

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

Current report filing [amend]

Filing Date: **1996-08-26** | Period of Report: **1996-06-10**
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FILER

NORTH AMERICAN GAMING & ENTERTAINMENT CORP

CIK: **29952** | IRS No.: **752571032** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K/A** | Act: **34** | File No.: **000-05474** | Film No.: **96620584**
SIC: **7990** Miscellaneous amusement & recreation

Mailing Address
777 EAST 15TH STREET
PLANO TX 75074

Business Address
777 EAST 15TH STREET
PLANO TX 75074
2144239113

August 26, 1996

SECURITIES AND EXCHANGE COMMISSION
450 5th Street, N.W.
Judiciary Plaza
Washington, D.C. 20549-1004

Re: North American Gaming and Entertainment Corporation (the "Company")
Form 8-K/A (Amendment No. One) relating to the reported event dated
June 10, 1996

Commission File No. 0-5474

Our File No.: 15006-160

Ladies and Gentlemen:

On behalf of the Company, enclosed for electronic filing please find one
copy of Form 8-K/A (Amendment No. One) relating to the reported event dated June
10, 1996.

Please call the undersigned with any questions or comments. Collect calls
will be accepted at 214/419-8311.

Yours truly,

Mike Parsons

MDP/Ids

Enclosures

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
(Amendment No. One)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 10, 1996

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 0-5474 75-2571032
(State of incorporation) (Commission File No.) (IRS Employer Identification No.)

777 E. 15th Street, Plano, Texas 75074
(Address of principal executive offices, including zip code)

(214) 423 -9113
(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits.

The following financial statements and pro forma financial information regarding I.T. Cruise, Inc. ("I.T. Cruise") and GalaxSea Cruises and Tours, Inc. ("GalaxSea" are filed with this report. The operations and total assets of GalaxSea prior to October 1, 1995 are not material to the operations and total assets of the Registrant, and, therefore, are not included in this Report.

Index to Financial Statements

(a) The following audited and unaudited financial statements of I.T. Cruise and GalaxSea and included with this report.

<TABLE>

<CAPTION>

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(b) Unaudited Pro Form Financial Statements

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION,
I.T. CRUISE, INC AND GALAXSEA CRUISES AND TOURS, INC.

Twelve Months Ended December 31, 1995

 Proforma Balance Sheet

 Proforma Statement of Operations

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Three Months Ended March 31, 1996

(c) Exhibits. The following exhibits are being filed herewith:

- 10.1.1 Agreement and Plan of Merger dated effective June 7, 1996, relating to the acquisition of GalaxSea and I.T. Cruise.*
- 10.1.2 Form of Note dated June 10, 1996 in the original principal amount of \$1,400,000 payable by Registrant to International relating to the acquisition of I.T. Cruise.*
- 10.1.3 Form of Security Agreement dated effective June 10, 1996 between International and Registrant securing repayment of the Note filed as Exhibit 10.1.2.*
- 10.1.4 Form of "Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock" creating the Series B Preferred Stock.*
- 10.1.5 Form of GalaxSea Cruise Marketing Agreement dated May 1, 1996 between International and GalaxSea.*
- 10.1.6 Form of Cruise Marketing Agreement dated May 1, 1996 between International and I.T. Cruise.*
- 10.1.7 Form of Assignment between International and I.T. Cruise dated June 1, 1996.*
- 10.1.8 Form of Security Agreement dated June 10, 1996 between Registrant, Ozdon Investments, and Lamar E. Ozley, Jr., as Trustee for the former shareholders of Ozdon Investments, Inc.*

</TABLE>

* Previously Filed

(3)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. One to this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 23, 1996

NORTH AMERICAN GAMING AND
ENTERTAINMENT CORPORATION

By: /s/ George J. Akmon

George J. Akmon, Executive
Vice President and Chief Financial
Officer

SARTAIN FISCHBEIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

SF&Co.

Independent Auditors' Report

The Board of Directors
I.T. Cruise, Inc.
Tulsa, Oklahoma

We have audited the accompanying balance sheet of I.T. Cruise, Inc., as of December 31, 1995, and the related statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I.T. Cruise, Inc., as of December 31, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

June 21, 1996 /s/ SARTAIN FISCHBEIN & CO.

