

**TROPICANA CASINO AND RESORT
QUARTERLY REPORT**

FOR THE QUARTER ENDED DECEMBER 31, 2006

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TROPICANA CASINO AND RESORT BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$63,266	\$52,694
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$13,217; 2005, \$16,255	16	21,917	24,293
4	Inventories		5,467	4,797
5	Other Current Assets.....	5,8,10	11,338	11,077
6	Total Current Assets.....		101,988	92,861
7	Investments, Advances, and Receivables.....	6,7,11,14	25,129	25,215
8	Property and Equipment - Gross.....	2	1,136,041	1,116,584
9	Less: Accumulated Depreciation and Amortization.....	2	(348,180)	(313,494)
10	Property and Equipment - Net.....	2	787,861	803,090
11	Other Assets.....	5,8	53,870	67,783
12	Total Assets.....		\$968,848	\$988,949
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$16,192	\$26,455
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	3,14	29	43
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	12	23,515	24,140
19	Other Current Liabilities.....	6	6,560	7,742
20	Total Current Liabilities.....		46,296	58,380
	Long-Term Debt:			
21	Due to Affiliates.....	3,7,14	292,000	292,000
22	External.....	3,14	272	301
23	Deferred Credits		0	0
24	Other Liabilities.....	7,13	352,058	377,507
25	Commitments and Contingencies.....	6	0	0
26	Total Liabilities.....		690,626	728,188
27	Stockholders', Partners', or Proprietor's Equity.....		278,222	260,761
28	Total Liabilities and Equity.....		\$968,848	\$988,949

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

TROPICANA CASINO AND RESORT STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$449,776	\$435,198
2	Rooms.....		76,077	69,269
3	Food and Beverage.....		58,425	58,830
4	Other.....		25,071	25,163
5	Total Revenue.....		609,349	588,460
6	Less: Promotional Allowances.....		122,132	111,234
7	Net Revenue.....		487,217	477,226
	Costs and Expenses:			
8	Cost of Goods and Services.....	4,7	279,100	282,069
9	Selling, General, and Administrative.....	7	67,286	72,519
10	Provision for Doubtful Accounts.....		2,398	1,499
11	Total Costs and Expenses.....		348,784	356,087
12	Gross Operating Profit.....		138,433	121,139
13	Depreciation and Amortization.....	2	48,228	43,167
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	7	32,000	32,400
15	Other.....		0	0
16	Income (Loss) from Operations.....		58,205	45,572
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	3	(35,040)	(53,640)
18	Interest Expense - External.....	3	(23)	(31)
19	CRDA Related Income (Expense) - Net.....	6	(1,130)	(1,897)
20	Nonoperating Income (Expense) - Net.....	4,15,16	5,453	(1,863)
21	Total Other Income (Expenses).....		(30,740)	(57,431)
22	Income (Loss) Before Taxes and Extraordinary Items.....		27,465	(11,859)
23	Provision (Credit) for Income Taxes.....	8	10,458	(621)
24	Income (Loss) Before Extraordinary Items.....		17,007	(11,238)
25	Extraordinary Items (Net of Income Taxes - 2006, \$0; 2005, \$0).....		0	0
26	Net Income (Loss).....		\$17,007	(\$11,238)

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

TROPICANA CASINO AND RESORT

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$107,848	\$105,703
2	Rooms.....		17,926	17,614
3	Food and Beverage.....		13,968	14,519
4	Other.....		6,504	6,427
5	Total Revenue.....		146,246	144,263
6	Less: Promotional Allowances.....		29,114	29,539
7	Net Revenue.....		117,132	114,724
	Costs and Expenses:			
8	Cost of Goods and Services.....	4,7	68,768	70,598
9	Selling, General, and Administrative.....	7	16,256	17,594
10	Provision for Doubtful Accounts.....		525	319
11	Total Costs and Expenses.....		85,549	88,511
12	Gross Operating Profit.....		31,583	26,213
13	Depreciation and Amortization.....	2	12,004	11,443
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	7	7,500	7,500
15	Other.....		0	0
16	Income (Loss) from Operations.....		12,079	7,270
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	3	(8,760)	(13,410)
18	Interest Expense - External.....	3	(5)	(6)
19	CRDA Related Income (Expense) - Net.....	6	184	(518)
20	Nonoperating Income (Expense) - Net.....	4,15,16	(3,970)	(740)
21	Total Other Income (Expenses).....		(12,551)	(14,674)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(472)	(7,404)
23	Provision (Credit) for Income Taxes.....	8	(279)	(391)
24	Income (Loss) Before Extraordinary Items.....		(193)	(7,013)
	Extraordinary Items (Net of Income Taxes -			
25	2006, \$0; 2005, \$0).....		0	0
26	Net Income (Loss).....		(\$193)	(\$7,013)

