GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

GOLDEN NUGGET ATLANTIC CITY, LLC
BALANCE SHEETS

AS OF SEPTEMBER 30, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	3	$6,171	$23,126
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2012, $1,789 ; 2011, $335)	3,4	4,581	3,161
4	Inventories	3	1,603	779
5	Other Current Assets	5	1,431	1,690
6	Total Current Assets		13,786	28,756
7	Investments, Advances, and Receivables		1,343	415
8	Property and Equipment - Gross	3,6	151,914	64,255
9	Less: Accumulated Depreciation and Amortization		(6,907)	(596)
10	Property and Equipment - Net		145,007	63,659
11	Other Assets	3,7	13,759	9,743
12	Total Assets		$173,895	$102,573
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$14,775	$8,366
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	9	3,503	1,037
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	8	10,009	9,718
19	Other Current Liabilities		9,371	653
20	Total Current Liabilities		37,658	19,774
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	9	13,785	45,271
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies	10	0	0
26	Total Liabilities		51,443	65,045
27	Stockholders', Partners', or Proprietor's Equity		122,452	37,528
28	Total Liabilities and Equity		$173,895	$102,573

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	Revenue:			
1	Casino		$100,733	$48,915
2	Rooms		14,482	7,307
3	Food and Beverage		12,658	6,520
4	Other		9,861	3,413
5	Total Revenue	3	137,734	66,155
6	Less: Promotional Allowances	3	37,912	16,359
7	Net Revenue		99,822	49,796
	Costs and Expenses:			
8	Cost of Goods and Services		96,446	41,970
9	Selling, General, and Administrative	3	8,564	4,193
10	Provision for Doubtful Accounts		993	336
11	Total Costs and Expenses		106,003	46,499
12	Gross Operating Profit		(6,181)	3,297
13	Depreciation and Amortization		6,110	596
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		(12,291)	2,701
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	3,9	(2,843)	(1,440)
19	CRDA Related Income (Expense) - Net	3	(421)	(208)
20	Nonoperating Income (Expense) - Net		1	1,475
21	Total Other Income (Expenses)		(3,263)	(173)
22	Income (Loss) Before Taxes and Extraordinary Items		(15,554)	2,528
23	Provision (Credit) for Income Taxes			
24	Income (Loss) Before Extraordinary Items		(15,554)	2,528
25	Extraordinary Items (Net of Income Taxes - 2012, $0; 2011, $0)			0
26	Net Income (Loss)		($15,554)	$2,528

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	Revenue:			
1	Casino		$37,242	$34,930
2	Rooms		6,228	5,439
3	Food and Beverage		5,233	4,737
4	Other		4,091	2,581
5	Total Revenue	3	52,794	47,687
6	Less: Promotional Allowances	3	12,164	11,682
7	Net Revenue		40,630	36,005
	Costs and Expenses:			
8	Cost of Goods and Services		34,815	30,519
9	Selling, General, and Administrative	3	2,974	3,018
10	Provision for Doubtful Accounts		385	296
11	Total Costs and Expenses		38,174	33,833
12	Gross Operating Profit		2,456	2,172
13	Depreciation and Amortization		2,501	518
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		(45)	1,654
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	3,9	(501)	(870)
19	CRDA Related Income (Expense) - Net	3	(157)	(148)
20	Nonoperating Income (Expense) - Net		0	18
21	Total Other Income (Expenses)		(658)	(1,000)
22	Income (Loss) Before Taxes and Extraordinary Items		(703)	654
23	Provision (Credit) for Income Taxes			0
24	Income (Loss) Before Extraordinary Items		(703)	654
25	Extraordinary Items (Net of Income Taxes - 2012, $ 0 ; 2011, $0)			0
26	Net Income (Loss)		($703)	$654

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE PERIOD MAY 24 THROUGH DECEMBER 31, 2011 *
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	__________ __________ __________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2010.........**		$0			$0
2	Net Income (Loss) 5/24-12/31...			(4,080)		(4,080)
3	Capital Contributions................		36,300			36,300
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7	______________________					0
8	______________________					0
9	______________________					0
10	**Balance, December 31, 2011.........**		36,300	(4,080)	0	32,220
11	Net Income (Loss) - 2012..........			(15,554)		(15,554)
12	Capital Contributions................		105,786			105,786
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	______________________					0
17	______________________					0
18	______________________					0
19	**Balance, September 30, 2012........**		$142,086	($19,634)	$0	$122,452