F-1

3010 SOUTH HARVARD AVE., SUITE 400, TULSA, OK 74114-6193 .
918 749-6601. FAX 918 744-1506

I.T. CRUISE, INC.
BALANCE SHEET
December 31, 1995
<TABLE>
<CAPTION>

<S>

<C>

ASSETS

Current Assets:

Cash	\$ 283
Preferred supplier contracts receivable	211,312

Total Current Assets

211,595

Furniture and Fixtures, at cost, net of accumulated depreciation
of \$26,458

17,242

Other Assets:

Trade name, net of accumulated amortization of \$1,098	8,902
Goodwill, net of accumulated amortization of \$5,502	4,498

Noncompete agreement, net of accumulated amortization of \$9,169	831
---	-----

Total Other Assets

14,231

\$243,068

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$115,818
Accounts payable	61,076

Accrued interest payable	19,338
--------------------------	--------

Total Current Liabilities

196,232

Long-Term Debt	
Total Liabilities	196,232

Stockholder's Equity:	
Common stock, \$1 par value; 50,000 shares authorized; 500 shares issued and outstanding	500
Retained earnings	46,336
Total Stockholder's Equity	46,836

	\$243,068
	=====

</TABLE>

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

F-2

I.T. CRUISE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 1995

<TABLE>

<CAPTION>

<S>	<C>
Revenues:	
Preferred supplier commissions	\$ 435,332
Cruise fees	19,212

Total Revenues	454,544

Costs and Expenses:	
Override commissions	23,293
Other administrative expenses	2,197
Amortization and depreciation	52,101
Interest expense	14,167
Operational costs	12,950

Total Expenses	104,708

Income Before Income Taxes	349,836
Income Tax Expense	133,000

Net Income	216,836
Retained Earnings, beginning of year	267,585
Dividends	(438,085)

Retained Earnings, end of year	\$ 46,336
	=====

</TABLE>

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

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I.T. CRUISE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 1995

<TABLE>

<CAPTION>

<S>

<S>	<C>
Cash Flows From Operating Activities:	
Net income	\$ 216,836
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	52,101
Increase in accounts receivable	(24,741)
Increase in receivable from Parent	(228,662)
Increase in accounts payable	17,159
Increase in accrued liabilities	5,692

Decrease in deferred commissions	(6,972)

Net Cash Provided By Operating Activities	31,413

Cash Flows From Financing Activities:	
Principal payments on notes payable	(42,613)

Net Cash Used In Financing Activities	(42,613)

Decrease In Cash	(11,200)
Cash, beginning of year	11,483

Cash, end of year	\$ 283
	=====

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING
AND FINANCING ACTIVITIES

Issuance Of Dividends To Parent Company, International Tours, Inc. In The Form Of Distribution Of Receivable From Parent	\$ 438,085
--	------------

OTHER DISCLOSURES

Interest paid	\$ 7,388
Income taxes paid	-

</TABLE>

The accompanying notes are an integral part of the financial statements
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I.T. CRUISE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: I.T. Cruise, Inc. (the "Company"), a 100% owned subsidiary of International Tours, Inc., was formed in March 1993 and conducts cruise travel training and marketing for International Tours' franchisees. The Company conducts business under the name of Cruise A-Hoy.

Effective March 31, 1993, the Company purchased substantially all the assets of Cruise A-Hoy, Inc. (CAH), a cruise travel booking service in Colorado. The Company purchased equipment, supplies inventory, contract rights with cruise lines, and tradename. The Company also entered into a noncompete agreement with CAH. The total cost of acquisition was \$303,223, which exceeded the fair market value of the net assets of CAH by \$10,000. The excess is presented as goodwill.

Preferred Supplier Contract Revenue: Preferred supplier contract revenue represents commissions earned by the Company from various travel service providers, principally cruise lines. Such revenues are recognized as they are earned.

Contract Rights: Cruise line preferred supplier contracts were acquired from Cruise A-Hoy, Inc. These contracts represent the rights to overrides and commissions with various cruise lines. These contract rights have been amortized on a straight-line basis over the life of each contract, from one to three years. Contract rights were fully amortized as of December 31, 1995.

Trade Name: Trade name is the name "Cruise A-Hoy" and insignia acquired from CAH. Trade name is being amortized using the straight-line method over the expected useful life of 25 years. Amortization expense on trade name was \$400 in 1995.

Goodwill: Goodwill represents the excess of the cost of acquiring assets of CAH over the fair market value of the assets acquired, and is being amortized using the straight line method over five years. Amortization expense on goodwill was \$2,000 in 1995.

Noncompete Agreement: The noncompete agreement is being amortized using the straight-line method over the life of the agreement, which is three years. Amortization expense on the noncompete agreement was \$3,333 in 1995.

