RESORTS INTERNATIONAL HOTEL, INC.
QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 2008

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

RESORTS INTERNATIONAL HOTEL, INC.
BALANCE SHEETS

AS OF JUNE 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$25,791	$17,792	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2008, $3,759; 2007, $2,573)	3	19,529	38,056	
4	Inventories		2,539	2,645	
5	Other Current Assets	4	5,098	4,018	
6	Total Current Assets		52,957	62,511	
7	Investments, Advances, and Receivables	5	54,366	52,582	*
8	Property and Equipment - Gross		337,248	326,091	
9	Less: Accumulated Depreciation and Amortization		(94,456)	(79,130)	
10	Property and Equipment - Net		242,792	246,961	
11	Other Assets		5,351	7,078	
12	Total Assets		$355,466	$369,132	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$10,082	$10,010	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		0	0	
16	External		342	321	
17	Income Taxes Payable and Accrued		315	351	
18	Other Accrued Expenses	6	18,751	19,259	
19	Other Current Liabilities	7	2,803	5,258	
20	Total Current Liabilities		32,293	35,199	
	Long-Term Debt:				
21	Due to Affiliates	8	350,000	350,000	*
22	External	8	5,013	5,355	
23	Deferred Credits		0	0	
24	Other Liabilities		0	0	
25	Commitments and Contingencies	10	0	0	
26	Total Liabilities		387,306	390,554	
27	Stockholders', Partners', or Proprietor's Equity		(31,840)	(21,422)	
28	Total Liabilities and Equity		$355,466	$369,132	

* Restated to conform to current year presentation

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino		$123,559	$136,909
2	Rooms		9,044	8,936
3	Food and Beverage		15,634	16,021
4	Other		3,370	2,644
5	Total Revenue		151,607	164,510
6	Less: Promotional Allowances		38,145	42,512
7	Net Revenue		113,462	121,998
	Costs and Expenses:			
8	Cost of Goods and Services		82,735	84,927
9	Selling, General, and Administrative		24,611	24,054
10	Provision for Doubtful Accounts		1,078	651
11	Total Costs and Expenses		108,424	109,632
12	Gross Operating Profit		5,038	12,366
13	Depreciation and Amortization		7,697	8,787
	Charges from Affiliates Other than Interest:			
14	Management Fees	9	1,626	2,099
15	Other	9	0	1,455
16	Income (Loss) from Operations		(4,285)	25
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9	(10,586)	(13,686)
18	Interest Expense - External		(959)	(1,429)
19	CRDA Related Income (Expense) - Net		(456)	(559)
20	Nonoperating Income (Expense) - Net		536	(13,463)
21	Total Other Income (Expenses)		(11,465)	(29,137)
22	Income (Loss) Before Taxes and Extraordinary Items		(15,750)	(29,112)
23	Provision (Credit) for Income Taxes		0	0
24	Income (Loss) Before Extraordinary Items		(15,750)	(29,112)
25	Extraordinary Items (Net of Income Taxes - 2007, $0; 2006, $0)		0	0
26	Net Income (Loss)		($15,750)	($29,112)

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino		$62,810	$67,574
2	Rooms		4,653	4,657
3	Food and Beverage		7,565	8,373
4	Other		1,827	1,354
5	Total Revenue		76,855	81,958
6	Less: Promotional Allowances		19,263	21,515
7	Net Revenue		57,592	60,443
	Costs and Expenses:			
8	Cost of Goods and Services		41,193	41,127
9	Selling, General, and Administrative		12,242	13,044
10	Provision for Doubtful Accounts		564	355
11	Total Costs and Expenses		53,999	54,526
12	Gross Operating Profit		3,593	5,917
13	Depreciation and Amortization		3,848	4,376
	Charges from Affiliates Other than Interest:			
14	Management Fees	9	813	1,050
15	Other	9	0	880
16	Income (Loss) from Operations		(1,068)	(389)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9	(4,925)	(6,341)
18	Interest Expense - External		(461)	(573)
19	CRDA Related Income (Expense) - Net		(265)	(262)
20	Nonoperating Income (Expense) - Net		156	1,102
21	Total Other Income (Expenses)		(5,495)	(6,074)
22	Income (Loss) Before Taxes and Extraordinary Items		(6,563)	(6,463)
23	Provision (Credit) for Income Taxes		0	0
24	Income (Loss) Before Extraordinary Items		(6,563)	(6,463)
25	Extraordinary Items (Net of Income Taxes - 2007, $0 ; 2006, $0)		0	0
26	Net Income (Loss)		($6,563)	($6,463)

