RESORTS INTERNATIONAL HOTEL, INC.
QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 2010

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$11,221	$13,508
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $6,102; 2009, $5,747)	3	6,029	7,015
4	Inventories	4	769	1,016
5	Other Current Assets	5	4,184	7,748
6	Total Current Assets		22,203	29,287
7	Investments, Advances, and Receivables	6	13,927	53,500
8	Property and Equipment - Gross	7	1,730	343,617
9	Less: Accumulated Depreciation and Amortization	7	(410)	(107,717)
10	Property and Equipment - Net		1,320	235,900
11	Other Assets	6	1,595	293
12	Total Assets		$39,045	$318,980
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,012	$8,257
14	Notes Payable		13,500	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	9	0	350,000
16	External	9	0	318
17	Income Taxes Payable and Accrued		306	1,476
18	Other Accrued Expenses	8	13,573	15,023
19	Other Current Liabilities	8	1,426	12,662
20	Total Current Liabilities		36,817	387,736
	Long-Term Debt:			
21	Due to Affiliates	9	0	0
22	External	9	0	4,695
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies	12	0	0
26	Total Liabilities		36,817	392,431
27	Stockholders', Partners', or Proprietor's Equity		2,228	(73,451)
28	Total Liabilities and Equity		$39,045	$318,980

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$77,873	$93,702
2	Rooms		6,987	7,262
3	Food and Beverage		9,119	10,220
4	Other		1,570	2,069
5	Total Revenue		95,549	113,253
6	Less: Promotional Allowances		27,852	34,128
7	Net Revenue		67,697	79,125
	Costs and Expenses:			
8	Cost of Goods and Services		62,389	66,748
9	Selling, General, and Administrative		15,035	18,470
10	Provision for Doubtful Accounts		1,105	1,721
11	Total Costs and Expenses		78,529	86,939
12	Gross Operating Profit		(10,832)	(7,814)
13	Depreciation and Amortization		274	7,117
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	822
15	Other		0	0
16	Income (Loss) from Operations		(11,106)	(15,753)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	(6,829)
18	Interest Expense - External		(28)	(845)
19	CRDA Related Income (Expense) - Net		(736)	(568)
20	Nonoperating Income (Expense) - Net		614	4,276
21	Total Other Income (Expenses)		(150)	(3,966)
22	Income (Loss) Before Taxes and Extraordinary Items		(11,256)	(19,719)
23	Provision (Credit) for Income Taxes		0	0
24	Income (Loss) Before Extraordinary Items		(11,256)	(19,719)
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)		0	0
26	Net Income (Loss)		($11,256)	($19,719)

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$40,573	$48,196
2	Rooms		3,889	3,932
3	Food and Beverage		4,835	5,345
4	Other		856	1,126
5	Total Revenue		50,154	58,599
6	Less: Promotional Allowances		14,218	17,948
7	Net Revenue		35,936	40,651
	Costs and Expenses:			
8	Cost of Goods and Services		31,160	33,776
9	Selling, General, and Administrative		8,060	9,669
10	Provision for Doubtful Accounts		542	1,096
11	Total Costs and Expenses		39,762	44,541
12	Gross Operating Profit		(3,827)	(3,890)
13	Depreciation and Amortization		137	3,474
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	411
15	Other		0	0
16	Income (Loss) from Operations		(3,964)	(7,775)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	(3,313)
18	Interest Expense - External		(13)	(441)
19	CRDA Related Income (Expense) - Net		(360)	(368)
20	Nonoperating Income (Expense) - Net		285	2,116
21	Total Other Income (Expenses)		(88)	(2,006)
22	Income (Loss) Before Taxes and Extraordinary Items		(4,052)	(9,781)
23	Provision (Credit) for Income Taxes	11	0	0
24	Income (Loss) Before Extraordinary Items		(4,052)	(9,781)
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)			0
26	Net Income (Loss)		($4,052)	($9,781)

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, 2009 AND THE SIX MONTHS ENDED JUNE 30, 2010

(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, 2008..........**		100	$0	0	$0	$39,673	$0	($93,405)	($53,732)
2	Net Income (Loss) - 2009.............								66,780	66,780
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments.............									0
6	Recapitalization						(39,673)		39,673	0
7										0
8										0
9										0
10	**Balance, December 31, 2009..........**		100	0	0	0	0	0	13,048	13,048
11	Net Income (Loss) - 2010.............	**							(11,256)	(11,256)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments.............									0
15	Recapitalization								436	436
16										0
17										0
18										0
19	**Balance, JUNE 31, 2010 ....**		100	$0	0	$0	$0	$0	$2,228	$2,228