Furniture and Fixtures: Depreciation is provided using accelerated methods over the estimated useful lives of the related assets. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized.

Income Taxes: International Tours, Inc. and the Company file consolidated federal and state income tax returns. Income tax expense currently payable is allocated to the Company based upon the amount the Company would pay if it filed a separate income tax return. Income tax expense is provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Income tax expense for the year ended December 31, 1995 amounted to \$133,000 which represents the currently due tax expense allocation. This amount has been reflected as a decrease in Receivable from Parent. As of December 31, 1995, the Company had no material temporary differences.

Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 1995, and revenues and expenses during the period then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

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I.T. CRUISE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995
(CONTINUED)

2. RECEIVABLE FROM PARENT

Receivable from Parent consists of amounts due from the Company's Parent, International Tours, Inc. The receivable increased during the year ended December 31, 1995 due to the collection of revenue and payment of expenses by the Company's Parent. The receivable has decreased during the year ended December 31, 1995 due primarily to the payment of dividends by the Company.

3. LONG-TERM DEBT

Long-term debt consists of a 7% note due to Cruise A-Hoy, Inc. (CAH), due on demand as a result of non-compliance with the debt instrument. The note was issued in March, 1993 for the purchase of certain assets of CAH. The payment of principal and interest are based on 25% of all CAH marketing fees and override commissions collected.

The fair value of long-term debt is approximate to its carrying amount

4. SALE OF COMPANY

On June 7, 1996, the Company's Parent, International Tours, Inc., entered into an agreement to sell all of the common stock of the Company to another corporation. Certain assets of the Company may be distributed prior to the sale and certain liabilities may be assumed by the Company's Parent. As of the date of our report, the sale had not yet been consummated.

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SARTAIN FISCHBEIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
I.T. Cruise, Inc.
Tulsa, Oklahoma

We have audited the accompanying balance sheet of I.T. Cruise, Inc., as of December 31, 1994, and the related statements of income and retained earnings and cash flows for the seven months ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I.T. Cruise, Inc., as of December 31, 1994, and the results of its operations and its cash flows for the seven months then ended, in conformity with generally accepted accounting principles.

October 18, 1995

/s/ SARTAIN FISCHBEIN & CO.

3010 SOUTH HARVARD AVE., SUITE 400, TULSA, OK 74114-6193 .
918 749-6601. FAX 918 744-1506

F-7

I.T. CRUISE, INC.
BALANCE SHEET
December 31, 1994
<TABLE>
<CAPTION>
<S>
ASSETS

<C>

Current Assets:

Cash	\$ 11,483
Preferred supplier contracts receivable	186,250
Employee receivable	320

Total Current Assets

198,053

Furniture and Fixtures, at cost, net of accumulated depreciation
of \$19,183

24,517

Other Assets:

Receivable from Parent	209,424
Contract rights, net of accumulated amortization of \$164,130	39,093
Trade name, net of accumulated amortization of \$698	9,302

Goodwill, net of accumulated amortization of \$3,502	6,498
Noncompete agreement, net of accumulated amortization of \$5,836	4,164

Total Other Assets	268,481

	\$491,051
	=====
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities:	
Current maturities of long-term debt	\$158,431
Accounts payable	43,917
Accrued interest payable	12,559
Accrued liabilities - other	1,087
Deferred commissions	6,972

Total Current Liabilities	222,966
Long-term Debt	-

Total Liabilities	222,966

Stockholder's Equity:	
Common stock, \$1 par value; 50,000 shares authorized; 500 shares issued and outstanding	500
Retained earnings	267,585

Total Stockholder's Equity	268,085

	\$491,051
	=====

</TABLE>

The accompanying notes are an integral part of the consolidated
financial statements.
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I.T. CRUISE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Seven Months Ended December 31, 1994

<TABLE>	
<CAPTION>	
<S>	<C>
Revenues:	
Preferred supplier commissions	\$ 294,568
Cruise fees	28,843

Total Revenues	323,411

Costs and Expenses:	
Override commissions	20,779
Salaries and benefits	2,577
Other administrative expenses	5,502
Amortization and depreciation	46,870
Interest expense	10,514
Operational costs	26,339

Total Expenses	112,581

Income Before Income Taxes	210,830
Income Tax Expense	74,000

Net Income	136,830
Retained Earnings, beginning of year	130,755

Retained Earnings, end of year	\$ 267,585
	=====

</TABLE>

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

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I.T. CRUISE, INC.

