recipients	Amount
Rooms	50,126	$3,197,000	---	---
Food	413,468	5,609,000	---	---
Beverage	480,307	1,561,000	---	---
Travel	1,612	334,000	6,801	1,884,000
Cash Coupons	---	---	536,955	6,303,000
Admissions	35,221	578,000	---	---
Other	10,190	428,000	9,929	417,000
TOTALS	990,924	$11,707,000	553,685	$8,604,000

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 1989

(unaudited)
($ in thousands)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-(e) NET OF ALLOWABLE
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$ 6,799		
2	Returned Patrons' Checks	4,303		
3	Total Patrons' Checks	11,102	$ 1,534	$ 9,568
4	Hotel Receivables	3,365	232	3,133
	Other Receivables:			
5	Receivables Due from Officers and Employees	251		
6	Receivables Due from Affiliates	855		
7	Other Accounts and Notes Receivables	2,483		
8	Total Other Receivables	3,589	0	3,589
9	Totals (Form 205)	$ 18,056	$ 1,766	$ 16,290

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)	116,225
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)	(85,731)
13	Checks Collected through Deposits	(25,730)
14	Checks Transferred to Returned Checks	(4,468)
15	Other Adjustments	0
16	Ending Balance	$ 6,799
17	"Hold" Checks Included in Balance on Line 16	$ 0
18	Provision for Uncollectible Patrons' Checks	$ 992
19	Provision as a Percent of Counter Checks Issued	0.9 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Thomas P. Venier , 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.

Tom Venier
Signature

Thomas P. Venier

Vice President Finance

Title

02762-11

License Number

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

Sharon J. Miller
Signature

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

Basis of Authority to Take Oaths

On Behalf Of:

TRUMP'S CASTLE ASSOCIATES

Casino Licensee

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	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	607	18,210	16,779	$ 94.88	92.1 %	31,661	$ 50.28
MAY	640	19,048	14,911	$ 102.53	78.3 %	27,846	$ 54.90
JUNE	650	19,240	16,283	$ 106.69	84.6 %	29,868	$ 58.17
2ND QUARTER TOTALS		56,498	47,973	$ 101.27	84.9 %	89,375	$ 54.36
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$

QUARTERLY REPORT

LICENSEE TRUMP PLAZA ASSOCIATES

ADDRESS MISSISSIPPI AVENUE AND THE BOARDWALK
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED JUNE 30, 19 89

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 1989

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TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

BALANCE SHEETS

June 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	$ 13,801	$ 10,255
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, $ 12,073 ; 19 88, $ 10,195)	12,724	17,505
4	Inventories	4,024	3,278
5	Prepaid expenses and other current assets (Note 2)	4,140	2,577
6	Total current assets	34,689	33,615
7	Investments, Advances, And Receivables (Note 3)	11,144	7,300
8	Property And Equipment - Net (Note 4)	315,537	294,439
9	Other Assets (Note 5)	39,985	41,897
10	Total Assets	$ 401,355	$ 377,251
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	$ 5,887	$ 5,368
12	Notes payable	870	5,868
13	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other (Note 9)	4,068	1,237
16	Income taxes payable and accrued	-	-
17	Other accrued expenses (Note 6)	16,823	15,240
18	Other current liabilities (Note 7)	14,329	10,909
	Total current liabilities	41,977	38,622
	Long-Term Debt:		
19	Due to affiliates (Note 8)	250,000	250,000
20	Other (Note 9)	23,559	25,981
21	Deferred Credits (Note 10)	4,686	4,598
22	Other Liabilities	-	-
23	Commitments And Contingencies		
24	Total Liabilities	320,222	319,201
25	Stockholders', Partners', Or Proprietor's Equity	81,133	58,050
26	Total Liabilities And Equity	$ 401,355	$ 377,251

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 INCOME

FOR THE 6 MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	$ 148,750	$ 142,341
2	Rooms	10,786	9,880
3	Food and beverage	22,974	20,214
4	Other	5,255	18,217
5	Total revenue	187,765	190,652
6	Less: Promotional allowances (Note 11)	20,709	20,551
7	Net revenue	167,056	170,101
	Costs And Expenses:		
8	Cost of goods and services	79,370	85,015
9	Selling, general, and administrative	49,670	46,145
10	Provision for doubtful accounts	1,662	1,887
11	Depreciation and amortization	8,263	6,988
12	Charges from affiliates other than interest:		
13	Management fees	-	-
14	Other (Note 14)	688	387
15	Total costs and expenses	139,653	140,422
	Income (Loss) From Operations	27,403	29,679
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 12)	(16,094)	(16,095)
17	Interest (expense) - external	(1,189)	(1,324)
18	Investment alternative tax and related income (expense) - net	(613)	(582)
19	Nonoperating income (expense) - net (Note 13)	1,078	361
20	Total other income (expenses)	(16,818)	(17,640)
21	Income (Loss) Before Income Taxes And Extraordinary Items	10,585	12,039
22	Provision (credit) for income taxes (Note 15)	1,013	1,207
23	Income (Loss) Before Extraordinary Items	9,572	10,832
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)		
25	Net Income (Loss)	$ 9,572	$ 10,832

