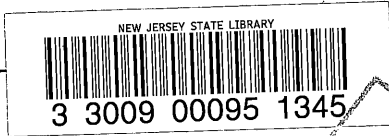
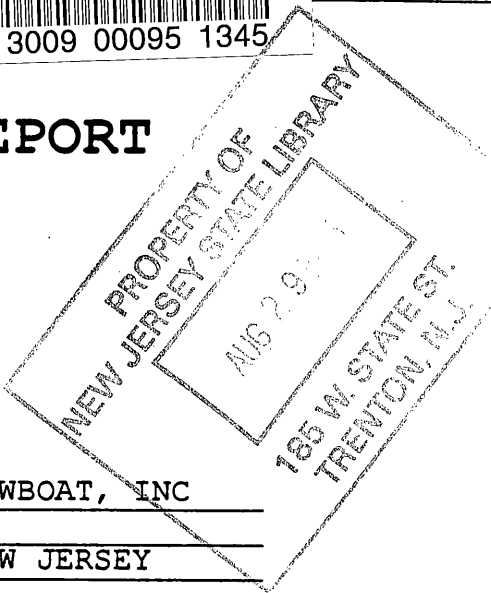


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QUARTERLY REPORT



LICENSEE	<u>ATLANTIC CITY SHOWBOAT, INC</u>
ADDRESS	<u>P.O. BOX 840</u>
	<u>ATLANTIC CITY, NEW JERSEY</u>

FOR THE QUARTER ENDED JUNE 30, 1995

TO THE
 CASINO CONTROL COMMISSION
 OF THE
 STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT ...	<u>KATHLEEN M. CARACCILO</u>
OFFICIAL TITLE	<u>VICE PRESIDENT FINANCE</u>
ADDRESS	<u>P.O. BOX 840</u>
	<u>ATLANTIC CITY, NEW JERSEY</u>

TRADING NAME OF LICENSEE: ATLANTIC CITY SHOWBOAT, INC.

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 1995

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners; or Proprietor's Equity	N/A
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Promotional Expenses and Allowances	CCC-245
Statement of Conformity and Accuracy	CCC-250

BALANCE SHEET

JUNE 30, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 95	(d) 19 94
	ASSETS		
	Current Assets:	\$	\$
1	Cash	33,539	19,081
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 19_95_ \$ 2,338 ; 19_94_ \$ 2,290 ) .....NOTE 3..	5,284	5,533
4	Inventories	2,027	1,753
5	Prepaid expenses and other current assets.....	8,234	6,439
6	Total current assets	49,084	32,806
7	Investments, Advances, And Receivables NOTE 11	8,963	7,225
8	Property And Equipment - Gross	426,904	402,878
9	(Accumulated Depreciation/Amortization)	(136,935)	(115,014)
10	Other Assets	7,685	9,661
11	Total Assets	\$ 355,701	\$ 337,556
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	6,218	10,294
13	Notes payable NOTE 6	-	-
	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other	-	206
16	Income taxes payable and accrued.....	10,893	1,563
17	Other accrued expenses NOTE 4	16,594	12,768
18	Other current liabilities NOTE 5	4,677	6,718
19	Total current liabilities	38,382	31,549
	Long-Term Debt:		
20	Due to affiliates NOTE 7	215,000	215,000
21	Other	1,928	1,928
22	Deferred Credits	14,574	15,554
23	Other Liabilities	-	-
24	Commitments And Contingencies NOTE 11		
25	Total Liabilities	269,884	264,031
26	Stockholders', Partners', Or Proprietor's Equity	85,817	73,525
27	Total Liabilities And Equity	\$ 355,701	\$ 337,556