STATEMENT OF CASH FLOWS

Seven Months Ended December 31, 1994

<TABLE>

<CAPTION>

<S>

	<C>
Cash Flows From Operating Activities:	
Net income	\$ 136,830
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	46,870
Increase in accounts receivable	(9,683)
Increase in receivable from Parent	(162,508)
Decrease in accounts payable	(45,085)
Decrease in accrued liabilities	(648)
Decrease in deferred commissions	(20,448)

Net Cash Used In Operating Activities	(54,672)

Cash Flows From Financing Activities:	
Principal payments on notes payable	(61,657)

Net Cash Used In Financing Activities	(61,657)

Decrease In Cash	(116,329)
Cash, beginning of period	127,812

Cash, end of period	\$ 11,483
	=====

OTHER DISCLOSURES

Interest Paid	\$ 10,749
Income Taxes Paid	-

</TABLE>

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

F-10

I.T. CRUISE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: I.T. Cruise, Inc. (the "Company"), a wholly owned subsidiary of International Tours, Inc., was formed in March 1993 and conducts cruise travel training and marketing for International Tours' franchisees. The Company conducts business under the name of Cruise A-Hoy.

Effective March 31, 1993, the Company purchased substantially all the assets of Cruise A-Hoy, Inc. ("CAH"), a cruise travel booking service in Colorado. The Company purchased equipment, supplies inventory, contract rights with cruise lines, and tradename. The Company also entered into a noncompete agreement with CAH. The total cost of acquisition was \$303,223, which exceeded the fair market

value of the net assets of CAH by \$10,000. The excess is presented as goodwill.

Preferred Supplier Contract Revenue: Preferred supplier contract revenue represents commissions earned by the Company from various travel service providers, principally cruise lines. Such revenues are recognized as they are earned.

Contract Rights: Cruise line preferred supplier contracts were acquired from Cruise A-Hoy, Inc. These contracts represent the rights to overrides and commissions with various cruise lines. These contract rights are being amortized on a straight-line basis over the life of each contract, from one to three years. Amortization expense on contract rights was \$38,386 for the seven months ended December 31, 1994.

Trade Name: Trade name is the name "Cruise A-Hoy" and insignia acquired from Cruise Ahoy, Inc. Trade name is being amortized using the straight-line method over the expected useful life of 25 years. Amortization expense on trade name was \$231 for the seven months ended December 31, 1994.

Goodwill: Goodwill represents the excess of the cost of acquiring assets of Cruise A-Hoy, Inc. over the fair market value of the assets acquired, and is being amortized using the straight line method over five years. Amortization expense on goodwill was \$1,169 for the seven months ended December 31, 1994.

Noncompete Agreement: The noncompete agreement is being amortized using the straight-line method over the life of the agreement, which is three years. Amortization expense on the noncompete agreement was \$1,946 for the seven months ended December 31, 1994.

Furniture and Fixtures: Depreciation is provided using accelerated methods over the estimated useful lives of the related assets. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized.

Income Taxes: International Tours, Inc. and Cruise file consolidated federal and state income tax returns.

Income tax expense is provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Income tax expense currently payable is allocated to the Company based upon the amount the Company would pay if it filed a separate income tax return.

Income tax expense for the seven months ended December 31, 1994 amounted to \$74,000 which represents the currently due tax expense allocation. This amount has been reflected as a decrease in Receivable from Parent. As of December 31, 1994, the Company had no material temporary differences.

F-11

I.T. CRUISE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995
(CONTINUED)

2. RECEIVABLE FROM PARENT

Receivable from Parent consists of amounts due from the Company's Parent, International Tours, Inc. The receivable has increased during the year ended December 31, 1994 due primarily to the collection of the Company's revenue and payment of the Company's expenses by the Parent.

3. LONG-TERM DEBT

Long-term debt consists of a 7% note payable to Cruise A-Hoy, Inc. (CAH), due on demand as a result of non-compliance with the debt instrument. The note was issued in March, 1993, for the purchase of certain assets of CAH. The payment of principal and interest are based on 25% of all CAH marketing fees and override commissions collected.

F-12

SARTAIN FISCHBEIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

SF&Co.

Independent Auditors' Report

The Board of Directors
I.T. Cruise, Inc.
Tulsa, Oklahoma

We have audited the accompanying balance sheet of I.T. Cruise, Inc., as of May 31, 1994, and the related statements of income and retained earnings and cash flows for the year ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I.T. Cruise, Inc., as of May 31, 1994, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

August 10, 1994 /s/ SARTAIN FISCHBEIN & CO.