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($8,882)	$577
	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		0	(2,074)
5	Proceeds from Disposition of Property and Equipment		0	2
6	CRDA Obligations		(975)	(1,179)
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		0	111
11				
12	Net Cash Provided (Used) By Investing Activities		(975)	(3,140)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		6,622	0
14	Payments to Settle Short-Term Debt		0	(174)
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt		0	0
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	0
21				
22				
23	Net Cash Provided (Used) By Financing Activities		6,622	(174)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(3,235)	(2,737)
25	Cash and Cash Equivalents at Beginning of Period		14,456	16,245
26	Cash and Cash Equivalents at End of Period		$11,221	$13,508

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$28	$157
28	Income Taxes		$840	$19

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		($11,256)	($19,719)
30	Depreciation and Amortization of Property and Equipment...		274	7,117
31	Amortization of Other Assets..		0	0
32	Amortization of Debt Discount or Premium..........................		0	674
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.........		0	52
36	(Gain) Loss on CRDA-Related Obligations...........................		736	569
37	(Gain) Loss from Other Investment Activities.......................		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		1,372	4,265
39	(Increase) Decrease in Inventories		302	445
40	(Increase) Decrease in Other Current Assets..........................		(933)	(361)
41	(Increase) Decrease in Other Assets......................................		72	202
42	Increase (Decrease) in Accounts Payable..............................		1,684	901
43	Increase (Decrease) in Other Current Liabilities		(1,133)	6,432
44	Increase (Decrease) in Other Liabilities		0	0
45	Loss on Extinguishment of Debt		0	0
46	....			
47	Net Cash Provided (Used) By Operating Activities..................		($8,882)	$577

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2010	2009
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment..................................		$0	($2,074)
49	Less: Capital Lease Obligations Incurred.............................		0	0
50	Cash Outflows for Property and Equipment.............................		$0	($2,074)
	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

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.
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2010

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 deficiency noted below in #5, 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.

5. As of the date of this filing, property taxes for the third quarter 2010, which were due by 8/10/2010, have not yet been paid since by the Property Owner orLender.

Lawrence J. McCabe

8/16/2010	
Date	[Insert Name Here]
	Director - Finance
	Title
	3392-11
	License Number

On Behalf of:

RESORTS INTERNATIONAL HOTEL, INC.

RESORTS INTERNATIONAL HOTEL, INC.
NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

Through December 16, 2009, Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owned 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owned and operated Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ. On April 1, 2003, Resorts Real Estate Holdings, Inc. ("RREH") was formed as a wholly-owned subsidiary of CRH. RREH, which was incorporated as a New Jersey corporation, was formed to acquire certain land. RREH had no substantive business operations prior to January 2004.

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.

On March 14, 2007, subsidiaries of CRH and RIHC entered into a Loan Agreement with Column Financial, Inc., as Lender (the "Term Loan"). The Term Loan was for an initial principal amount of $350 million and had an initial maturity date of April 9, 2009. Interest on the Term Loan accrued at a rate of one month LIBOR plus 3.0%. The Term Loan was 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. 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 were to be used to provide the subsidiaries a line of credit to support working capital and/or letter of credit requirements.

On November 7, 2008, as a result of the severe impact of economic conditions, the Company failed to make its monthly interest payment and other monthly funding requirements related to the Term Loan and the Revolving Loan. During November 2008, the Company was notified by Column Financial, Inc. ("Lender") that it was in default of its obligations under the Term Loan and the Revolving Loan. The Company was unable to cure the default and in 2009 negotiated a settlement with the Lender and its agents to resolve the default by way of a deed-in-lieu of foreclosure agreement.

On December 16, 2009 (the "Settlement Date"), the Company and Lender, with prior approval of the New Jersey Casino Control Commission ("CCC"), entered into a series of agreements (the "Settlement Agreements") that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on the Resorts Hotel and Casino and certain other property owned by subsidiaries of CRH and RIHC to RAC Atlantic City Holdings, LLC, a New Jersey limited liability company (the "Property Owner"). Coincidentally, Colony IV forfeited its ownership in CRH and RIHC. Amounts due to CRH were forgiven and RIH is now 100% owned by Nicholas L. Ribis. All non-gaming related assets of RIH and all assets of RREH and New Pier Operating, Inc ("New Pier"), a New Jersey corporation and wholly owned subsidiary of RIHC, were transferred to the Property Owner in satisfaction of the Term Loan and Revolving Loan and all intercompany debt among subsidiaries of RIHC was eliminated.