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

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 95	(d) 19 94
	Revenue:		
1	Casino	\$ 163,656	\$ 136,788
2	Rooms	9,473	6,155
3	Food and beverage	19,854	16,595
4	Other	2,317	2,838
5	Total revenue	195,300	162,376
6	Less: Promotional allowances	16,355	12,701
7	Net revenues.....	178,945	149,675
	Costs And Expenses:		
8	Costs of goods and services	98,929	88,876
9	Selling, general, and administrative	33,274	29,685
10	Provision for doubtful accounts	629	(49)
11	Total costs and expenses	132,832	118,512
12	Gross Operating Profit.....	46,113	31,163
13	Depreciation and amortization	14,038	11,004
	Charges from affiliates other than interest:		
14	Management fees.....	9,566	7,958
15	Other	-	-
16	Income (Loss) From Operations	22,509	12,201
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(9,944)	(9,944)
18	Interest (expense) - external	(297)	954
19	Investment alternative tax and related income (expense) - net	(522)	(566)
20	Nonoperating income (expense) - net	775	631
21	Total other income (expenses)	(9,988)	(8,925)
22	Income (Loss) Before Income Taxes And Extraordinary Items	12,521	3,276
23	Provision (credit) for income taxes NOTE 9	5,316	1,392
24	Income (Loss) Before Extraordinary Items	7,205	1,884
25	Extraordinary items (net of income taxes - 19 95, \$ _____ ; 19 94, \$ _____)	-	-
26	Net Income (Loss)	\$ 7,205	\$ 1,884

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 95	(d) 19 94
	Revenue:		
1	Casino	\$ 88,387	\$ 75,233
2	Rooms	5,183	3,446
3	Food and beverage	10,907	9,153
4	Other	1,239	1,535
5	Total revenue	105,716	89,367
6	Less: Promotional allowances	9,024	6,979
7	Net revenues.....	96,692	82,388
	Costs And Expenses:		
8	Costs of goods and services	51,886	47,283
9	Selling, general, and administrative	18,132	16,404
10	Provision for doubtful accounts	273	98
11	Total costs and expenses	70,291	63,785
12	Gross Operating Profit.....	26,401	18,603
13	Depreciation and amortization	7,007	5,720
	Charges from affiliates other than interest:		
14	Management fees.....	5,175	4,380
15	Other	-	-
16	Income (Loss) From Operations	14,219	8,503
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(4,972)	(4,972)
18	Interest (expense) - external	(149)	711
19	Investment alternative tax and related income (expense) - net	(346)	(311)
20	Nonoperating income (expense) - net	434	247
21	Total other income (expenses)	(5,033)	(4,325)
22	Income (Loss) Before Income Taxes And Extraordinary Items	9,186	4,178
23	Provision (credit) for income taxes	3,802	1,743
24	Income (Loss) Before Extraordinary Items	5,384	2,435
25	Extraordinary items (net of income taxes - 19 95, \$ _____ ; 19 94, \$ _____)	-	-
26	Net Income (Loss)	\$ 5,384	\$ 2,435

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1995		1994	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock: 2500 SHARES AUTHORIZED				
1	Beginning balance (January 1)	1,500	\$ 76,909	1,500	\$ 76,909
2	Sale of stock				
3	.....			
4	Ending balance	1,500	76,909	1,500	76,909
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7	.....			
8	Ending balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		583		583
10	.....			
11	.....			
12	Ending balance		583		583
	Treasury Stock:				
13	Beginning balance (January 1)		()		()
14	Purchase of additional stock		()		()
15	Sale or retirement of stock				
16	Ending balance		()		()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		()		()
18	.....			
19	.....			
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		()		()
22	.....			
23	.....			
24	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		3,420		(5,851)
26	Prior period adjustments				
27	Net income (loss)		7,205		1,884
28	Dividends		(2,300)		
29	.....			
30	.....			
31	Ending balance		8,325		(3,967)
32	Ending Stockholder's Equity		\$ 85,817		\$ 73,525