3010 SOUTH HARVARD AVE., SUITE 400, TULSA, OK 74114-6193 .
918 749-6601. FAX 918 744-1506
F-13

I.T. CRUISE, INC.
BALANCE SHEET
May 31, 1994
<TABLE>
<CAPTION>
<S>
ASSETS

<C>

Current Assets:	
Cash	\$127,812
Preferred supplier contracts receivable	176,487
Employee receivable	400

Total Current Assets	304,699

Furniture and Fixtures, at cost, net of accumulated depreciation	

of \$14,045

29,655

Other Assets:

Receivable from Parent	46,916
Contract rights, net of accumulated amortization of \$125,744	77,479
Trade name, net of accumulated amortization of \$467	9,533
Goodwill, net of accumulated amortization of \$2,333	7,667
Noncompete agreement, net of accumulated amortization of \$3,890	6,110

Total Other Assets	147,705

	\$482,059

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$174,838
Accounts payable	89,002
Accrued interest payable	12,794
Accrued liabilities - other	1,500
Deferred commissions	27,420

Total Current Liabilities	305,554
---------------------------	---------

Long-term Debt	45,250

Total Liabilities	350,804

Stockholder's Equity:

Common stock, \$1 par value; 50,000 shares authorized; 500 shares issued and outstanding	500
Retained earnings	130,755

Total Stockholders' Equity	131,255

\$482,059
=====

</TABLE>

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

F-14

I.T. CRUISE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended May 31, 1994

<TABLE>

<CAPTION>

<S>

<C>

Revenues:	
Cruise fees	\$ 650,238
Preferred supplier commissions	520,736

Total Revenues	1,170,974

Costs and Expenses:

Cruise costs	619,104
Salaries and benefits	88,088
Other administrative expenses	60,325
Amortization and depreciation	123,679
Interest expense	24,559
Loss on disposal of assets	13,419

Total Expenses	929,174

Income Before Income Taxes	241,800
----------------------------	---------

Income Tax Expense	86,400

Net Income	155,400
------------	---------

Accumulated Deficit, beginning of year	(24,645)

Retained Earnings, end of year	\$ 130,755
	=====

</TABLE>

The accompanying notes are an integral part of the consolidated
financial statements.
F-15

I.T. CRUISE, INC.
STATEMENT OF CASH FLOWS
Year Ended May 31, 1994

<TABLE>	
<CAPTION>	
<S>	<C>
Cash Flows From Operating Activities:	
Net income	\$ 155,400
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	123,679
Loss on disposal of property and equipment	13,419
Increase in accounts receivable	(143,708)
Decrease in supply inventory	5,000
Increase in receivable from Parent	(143,269)
Increase in accounts payable	89,002
Increase in accrued liabilities	10,756
Increase in deferred commissions	20,244

Net Cash Provided By Operating Activities	130,523

Cash Flows From Financing Activities:	
Principal payments on long-term debt	(10,782)

Net Cash Used In Financing Activities	(10,782)

Increase In Cash	119,741
Cash, beginning of period	8,071

Cash, end of period	\$ 127,812
	=====

OTHER DISCLOSURES:

Interest paid	\$ 15,303
Income taxes paid	-

</TABLE>

The accompanying notes are an integral part of the consolidated
financial statements.
F-16

I.T. CRUISE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: I.T. Cruise, Inc. (the "Company"), a wholly-owned subsidiary of International Tours, Inc., was formed in March 1993 and conducts cruise travel training and marketing for International Tours' franchisees. The

Company conducts business under the name of Cruise A-Hoy.

Effective March 31, 1993, the Company purchased substantially all the assets of Cruise A-Hoy, Inc. ("CAH"), a cruise travel booking service in Colorado. The Company purchased equipment, supplies inventory, contract rights with cruise lines, and tradename. The Company also entered into a noncompete agreement with CAH. The total cost of acquisition was \$303,223, which exceeded the fair market value of the net assets of CAH by \$10,000. The excess is presented as goodwill.

Preferred Supplier Contract Revenue: Preferred supplier contract revenue represents commissions earned by the Company from various travel service providers, principally cruise lines. Such revenues are recognized as they are earned.

Contract Rights: Cruise line preferred supplier contracts were acquired from Cruise A-Hoy, Inc. These contracts represent the rights to overrides and commissions with various cruise lines. These contract rights are being amortized on a straight-line basis over the life of each contract, from one to three years. Amortization expense on contract rights was \$103,894 for the year ended May 31, 1994.