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 INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 19 89 and 19 88

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino		
2	Rooms	$ 75,030	$ 77,092
3	Food and beverage	6,108	5,671
4	Other	11,986	10,401
5	Total revenue	2,921	13,343
6	Less: Promotional allowances (Note 11)	96,045	106,507
7	Net revenue	11,042	11,459
		85,003	95,048
	Costs And Expenses:		
8	Cost of goods and services	41,394	48,316
9	Selling, general, and administrative	24,355	23,316
10	Provision for doubtful accounts	500	1,170
11	Depreciation and amortization	4,358	3,531
12	Charges from affiliates other than interest:		
13	Management fees	-	-
14	Other (Note 14)	344	193
15	Total costs and expenses	70,951	76,526
	Income (Loss) From Operations	14,052	18,522
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 12)		
17	Interest (expense) - external	(8,047)	(8,048)
18	Investment alternative tax and related income (expense) - net	(601)	(738)
19	Nonoperating income (expense) - net (Note 13)	(312)	(316)
20	Total other income (expenses)	580	123
21	Income (Loss) Before Income Taxes And Extraordinary Items	(8,380)	(8,979)
22	Provision (credit) for income taxes (Note 15)	5,672	9,543
23	Income (Loss) Before Extraordinary Items	540	981
24	Extraordinary items (net of income taxes - 19___, $; 19___, $)	5,132	8,562
25	Net Income (Loss)	-	-
		$ 5,132	$ 8,562

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 SIX MONTHS ENDED JUNE 30, 19 89 AND 19 88

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Invested Capital:		
1	Beginning balance (January 1)	$ 50,707	$ 50,707
2	Additional capital invested	-	-
3			
4	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)	9,572	10,832
8			
9	Ending balance	75,340	43,438
	Capital Withdrawals:		
10	Beginning balance (January 1)	(49,180)	(33,175)
11	Additional capital withdrawals	4,266	(2,920)
12			
13	Ending balance	(44,914)	(36,095)
	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	$ 81,133	$ 58,050

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

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TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 19 89 and 19 88
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
1	Net Cash Provided (Used) By Operating Activities	$ 15,226	$ 15,328
	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	(20,530)	(17,821)
5	Proceeds from disposition of property and equipment	186	52
6	Purchase of casino reinvestment obligations	(1,840)	(1,755)
7	Purchase of other investments and loans/advances made	(1,818)	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables	685	398
9	Cash outflows to acquire business entities		
10			
11			
12	Net Cash Provided (Used) By Investing Activities	(23,317)	(19,126)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	870	5,976
14	Payments to settle short-term debt	(338)	(336)
15	Cash proceeds from issuance of long-term debt	1,550	-
16	Costs of issuing debt		
17	Payments to settle long-term debt	(1,222)	(230)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals	4,266	(2,920)
21			
22			
23	Net Cash Provided (Used) By Financing Activities	5,126	2,490
24	Net Increase (Decrease) In Cash And Cash Equivalents	(2,965)	(1,308)
25	Cash And Cash Equivalents At Beginning Of Period	16,766	11,563
26	Cash And Cash Equivalents At End Of Period	$ 13,801	$ 10,255

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 17,237	$ 20,202
28	Income taxes	$ 3,808	$ -

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 CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1989 and 1988
(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 9,572	$ 10,832
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	7,787	6,536
31	Amortization of other assets	476	452
32	Amortization of debt discount or premium		
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent		
35	(Gain) loss on disposition of property and equipment	(1,196)	1,207
36	(Gain) loss on casino reinvestment obligations	151	296
37	(Gain) loss from other investment activities	613	582
38	Net (increase) decrease in receivables and patrons' checks		
39	Net (increase) decrease in inventories	460	(3,182)
40	Net (increase) decrease in other current assets	(32)	(157)
41	Net (increase) decrease in other assets	(1,427)	1,357
42	Net increase (decrease) in accounts payables	806	(473)
43	Net increase (decrease) in other current liabilities excluding debt	1,378	(1,172)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(3,362)	(950)
45			
46			
47	Net Cash Provided (Used) By Operating Activities	$ 15,226	$ 15,328

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ (20,530)	$ (17,821)
49	Less: Capital lease obligations incurred	-	-
50	Cash Outflows For Property And Equipment	$ (20,530)	$ (17,821)
	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 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. Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