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

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 95	(d) 19 94
1	Net Cash Provided(Used) By Operating Activities	\$ 22,691	\$ 13,942
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities		
3	Proceeds from the sale of short-term investment securities		
4	Cash outflows for property and equipment	(11,203)	(45,581)
5	Proceeds from disposition of property and equipment	97	53
6	Purchase of casino reinvestment obligations	(1,776)	(1,558)
7	Purchase of other investments and loans/advances made	(2,521)	(1,050)
8	Proceeds from disposal of investments and collection of advances and long-term receivables		
9	Cash outflows to acquire business entities		
10	.....	
11	.....	
12	Net Cash Provided (Used) By Investing Activities	(15,403)	(48,136)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt		
15	Cash proceeds from issuance of long-term debt		
16	Cost of issuing debt		
17	Payments to settle long-term debt	-	(2,077)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals		
21	Premium on early retirement of debt		
22	.....	
23	Net Cash Provided (Used) By Financing Activities	-	(2,077)
24	Net Increase (Decrease) In Cash And Cash Equivalents	7,288	(36,271)
25	Cash And Cash Equivalents At Beginning Of Years	26,251	55,352
26	Cash And Cash Equivalents At End Of Years	\$ 33,539	\$ 19,081

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 10,070	\$ 8,752
28	Income taxes	\$ 9,426	\$ 3,400

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

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 95	(d) 19 94
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 7,205	\$ 1,884
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	14,038	11,004
31	Amortization of other assets	170	170
32	Amortization of debt discount or premium		
33	Deferred income taxes - current	117	229
34	Deferred income taxes - noncurrent	(683)	2,167
35	(Gain) loss on disposition of property and equipment	(7)	(7)
36	(Gain) loss on casino reinvestment obligations	522	566
37	(Gain) loss from other investment activities	-	930
38	Net (increase) decrease in receivables and patrons' checks.....	771	(379)
39	Net (increase) decrease in inventories	(20)	63
40	Net (increase) decrease in other current assets	(1,135)	(1,148)
41	Net (increase) decrease in other assets	943	(3,329)
42	Net increase (decrease) in accounts payables	208	1,165
43	Net increase (decrease) in other current liabilities excluding debt.....	398	627
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		
45	Donation of CRDA deposits.....	164	-
46			
47	Net Cash Provided (Used) By Operating Activities	22,691	13,942

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ 11,203	\$ 45,581
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	\$ 11,203	\$ 45,581
	Acquisition Of Business Entries:		
51	Property and equipment acquired	\$	\$
52	Goodwill acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entries	\$	\$
	Stock Issued Or Capital Contributions:		
57	Total Paid in Capital.....	\$	\$ 583
58	Less: Issuances to settle long-term debt		
59	Consideration in acquisition of business entities		
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$	\$ 583

ATLANTIC CITY SHOWBOAT, INC.
Notes to Financial Statements
June 30, 1995 and 1994

(1) Summary of Significant Accounting Policies

Nature of Operations

Atlantic City Showboat, Inc. (the Company), is a wholly-owned subsidiary of Ocean Showboat, Inc. (OSI), which is a wholly-owned subsidiary of Showboat, Inc. (SBO). OSI was incorporated in 1983 and is a holding company with its principal assets being investments in the Company and Ocean Showboat Finance Corporation (OSFC). OSFC was organized in December 1986 in connection with the sale of \$180,000,000 of 11 3/8% Mortgage-Backed Bonds Due 2002 (the Bonds). The Company conducts casino gaming operations and operates full supportive services of hotel, restaurant, bar, bowling, and convention facilities at the Showboat Hotel and Casino in Atlantic City, New Jersey (Atlantic City Showboat).

Disclosure

In accordance with the Quarterly Report Instructions, the Company has not submitted updated information for the summary of significant accounting policies, aggregate maturities of long term debt and future lease obligations. There has been no significant changes to the information submitted in our December 31, 1994 Annual Report.

Reclassifications

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

(2) Related Party Transactions

In November 1985, the Company and SBO entered into a Parent Services Agreement whereby SBO agreed to provide the Company with executive, financial, data processing, legal, marketing, tax planning and compliance, and administrative services. SBO's services are intended to support and supplement the routine functions and responsibilities of the Company's staff and are not intended to substitute for the Company's performance or OSI's oversight responsibilities. In addition to the services outlined above, SBO has also granted the Company a nonexclusive right to the use of each of SBO's trademarks, service marks, trade names, and logos in the operations of the Company's business, including the registered trademark "Showboat." In consideration for such services and license, the Company has agreed to pay SBO a fee equal to five percent of gross revenues.