Trade Name: Trade name is the name "Cruise A-Hoy" and insignia acquired from Cruise Ahoy, Inc. Trade name is being amortized using the straight-line method over the expected useful life of 25 years. Amortization expense on trade name was \$400 for the year ended May 31, 1994.

Goodwill: Goodwill represents the excess of the cost of acquiring assets of Cruise A-Hoy, Inc. over the fair market value of the assets acquired, and is being amortized using the straight line method over five years. Amortization expense on goodwill was \$2,000 for the year ended May 31, 1994.

Noncompete Agreement: The noncompete agreement is being amortized using the straight-line method over the life of the agreement, which is three years. Amortization expense on the noncompete agreement was \$3,334 for the year ended May 31, 1994.

Furniture and Fixtures: Depreciation is provided using accelerated methods over the estimated useful lives of the related assets. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized.

Income Taxes: International Tours, Inc. and the Company file consolidated federal and state income tax returns.

Income tax expense is provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Income tax expense currently payable is allocated to the Company based upon the amount the Company would pay if it filed a separate income tax return.

Income tax expense for the year ended May 31, 1994 amounted to \$86,400 which represents the currently due tax expense allocation. This amount has been reflected as a decrease in Receivable from Parent. As of May 31, 1994, the Company had no material temporary differences.

2. RECEIVABLE FROM PARENT

Receivable from Parent consists of amounts due from the Company's Parent, International Tours, Inc. The receivable has increased during the year ended May 31, 1994, due primarily to the collection of the Company's revenue and payment of the Company's expenses by the Parent.

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I.T. CRUISE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 1994
(CONTINUED)

3. LONG-TERM DEBT

Long-term debt consists of a 7% note payable to Cruise A-Hoy, Inc., (CAH) due March 1996, for the purchase of certain assets of CAH. The payment of principal and interest are based on 25% of all CAH marketing fees and override commissions collected.

Maturities of long-term debt are as follows: May 31, 1995 - \$174,838; May 31, 1996 - \$45,250.

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I.T. CRUISE, INC.
BALANCE SHEET
MARCH 31, 1996 AND 1995
(Unaudited)

ASSETS	MARCH 31, 1996	MARCH 31, 1995
-----	-----	-----
<S>	<C>	<C>
CURRENT ASSETS:		
Cash	\$ 234	\$ 375
Other current assets	208,151	191,825
	-----	-----
Total current assets	208,385	192,200
PROPERTY & EQUIPMENT, net	15,709	17,500
OTHER ASSETS	16,231	17,850
TOTAL ASSETS	\$ 240,325	\$ 227,550
	=====	=====
LIABILITIES & EQUITY		
CURRENT LIABILITIES:		
Current notes payable	\$ 143,614	\$ 120,450
Other current liabilities	47,450	52,375
	-----	-----
Total current liabilities	190,964	172,825
LONG-TERM DEBT	-	-
	-----	-----
TOTAL LIABILITIES	190,964	172,825
STOCKHOLDERS' EQUITY:		
Preferred stock	-	-
Common Stock	500	500
Additional paid-in capital	-	-
Retained earnings	48,861	54,225
	-----	-----
Total stockholders' equity	49,361	54,725
	-----	-----
TOTAL LIABILITIES AND EQUITY	\$ 240,325	\$ 227,550
	=====	=====

</TABLE>

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I.T. CRUISE, INC.
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND 1995
(UNAUDITED)

	1996	1995
	-----	-----
Revenues	\$ 102,272	\$ 113,636
Other expenses	20,454	22,635
Interest expenses	3,010	3,542
	-----	-----
	23,465	26,177
	-----	-----

Net Income before taxes	78,807	87,459
Income taxes	29,947	33,234
	-----	-----
Net income	\$ 48,861	\$ 54,225
	=====	=====

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SARTAIN FISCHBEIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

SF&Co.

Independent Auditors' Report

The Board of Directors
GalaxSea Cruises and Tours, Inc.
Tulsa, Oklahoma

We have audited the balance sheet of GalaxSea Cruises and Tours, Inc. as of December 31, 1995, and the related statement of operations, changes in stockholder's equity, and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GalaxSea Cruises and Tours, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the three months then ended in conformity with generally accepted accounting principles.

March 15, 1996 /s/ SARTAIN FISCHBEIN & CO.