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND THE SIX MONTHS ENDED JUNE 30, 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2006..........**		100	$0			$77,673		($31,983)	$45,690
2	Net Income (Loss) - 2007.............								(23,780)	(23,780)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments.............								(1)	(1)
6	Return of Paid-in Capital						(38,000)			(38,000)
7										0
8										0
9										0
10	**Balance, December 31, 2007..........**		100	0	0	0	39,673	0	(55,764)	(16,091)
11	Net Income (Loss) - 2008.............								(15,750)	(15,750)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments.............								1	1
15										0
16										0
17										0
18										0
19	**Balance, June 30, 2008…….........**		100	$0	0	$0	$39,673	$0	($71,513)	($31,840)

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (AMENDED)

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($7,254)	($45,485)	
	CASH FLOWS FROM INVESTING ACTIVITIES:				
2	Purchase of Short-Term Investments		0	0	
3	Proceeds from the Sale of Short-Term Investments		0	0	
4	Cash Outflows for Property and Equipment...........................		(4,434)	(5,839)	
5	Proceeds from Disposition of Property and Equipment..........		0	13	
6	CRDA Obligations		(1,588)	(1,741)	*
7	Other Investments, Loans and Advances made.......................		0	0	
8	Proceeds from Other Investments, Loans, and Advances		0	0	
9	Cash Outflows to Acquire Business Entities..........................		0	0	
10	CRDA Reimbursement		2,269	0	
11	....				
12	Net Cash Provided (Used) By Investing Activities....................		(3,753)	(7,567)	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt		0	0	
14	Payments to Settle Short-Term Debt......................................		(161)	(199,181)	
15	Proceeds from Long-Term Debt		0	310,125	
16	Costs of Issuing Debt..		687	(20,054)	
17	Payments to Settle Long-Term Debt......................................		0	0	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0	
19	Purchases of Treasury Stock..		0	0	
20	Payments of Dividends or Capital Withdrawals......................		0	(38,000)	
21	....				
22	....				
23	Net Cash Provided (Used) By Financing Activities..................		526	52,890	
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(10,481)	(162)	
25	Cash and Cash Equivalents at Beginning of Period...................		36,272	17,954	
26	Cash and Cash Equivalents at End of Period............................		$25,791	$17,792	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$11,687	$18,134
28	Income Taxes..		$15	$33,000

* Restated to conform to current year presentation

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

Amended 10/9/2008

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (AMENDED)

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)		($15,750)	($29,112)	
30	Depreciation and Amortization of Property and Equipment		7,697	8,147	
31	Amortization of Other Assets		0	640	
32	Amortization of Debt Discount or Premium		0	0	
33	Deferred Income Taxes - Current		0	0	
34	Deferred Income Taxes - Noncurrent		0	0	
35	(Gain) Loss on Disposition of Property and Equipment		0	(13)	
36	(Gain) Loss on CRDA-Related Obligations		456	559	*
37	(Gain) Loss from Other Investment Activities		0	0	
38	(Increase) Decrease in Receivables and Patrons' Checks		7,092	(29,406)	
39	(Increase) Decrease in Inventories		(638)	(1,156)	
40	(Increase) Decrease in Other Current Assets		(1,931)	8	
41	(Increase) Decrease in Other Assets		18	2,140	*
42	Increase (Decrease) in Accounts Payable		(1,209)	(6,160)	
43	Increase (Decrease) in Other Current Liabilities		(2,989)	(7,579)	
44	Increase (Decrease) in Other Liabilities		0	0	
45	Loss on Extinguishment of Debt		0	16,447	
46			0	0	
47	Net Cash Provided (Used) By Operating Activities		($7,254)	($45,485)	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2008	2007
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($4,434)	($5,839)
49	Less: Capital Lease Obligations Incurred		0	0
50	Cash Outflows for Property and Equipment		($4,434)	($5,839)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired		$0	$0
52	Goodwill Acquired		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed		0	0
55	Issuance of Stock or Capital Invested		0	0
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