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

TROPICANA CASINO AND RESORT

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2004.....		100	\$1	0	\$0	\$127,071	\$0	(\$10,249)	\$116,823
2	Net Income (Loss) - 2005.....								(11,238)	(11,238)
3	Contribution to Paid-in-Capital.....						155,000			155,000
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Tax Benefit from Stock Option Ex						176			176
7										0
8										0
9										0
10	Balance, December 31, 2005.....		100	1	0	0	282,247	0	(21,487)	260,761
11	Net Income (Loss) - 2006.....								17,007	17,007
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Tax Benefit from Stock Option Ex						74			74
16	Stock Options Compensation Expe						380			380
17										0
18										0
19	Balance, December 31, 2006		100	\$1	0	\$0	\$282,701	\$0	(\$4,480)	\$278,222

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

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$42,432	\$93,745
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(30,115)	(62,434)
5	Proceeds from Disposition of Property and Equipment.....		350	292
6	CRDA Obligations		(5,743)	(6,197)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances		3,714	3,762
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(31,794)	(64,577)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(66)	(155,096)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	155,000
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		(66)	(96)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		10,572	29,072
25	Cash and Cash Equivalents at Beginning of Period.....		52,694	23,622
26	Cash and Cash Equivalents at End of Period.....		\$63,266	\$52,694
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$35,063	\$53,671
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.

TROPICANA CASINO AND RESORT STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$17,007	(\$11,238)
30	Depreciation and Amortization of Property and Equipment.....		48,228	43,167
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		(154)	(144)
33	Deferred Income Taxes - Current		2,797	(3,496)
34	Deferred Income Taxes - Noncurrent		7,031	(5,222) *
35	(Gain) Loss on Disposition of Property and Equipment.....		224	819
36	(Gain) Loss on CRDA-Related Obligations.....		1,122	1,885
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		2,599	(5,927)
39	(Increase) Decrease in Inventories		(670)	(373)
40	(Increase) Decrease in Other Current Assets.....		(3,058)	4,877
41	(Increase) Decrease in Other Assets.....		4,178	(6,239)
42	Increase (Decrease) in Accounts Payable.....		(10,774)	2,018
43	Increase (Decrease) in Other Current Liabilities		(1,096)	529
44	Increase (Decrease) in Other Liabilities		(25,382)	72,913
45	Stock Options Compensation Expense		380	176 *
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$42,432	\$93,745

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$30,115)	(\$62,434)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$30,115)	(\$62,434)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
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.....		\$0	\$155,000
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	\$155,000

* Certain 2005 amounts have been reclassified to conform with 2006 presentation

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

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

**TROPICANA CASINO AND RESORT
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	355,554	\$35,188	0	\$0
2	Food	2,655,122	26,020	467,166	4,578
3	Beverage	10,005,960	11,854	0	0
4	Travel	0	0	9,111	3,189
5	Bus Program Cash	598,416	8,961	0	0
6	Other Cash Complimentaries	1,575,343	36,741	0	0
7	Entertainment	414,600	829	21,519	430
8	Retail & Non-Cash Gifts	0	0	398,384	3,713
9	Parking	0	0	239,701	719
10	Other	1,169,430	2,539	95,716	854
11	Total	16,774,425	\$122,132	1,231,597	\$13,483

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	85,828	\$8,492	0	\$0
2	Food	626,571	6,140	125,555	1,230
3	Beverage	2,441,240	2,912	0	0
4	Travel	0	0	1,685	590
5	Bus Program Cash	142,468	2,109	0	0
6	Other Cash Complimentaries	381,236	8,564	0	0
7	Entertainment	133,800	267	1,501	30
8	Retail & Non-Cash Gifts	0	0	94,257	891
9	Parking	0	0	65,618	197
10	Other	310,110	630	23,067	230
11	Total	4,121,253	\$29,114	311,683	\$3,168

TROPICANA CASINO AND RESORT STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

4/2/2007

Date



Christina Broome

Vice President - Finance

Title

7571-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT

Casino Licensee

ADAMAR OF NEW JERSEY, INC.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of Adamar of New Jersey, Inc. (the "Company") and its wholly-owned subsidiary, Manchester Mall, Inc., ("Manchester"), after elimination of all significant intercompany accounts and transactions.