RIH continues to operate as a casino licensee and retains ownership of certain gaming related assets. RIH continues to share certain administrative departments with another Atlantic City casino through a shared services agreement. RIH entered into a management agreement with the Property Owner to operate the casino and maintain the facility according to the management agreement. RIH is not owned or otherwise affiliated with the Property Owner or Lender. Due to the forfeiture of ownership by Colony IV, RIH no longer has any affiliates or related parties, but continues to engage in certain transactions with affiliates of Colony IV.

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, 2009, as filed with the New Jersey Casino Control Commission ("CCC"). In accordance with the financial reporting guidelines provided by the CCC, the Company has elected not to include certain disclosures which have not significantly changed since the most recent Quarterly Report for the quarter ended December 31, 2009. Accordingly the following disclosures have been omitted: Going Concern, Fair Value Measurements, Retirement Plans, Future Minimum Lease Obligations, Common Stock and Stock Based Compensation and certain Income Taxes and Related Party 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.

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
Gaming equipment	3 – 5	years

The provisions of ASC Topic 360, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“ASC 360”), 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. ASC 360 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. The asset impairment charge results from the difference between the fair value of the long-lived asset group and its carrying amount.

Income Taxes

The Company accounts for Income Taxes under ASC Topic 740, Income Taxes ("ASC 740"). In accordance with ASC 740, 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.

Effective January 1, 2009, the Company adopted the provisions of ASC 740 related to uncertain tax positions. ASC 740 provides guidance on classification, interest and penalties, accounting in interim periods, disclosures and transition. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50% likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. There was no material changes in our tax liabilities recorded under ASC 740 since December 31, 2009.

2. Summary of Significant Accounting Policies (continued)

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. At June 30, 2010 and 2009, the Cashback liability was $345,000 and $391,000, respectively.

Bankable Complimentaries

The Company customer loyalty program, Destination Club, offers incentives to customers who gamble at Resorts Atlantic City 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. At June 30, 2010 and 2009, the Bankable Complimentaries liability was $650,000 and $830,000, respectively.

Self-insured Health Insurance

Non-union employees are covered under a self-insured medical plan for each insured person. Amounts in excess of $275,000 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. For the periods ended June 30, 2010 and 2009 these costs amounted to $1.7 million and $2.1 million, respectively.

2. Summary of Significant Accounting Policies (continued)

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. The Casino Reinvestment and Development Authority ("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 the Term Loan approximated its fair value due to variable market interest rate of debt instruments.

In September 2006, the FASB issued ASC Topic 820, "Fair Value Measurements" ("ASC 820") which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about ASC 360 fair value measurements. ASC 360 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. On February 12, 2007, the FASB issued FASB Staff Position ASC 820-10, Effective Date of ASC 820 ("ASC 820-10"), delaying the effective date of ASC 820 to the Company's fiscal year beginning January 1, 2009 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Non-financial assets and non-financial liabilities for which the Company is required to apply the provisions of ASC 820 include its long-lived assets measured at fair value under the provisions of ASC 360. The Company adopted ASC 820 effective January 1, 2008 for financial assets and liabilities.

3. Receivables

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

	2010	2009
Gaming	$ 11,032	$ 12,620
Less: allowance for doubtful accounts	(6,080)	(5,722)
	4,952	6,898
Non-gaming:		
Hotel and related	553	745
Other	546	(603)
	1,099	142
Less: allowance for doubtful accounts	(22)	(25)
	1,077	117
Receivables, net	$ 6,029	$ 7,015

4. Inventories

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

	2010	2009
Gifts	$ 432	$ 616
Hotel Food and Beverage	695	564
Tobacco	27	52
Allowance for obsolete inventory	(385)	(216)
	$ 769	$ 1,016

5. Other Current Assets

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

	2010	2009
Prepaid purse enhancement agreement	$ 1,225	$ 1,254
Prepaid casino licenses	1,178	1,179
Prepaid insurance	645	724
Prepaid maintenance agreements	458	397
Debt issuance costs, net	-	3,657
Other prepaid expenses and current assets	678	537
	$ 4,184	$ 7,748

Debt issuance costs consist of amounts incurred in connection with obtaining long-term debt. The costs are amortized on a straight-line basis over the contractual life of the loan and amortization of such costs is included in interest expense. As a result of the default described in Notes 1 and 9, all indebtedness outstanding under the First Mortgage Notes became automatically due and payable. Consequently the Company had classified the debt issuance costs, net associated with the First Mortgage New Notes within current assets in the balance sheet as of June 30, 2009.