* Restated to conform to current year presentation

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

RESORTS INTERNATIONAL HOTEL, INC.
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE SIX MONTHS ENDED JUNE 30, 2008

(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	124,455	$7,304	0	$0	
2	Food	623,105	7,680	42,325	1,481	
3	Beverage	1,129,529	4,168	0	0	
4	Travel	0	0	14,979	852	
5	Bus Program Cash	277,149	6,368	0	0	
6	Other Cash Complimentaries	247,931	10,948	0	0	
7	Entertainment	51,411	1,618	1,602	200	
8	Retail & Non-Cash Gifts	0	0	61,569	7,080	
9	Parking	0	0	0	0	
10	Other	4,205	59	107,714	2,693	*
11	Total	2,457,785	$38,145	228,189	$12,306	

* Included in Other Promotional Expenses for the six months ended June 30, 2008 is direct marketing postage in the amount of $1,553. No other single item or service included in other exceeds 5% of the column total

FOR THE THREE MONTHS ENDED JUNE 30, 2008

		Promotional Allowances		Promotional Expenses		
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**	
1	Rooms	63,138	$3,685	0	$0	
2	Food	321,249	3,512	20,543	719	
3	Beverage	429,885	1,993	0	0	
4	Travel	0	0	7,583	474	
5	Bus Program Cash	60,571	3,607	0	0	
6	Other Cash Complimentaries	121,894	5,531	0	0	
7	Entertainment	29,719	906	905	113	
8	Retail & Non-Cash Gifts	0	0	31,578	3,631	
9	Parking	0	0	0	0	
10	Other	2,075	29	47,989	1,200	*
11	Total	1,028,531	$19,263	108,598	$6,137	

* Included in Other Promotional Expenses for the three months ended June 30, 2008 is direct marketing postage in the amount of $577. No other single item or service included in other exceeds 5% of the column total

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2008

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.

Lawrence J. McCabe

8/15/2008
Date

Lawrence J. McCabe

Director - Finance
Title

3392-11
License Number

On Behalf of:

RESORTS INTERNATIONAL HOTEL, INC.
Casino Licensee

RESORTS INTERNATIONAL HOTEL, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc. ("RIHC"). RIHC, through its subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

CRH was formed at the direction of Colony Investors IV, L.P. ("Colony IV"), an affiliate of Colony Capital, LLC ("Colony Capital") of Los Angeles, California, on March 7, 2001. RIHC was formed at the direction of Colony IV on October 24, 2000.

RIHC, Kerzner International North America, Inc., a Delaware corporation ("KINA"), formerly Sun International North America, Inc., and GGRI, Inc., a Delaware corporation ("GGRI"), entered into a purchase agreement, dated October 30, 2000, as amended (the "Purchase Agreement"). Pursuant to the Purchase Agreement, RIHC acquired all of the capital stock of RIH, the Warehouse Assets (as defined in the Purchase Agreement) and all of the capital stock of New Pier Operating Company, Inc. ("New Pier"), a New Jersey corporation (collectively, the "Acquisition") on April 25, 2001 for approximately $144.8 million.

These financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The Atlantic City casino industry is seasonal in nature; accordingly, operating results for the three months and six months ended June 30, 2008, are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2008.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2007, as filed with the New Jersey Casino Control Commission (the "Commission" or "CCC"). In accordance with the Financial Reporting guidelines provided by the Commission, the Company has elected not to include certain disclosures which have not significantly changed since the Quarterly Report for the quarter ended December 31, 2007. Accordingly the following disclosures have been omitted: Retirement Plans, Future Minimum Lease Obligations, Common Stock and Stock Based Compensation and certain Income Taxes disclosure.

Certain prior year balances have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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.

Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Cash Equivalents

Short-term money market securities purchased with original maturities of three months or less are considered to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

Inventories

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

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives reported below using the straight-line method. Charges to income resulting from amortization of assets recorded under capital leases are included with depreciation and amortization expense in the Statements of Income.

Hotels and other buildings	35 – 40	years
Furniture fixtures and equipment	2 – 5	years

The provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), requires, among other things, that an entity review its long-lived assets and certain intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. SFAS No. 144 requires an impairment loss to be recognized only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows.

Income Taxes

The Company follows the provisions of SFAS No. 109, "Accounting for Income Taxes." Accordingly, deferred tax assets and liabilities are calculated as the difference between the financial statement carrying amounts and tax bases of assets and liabilities. These differences are affected by the tax rate for the year in which they are expected to be recovered or settled. A valuation allowance is recognized, if necessary, to account for the likelihood that these differences will not be realized in the future. Note 12 further addresses the components of the deferred tax assets and liabilities.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109, Accounting for Income Taxes" ("FIN 48"). FIN 48 creates a single model to address accounting for uncertainty in tax positions, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for annual periods beginning after December 15, 2007 and the Company will adopt FIN 48 as of January 1, 2008, as required. The cumulative effect, if any, of adopting FIN 48 will be recorded to accumulated deficit. The Company does not expect the adoption of FIN 48 to have a material effect, if any, on its consolidated financial statements.

Revenue Recognition

Gaming revenue is recorded as the net win from gaming activities, which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

Promotional Allowances

The retail value of hotel accommodations, food, beverage and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded.

The Company offers other incentive programs. These are gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the Statements of Income. Such amounts are expensed on the date the award can be utilized by the customer.

Cashback Liability

The Company awards incentives to its casino customers, based on their levels of gaming activity, through its "Cashback" marketing program. The incentives awarded are in the form of points which may be redeemed for coin to wager on slot machines. The Company records a liability for outstanding Cashback incentives (those incentives which have been earned, but not yet redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The amount of expense resulting from this marketing program could vary from the liability recorded based on actual redemption rates; however, management believes the historical actual redemptions have been materially consistent with the original estimates. The amount is recorded as a promotional allowance in the Statements of Income.

2. Summary of Significant Accounting Policies (continued)

Bankable Complimentaries

During the summer of 2006 the Company implemented a new customer loyalty program, Destination Club, which offers incentives to customers who gamble at Resorts and its affiliated casinos. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not redeem them over an eight-month period from the time they were first earned. As a result of the ability of the customer to bank the comp dollars, the Company accrues the expense of the comp dollars, after consideration of estimated breakage, as they are earned. The estimated cost to provide comp dollars is expensed as the comp dollars are earned and is included in casino expense on the Company's Statements of Income. To arrive at the estimated cost associated with comp dollars, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which comp dollars will be redeemed. We use historical data to assist in the determination of estimated accruals.

Self-insured Health Insurance

Non-union employees are covered under a self-insured medical plan for each insured person. Amounts in excess of $250,000 per claim are covered by the Company's insurance programs subject to customary policy limits.

Advertising

The Company expenses advertising costs as incurred. These costs are included in Selling, General and Administrative costs on the Company's Statements of Income.