The Company operates a casino hotel in Atlantic City, New Jersey and is a subsidiary of Ramada New Jersey Holdings Corporation ("RNJHC") which is, in turn, a wholly-owned subsidiary of Aztar Corporation ("Aztar"). The financial statements reflect the intercompany transactions and accounts with RNJHC, Aztar and affiliates. Refer to "Note 17: Subsequent Events" for information regarding changes to the Company resulting from changes occurring subsequent to December 31, 2006.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. In doing so, FIN 48 prescribes the application of a two-step process to account for tax positions. The first step establishes standards for the recognition of the financial effect of a tax position. The second step establishes standards for the measurement of the financial effect of a tax position that meets the recognition standards of step one. A tax position, as used in FIN 48, refers to a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. Under the first step, the financial statement effect of a tax position is recognized when it is more-likely-than-not, based on the technical merits, that the position will be sustained upon examination. Under the second step, a tax position that meets the more-likely-than-not recognition threshold shall initially and subsequently be measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. FIN 48 is effective for the Company at the beginning of the 2007 calendar year. The cumulative effect of adopting FIN 48, if any, shall be reported as an adjustment to the opening balance of retained earnings or other appropriate component of shareholders' equity. The Company has not determined the effect of FIN 48 on its

consolidated financial position.

In December 2004, the Financial Accounting Standards Board issued Statement No. 123 (revised 2004), "Share-Based Payment", ("SFAS 123(R)"), which became effective for the Company on January 1, 2006, establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. SFAS 123(R) supersedes APB 25, "Accounting for Stock Issued to Employees" and related interpretations, which the Company previously elected to follow. In addition, SFAS 123(R) replaces FASB Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation".

SFAS 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and the estimated number of awards are expected to vest. That cost is recognized over the period during which an employee is required to provide service in exchange for the award, which is usually the vesting period. As permitted under SFAS 123(R), Aztar has elected to apply a modified prospective application as the transition method from APB to SFAS 123(R). Compensation cost for the portion of the awards for which the requisite service has not been rendered on or after the effective date is recognized as the requisite service is rendered on or after the required effective date based on the grant-date fair value as previously determined under SFAS 123. For periods before the required effective date, companies may elect to adjust financial statements of prior periods on a basis consistent with the pro forma disclosure required for those periods by SFAS 123. The Company has elected not to adjust its financial statements for prior periods. The Company recognized \$380,000 of compensation expense in the Statement of Operations during 2006. Under APB 25, there would not have been any compensation expense. The Company classifies its stock-based compensation expense in the Statement of Operations in a manner consistent with its classification of cash compensation paid to the same employees. As of December 31, 2006, the Company had \$386,000 of unrecognized compensation cost related to awards granted under Aztar's stock option plans. The Company expects to recognize that cost over a weighted-average period of 1.3 years.

Cash and Cash Equivalents

Highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents. These instruments are stated at cost, which approximates fair value because of their short maturity.

Inventories

Inventories, which consist primarily of food, beverage, uniforms and operating supplies are stated at the lower of cost or market value. Costs are determined using the average cost method.

Advertising Costs

Costs for advertising are expensed as incurred. Advertising costs were \$9,400,000 in 2006 and \$9,989,000 in 2005.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments in excess of \$100,000 which are all invested in the same financial institution, investments and trade accounts receivable.

Property and equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to operations when incurred. Renewals and betterments which significantly extend the useful lives of existing property and equipment are capitalized. During construction, the Company capitalizes interest and other direct and indirect costs, which are primarily property taxes, insurance costs, outside legal costs and the compensation costs of project personnel devoted exclusively to managing the project. Interest is capitalized monthly by applying the effective interest rate on certain borrowings to the average balance of expenditures. Gains or losses on dispositions of property and equipment are reflected in earnings as realized.

Depreciation is computed on the straight-line basis over the estimated useful lives (building and improvements - 3 to 40 years; equipment, furniture and fixtures - 3 to 15 years).

Leasehold improvements are amortized over the lower of the estimated useful life of the improvement or the term of the related lease.

CRDA Investment

The Casino Reinvestment Development Authority ("CRDA") deposits are carried at cost less a valuation allowance because they have to be used to purchase CRDA bonds that carry below market interest rates unless an alternative investment is approved. The valuation allowance is established by a charge to the Statement of Operations as part of general and administrative expense at the time the obligation is incurred to make the deposit unless there is an agreement with the CRDA for a return of the deposit at full face value. If the CRDA deposits are used to purchase CRDA bonds, the valuation allowance is transferred to the bonds as a discount, which is amortized to interest income using the interest method. If the CRDA deposits are used to make other investments, the valuation allowance is transferred to those investments and remains a valuation allowance. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less a valuation allowance. The average interest rate on the CRDA investment was 3.2% and 2.8% for 2006 and 2005, respectively.