6. Other Assets

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

	2010	2009
CRDA deposits, bonds and other investments, net	$ 13,927	$ 13,625
Due from Resorts Real Estate Holdings, Inc.	-	39,875
Long Term Deposits	1,595	293
	$ 15,522	$ 53,793

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 Note“). Proceeds of the Term Loan were used to pay, among other things, the full existing indebtedness of RREH to KINA in the amount of $39.9 million, which was a receivable at June 30, 2009. Other proceeds of the Term Loan were set aside at Resorts Propco, Inc., a subsidiary of CRH (“Propco”), for the restricted use of investing in existing hotels and buildings, as well as new furniture, fixtures and equipment. At June 31, 2010 and 2009, the funds at Propco amounted to $0 and 2.7 million. As a result of the Settlement Agreement in December 2009, the receivable from RREH was eliminated.

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by 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 years ended June 30, 2010 and 2009 for discounts on obligations was $.1 million and $.4 million, 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. At June 30, 2010 and 2009, RIH owned $5.0 million and $5.8 million face value of bonds, respectively, issued by the CRDA and had $17.3 million and $16.6 million, respectively, on deposit with the CRDA. The majority of the Company’s deposits have been pledged for specific projects.

7. Property and Equipment

Components of property and equipment, net were as follows at June 30 (in thousands):

	2010	2009
Land and land rights	$ -	$ 35,224
Hotels and other buildings	-	218,560
Furniture, fixtures and equipment	1,729	88,664
Construction in progress	1	1,169
	1,730	343,617
Less: accumulated depreciation	(410)	(107,717)
Net property and equipment	$ 1,320	$ 235,900

On Settlement Date, the Company and Lender, with prior approval of the CCC, entered into a series of agreements (the "Settlement Agreements") that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on the Resorts Hotel and Casino and certain other property owned by subsidiaries of CRH and RIHC to the Property Owner.

8. Accrued Expenses and Other Current Liabilities

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

	2010	2009
Payroll and related costs	$ 8,996	$ 8,916
Unredeemed tickets and cash incentives	1,465	2,244
State gaming obligations	979	1,013
Utilities	657	568
Unredeemed chip liability	327	260
Accrued Interest Payable to Affiliates	-	11,205
Other	2,575	3,479
	$ 14,999	$ 27,685

9. Long-Term Debt

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

	2010	2009
First Mortgage Term Loan - New Notes	$ -	$ 350,000
Thermal Energy capital lease	-	4,993
Other notes payable	-	20
	-	355,013
Less: current portion	-	350,318
	$ -	$ 4,695

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 had an initial maturity date of April 9, 2009. Interest on the Term Loan accrued 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.

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 Revolving Loan had an initial maturity date of April 9, 2009. Interest on the Revolving Loan accrues at a rate of one month LIBOR plus 3.0%.

9. Long-Term Debt (continued)

On November 7, 2008, as a result of the severe impact of the current economic conditions, the Company failed to make its monthly interest payment and other monthly funding requirements related to the Term Loan and the Revolving Loan. During November 2009, the Company was notified by the Lender that it was in default of its obligations under the Term Loan and the Revolving Loan. The Company has been unable to cure the default and has not made any additional payments of debt service, including interest, past due late charges or escrow, since November 7, 2008.

As a result of the default, all indebtedness outstanding under the Term Loan became automatically due and payable. Consequently the Company had classified the indebtedness under the Term Loan within current liabilities in the balance sheet as of December 31, 2008. In addition, until such time as no event of default existed, interest on the outstanding principal balance of the Loans, accrued and unpaid interest and other amounts due in respect of the Loans accrued at a default rate, which was 3% higher than the applicable rate described above ("Default Rate"). Interest at the Default Rate was computed from the occurrence of the default until December 16, 2009. Interest at the Default Rate was added to the Term Loan and the Revolving Loan and accrued interest at the same rate as the Term Loan and the Revolving Loan and was secured by the related security instruments. The event of default restricted the Company from paying dividends or returning capital to its shareholder. As of June 30, 2009, accrued interest related to the Term Loan and the Revolving Loan amounted to $7.9 million Other funding requirements under the Term Loan and the Revolving Loan amounted to $7.6 million at June 30, 2009.