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($11,626)	$6,963
	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...........................		(45,958)	(22,894)
5	Proceeds from Disposition of Property and Equipment..........			
6	CRDA Obligations		(1,127)	(623)
7	Other Investments, Loans and Advances made......................			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities..........................		0	(33,544)
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(47,085)	(57,061)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....................................			
15	Proceeds from Long-Term Debt		47,000	66,097
16	Costs of Issuing Debt..			(4,723)
17	Payments to Settle Long-Term Debt......................................		(86,329)	(23,150)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		97,778	35,000
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................			
21	....			
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		58,449	73,224
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(262)	23,126
25	Cash and Cash Equivalents at Beginning of Period..................		6,433	
26	Cash and Cash Equivalents at End of Period............................		$6,171	$23,126

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$0	$0
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.

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER, 2012 AND 2011 *

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		($15,554)	$2,528
30	Depreciation and Amortization of Property and Equipment...		6,110	596
31	Amortization of Other Assets..			
32	Amortization of Debt Discount or Premium..........................		2,335	332
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.........			
36	(Gain) Loss on CRDA-Related Obligations...........................		426	208
37	(Gain) Loss from Other Investment Activities.......................			(1,453)
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,821)	(3,161)
39	(Increase) Decrease in Inventories		(126)	(484)
40	(Increase) Decrease in Other Current Assets..........................		(144)	(456)
41	(Increase) Decrease in Other Assets.......................................		(5,489)	(5,138)
42	Increase (Decrease) in Accounts Payable..............................		(5,183)	8,366
43	Increase (Decrease) in Other Current Liabilities		7,820	5,625
44	Increase (Decrease) in Other Liabilities			
45	....			
46	....			
47	Net Cash Provided (Used) By Operating Activities...................		($11,626)	$6,963

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2012	2011 *
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment....................................		($51,540)	($26,255)
49	Less: Capital Lease Obligations Incurred...............................		5,582	3,361
50	Cash Outflows for Property and Equipment...............................		($45,958)	($22,894)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired...			($38,000)
52	Goodwill Acquired..			
53	Other Assets Acquired - net			4,456
54	Long-Term Debt Assumed...			
55	Issuance of Stock or Capital Invested.....................................			
56	Cash Outflows to Acquire Business Entities..............................		$0	($33,544)
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions..................		$97,778	$35,000
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......		$97,778	$35,000

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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

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

GOLDEN NUGGET ATLANTIC CITY, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	99,385	$7,290	0	$0
2	Food	200,927	3,585	37,571	2,251
3	Beverage	527,904	2,243	0	0
4	Travel	0	0	4,655	116
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	340,076	17,191	0	0
7	Complimentary Cash Gifts	57,364	4,590	0	0
8	Entertainment	14,510	364	0	0
9	Retail & Non-Cash Gifts	196,860	2,501	0	0
10	Parking	0	0	350,271	1,052
11	Other	19,700	148	0	0
12	Total	1,456,726	$37,912	392,497	$3,419

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	38,859	$3,034	0	$0
2	Food	67,444	1,203	17,544	1,051
3	Beverage	180,251	766	0	0
4	Travel	0	0	2,576	64
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	107,205	5,360	0	0
7	Complimentary Cash Gifts	10,138	811	0	0
8	Entertainment	2,318	58	0	0
9	Retail & Non-Cash Gifts	67,448	863	0	0
10	Parking	0	0	112,425	338
11	Other	5,314	69	0	0
12	Total	478,977	$12,164	132,545	$1,453

*No item in this category (Other) exceeds 5%.

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division'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.S.A. 5:12-84a(1)-(5) during the quarter.

Keith Crede

11/19/2012
Date

Keith Crede

Vice President Finance
Title

6939-11
License Number

On Behalf of:

GOLDEN NUGGET ATLANTIC CITY, LLC
Casino Licensee

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Golden Nugget Atlantic City, LLC ("GNAC") operates the Golden Nugget Atlantic City hotel and casino in Atlantic City, NJ. We are wholly owned by Fertitta Entertainment Holdings, LLC and are an affiliate of Landry's, Inc., which also owns the Golden Nugget hotels and casinos in Las Vegas and Laughlin, NV. On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately $37.7 million. Unless otherwise stated, all dollars are in thousands.