New Jersey Gaming License Costs

Gaming license costs are capitalized and amortized over the renewal period. Amortization expense for gaming license costs was \$507,000 for 2006 and \$510,000 for 2005, respectively.

Leasing Costs

Leasing costs are capitalized as incurred and amortized evenly, as a reduction to

rental income, over the related lease terms. Leasing costs consist primarily of tenant allowances, which are incentives provided to tenants whereby the Company agrees to pay certain amounts toward tenant leasehold improvements or other tenant development costs. Leasing costs also include lease acquisition costs, which consist primarily of leasing agent fees and legal fees incurred by the Company. Leasing costs are included in Other Assets on the Balance Sheet.

Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangibles held and used by the Company are reviewed for impairment whenever events or changes in circumstances warrant such a review. The carrying value of a long-lived or amortizable intangible asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposition.

Casino Revenue

Casino revenue consists of the net win from gaming activities, which is the difference between gaming wins and losses. For the year ended December 31, 2006, the total casino revenue was \$449,776,000 which is comprised of \$121,289,000 for games revenue and \$328,487,000 for slot revenue. For the year ended December 31, 2005, the total casino revenue was \$435,198,000 which is comprised of \$136,885,000 for games revenue and \$298,313,000 for slot revenue. Estimated payouts for progressive slot machine balances are recorded as liabilities in the accompanying financial statements.

Complimentaries

The retail value of complimentary food, beverage, and hotel services furnished to customers is included in gross revenues and then deducted as promotional allowances in arriving at net revenue.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Reclassifications

Certain reclassifications have been made in the 2005 Statement of Cash Flows in order to be comparable with the 2006 presentation.

NOTE 2. PROPERTY AND EQUIPMENT

At December 31, 2006 and 2005, the components of property and equipment consisted of:

	<u>2006</u>	<u>2005</u>
Land and land improvements	\$ 49,974,000	\$ 49,974,000
Building and improvements	894,866,000	881,176,000
Furniture, fixtures and equipment	182,054,000	173,059,000
Leased personal property	1,353,000	1,366,000
Construction in progress	<u>7,794,000</u>	<u>11,009,000</u>
 Total property and equipment-gross	 1,136,041,000	 1,116,584,000
 Less accumulated depreciation and amortization	 <u>(348,180,000)</u>	 <u>(313,494,000)</u>
 Total property and equipment	 <u>\$ 787,861,000</u>	 <u>\$ 803,090,000</u>

Depreciation expense was \$48,228,000 in 2006 and \$43,167,000 in 2005.

During the year ended December 31, 2006, the Company retired certain assets. This resulted in additional depreciation expense of \$2,870,000 during the period ended December 31, 2006.

NOTE 3. LONG-TERM DEBT

At December 31, 2006 and 2005, Long-Term Debt consisted of:

	<u>2006</u>	<u>2005</u>
Notes payable - Aztar Corporation; 12.0% due 2014	<u>\$292,000,000</u>	<u>\$292,000,000</u>
Long-term debt due to affiliates	292,000,000	292,000,000
Contract payable; 7.2%; matures 2014	301,000	328,000
Obligations under capital leases	<u>-</u>	<u>16,000</u>
Total Affiliates and Other	292,301,000	292,344,000
Less: current portion	<u>(29,000)</u>	<u>(43,000)</u>
Total long-term debt	<u>\$292,272,000</u>	<u>\$292,301,000</u>

On December 31, 2005, \$155,000,000 of a note payable to Aztar Corporation was converted to contributed capital. Substantially all of the Company's property and equipment is pledged as collateral for long-term debt agreements of affiliates.

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

2007	\$	29,000
2008		32,000
2009		34,000
2010		36,000
2011		39,000
Thereafter		<u>292,131,000</u>
Total	\$	<u>292,301,000</u>

NOTE 4. LEASE OBLIGATIONS

The Company entered into an agreement with Adamar Garage Corporation ("AGC"), an affiliate of the Company, for the lease of the Transportation Center (a 1,100-space self-park garage and a 9-bay bus terminal) and a 1,100-space parking garage along with the land, all improvements and air rights. The rental amount is \$4,700,000 per year and will expire on February 4, 2078.

Minimum future lease obligations on noncancelable leases at December 31, 2006 are as follows:

<u>YEAR</u>		<u>OPERATING</u>
2007	\$	6,872,000
2008		5,584,000
2009		5,060,000
2010		5,060,000
2011		5,060,000
Thereafter		<u>310,646,000</u>
Total	\$	<u>338,282,000</u>

Rental expenses under operating leases for 2006 and 2005 amounted to \$8,106,000 and \$8,196,000 respectively.