Stock-based Compensation

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"), which requires stock-based employee compensation to be measured based on the grant-date fair value of the award and the cost to be recognized over the period during which, an employee is required to provide service in exchange for the award. SFAS 123(R) eliminates the alternative use of the intrinsic value method of accounting for stock options granted to employees under Accounting Principles Board Opinion Number 25, "Accounting for Stock Issued to Employees". The Company adopted SFAS 123(R) on January 1, 2006 and the effect of adoption was not material.

Equity instruments issued to non-employees in exchange for goods or services are accounted for using the fair value method and expense is recorded based on the value determined.

Trade Receivables and Allowance for Accounts Receivable

Trade receivables are initially recorded at cost. Accounts are written off when the Company deems the account to be uncollectible. Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables and historical trends. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents are reasonable estimates of fair values because of the short-term maturities of these investments. CRDA deposits, bonds, and other investments are stated net of a valuation allowance reflecting the below-market interest rates associated with these investments; therefore, the carrying values approximate their fair values. The carrying value of long-term debt approximates its fair value.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principles for complete financial statements.

3. Receivables

Components of receivables were as follows at June 30 (in thousands):

	2008	2007
Gaming	$ 9,717	$ 8,616
Less: allowance for doubtful accounts	(3,749)	(2,561)
	5,968	6,055
Non-gaming:		
Due from affiliates, net	11,000	29,363
Hotel and related	1,091	586
Other	1,480	2,064
	13,571	32,013
Less: allowance for doubtful accounts	(10)	(12)
	13,561	32,001
Receivables, net	$ 19,529	$ 38,056

4. Prepaid Expenses and Other Current Assets

Components of prepaid expenses and other current assets were as follows at June 30 (in thousands):

	2008	2007
Prepaid insurance	$ 2,387	$ 1,012
Prepaid casino licenses	1,311	1,389
Other prepaid expenses and current assets	1,400	1,617
	$ 5,098	$ 4,018

5. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at June 30 (in thousands):

	2008	2007
CRDA bonds and direct investments	$ 6,195	$ 9,901
CRDA deposits	17,182	11,280
Other long-term receivable	39,875	39,875
Valuation allowance	(8,886)	(8,474)
	$ 54,366	$ 52,582

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the six months ended June 30, 2008 and 2007 for discounts on obligations were $456,000 and $559,000 respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

The Other long-term receivable is due from Resorts Real Estate Holdings ("RREH") as a result of the debt refinancing during 2007.

6. Other Accrued Expenses

Components of other accrued expenses were as follows at June 30 (in thousands):

	2008	2007
Payroll and related liabilities	$ 10,094	$ 6,697
Insurance and related costs	811	2,754
Gaming taxes and fees	625	881
Construction payable	1,648	2,098
Other	5,573	6,829
	$ 18,751	$ 19,259

7. Other Current Liabilities

Components of other current liabilities were as follows at June 30 (in thousands):

	2008	2007
Interest Payable	$ 943	$ 1,774
Other	1,860	3,484
	$ 2,803	$ 5,258

8. Long-Term Debt

Long-term debt is summarized as follows at June 30 (in thousands):

	2008	2007
First Mortgage Term Loan - New Notes	$ 350,000	$ 350,000
Thermal Energy capital lease	5,285	5,566
Other notes payable	70	110
	355,355	355,676
Less: current portion	342	321
	$ 355,013	$ 355,355

On March 14, 2007, subsidiaries of CRH and RIHC entered into a Loan Agreement with Column Financial, Inc., as Lender (the "Term Loan" or "New Notes"). The Term Loan is for an initial principal amount of $350 million and is for an initial term of two (2) years. Interest on the Term Loan accrues at a rate of one month LIBOR plus 3.0%. The Term Loan is secured by a first priority deed of trust on the Resorts Hotel and Casino, Atlantic City, New Jersey, and certain other property owned by subsidiaries of CRH and RIHC, including RIH.

