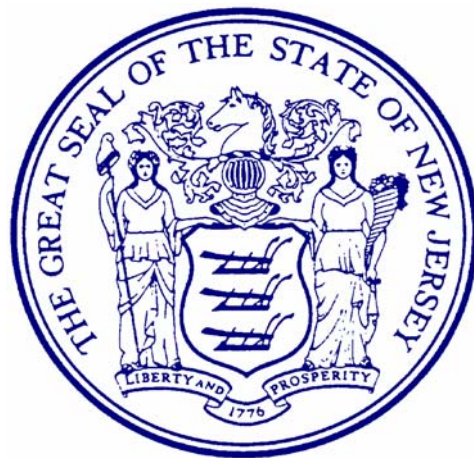


**TROPICANA CASINO AND RESORT - TAC
QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2011

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

TROPICANA CASINO AND RESORT - TAC BALANCE SHEETS

AS OF MARCH 31, 2011 AND 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$87,735	\$63,344
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2011, \$9,451 ; 2010, \$7,878).....		19,072	16,176
4	Inventories		2,586	1,994
5	Other Current Assets.....		4,977	6,346
6	Total Current Assets.....		114,370	87,860
7	Investments, Advances, and Receivables.....	5	33,184	31,229
8	Property and Equipment - Gross.....	2	196,229	189,052
9	Less: Accumulated Depreciation and Amortization.....	2	(18,017)	(1,357)
10	Property and Equipment - Net.....	2	178,212	187,695
11	Other Assets.....	3	8,359	9,934
12	Total Assets.....		\$334,125	\$316,718
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$6,589	\$7,986
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	4	40	37
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....		23,690	19,517
19	Other Current Liabilities.....		3,670	4,260
20	Total Current Liabilities.....		33,989	31,800
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....	4	121	161
23	Deferred Credits		0	0
24	Other Liabilities.....	6,7	6,809	2,825
25	Commitments and Contingencies.....	5	0	0
26	Total Liabilities.....		40,919	34,786
27	Stockholders', Partners', or Proprietor's Equity.....		293,206	281,932
28	Total Liabilities and Equity.....		\$334,125	\$316,718

* Period from March 8, 2010 to March 31, 2010

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 - TAC

STATEMENTS OF INCOME

FOR THE QUARTER ENDED MARCH 31, 2011 AND PERIOD 3/8/2010 to 3/31/2010

(UNAUDITED)
(\$ IN THOUSANDS)

AMENDED JULY 27, 2012

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
	Revenue:			
1	Casino.....		\$64,461	\$18,272
2	Rooms.....		14,493	4,371
3	Food and Beverage.....		9,133	2,771
4	Other.....		2,915	1,142
5	Total Revenue.....		91,002	26,556
6	Less: Promotional Allowances.....		26,978	6,890
7	Net Revenue.....		64,024	19,666
	Costs and Expenses:			
8	Cost of Goods and Services.....	6	50,187	14,507
9	Selling, General, and Administrative.....	6	12,104	3,451
10	Provision for Doubtful Accounts.....		684	339
11	Total Costs and Expenses.....		62,975	18,297
12	Gross Operating Profit.....		1,049	1,369
13	Depreciation and Amortization.....	2	3,952	1,472
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	6	0	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(2,903)	(103)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	6	0	0
18	Interest Expense - External.....		(3)	(1)
19	CRDA Related Income (Expense) - Net.....	5	(909)	(114)
20	Nonoperating Income (Expense) - Net.....	8	(46)	22
21	Total Other Income (Expenses).....		(958)	(93)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(3,861)	(196)
23	Provision (Credit) for Income Taxes.....		(347)	0
24	Income (Loss) Before Extraordinary Items.....		(3,514)	(196)
	Extraordinary Items (Net of Income Taxes -			
25	2011, \$0; 2010, \$0).....		0	0
26	Net Income (Loss).....		(\$3,514)	(\$196)