C. 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 June 30 consisted of the following:

	1989	1988
Prepaid taxes	$1,183,000	$ 837,000
Prepaid insurance	1,080,000	994,000
Prepaid air transportation costs	506,000	192,000
Prepaid rent	191,000	235,000
Prepaid advertising costs	122,000	115,000
Prepaid special event costs	984,000	72,000
Other	74,000	132,000
	$4,140,000	$2,577,000

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of June 30 consisted of the following:

	1989	1988
Advances due from -		
Trump's Castle Associates	$ -	$ 181,000
Seashore Four Associates	607,000	1,039,000
Trump Seashore Associates	1,388,000	-
Trump Taj Mahal Associates	107,000	-
Helicopter Air Services, Inc.	45,000	-
Boardwalk Properties, Inc.	354,000	-
Plaza Hotel, NYC	4,000	-
Trump Boardwalk Realty Corp.	3,000	2,000
Trump Regency	32,000	-
Casino reinvestment escrow deposit, and bonds, net valuation and adjustment of $4,298,000 (1989) and $3,034,000 (1988)	8,604,000	6,078,000
	$11,144,000	$7,300,000

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment - net as of June 30 consisted of the following:

	1989	1988
Land and land improvements	$ 35,247,000	$ 30,938,000
Buildings	271,983,000	245,361,000
Furniture, fixtures and equipment	55,284,000	46,796,000
Leasehold improvements	2,115,000	2,074,000
Construction in progress	8,095,000	13,842,000
	372,724,000	339,011,000
Less - Accumulated depreciation & amortization	(57,187,000)	(44,572,000)
Net property and equipment	$315,537,000	$294,439,000

NOTE 5: OTHER ASSETS

Other assets as of June 30 consisted of the following:

	1989	1988
Land rights, net	$31,721,000	$32,090,000
Deferred preopening costs, net	189,000	379,000
Debt issuance costs, net	6,768,000	7,148,000
Deposits	48,000	1,154,000
Other deferred charges	1,259,000	1,126,000
	$39,985,000	$41,897,000

NOTE 6: OTHER ACCRUED EXPENSES

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

	1989	1988
Accrued payroll	$ 7,558,000	$ 6,331,000
Accrued progressive jackpot liabilities	3,898,000	3,124,000
Accrued interest	1,523,000	1,555,000
Accrued gaming taxes payable	410,000	564,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	295,000	487,000
Accrued utilities	336,000	335,000
Accrued union benefits	192,000	187,000
Accrued health insurance benefits	274,000	223,000
Accrued sales, use & luxury tax	253,000	320,000
Accrued transportation costs	421,000	729,000
Accrued legal costs	275,000	132,000
Accrued special event costs	687,000	245,000
Accrued uniform costs	84,000	211,000
Other	617,000	797,000
	$16,823,000	$15,240,000

NOTE 7: OTHER CURRENT LIABILITIES

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

	1989	1988
Unredeemed chip/token liability	$ 1,155,000	$ 764,000
Patron deposits	646,000	268,000
Casino reinvestment liability	933,000	949,000
Reserve for insurance claims	1,913,000	955,000
Due to partners	8,819,000	7,691,000
Advance room/theatre deposits	218,000	188,000
Advances due to Trump's Castle Associates	565,000	-
Other	80,000	94,000
	$14,329,000	$10,909,000

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

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

	1989	1988
12 7/8% promissory note, interest payable semi-annually, sinking fund payments to retire $25,000,000 principal amount annually commence June 15, 1991 are calculated to retire 70% of the promissory note prior to maturity in 1998.	$250,000,000	$250,000,000

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of June 30 consisted of the following:

	1989	1988
10% note payable, interest payable monthly, maturing in 1993 (A)	$16,095,000	$16,942,000
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 9.5% to 12.5%. The notes are due at various dates between 1989 and 1998 and are secured by certain real property.	11,416,000	10,199,000
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by television and automobile equipment.	116,000	77,000
	27,627,000	27,218,000
Less current maturities	4,068,000	1,237,000
	$23,559,000	$25,981,000

(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	$ 4,068,000
1991	2,915,000
1992	17,984,000
1993	314,000
1994	347,000
Thereafter	1,999,000
	$27,627,000

NOTE 10: DEFERRED CREDITS

Deferred credits as of June 30, 1989 and 1988 consisted of deferred state income taxes.