During the six months ended June 30, 1995 and 1994, the Company paid to SBO management fees of \$9,120,000 and \$6,735,000, respectively. At June 30, 1995 and 1994 the Company owed \$1,148,000 and \$965,000, respectively, in accrued fees, to SBO for SBO's services rendered to the Company in accordance with the Parent Services Agreement.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(3) Receivables and Patrons' Checks

As of June 30, 1995 and 1994, receivables consisted of the following (dollars in thousands):

	<u>1995</u>	<u>1994</u>
Casino	\$ 6,552	\$ 5,984
Hotel	777	760
Other	293	1,079
	<u>7,622</u>	<u>7,823</u>
Less allowance for doubtful accounts	<u>2,338</u>	<u>2,290</u>
Receivables, net	<u>\$ 5,284</u>	<u>\$ 5,533</u>

(4) Other Accrued Expenses

As of June 30, 1995 and 1994, other accrued expenses consisted of the following (dollars in thousands):

	<u>1995</u>	<u>1994</u>
Salaries and wages	\$ 7,979	\$ 5,464
Taxes, other than taxes on income	2,901	2,198
Medical and liability claims	1,153	857
Accrued advertising and promotion	2,022	1,661
Settlement claims	1,095	898
Other	1,444	1,690
	<u>\$ 16,594</u>	<u>\$ 12,768</u>

(5) Other Current Liabilities

As of June 30, 1995 and 1994, other current liabilities consisted of the following (dollars in thousands):

	<u>1995</u>	<u>1994</u>
Due to affiliates - interest	\$ 3,315	\$ 3,315
Due to affiliates - other	-	2,529
Outstanding chip liability	944	629
Other	418	245
	<u>\$ 4,677</u>	<u>\$ 6,718</u>

(6) Note Payable

On August 4, 1995, SBO obtained a two year secured line of credit for general working capital purposes totalling \$25.0 million. This line of credit replaces the Company's unsecured line of credit which was due to expire in August of 1995.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(7) Long Term Debt - Due to Affiliates

On May 18, 1993 SBO issued \$275,000,000 of 9 1/4% First Mortgage Bonds due 2008 (9 1/4% Bonds). The proceeds from the sale of the 9 1/4% Bonds were \$268,469,000 net of underwriting discounts and commissions. Approximately \$215,000,000 of the proceeds of the offering were loaned by SBO to the Company which loan is evidenced by an intercompany note with terms and conditions consistent with those of the 9 1/4% Bonds.

The 9 1/4% Bonds are unconditionally guaranteed by OSI, Showboat Operating Company, a wholly owned subsidiary of SBO and the Company. Interest on the 9 1/4% Bonds will be payable semi-annually on May 1 and November 1 of each year. The 9 1/4% Bonds will not be redeemable prior to May 1, 2000. Thereafter, the 9 1/4% Bonds will be redeemable at any time at the option of SBO, in whole or in part, at redemption prices specified in the Indenture for the 9 1/4 % Bonds (Indenture). The 9 1/4% Bonds will be senior secured obligations of SBO and will rank senior in right of payment to all existing and future subordinated indebtedness of OSI and pari passu with OSI's senior indebtedness. The 9 1/4% Bonds will be secured by a deed of trust representing a first lien on the Las Vegas hotel casino (other than certain assets), by a pledge of all outstanding shares of capital stock of OSI and an intercompany note by the Company in favor of SBO and a pledge of certain intellectual property rights of SBO. OSI's obligation under its guaranty will be secured by a pledge of all outstanding shares of capital stock of the Company. The Company's obligations under its guaranty will be secured by a leasehold deed of trust representing a first lien on the Company's hotel casino (other than certain assets). Showboat Operating Company's guaranty will be secured by a pledge of certain of its assets related to a Las Vegas hotel casino.