NOTE 5. DEFERRED CREDITS

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

NOTE 6. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission, referred to as the "CCC". The license is renewable every four years. In November 2003, the license was renewed for a period of four years, effective through November 30, 2007.

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

For 2006, the annual realty tax expense for the land and improvements was \$23,477,000 based on a tax rate of \$3.771 per \$100 of assessed value. Realty taxes for subsequent years and for any expansion or improvements of the facilities may vary significantly depending on assessed values and the tax rate in effect at such future time.

The CCC imposes an annual tax of eight percent on gross casino revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the CRDA or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 2006 and 2005, respectively, was \$5,743,000 and \$5,527,000 for the purchase of CRDA bonds. In 2006 and 2005, the Company recorded a loss provision of \$1,122,000 and \$1,885,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at December 31, 2006.

The Company has separate occurrence-based insurance policies that provide coverage for general liability and workers compensation claims that exceed certain retention levels. The Company is self-insured for general liability claims up to \$1,000,000 per occurrence subject to an aggregate limit of \$300,000,000. The Company is self-insured for workers compensation claims up to \$1,000,000 per accident with no limit. The Company's accrual for general liability claims within the retention level was approximately \$1,125,000 and \$1,084,000 at December 31, 2006 and December 31, 2005, respectively. The Company's accrual for workers compensation claims within the retention level was approximately \$2,733,000 and \$2,450,000 at December 31, 2006 and December 31, 2005, respectively.

NOTE 7. RELATED PARTIES

Transactions with affiliates consist of expenditures by affiliates on the Company's behalf including purchases of assets, facility rental, and

administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar. Since payment is not required to be made currently, the net of these transactions is classified as long-term.

Aztar performs various corporate services for the Company. For the years ended December 31, 2006 and 2005, Aztar charged the Company a management fee of \$32,000,000 and \$32,400,000, respectively.

Due to affiliates are reflected in Other Liabilities. The identity of the affiliate and corresponding balances at December 31, 2006 and 2005 are:

	<u>2006</u>	<u>2005</u>
Due to Aztar Corporation	\$ 340,259,000	\$ 370,496,000
Due to Ramada New Jersey, Inc.	501,000	426,000
Due to Adamar Garage Corporation	10,753,000	6,056,000
Due to Tropicana West	85,000	136,000
Due to Atlantic Deauville, Inc.	<u>460,000</u>	<u>393,000</u>
	<u>\$ 352,058,000</u>	<u>\$ 377,507,000</u>

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at December 31, 2006 and 2005 are:

	<u>PAYEE</u>	<u>2006</u>	<u>2005</u>
Aztar Corporation		\$292,000,000	\$292,000,000

For the twelve months ended December 31, 2006 and 2005 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of Goods and Services and Selling, General, and Administrative. The nature of the charges and dollar amounts are as follows:

	<u>2006</u>	<u>2005</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive deferred compensation plan	\$ 2,000	\$ 2,000
Property insurance	<u>4,910,000</u>	<u>2,988,000</u>
	<u>4,912,000</u>	<u>2,990,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	550,000	561,000
Executive deferred compensation plan	13,000	70,000
Professional Services	<u>78,000</u>	<u>33,000</u>
	<u>641,000</u>	<u>664,000</u>
Total	<u>\$ 5,553,000</u>	<u>\$ 3,654,000</u>

NOTE 8. INCOME TAXES

The provision/(benefit) for income taxes is comprised of:

	<u>2006</u>	<u>2005</u>
Current:		
Federal	\$ -	\$ -
State	<u>704,000</u>	<u>5,269,000</u>
	<u>704,000</u>	<u>5,269,000</u>
Deferred:		
Federal	8,513,000	(5,356,000)
State	<u>1,241,000</u>	<u>(534,000)</u>
	<u>9,754,000</u>	<u>(5,890,000)</u>
	<u>\$10,458,000</u>	<u>\$ (621,000)</u>

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

During 2005, the Internal Revenue Service ("IRS") completed its examination of the Company's income tax return for the year 2003. The New Jersey Division of Taxation is examining the New Jersey income tax returns for the years 1995 through 2001. Management believes that adequate provision for income taxes has been made in the financial statements. Included in the advances from affiliates, net are \$18,393,000 and \$17,763,000 of current taxes payable at December 31, 2006 and 2005, respectively.