We had no operations prior to May 24, 2011.

Principles of Consolidation

The accompanying financial statements include the consolidated accounts of GNAC and its wholly owned subsidiaries (collectively, the "Company," "we" or "us"). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The condensed consolidated financial statements included herein have been prepared without audit and pursuant to the rules and regulations of the New Jersey Division of Gaming Enforcement. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for interim periods have been made. Estimates are used for, but not limited to, the assessment of recoverability of long lived assets; costs to settle unpaid claims and the redemptions of cash back points. Actual results could differ from those estimates. These condensed unaudited consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2011.

2. ACQUISITION OF THE ASSETS OF TRUMP MARINA ASSOCIATES, LLC

On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately $37.7 million in cash, plus the assumption of certain additional working capital liabilities in order to expand the Golden Nugget name into the second largest gaming market in America. The purchase price and planned capital improvements were funded by a $36.5 million first lien term loan due in 2016, a $10.0 million revolving credit facility due in 2015 and a $36.3 million capital contribution. An additional $20.0 million delayed draw term loan due in 2016 was available as needed.

An additional capital contribution of $102.0 million was made during the nine months ended September 30, 2012.

A summary of assets acquired and liabilities assumed in the acquisition is set forth below:

Estimated fair value of assets acquired		
Current assets	$	5,716
Property and equipment		38,000
Other long term assets		214
Total assets acquired		43,930
Estimated fair value of liabilities assumed		
Current liabilities		(4,746)
Total liabilites assumed		(4,746)
Gain on purchase		(1,453)
Allocated purchase price		37,731
Less: Cash acquired		(4,187)
Net cash paid	$	33,544

Based on the purchase price allocation it was determined that the fair values of the net assets acquired exceeded the purchase price by $1.5 million, which we have recorded as a bargain purchase gain included in other, net within our consolidated statement of income for the period ended December 31, 2011.

The acquisition was accounted for in accordance with ASC Topic 805, Business Combinations ("ASC 805"). Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date.

Under ASC 805, acquisition related costs (i.e., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred, but are accounted for as expenses in the periods in which the costs are incurred. For the three and nine months ended September 30, 2012, no acquisition related costs were incurred.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

We consider investments with original maturities of ninety days or less to be cash or cash equivalents. We place our cash primarily in checking and money market accounts with financial institutions, which, at times, have exceeded federally insured limits.

Accounts Receivable

Trade receivables consist primarily of casino and hotel receivables, net of an allowance for doubtful accounts. Accounts are written off when management deems the account to be uncollectible. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions.

Financial Instruments

Generally Accepted Accounting Principles (GAAP) establishes a hierarchy for fair value measurements, such that Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market, Level 2 measurements include quoted market prices for identical assets or liabilities in an active market which have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets, and Level 3 measurements include those that are unobservable and of a highly subjective measure.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the carrying amounts due to their short maturities. The fair value of our long-term debt instruments are estimated based on quoted market prices, where available, or on the amount of future cash flows associated with each instrument, discounted using our current borrowing rate for comparable debt instruments.

Inventories

Inventories consisting of principally food and beverage, operating supplies and retail items are stated at the lower of cost or market value.

Property and Equipment

Property and equipment purchased subsequent to the acquisition are recorded at cost. Depreciation expense is computed utilizing the straight-line method over the estimated useful lives of the depreciable assets, as follows: buildings and improvements — 40 years; equipment — 5 to 10 years; furniture, fixtures and leasehold improvements — 5 to 20 years; and automobiles and limousines — 4 to 5 years.

Costs of major improvements are capitalized; costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on dispositions of property and equipment are recognized in the consolidated statements of operations when incurred.

Interest is capitalized in connection with construction and development activities, and other real estate development projects. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. During the three and nine months ending September 30, 2012, we capitalized interest expense of approximately $0 and $1,004,000 respectively.

Indefinite Lived Intangible Assets and Long-Lived Assets

We have an indefinite-lived intangible asset related to our gaming license. We test it for impairment at least annually. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. The recoverability of assets that are to be held and used is measured by comparison of the estimated future undiscounted cash flows associated with the asset to the carrying value of that asset. If such assets are considered to be impaired, an impairment charge is recorded for the amount that the carrying value of the asset exceeds the fair value.