3010 SOUTH HARVARD AVE., SUITE 400, TULSA, OK 74114-6193 .
918 749-6601. FAX 918 744-1506
F-21

GALAXSEA CRUISES AND TOURS, INC.
BALANCE SHEET
December 31, 1995
<TABLE>
<CAPTION>
<S>
ASSETS

<C>

Current Assets:	
Cash	\$ 6,336
Accounts receivable-royalties and commissions (no allowance for doubtful accounts)	22,563

Total Current Assets	28,899
Intangible Assets:	
Trade name and intangibles	162,200
Software development cost	17,282
Organizational and developmental costs	63,717

	243,199
Less accumulated amortization	(3,765)

Net Intangible Assets	239,434

	\$268,333
	=====
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities:	
Current maturities of long-term debt	\$ 15,550
Accounts payable	2,386
Payable to Parent	22,860
Accrued interest payable	1,244

Total Current Liabilities	42,040
Long-term Debt	46,650

Total Liabilities	88,690

Stockholder's Equity:	
Common stock, \$.01 par value; authorized 200,000 shares; issued and outstanding 1,000 shares	10
Additional paid-in capital	163,707
Retained earnings	15,926

Total Stockholder's Equity	179,643

	\$268,333
	=====

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

F-22

GALAXSEA CRUISES AND TOURS, INC.
STATEMENT OF OPERATIONS
Three Months Ended December 31, 1995

</TABLE>	
<TABLE>	
<CAPTION>	
<S>	<C>
Revenue:	
Royalties and license fees	\$31,550
Commissions	18,000

	49,550

Expenses:	
Training and marketing expense	23,234
Amortization expense	3,765
Interest expense	1,244
Miscellaneous	81

	28,324

Net Income Before Income Taxes	21,226

Income Tax Expense	5,300

Net Income	\$ 15,926
	=====

</TABLE>

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

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GALAXSEA CRUISES AND TOURS, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
Three Months Ended December 31, 1995

<TABLE>
<CAPTION>

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In	Earnings	
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	
Balance at inception, October 1, 1995	-	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	1,000	10	163,707	-	163,717
Net income	-	-	-	15,926	15,926
	--	--	--	-----	-----
Balance, December 31, 1995	1,000	\$ 10	\$ 163,707	\$ 15,926	\$ 179,643
	=====	=====	=====	=====	=====

</TABLE>

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

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GALAXSEA CRUISES AND TOURS, INC.
STATEMENT OF CASH FLOWS
Three Months Ended December 31, 1995

<TABLE>
<CAPTION>

<S>	<C>
Cash Flows From Operating Activities:	
Net income	\$ 15,926
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization expense	3,765
Increase in accounts receivable	(22,563)
Increase in accounts payable	2,386
Increase in payable to Parent	5,578
Increase in accrued interest payable	1,244

Net Cash Provided By Operating Activities	6,336

Cash Flows From Investing Activities:	
Acquisition of trade name and intangibles	(100,000)
Additions to organizational and developmental costs	(63,717)
Net Cash Used in Investing Activities	(163,717)

Cash Flows From Financing Activities:	
Issuance of common stock	163,717

Net Cash Provided by Financing Activities	163,717

Increase in Cash	6,336
Cash at Inception, October 1, 1995	-

Cash, December 31, 1995	\$ 6,336
	=====

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Issuance of Long-term Debt for Acquisition of Trade Name and Intangibles	\$ 62,200
	=====
Increase in Payable to Parent for Software Development Cost	\$ 17,282
	=====
Other Disclosures:	
Interest paid	\$ -
Income taxes paid	-
</TABLE>	

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

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GALAXSEA CRUISES AND TOURS, INC.
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: GalaxSea Cruises and Tours, Inc. (the Company) was incorporated in the State of Oklahoma on September 21, 1995. The Company is a wholly owned subsidiary of International Tours, Inc. (the Parent). The Company began operations on October 1, 1995 by purchasing the trade name, franchise agreements, other agreements and intangibles from GalaxSea Associates, Inc. GalaxSea franchises operate travel vacation stores which deal primarily in arranging cruise travel packages for its customers.

The Company's current sources of revenue are royalty and license fees from existing GalaxSea franchisees which are located principally in California and Florida, and commissions from cruise lines. The Company plans to actively market new franchise agreements.

Trade Name and Intangibles: Trade name and intangibles consist of the GalaxSea Cruises trade name, trade mark, existing franchise agreements, cruise line agreements, marketing database software and other intangible assets purchased from GalaxSea Associates, Inc. on October 1, 1995.

Software Development Cost: The cost related to the enhancement of marketing database software has been capitalized as an asset in the accompanying financial statements. Costs consist primarily of programming and beta testing. This software will be used by GalaxSea franchisees to assist in identifying potential customers for cruise line packages.