General business credits are taken as a reduction of the provision for income taxes during the year such credits become available. The following table provides a reconciliation between amounts determined by applying the statutory federal income tax rate to the pretax loss and the provision/(benefit) for income taxes:

	<u>2006</u>	<u>2005</u>
Provision/(Benefit) at statutory rate	\$ 9,613,000	\$ (4,151,000)
Increase/(decrease) in tax resulting from:		
State income taxes, net	1,329,000	3,447,000
Nondeductible business expenses	54,000	(36,000)
General business credits	(209,000)	(130,000)
Other	<u>(329,000)</u>	<u>249,000</u>
	<u>\$ 10,458,000</u>	<u>\$ (621,000)</u>

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities at December 31, 2006 and 2005, are as follows:

	<u>2006</u>	<u>2005</u>
Net operating loss carryforward	\$ 46,099,000	\$ 55,796,000
Accrued liabilities	6,272,000	8,041,000
Income tax credit carryforwards	5,049,000	5,470,000
Accrued bad debt expense	3,037,000	4,278,000
Accrued compensation	1,789,000	1,783,000
Other	<u>826,000</u>	<u>341,000</u>
Gross deferred tax assets	<u>63,072,000</u>	<u>75,709,000</u>
Deferred tax asset valuation allowance	<u>(1,147,000)</u>	<u>(1,459,000)</u>
Depreciation and amortization	(30,287,000)	(32,806,000)
Deductible prepaids	<u>(1,259,000)</u>	<u>(1,311,000)</u>
Gross deferred tax liabilities	<u>(31,546,000)</u>	<u>(34,117,000)</u>
Net deferred tax assets	<u>\$ 30,379,000</u>	<u>\$ 40,133,000</u>

Gross deferred tax assets are reduced by a valuation allowance. Realization of the remaining net deferred tax asset at December 31, 2006 is dependent on generating sufficient taxable income prior to expiration of the net operating loss and general business credit carryforwards. The Company has utilized tax planning strategies with its parent company to be able to recognize its net operating loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of the net deferred tax asset will be realized. The amount of the net deferred tax asset considered realizable could change in the near term if estimates of future taxable income during the carryforward period are changed.

At December 31, 2006, the Company has net operating loss carryforwards and general business credit carryforwards for federal income tax purposes that will expire in the following years if not used:

	Net Operating Loss Carryforwards	General Business Credit Carryforwards
2007	\$ 2,802,000	\$ 418,000
2008	11,318,000	250,000
2009	6,092,000	479,000
2010	-	218,000
2011	13,664,000	172,000
2012 to 2026	<u>98,586,000</u>	<u>2,546,000</u>
Total	<u>\$ 132,462,000</u>	<u>\$ 4,083,000</u>

The Company also has an alternative minimum assessment tax credit carryforward of \$1,487,000 for New Jersey purposes that can be carried forward indefinitely.

NOTE 9. RETIREMENT PLANS

The Company has a defined contribution plan that covers substantially all employees who are not covered by a collective bargaining unit. The plan allows employees, at their discretion, to make contributions of their before-tax earnings to the plan up to an annual maximum amount. The Company matches 50% of the employee contributions that are based on up to 6% of an employee's before-tax earnings. Compensation expense in 2006 and 2005, respectively, with regard to Company matching contributions was \$1,189,000 and \$1,258,000.

The Company makes contributions based on hours worked, as specified in six union agreements, to union administered, multiemployer, defined contribution pension plans. Contributions to these plans during 2006 and 2005 amounted to \$3,802,000 and \$3,727,000, respectively.

NOTE 10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 2006 and 2005, Prepaid Expenses and Other Current Assets consisted of the following:

	<u>2006</u>	<u>2005</u>
Current deferred taxes	\$ 4,621,000	\$ 7,418,000
Other	<u>6,717,000</u>	<u>3,659,000</u>
Total	<u>\$ 11,338,000</u>	<u>\$ 11,077,000</u>

NOTE 11. INVESTMENTS, ADVANCES, AND RECEIVABLES

At December 31, 2006 and 2005, Investments, Advances, and Receivables consisted of the following:

	<u>2006</u>	<u>2005</u>
CRDA investments	\$ <u>25,129,000</u>	\$ <u>25,215,000</u>
Total	<u>\$ 25,129,000</u>	<u>\$ 25,215,000</u>

NOTE 12. OTHER ACCRUED EXPENSES

At December 31, 2006 and 2005, Other Accrued Expenses consisted of the following:

	<u>2006</u>	<u>2005</u>
Accrued payroll taxes and benefits	\$ 14,884,000	\$ 15,710,000
Accrued progressive slot win	1,124,000	1,172,000
Accrued claims reserve	1,125,000	1,084,000
Other	<u>6,382,000</u>	<u>6,174,000</u>
Total	<u>\$ 23,515,000</u>	<u>\$ 24,140,000</u>