On Settlement Date, the Company and Lender, with prior approval of the CCC, entered into a series of agreements (the "Settlement Agreements") that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on the Resorts Hotel and Casino and certain other property owned by subsidiaries of CRH and RIHC to the Property Owner.

The Term Loan and the Revolving Loan were forgiven in connection with the Settlement Agreements and related transactions.

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 Thermal 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 $4.9 million prior to the Settlement Date. The remaining obligation under the capital lease component of the Thermal Agreement was assumed by the Property owner in connection with the Settlement Agreements and related transaction

10. Related Party Transactions

For the years ended June 30, 2010 and 2009, the Company incurred expenses of approximately $0 million and $7.7 million, respectively, for fees and expenses incurred by affiliates of Colony Capital and the Company's directors.

In June 2004, RIHC and RIH entered into agreements with an affiliate, Colony Resorts LVH Acquisitions, LLC ("LVH"), which operates the Las Vegas Hilton. Under the terms of the agreements, if either company incurs costs in excess of its direct share or any expenses which are directly allocable to or incurred on behalf of the other company, those costs will be reimbursed by that company. In April 2005, these agreements were amended to include another affiliate, Resorts International Holdings, LLC ("RIH LLC"), which operates, Resorts Tunica, Bally's Tunica and the Atlantic City Hilton.

At June 30, 2010 and 2009, the Company owed $0 and $.9 million respectively to its affiliates. The operating results of the Company may have been different if the Company operated autonomously and without these transactions with its affiliates.

11. Income Taxes

No tax benefit has been recorded for the six months ended June 30, 2010 or 2009 due to the uncertainty of realization of the benefit. The Internal Revenue Service is examining the income tax returns for the years 2005 and 2006. All years subsequent to 2006 are open and subject to investigation as well. Management believes that adequate provision for income taxes has been made in the financial statements.

11. Income Taxes (continued)

The Company accounts for Income Taxes under ASC Topic 740, Income Taxes ("ASC 740"). In accordance with ASC 740, 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.

As a result of the Settlement Agreements, the Company will file its income tax returns on a separate company basis effective January 1, 2010. As a result, a portion of the Company's net operating losses reflect amounts due from affiliates for the use of the Company's current year loss.

12. 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 Company's financial position, results of operations, or liquidity.

License Renewal

On January 30, 2008, the CCC 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 CCC may reopen licensing hearings at any time. The CCC shall act upon any such application prior to the date of expiration of the current license. A casino license is not transferable. In connection with its approval of the Settlement Agreements, the CCC reduced RIH's license period to December 15, 2010 and will evaluate RIH's licensure on an annual basis.

Union Employees

Approximately 45% of the Company's employees are represented by labor unions. The contract for the largest labor union, representing approximately 37% of the Company's total workforce, expires in September 2011. A lengthy strike or other work stoppage could have an adverse effect on the Company's business and results of operations.

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. The Company had met its obligation under the agreement; 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.

The New Jersey Legislature amended the Casino Control Act, effective April 18, 2009, to permit the Casinos to deduct the amount of certain promotional gaming credits wagered at their slot machines in calculating the tax on gross gaming revenue. The amendment became operative upon the August 14, 2009 certification by the Chair of the CCC to the State Treasurer that the Casinos and Casino Association of New Jersey ("CANJ") had executed a Purse Enhancement Agreement ("PEA") with the NJSEA for the benefit of the horse racing industry for $30 million annually for a three year period. In addition, the CCC adopted regulations effective September 22, 2009 which established procedures by which the Casinos may implement the promotional gaming credit tax deduction.

12. Commitments and Contingencies (continued)

The PEA provides that the Casinos will pay the NJSEA $90 million to be used solely for purse enhancements, breeder's purses and expenses to establish off-track wagering facilities, which it incurs through 2011. The payments will be made in eleven installments from September 29, 2009 through November 15, 2011 and will total $22.5 million in 2009, $30 million in each of 2009 and 2010 and $7.5 million in 2011. Each Casino will pay a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year. The Company's portion of this industry obligation for 2009 was approximately 5.1%. Based on current market share ratios, the Company estimates that its proportionate share of the PEA obligation will be approximately $4.6 million. As of June 30, 2010, the Company had paid $3.5 million toward its obligation. The unamortized balance of $1.2 million is included in prepaid expenses and other current assets on the balance sheet at June 30, 2010. For the six months ended June 30, 2010 and 2009, the Company recorded charges related to the PEA of $739,000 and $790,000, respectively.