Debt Issuance Costs

Debt issuance costs represent fees, commissions and other closing costs incurred in connection with the issuance of our $66.5 million credit facility. Deferred financing costs are amortized over the term of the credit facility. In association with the payoff of $36.5 million in debt approximately $2 million in deferred financing costs were expensed in the first quarter. Additionally, deferred financing costs of $96,000 and $288,000 were expensed in the three and nine months ending September 30, 2012, respectively.

Progressive Liability

We maintain a number of progressive slot machines and table games. As wagers are made on the respective progressive games, the amount available to win (to be paid out when the appropriate jackpots are hit) increases. In April 2010, the FASB issued ASU No. 2010-16, "*Accruals for Casino Jackpot Liabilities*", which clarifies when a casino entity is required to accrue a jackpot liability. ASU No. 2010-16 clarifies that base jackpot liabilities should not be accrued before the jackpot is won, if payment of the jackpot can be avoided. Based on this guidance, we do not record a liability for the progressive jackpots.

Slot Player Club Liability

We have established promotional slot and player clubs to encourage repeat business from frequent and active slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for cash or complimentary amenities. We have established a liability, and reduced revenue, for unredeemed cash-back points based upon historical redemption experience.

Self-Insurance Liability

We maintain large deductible insurance policies related to workers compensation, general liability and certain employee medical claims. Predetermined loss limits have been arranged with insurance companies to limit our per occurrence cash outlay. Accrued liabilities include estimated costs to settle unpaid claims and estimated incurred but not reported claims using actuarial methodologies.

Revenue Recognition and Promotional Allowances

Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs ("casino front money") and for chips in the customer's possession ("outstanding chip liability"). Cash discounts and other incentives to customers related to gaming play are recorded as a reduction of gross gaming revenue as promotional allowances. Hotel, food and beverage, entertainment and other operating revenues are recognized as services are performed. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances.

The estimated cost of providing such promotional allowances for the three and nine months ended September 30, 2012 is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	2012	2011	2012	2011
Rooms	$1,647	$1,515	$ 4,995	$2,044
Food & Beverage	1,891	2,604	7,334	3,930
Other	997	361	2,934	436
Total	$4,535	$4,481	$15,264	$6,411

Sales Taxes

Our policy is to present sales taxes on a net basis.

Advertising Costs

Costs for advertising are expensed as incurred during such year. Advertising costs, included in Selling. General and Administrative expense, were $550,000 and $1,682,000 for the three and nine months ended September 30, 2012.

Casino License Renewal

We are subject to regulation and licensing by the New Jersey Division of Gaming Enforcement ("DGE"). We operated under a temporary license issued by the DGE on May 24, 2011. During the formal licensing process, our license was held in trust to be in compliance with the DGE regulations. On February 15, 2012, we received full licensure approval.

Income Taxes

We are a single member Limited Liability Corporation and as such, our tax results are filed in consolidation with our owner.

Casino Reinvestment Development Authority Obligation

As required by the provisions of the New Jersey Casino Control Act (the "Act"), a casino licensee must pay an investment alternative tax of 2.5% of its gross casino revenues as defined in the Act. However, pursuant to contracts with the Casino Reinvestment Development Authority ("CRDA"), the Company pays 1.25% of its gross casino revenues to the CRDA (the "CRDA Payment") to fund qualified investments as defined in the Act and such CRDA Payment entitles the Company to an investment tax credit in an amount equal to twice the amount of the CRDA Payment against the 2.5% investment alternative tax. Qualified investments may include the purchase of bonds issued by the CRDA at a below market rate of interest, direct investment in projects or donation of funds to projects as determined by CRDA. Pursuant to the contract with CRDA, the Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

The deposits are recorded at cost less a valuation allowance. The valuation allowance is established by a charge to the statement of income as part of Other Income/(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.

For the three and nine months ended September 30, 2012, the Company charged to Other Income/ (Expense) $157,000 and $421,000 to give effect to the below market interest rates associated with CRDA deposits.

CRDA deposits, net of allowances of $758,000, reflected in Investments, Advances, and Receivables on the accompanying consolidated balance sheet as of September 30, 2012 are $1,343,000.