* Period March 8, 2010 to March 31, 2010

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 - TAC
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE PERIOD ENDED DECEMBER 31, 2010 AND THE THREE MONTHS ENDED MARCH 31, 2011
 (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, 2009.....									\$0
2	Net Income (Loss) - 3/8 to 12/31..							14,592		14,592
3	Contribution to Paid-in-Capital....					282,128				282,128
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6										0
7										0
8										0
9										0
10	Balance, December 31, 2010.....		0	0	0	0	282,128	0	14,592	296,720
11	Net Income (Loss).....							(3,514)		(3,514)
12	Contribution to Paid-in-Capital....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15										0
16										0
17										0
18										0
19	Balance, March 31, 2011		0	\$0	0	\$0	\$282,128	\$0	\$11,078	\$293,206

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 - TAC

STATEMENTS OF CASH FLOWS

FOR THE QUARTER ENDED MARCH 31, 2011 AND PERIOD 3/8/2010 to 3/31/2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$363)	\$6,365
	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.....		(1,198)	(367)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations		(821)	(308)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances		158	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Proceeds from Sales and Luxury Tax Credits		944	944
11			
12	Net Cash Provided (Used) By Investing Activities.....		(917)	269
	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.....		(12)	(4)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....		(12)	(4)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(1,292)	6,630
25	Cash and Cash Equivalents at Beginning of Period.....		89,027	56,714
26	Cash and Cash Equivalents at End of Period.....		\$87,735	\$63,344
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$3	\$1
28	Income Taxes.....			

* Period March 8, 2010 to March 31, 2010

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 - TAC

STATEMENTS OF CASH FLOWS

FOR THE QUARTER ENDED MARCH 31, 2011 AND PERIOD 3/8/2010 to 3/31/2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$3,514)	(\$196)
30	Depreciation and Amortization of Property and Equipment.....		3,836	1,357
31	Amortization of Other Assets.....		116	115
32	Amortization of Debt Discount or Premium.....		(3)	(1)
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		0	0
36	(Gain) Loss on CRDA-Related Obligations.....		909	114
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		641	(290)
39	(Increase) Decrease in Inventories		45	97
40	(Increase) Decrease in Other Current Assets.....		(1,123)	(775)
41	(Increase) Decrease in Other Assets.....		424	16
42	Increase (Decrease) in Accounts Payable.....		(3,333)	(2,383)
43	Increase (Decrease) in Other Current Liabilities		(639)	5,486
44	Increase (Decrease) in Other Liabilities		2,278	2,825
45			0	0
46			0	0
47	Net Cash Provided (Used) By Operating Activities.....		(\$363)	\$6,365

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$1,198)	(\$367)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$1,198)	(\$367)
	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	\$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

* Period March 8, 2010 to March 31, 2010

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 - TAC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2011

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.

6/20/2012

Date



Christina Broome

Vice President, Finance

Title

7571-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT - TAC

Casino Licensee

**TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

AMENDED 8/10/11

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Basis of Presentation

The consolidated financial statements include the accounts of Tropicana Atlantic City Corp. ("the Company") and its wholly-owned subsidiary Tropicana AC Sub Corp. ("TAC Sub"), after elimination of all significant intercompany accounts and transactions.

The Company operates a casino hotel in Atlantic City, New Jersey ("the Property") and is a wholly owned subsidiary of Tropicana Entertainment, Inc. ("TE").

On March 8, 2010 ("the Acquisition Date"), the Tropicana Casino & Resort was acquired along with the other assets of Adamar of New Jersey, Inc. by TE. The newly acquired company was formed as Tropicana Atlantic City Corp, a Delaware corporation. Tropicana Atlantic City Corp. formed a wholly owned subsidiary, TAC Sub, a New Jersey corporation. The new corporations were formed in accordance with the terms of the Amended and Restated Purchase agreement that was approved by the United States Bankruptcy Court, District of New Jersey, on November 4, 2009 and the New Jersey Casino Control Commission ("NJCCC") on November 19, 2009.

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.

Disclosures Not Presented

Certain footnotes have not been presented in these Notes to the Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Annual Report for the year ended December 31, 2010.