On July 1, 1994, SBO obtained consents to amend its' Indenture governing its 9 1/4% Bonds. The permitted Amendments, as supplemented and modified, (a) permit SBO or its subsidiaries to invest in Controlled Entities (as defined in the Consent Solicitation Statement), the entity investment and management fees (subject to certain approvals) of which will be pledged as additional Collateral to secure the 9 1/4% Bonds; (b) permit SBO or its subsidiaries to raise up to \$150.0 million in subordinated indebtedness, which will not be secured by any Collateral and at least \$100.0 million of the proceeds of which will be used to fund SBO's investment in Sydney Harbour Casino Pty Limited; (c) permit SBO to pay its regular quarterly dividend and make certain Restricted Payments permitted by Section 4.09(b), as amended, without meeting the debt incurrence requirement contained in the Indenture; (d) limit SBO from incurring no more than fifty percent (50%) of the cost of improvements to either the Company or Las Vegas Showboat with indebtedness which is pari passu to the 9 1/4% Bonds.

At June 30, 1995, the Company had available an unsecured line of credit with SBO totaling \$15,000,000. Interest is payable monthly at money center banks average prime rate as published in the Wall Street Journal on the first day of each month, plus 1%. The line of credit expires in March 1996. At June 30, 1995 no funds had been drawn on this line of credit.

On August 10, 1994 SBO issued \$120,000,000 Senior Subordinated Notes due 2009 (Notes) of which the Company is a guarantor of these Notes.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(8) Leases

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which expired in 1994, and a warehouse, which expires in 2001, are classified as capital leases. The Company has the option to purchase the warehouse from January 1, 1996 through March 31, 2001 at an option price of approximately \$1,928,000.

The Company is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey for a term of 99 years commencing October 1983. Annual rent payments, which are payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted annually based upon increases or decreases in the Consumer Price Index. In April 1995, the annual rent increased \$234,000 to \$8,560,000. Under the lease, the Company is responsible for taxes, assessments, insurance and utilities.

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$4,904,000 and \$4,453,000 for the six months ended June 30, 1995 and 1994 respectively.

(9) Income Taxes

For the six months ended June 30, 1995 and 1994 income tax expense consisted of the following (dollars in thousands):

	Years ended	
	1995	1994
Federal:		
Current	\$ 4,365	\$ (632)
Deferred	(313)	1,677
	<u>4,052</u>	<u>1,045</u>
State and local:		
Current	1,517	87
Deferred	(253)	260
	<u>1,264</u>	<u>347</u>
Total		
Current	5,882	(545)
Deferred	(566)	1,937
	<u>\$ 5,316</u>	<u>\$ 1,392</u>

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(10) Employee Benefit Plans

The Company maintains a retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the plan, eligible employees may defer up to 3% of their compensation, as defined, of which 100% of the deferral is matched by the Company. Eligible employees may contribute an additional 12% of their compensation which will not be matched by the Company. Amounts contributed by the Company vest over a five-year period. The Company contributed \$686,000 and \$669,000 to this plan for the six months ended June 30, 1995 and 1994, respectively.

The Company's union employees are covered by union-sponsored, collectively-bargained, multi-employer pension plans. Contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of man-hours worked. Contributions to the plans were \$241,000 and \$197,000 during the six months ended June 30, 1995 and 1994, respectively.

The Company has various incentive plans under which SBO stock options or restricted shares may be granted to officers, key employees and all full time and part time employees. A total of 3,720,000 shares have been reserved by SBO for issuance as stock options or restricted shares under these plans. Restricted shares and options granted to key employees vest over a five year period. The options are exercisable, subject to vesting, over ten years at option prices not less than 100% of the fair market value of SBO's common stock determined on the date of grant of the options.

As of June 30, 1995, 514,000 stock options have been granted and 192,000 restricted shares have been issued from SBO's treasury shares to officers and key employees.

Compensation expense of \$705,000 was recognized during the six months ended June 30, 1995. Unearned compensation at June 30, 1995 is \$1,528,000 and is shown in Other Assets in the accompanying balance sheet.

(11) New Jersey Investment Obligation

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on a gaming license based upon its gross casino revenues after completion of its first full year of operation. This assessment may be satisfied by investing in qualified direct investments, purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA.