Recently Issued and Adopted Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This guidance is effective for interim and annual periods beginning on or after December 15, 2011, applied prospectively. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In September, 2011, the FASB issued ASU No. 2011-09, "Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80)." The amendments in this ASU require that employers provide, on an annual basis, additional separate disclosures for all individually significant multiemployer pension plans and multiemployer other postretirement benefit plans. The revisions do not change the current recognition and measurement guidance for an employer's participation in a multiemployer plan. The ASU is effective for fiscal years ending after December 15, 2012 for nonpublic entities. Early adoption is permitted and retrospective application is required. We are currently reviewing the effects of ASU No. 2011-9. The adoption of this guidance will require us to provide additional disclosures, but we believe it will not have a material impact on our consolidated financial statements.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30 consisted of the following (in thousands):

	2012	2011
Gaming	$4,391	$2,138
Allowance	(1,698)	(317)
Non-Gaming	1,979	1,357
Allowance	(91)	(18)
Total	$4,581	$3,161

5. OTHER CURRENT ASSETS

Other current assets as of September 30 consisted of the following (in thousands):

	2012	2011
Prepaid Insurance	$ 250	$ 432
Prepaid taxes	580	526
Other prepaid	601	732
Total	$1,431	$1,690

6. PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consisted of the following (in thousands):

	2012	2011
Land	$ 17,650	$17,650
Buildings and Improvements	91,472	16,406
Furniture, Fixtures, Equipment	40,250	5,132
Construction in Progress	2,541	25,067
Property and Equipment, Gross	151,914	64,255
Accumulated Depreciation	(6,907)	(596)
Property and Equipment, Net	$145,007	$63,659

7. OTHER ASSETS

Other assets as of September 30 consisted of the following (in thousands):

	2012	2011
Deferred Cost	$5,052	$5,790
Software	8,154	3,199
Deposits	553	753
Total	$13,759	$9,743

8. OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consisted of the following (in thousands):

	2012	2011
Payroll & related	$ 6,991	$6,073
Floating Deposits	1,180	683
Other	1,838	2,962
Total	$10,009	$9,718

9. LONG TERM DEBT

On January 6, 2012, we repaid our outstanding term loan and accrued interest for an aggregate $37.1 million. Our $10.0 million revolving credit facility and certain equipment loans remain outstanding. In addition, the delayed draw term loan was cancelled and a commitment from an affiliate to provide up to $20.0 million in additional funding was terminated. The revolving credit facility expires on November 30, 2015 and bears interest at Libor or the bank's base rate, plus a financing spread of 8.5% at September 30, 2012. In addition, the credit facility requires a commitment fee on the unfunded portion of the $10.0 million revolving credit facility. We have granted liens on substantially all real property and personal property as collateral under the credit facility and guarantee the credit facility.

In addition to the credit facility, we have entered into a number of equipment loans for the purchase of gaming hardware and software. These loans have maturities ranging from May 2013 to July 2015 and bear interest at rates ranging from 4.8% to 8.0%. Principal and interest payments are due monthly.

Our debt agreements contain various restrictive covenants including limitations on additional indebtedness, dividend payments and other restricted payments as defined in the agreements. At September 30, 2012, we were in compliance with all such covenants. As of September 30, 2012 we had approximately $750,000 available borrowing capacity under the revolving credit facility.

Long-term debt as of September 30 is comprised of the following:	2012	2011
$36.5 million Term loan, LIBOR +8.5% due May 2016	$ 0	$36,500
$10.0 million revolving credit facility due November 2015	9,250	6,500
Various Equipment loans due May 2013-July 2014	8,039	3,308
Total debt	17,289	46,308
Less current portion	(3,503)	(1,037)
Long term debt	$13,785	$45,271

10. COMMITMENTS AND CONTINGENCIES

Leases

We have a non-cancelable operating lease with a non-affiliate that covers the land, building and marina adjacent to our property, which expires in 2014. Other lease commitments also include operating equipment used in daily operations. Rent expense was $125,000 and $375,000 for the three and nine months ended September 30, 2012.

Employee Benefits

Certain of our employees are covered by union-sponsored, collective bargained, multi-employer health and welfare and defined benefit pension plans. We recorded expenses of $1.7 million and $5.3 million for the three and nine months ended September 30, 2012. The plans' sponsors have not provided sufficient information to permit us to determine our share of unfunded vested benefits, if any. However, based on available information, we do not believe that unfunded amounts attributable to our casino operations are material.

We are self-insured up to certain limits for most health care benefits for our non-union employees. The liability for claims filed and estimates of claims incurred but not reported is included in the Other Accrued Expenses caption in the accompanying consolidated balance sheets.