Proceeds of the Term Loan were used to pay in full the existing indebtedness of CRH, RIHC and their subsidiaries, with Commerce Bank, CIT Group/Equipment Financing, Inc., and Kerzner International North America, Inc. ("KINA"), and to redeem all of the outstanding 11 ½% First Mortgage Notes due 2009 (the "Notes") issued by RIHC. In connection with the redemption of the Notes by RIHC, the covenants under the indenture governing the Notes were defeased and a cash deposit in the amount of $192,410,000 was deposited in trust with the Deutsche Bank Trust Company Americas, as Trustee to satisfy payment upon redemption of the Notes on April 13, 2007. The redemption price is equal to 106% of the outstanding principal amount of $180,000,000 plus accrued interest to the redemption date of April 13, 2007.

8. Long-Term Debt (continued)

The subsidiaries of CRH and RIHC also entered into a Credit Agreement with Column Financial, Inc., as Lender (the "Revolving Loan") which provides for a $10 million revolving credit facility. The proceeds of the Revolving Loan shall be used to provide the subsidiaries a line of credit to support working capital and/or letter of credit needs. Of the $10 million dollars, $3.7 million is currently available for use and $6.3 million is restricted to support existing letters of credit. The Revolving Loan is for an initial term of two (2) years. Interest on the Revolving Loan accrues at a rate of one month LIBOR plus 3.0% (5.5% at June 30, 2008). The Revolving Loan is secured by a first priority mortgage on Resorts Atlantic City, and certain other property owned by subsidiaries of CRH and RIHC, including RIH.

Pursuant to the terms of the Term Loan and the Revolving Loan, the principal amount of the loans including all accrued and unpaid interest on the principal must be prepaid upon acceleration of the loans following an event of default including: failure to pay any portion of the debt when due; failure to pay taxes prior to the date they become delinquent; failure to keep insurance policies in full force and effect; violation of the change in control restriction; breach of representations and warranties; bankruptcy of the Company; violation of the restrictions on assignment; breach of negative covenants; default under related loan and credit line documents; certain material defaults under any ground lease agreements, interest rate cap agreements, letters of credit or other material agreements; or if the gaming license for Resorts Atlantic City is materially impaired, lost or suspended for any period of time or terminated.

In June 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at $6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was $5.4 million at June 30, 2008.

9. Related Party Transactions

RIH recorded the following expenses from affiliates for the six months ended June 30 (in thousands):

	2008	2007
Interest and amortization of discounts on First Mortgage Notes	$ 10,586	$ 13,686
Monthly corporate expenses	1,626	2,099
Land rent expenses payable to RREH	0	1,455
	$ 12,212	$ 17,240

10. Commitments and Contingencies

Litigation

The Company is a defendant in certain litigation. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

License Renewal

On January 30, 2008, the New Jersey Casino Control Commission (the "NJCCC") renewed RIH's license to operate its casino hotel complex in Atlantic City for the five-year period beginning January 31, 2008 and ending January 31, 2013. The license period for a casino license renewed after April 30, 2004, shall be up to five years, but the NJCCC may reopen licensing hearings at any time. The NJCCC shall act upon any such application prior to the date of expiration of the current license. A casino license is not transferable.

10. Commitments and Contingencies (continued)

New Jersey Sports & Exposition Authority

The twelve Atlantic City casino properties operating in 2004 (the "AC Industry") and the Casino Reinvestment and Development Authority ("CRDA") entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide $34 million over a four-year period to the NJSEA and must deposit another $62 million into the Casino Expansion Fund (managed by the CRDA). The $62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation was equal to its fair share of AC Industry casino revenues. The Company had met its deposit obligation related to its fair share of the $62 million in prior years; as such, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until December 31, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations. In October 2007, The Company met its deposit obligation related to its fair share of the $34 million. The total commitment is charged to operations on a straight-line basis through December 31, 2008. The eleven Atlantic City casinos presently operating are currently negotiating with representatives of New Jersey state government to obtain a further moratorium on the conduct of casino gaming at New Jersey race tracks in exchange for further subsidy payments to the NJSEA.