NOTE 13. OTHER LIABILITIES

At December 31, 2006 and 2005, Other Liabilities consisted of the following:

	<u>2006</u>	<u>2005</u>
Due to affiliates	\$ 352,058,000	\$ 377,507,000
Total	<u>\$ 352,058,000</u>	<u>\$ 377,507,000</u>

NOTE 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents (in thousands) the carrying amounts and estimated fair values of the Company's financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	<u>2006</u>		<u>2005</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Investments	\$ 25,129	\$ 25,129	\$ 25,215	\$ 25,215
<u>Liabilities</u>				
Current portion of long-term debt	29	29	43	43
Long-term debt	272	272	301	301
Notes Payable to Aztar Corporation	292,000	292,000	292,000	292,000

The carrying amounts shown in the table are included, if applicable, in the Consolidated Balance Sheets under the indicated captions. All of the Company's financial instruments are held or issued for purposes other than trading.

The following notes summarize the major methods and assumptions used in estimating the fair values of financial instruments.

Investments consisted of deposits with the CRDA, CRDA bonds that bear interest at two-thirds of market rates resulting in a fair value lower than cost and other CRDA investments (primarily loans). The carrying amounts of these deposits, bonds and other investments are presented net of a valuation allowance and in the case of the bonds an unamortized discount that result in an approximation of fair values.

The amounts reported for advances from affiliates relate to the Company's notes payable to Aztar. The fair value was estimated based on the quoted market price for a similar issue.

NOTE 15. NON-OPERATING INCOME/(EXPENSE)

For the period ending December 31, 2006 and 2005, Non-operating Income/(Expense) consisted of the following:

	<u>2006</u>	<u>2005</u>
Interest income	\$ 1,453,000	\$ 1,206,000
Loss on dispositions	(224,000)	(819,000)
Construction accident	9,449,000	2,595,000
Stock option compensation expense	(380,000)	-
Affiliate rent expense	<u>(4,845,000)</u>	<u>(4,845,000)</u>
Total	<u>\$ 5,453,000</u>	<u>\$ (1,863,000)</u>

NOTE 16. ACCOUNTING FOR THE IMPACT OF THE OCTOBER 30, 2003 CONSTRUCTION ACCIDENT

An accident occurred on the site of the construction of the expansion on October 30, 2003. The accident resulted in loss of life and serious injuries, as well as extensive damage to the facilities under construction.

Construction on the expansion project was substantially completed by December 31, 2004. The expansion includes 502 additional hotel rooms, 20,000 square feet of meeting space, 2,400 parking spaces, and "The Quarter at Tropicana," a 200,000-square-foot dining, entertainment and retail center.

The Company incurred \$5,420,000 and \$4,276,000 in 2006 and 2005 respectively, of construction accident related costs and expenses that may not be reimbursed by insurance. The costs and expenses in 2006 and 2005 primarily consist of professional fees incurred as a result of the accident.

In 2006 and 2005, the Company recorded \$12,229,000 and \$871,000 respectively, of insurance recoveries due to the delay of the opening of the expansion, which represent a portion of the anticipated profit that the Company would have recognized had the expansion opened as originally projected as well as some reimbursement for costs incurred as a result of the delay. These insurance recoveries were classified as a component of Non-operating Income(Expense) in the Statements of Income. Insurance claims for business interruption that occurred from the date of the accident through December 31, 2005 have been filed with the Company's insurers in the amount of approximately \$52,100,000, of which

\$3,500,000 has been received by the Company. In addition, the Company has filed insurance claims for lost profits and additional costs as a result of the delay in the opening of the expansion. The total of these claims is approximately \$64,600,000, of which \$22,116,000 has been received by the Company. Profit recovery from insurance is recorded when the amount of recovery, which may be different from the amount claimed, is agreed to by the insurers. The Company has also filed insurance claims of approximately \$9,000,000 for other costs it has incurred that are related to the construction accident, of which \$1,500,000 has been received by the Company. These other costs are primarily supplemental marketing costs and approximately \$1,600,000 was included in the Balance Sheet as part of the Receivables and Patron's Checks at December 31, 2006.

In order to ensure that the construction proceed expeditiously and in order to settle certain disputes, the Company and the general contractor entered into a settlement agreement on October 6, 2004 that delineates how the Company and its contractor will share the cost of and the insurance proceeds received for the dismantlement, debris removal and rebuild. During 2006 and 2005, the Company recorded \$2,640,000 and \$6,001,000, respectively, of insurance recoveries associated with the rebuild, net of direct costs to obtain the recoveries. These amounts were classified as Non-operating Income(Expense) in the Statements of Income. In addition, at December 31, 2006, the Company's share of claims outstanding for dismantlement, debris removal and rebuild was approximately \$23,600,000.