We sponsor a retirement savings plan under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plan is available to certain employees with at least six months of service. For those employees who were previously employed by Trump Marina Associates, LLC, for at least six months, participation in the plan was made available beginning June 1, 2011. The plan allows eligible employees to defer, within prescribed limits, a percentage of their income on a pre-tax basis through contributions to the plan. We match on a discretionary basis, subject to a vesting schedule. We recorded no charges for matching contributions for the three and nine months ended September 30, 2012.

Atlantic City Tourism District

As part of the State of New Jersey's plan to revitalize Atlantic City, a new law was enacted in February 2011 requiring that a tourism district (the "Tourism District") be created and managed by the CRDA. The Tourism District has been established to include each of the Atlantic City casino properties along with certain other tourism related areas of Atlantic City. The law requires that a public-private partnership be created between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as The Atlantic City Alliance (the "ACA"), has been established in the form of a not-for-profit limited liability company, of which we are a member. The public-private partnership between the ACA and CRDA shall be for an initial term of five years and its general purpose shall be to revitalize the Tourism District. The law requires that a $5.0 million contribution be made to this effort by all casinos prior to 2012 followed by an annual amount of $30.0 million to be contributed by the casinos commencing January 1, 2012 for a term of five years. Each casino's share of the annual contributions will equate to a percentage representing its gross gaming revenue for the prior calendar year compared to the aggregate gross gaming revenues for that period for all casinos. As a result, we will expense our pro rata share of the $155.0 million as incurred. For the three and nine months ended September 30, 2012, we incurred expense of $266,000 and $810,000 for the pro rata share of contribution to the ACA.

General Litigation

We are subject to legal proceedings and claims that arise in the ordinary course of business. We do not believe that the outcome of any of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

11. TRANSACTIONS WITH AFFILIATES

Trademark Licensing Agreement

We license the Golden Nugget trademark pursuant to a five-year Trademark License Agreement (the "Agreement") from an affiliate, GNLV, Corp., which commenced on May 24, 2011. Under the Agreement, we are granted a nonexclusive license to use the Golden Nugget trademarks and other marks in connection with the marketing and operation of our hotel and casino property. Fees payable under the agreement include license fees of $250,000 per year and royalty fees equal to 3% of certain non-gaming revenues during each year of the license term.

Shared Services Agreement

We have entered into a Shared Services Agreement (SSA) with an affiliate, Landry's, Inc. ("Landry's"). Pursuant to the SSA, the parties agree to cooperatively develop and implement joint programs for the procurement and implementation of certain products and services including insurance and risk management, legal, information technology, entertainment, general purchasing, financial planning and accounting, human resources and employee benefit administration, marketing, strategic and tactical business planning, retail and executive management. The SSA provides for the reimbursement of expenses if either party incurs costs in excess of its proportional share.

Tenant Agreement

We have entered into certain lease agreements with wholly owned subsidiaries of Landry's wherein they operate restaurants in our casino property and we receive rental payments. Moreover, we routinely enter into certain transactions with affiliated companies. These transactions have been entered into between related parties and are not the result of arm's-length negotiations. Accordingly, the terms of the transactions may have been more or less favorable to us than might have been obtained from unaffiliated third parties. Rental revenue from the Landry's subsidiaries totaled $192,000 and $520,000 for the three and nine months ended September 30, 2012.

During 2011, pursuant to our credit facility, Landry's pre-funded $7.0 million in restricted cash to be used for the construction costs of restaurants on our property. During the three months ended March 31, 2012, an additional $1.0 million was pre-funded. Subsequently, it was determined that the funds would be used as a capital contribution and were reclassed to additional paid in capital within our consolidated balance sheet as of September 30, 2012.

12. SUBSEQUENT EVENTS

On October 29, 2012, Hurricane Sandy made landfall near Atlantic City, NJ. As a result of the storm, our property was closed for approximately five days and sustained minor damage. We are in the process of assessing the impact of Hurricane Sandy on our operations, including any post-storm disruption on our ability to attract customers. We have insurance that covers portions of any loses from a natural disaster such as this, but it is subject to deductibles and maximum payouts. Therefore, our ability to estimate the impact that this storm and its aftermath will have on our results of operations for the current quarter and future quarters is subject to uncertainty. However, the results of operations could be significantly affected in the fourth quarter of 2012, subject to our determination of potential insurance recoveries, if any.