Deposits with the CRDA bear interest at two-thirds of market rates resulting in a current value lower than cost. At June 30, 1995 and 1994, Investments, Advances and Receivables include \$5,709,000 and \$5,809,000, respectively, representing the Company's deposits\bonds with the CRDA of \$8,237,000 at June 30, 1995 and \$8,685,000 at June 30, 1994 net of a valuation allowance of \$2,528,000 and \$2,876,000 respectively. The carrying value of these deposits\bonds, net of the valuation allowance, approximates fair value.

(Continued)

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(11) New Jersey Investment Obligation (continued)

The CRDA as an agency of the City of Atlantic City is responsible for the redevelopment of the area surrounding the Boardwalk. The Company has requested and the CRDA has approved that \$8,000,000 of the Company's deposits with the CRDA will be used for the expansion of a City street leading to the Atlantic City Showboat. In connection with its approval, the CRDA required the company to donate \$2,000,000 of its deposits with the CRDA to certain public programs. In 1994 the Company donated an additional \$500,000 to these public programs. Construction commenced in the fourth quarter of 1993 and was completed in the 2nd quarter of 1994. In April 1995, an additional \$1,029,000 of the Company's deposits with the CRDA was approved in connection with the above street expansion. The Company has reclassified these CRDA deposits, net of the valuation allowance, totaling \$7,686,000 to property & equipment and will be amortized over seven years.

The Company has applied for and received approval for approximately \$8,700,000 in funding credits from the CRDA in connection with the construction of the Company's additional hotel rooms. In connection with the Company's Credit Agreement with the CRDA, which states the terms and conditions by which the Company may receive funding credit, the Company applied for and received funds from the CRDA of approximately \$2,955,000 as a credit for expenditures made relating to the construction of the hotel rooms. The balance of the funding credits may be applied to portions of future CRDA deposits.

(12) Commitments and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management these matters will not have a material adverse effect on the Company's financial position or results of operation.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

JUNE 30, 1995

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks.....	3,377		
2	Returned patrons' checks.....	3,175		
3	Total patrons' checks.....	6,552	\$ 2,243	\$ 4,309
4	Hotel Receivables.....	777	95	682
	Other Receivables:			
5	Receivables due from officers and employees.....	17		
6	Receivables due from affiliates.....	-		
7	Other accounts and notes receivables.....	276		
8	Total other receivables.....	293	-	293
9	Totals (Form 205).....	\$ 7,622	\$ 2,338	\$ 5,284

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 4,002
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	57,092
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(40,259)
13	Checks collected through deposits.....	(14,888)
14	Checks transferred to return checks.....	(2,570)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 3,377
17	"Hold" Checks Included in Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 630
19	Provision As A Percent Of Counter Checks Issued.....	1.1%

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT
PROMOTIONAL EXPENSES AND ALLOWANCES

For The Three Months Ended June 30, 1995
(in Thousands)

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	39	\$ 3,060		\$
Food	451	4,162		
Beverage	1,577	1,378		
Travel			5	861
Coin			540	8,147
Coupon				
Entertainment	26	397		
Retail & Gifts				
Other	1	27	N/A	426
Total	2,094	\$ 9,024	545	\$ 9,434

For The Six Months Ended June 30, 1995

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	71	\$ 5,360		\$
Food	823	7,595		
Beverage	3,066	2,665		
Travel			10	1,689
Coin			958	14,722
Coupon				
Entertainment	45	683		
Retail & Gifts				
Other	2	52	N/A	806
Total	4,007	\$ 16,355	968	\$ 17,217

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
 : SS
COUNTY OF Atlantic :

Kathleen M. Caracciolo being duly sworn according to law upon my oath

deposes and says:

- 1. I have examined this Quarterly Report.
- 2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
- 3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

KM Caracciolo

Signature

Vice President of Finance

Title

3472-11

License Number

Subscribed and sworn to
before me this 14th day
of August, 1995

Marci A. Homovich

Signature

Atlantic City Showboat, Inc.
Casino Licensee

MARCI A. HOMOVICH

NOTARY PUBLIC OF NEW JERSEY

Basis of My Commission Expires Sept. 18, 1999
to Take Oaths