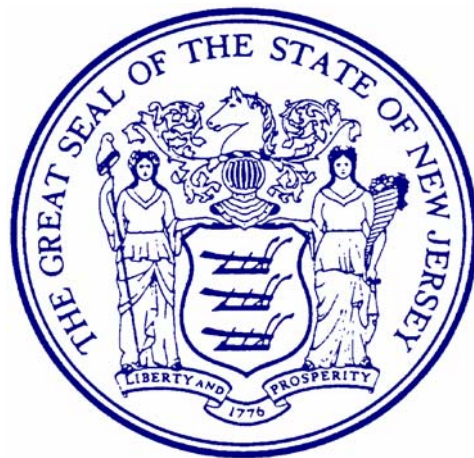
NOTE 17. SUBSEQUENT EVENTS

On May 19, 2006, Aztar entered into an Agreement and Plan of Merger (the "Columbia Merger Agreement") with Columbia Sussex Corporation ("Sussex"), Wimar Tahoe Corporation, d/b/a Columbia Entertainment, the gaming affiliate of Sussex ("Columbia Entertainment"), and WT-Columbia Development, Inc., a wholly-owned subsidiary of Columbia Entertainment. The merger was consummated on January 3, 2007 at which time Columbia Entertainment acquired all of the outstanding shares of Aztar common stock and assumed all of Aztar's outstanding debt.

**TROPICANA CASINO AND RESORT
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2006

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TROPICANA CASINO AND RESORT
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$5,969		
2	Returned Patrons' Checks.....	10,485		
3	Total Patrons' Checks.....	16,454	\$6,968	\$9,486
4	Hotel Receivables.....	5,500	466	\$5,034
	Other Receivables:			
5	Receivables Due from Officers and Employees....	1		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	13,179		
8	Total Other Receivables.....	13,180	5,783	\$7,397
9	Totals (Form CCC-205).....	\$35,134	\$13,217	\$21,917

UNDEPOSITED PATRONS' CHECKS ACTIVITY

Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$6,678
11	Counter Checks Issued.....	168,932
12	Checks Redeemed Prior to Deposit.....	(114,516)
13	Checks Collected Through Deposits.....	(47,644)
14	Checks Transferred to Returned Checks.....	(7,481)
15	Other Adjustments.....	0
16	Ending Balance.....	\$5,969
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$2,398
19	Provision as a Percent of Counter Checks Issued.....	1.4%

TROPICANA CASINO AND RESORT EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2006 - revised 8/23/07

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	1,186			
2	Slot Machines	139			
3	Administration	16			
4	Casino Accounting	234			
5	Simulcasting	11			
6	Other				
7	Total - Casino	1,586	\$31,384	\$0	\$31,384
8	ROOMS	484	10,980		10,980
9	FOOD AND BEVERAGE	1,018	19,186		19,186
10	GUEST ENTERTAINMENT	245	3,136		3,136
11	MARKETING	183	8,143		8,143
12	OPERATION AND MAINTENANCE	350	9,649		9,649
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	13	2,047		2,047
14	Accounting and Auditing	115	2,850		2,850
15	Security	219	5,326		5,326
16	Other Administrative and General	57	2,250		2,250
	OTHER OPERATED DEPARTMENTS:				
17	Communications	24	450		450
18	Retail Shops	0	0		0
19	Transportation	182	3,073		3,073
20	Hotel Sales	8	482		482
21	Data Processing	23	1,438		1,438
22					0
23	TOTALS - ALL DEPARTMENTS	4,507	\$100,394	\$0	\$100,394

Tropicana Casino & Resort

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2006

Line

GROSS REVENUE:	
1.	Table and Other Games..... \$ 120,214,518
2.	Slot Machines 338,935,428
3.	Total Gross Revenue..... <u>459,149,946</u>
4.	Adjustments..... _____
5.	Taxable Gross Revenue (line 3 plus line 4)..... <u>459,149,946</u>
6.	Tax on Gross Revenue - Reporting Year (8% of line 5)..... <u>36,731,996</u>
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years <u>29,034</u>
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7)..... <u>36,761,030</u>
9.	Total Deposits Made for Tax on Reporting Year's Gross Revenue..... <u>(36,731,996)</u>
Settlement of Prior Years' Tax on Gross Revenue	
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits <u>(29,034)</u>
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10) <u>\$ (0)</u>

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.



Jeff Bohrer

03/13/07
Date

Exec Dir Revenue Acct 7488-11