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three and six months ended June 30, 1989 consisted of the following:

Three months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	21,783	$ 3,812,000	843	$ 105,000
Food	287,380	3,736,000	-	-
Beverage	867,871	2,604,000	-	-
Travel	-	-	22,680	3,402,000
Theatre	18,049	823,000	1,563	63,000
Coin Bonus	-	-	404,766	6,292,000
Tips	-	-	3,818	153,000
Other	2,698	67,000	13,498	337,000
TOTAL	1,197,781	$11,042,000	447,168	$10,352,000

Six months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	40,514	$ 6,725,000	1,623	$ 167,000
Food	667,314	7,535,000	-	-
Beverage	1,752,226	5,036,000	-	-
Travel	-	-	41,246	6,187,000
Theatre	26,991	1,295,000	5,053	203,000
Coin Bonus	-	-	821,364	13,596,000
Tips	-	-	7,181	288,000
Other	4,568	118,000	25,683	642,000
TOTAL	2,491,613	$20,709,000	902,150	$21,083,000

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (expense) - affiliates for the three and six months ended June 30, 1989 and 1988 consisted of interest expense associated with the 12-7/8% promissory note due in the principal amount of $250,000,000 to Trump Plaza Funding, Inc.

NOTE 13: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three and six months ended June 30 consisted of the following:

	Three months ended		Six months ended	
	1989	1988	1989	1988
Interest income	$668,000	$ 404,000	$1,229,000	$ 657,000
Loss on disposal of property and equipment	(88,000)	(281,000)	(151,000)	(296,000)
	$580,000	$ 123,000	$1,078,000	$ 361,000

NOTE 14: LEASE COMMITMENTS

The Company leases property (primarily land), certain parking space, and various equipment under operating leases. Rent expense was $1,096,000 and $2,082,000 for the three and six months ended June 30, 1989 and $1,157,000 and $2,302,000 for the three and six months ended June 30, 1988, respectively.

Future minimum lease payments under the noncancellable leases are as follows:

1990	$ 2,725,000
1991	3,300,000
1992	3,100,000
1993	3,100,000
1994	3,100,000
Thereafter through 2078	513,696,000
	$529,021,000

Included above are future minimum lease payments under noncancellable leases with Seashore Four Associates and Trump Seashore Associates, affiliates of the Company, which are as follows:

1990	$ 1,825,000
1991	2,100,000
1992	1,900,000
1993	1,900,000
1994	1,900,000
Thereafter through 2078	428,213,000
	$437,838,000

NOTE 14: LEASE COMMITMENTS (Cont.)

Rent expense charged by the affiliates was $344,000 and $688,000 for the three and six months ended June 30, 1989 and $193,000 and $387,000 for the three and six months ended June 30, 1988, respectively.

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 June 30, 1989, the aggregate option prices for these leases were $18,000,000.

NOTE 15: PROVISION FOR INCOME TAXES

The provision for income taxes for the three and six months ended June 30 consisted of the following:

	Three months ended		Six months ended	
	1989	1988	1989	1988
State Income Taxes				
Current	$594,000	$ -	$1,013,000	$ -
Deferred	(54,000)	981,000	-	1,207,000
	$540,000	$981,000	$1,013,000	$1,207,000

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 19 89

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES: ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks	$ 7,378		
2	Returned patrons' checks	14,640		
3	Total patrons' checks	22,018	$ 11,961	$ 10,057
4	Hotel Receivables	1,785	112	1,673
	Other Receivables:			
5	Receivables due from officers and employees	42		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	952		
8	Total other receivables	994		994
9	Totals (Form 205)	$ 24,797	$ 12,073	$ 12,724

LINE (f)	DESCRIPTION (g)	UNDEPOSITED PATRONS' CHECKS ACTIVITY: 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)	141,640
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)	(117,113)
13	Checks collected through deposits	(17,168)
14	Checks transferred to returned checks	(7,038)
15	Other adjustments	-
16	Ending Balance	$ 7,378
17	"Hold" Checks Included In Balance On Line 16	$ -
18	Provision For Uncollectible Patrons' Checks	$ 1,592
19	Provision As A Percent Of Counter Checks Issued	1.1 %

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
COUNTY OF ATLANTIC :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 - FINANCE
Title

02281-11
License Number

On Behalf Of:

TRUMP PLAZA ASSOCIATES
Casino Licensee

Subscribed and sworn to
before me this 14th day
of August, 1989

Signature
MARY JOANNE HUNTER
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires August 1, 1991

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

HOTEL STATISTICS

FOR THE 6 MONTHS ENDED June 30, 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	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	566	16,966	14,512	$ 130.76	85.5 %	29,024	$ 65.38
MAY	566	17,546	15,229	$ 131.53	86.8 %	30,458	$ 65.76
JUNE	565	16,927	15,363	$ 143.62	90.8 %	30,726	$ 71.81
2ND QUARTER TOTALS		51,439	45,104	$ 135.40	87.7 %	90,208	$ 67.70
JULY				$	%		$
AUGUST				$	%		$
SEPTEMBER				$	%		$
3RD QUARTER TOTALS				$	%		$
OCTOBER				$	%		$
NOVEMBER				$	%		$
DECEMBER				$	%		$
4TH QUARTER TOTALS				$	%		$
ANNUAL TOTALS				$	%		$