The specific footnotes not presented are the Summary of Significant Accounting Policies, Lease Obligations, Retirement Plans, Fair Value of Financial Instruments and Income Taxes. The footnotes contained in the December 31, 2010 Annual Report should be read in conjunction with these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At March 31, 2011 and 2010, the components of Property and Equipment consisted of:

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 68,020,000	\$ 68,020,000
Building and improvements	96,241,000	95,015,000
Furniture, fixtures and equipment	30,158,000	24,495,000
Construction in progress	<u>1,810,000</u>	<u>1,522,000</u>
Total property and equipment-gross	196,229,000	189,052,000
Less: accumulated depreciation and amortization	<u>(18,017,000)</u>	<u>(1,357,000)</u>
Total property and equipment	<u>\$ 178,212,000</u>	<u>\$ 187,695,000</u>

NOTE 3. INTANGIBLE ASSETS

At March 31, 2011 and 2010 the Company's intangible assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Favorable leases	\$ 5,200,000	\$ 5,200,000
Customer lists	<u>1,400,000</u>	<u>1,400,000</u>
Total intangible assets	\$ 6,600,000	\$ 6,600,000
Less: accumulated amortization		
Favorable leases	(994,000)	(76,000)
Customer lists	<u>(506,000)</u>	<u>(39,000)</u>
Total accumulated amortization	\$ (1,500,000)	(115,000)
Intangible assets, net	<u>\$ 5,100,000</u>	<u>\$ 6,485,000</u>

Customer lists represent the value associated with customers enrolled in our customer loyalty programs and are being amortized to amortization expense on a straight-line basis over three years. Favorable lease arrangements are being amortized to tenant income on a straight-line basis over the terms of the various leases.

NOTE 4. LONG-TERM DEBT**AMENDED 8/10/11**

At March 31, 2011 and 2010, Long-Term Debt consisted of:

	<u>2011</u>	<u>2010</u>
Contract payable; 7.2% matures 2014	\$ 161,000	\$ 198,000
Less: current portion	<u>(40,000)</u>	<u>(37,000)</u>
Total long-term debt	<u>\$ 121,000</u>	<u>\$ 161,000</u>

NOTE 5. COMMITMENTS AND CONTINGENCIESLicensing

On March 3, 2010, the Company was granted an interim casino authorization by the New Jersey Casino Control Commission. On November 10, 2010, the Company was granted an initial one-year casino license by the NJCCC.

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.

The NJCCC 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. For the period ending March 31, 2011 and 2010, the Company's reinvestment obligation was \$821,000 and \$308,000 respectively for the purchase of CRDA bonds. For the period ending March 31, 2011 and 2010, the Company recorded a loss provision of \$909,000 and \$114,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at March 31, 2011 and 2010.

The Company has separate insurance policies that provide coverage for general liability and workers compensation claims. The Company's accrual for general liability claims within the retention level was approximately \$1,003,000 at March 31, 2011. The Company's accrual for workers compensation claims was approximately \$1,627,000 at March 31, 2011.

NOTE 6. RELATED PARTIES**AMENDED 8/10/11**

Transactions with TE included activity principally related to joint insurance programs, federal income tax filings, and other administrative services.

TE provided various services to the Company in 2011 for which a management fee was not charged.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balance at March 31, 2011 and 2010 is:

	<u>2011</u>	<u>2010</u>
Due to Tropicana Entertainment, Inc.	\$6,809,000	\$ 2,825,000

For the three months ended March 31, 2011 and 2010 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>2011</u>	<u>2010</u>
<u>COST OF GOODS AND SERVICES</u>		
Property insurance	\$ 493,000	\$ 140,000
Workman's Compensation Insurance	<u>61,000</u>	<u>-</u>
Total	<u>\$ 554,000</u>	<u>\$ 140,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
General Liability Insurance	\$ 135,000	\$ 37,000
Workman's Compensation Insurance	61,000	-
Professional Fees	<u>63,000</u>	<u>-</u>
Total	<u>\$ 259,000</u>	<u>\$ 37,000</u>

NOTE 7. OTHER LIABILITIES

At March 31, 2011 and 2010, the components of Other Liabilities consisted of:

	<u>2011</u>	<u>2010</u>
Due to affiliates	<u>6,809,000</u>	<u>2,825,000</u>
Total	<u>\$ 6,809,000</u>	<u>\$ 2,825,000</u>

NOTE 8. NON-OPERATING INCOME/EXPENSE

At March 31, 2011 and 2010, Non-operating Income/(Expense) consisted of the following:

	<u>2011</u>	<u>2010</u>
Interest income	\$ 172,000	\$ 22,000
License Denial/Reorganization expense	(85,000)	-
Construction Accident Related	<u>(133,000)</u>	<u>-</u>
Total	<u>\$ (46,000)</u>	<u>\$ 22,000</u>