Organizational and Developmental Costs: Prior to its start of business, the Company incurred costs which were associated with the organization and development of the Company. These costs have been capitalized.

Amortization of Intangibles: Intangible assets are amortized over the estimated useful life of the intangibles of 15 years utilizing the straight-line method.

Recognition of Revenue: The Company recognizes revenue from franchisees consisting primarily of monthly royalty and service fees and commissions from cruise lines on an accrual basis.

Income Taxes: The Company files a consolidated income tax return with its Parent, International Tours, Inc. An estimated amount of tax expense has been

recorded in the accompanying financial statements based upon the amount of tax the Company would pay if it filed separate tax returns. The amount of accrued income taxes for the year ended December 31, 1995 has been reflected as an increase in payable to Parent. No deferred income taxes have been recorded since no temporary differences exist in the basis of assets and liabilities for income tax and financial purposes.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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GALAXSEA CRUISES AND TOURS, INC.
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

2. FRANCHISE AGREEMENTS

At December 31, 1995, the Company had 36 franchise and affiliate agreements which it purchased on October 1, 1995 from GalaxSea Associates, Inc. for \$162,200. These agreements, among other things, allow the franchisee to use the GalaxSea name, method of operation, training, marketing and database software.

GalaxSea Associates, Inc., as a part of the original purchase agreement, has agreed to provide the services required under the franchise agreements for \$5,000 per month. This agreement expires October, 1999, but based upon certain criteria, could be terminated at an earlier date. Expense under this agreement was \$15,000 for the three months ended December 31, 1995, and is included in training and marketing expense.

The Company has also entered into an agreement with Cruise Support Services, Inc. (CSS) whereby CSS will serve as the exclusive sales and support office for the State of California for GalaxSea franchisees. CSS will earn 75% of the fees, including franchise fees on new franchise agreements which the Company receives from franchisees in the State of California. The agreement expires in October 2000, unless the Company is unable to obtain necessary approval to sell franchise agreements in the State of California, in which case expiration would be December 1996. Expense under this agreement was approximately \$8,000 for the three months ended December 31, 1995 and is included in training and marketing expense.

3. LONG-TERM DEBT

Long-term debt at December 31, 1995 consisted of the following:

Unsecured note payable, originally to seller of GalaxSea franchises to Company, but assigned to third party, principal due in annual installments of \$15,550 each October 1, plus interest at 8%, with final installment due October 1, 1999

\$62,200

Less current maturities 15,550

\$46,650

=====

The Company was unable to estimate the fair value of long-term debt because of the lack of availability of current borrowing rates for loans with similar terms and maturities due to the circumstances under which the debt was issued.

4. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of International Tours, Inc. (the Parent). During the period from inception to December 31, 1995, the Parent expended approximately \$181,000 on behalf of the Company for certain intangible assets. In exchange, the Company issued common stock and a payable to the Parent in exchange for these assets.

The Parent also has provided the use of its office space and management

personnel, which has not been reflected in the accompanying financial statements. For 1995, amounts for these costs were immaterial.

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GALAXSEA CRUISES AND TOURS, INC.
BALANCE SHEET
MARCH 31, 1996
(Unaudited)

<TABLE> <CAPTION> <S> ASSETS	<C> MARCH 31, 1996
CURRENT ASSETS:	
Cash	\$ 23,602
Other current assets	27,155

Total current assets	50,757
PROPERTY & EQUIPMENT, net	-
OTHER ASSETS	237,339
TOTAL ASSETS	\$ 288,096 =====
LIABILITIES & EQUITY	
CURRENT LIABILITIES:	
Current notes payable	\$ 62,200
Other current liabilities	61,845

Total current liabilities	124,045
LONG-TERM DEBT	-

TOTAL LIABILITIES	124,045
STOCKHOLDERS' EQUITY:	
Common Stock	10
Additional paid-in capital	163,707
Retained earnings	334

Total stockholders' equity	164,051

TOTAL LIABILITIES AND EQUITY	\$ 288,096 =====

</TABLE>

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GALAXSEA CRUISES AND TOURS, INC.
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1996
(UNAUDITED)

	1996

Revenues	\$ 30,468
Other expenses	50,116
Interest expense	1,244

	51,360

Net loss before taxes	(20,892)
Income taxes	(7,939)

Net loss

\$ (12,953)
=====

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NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION
I.T. CRUISE, INC. AND GALAXSEA CRUISES AND TOURS, INC.
PROFORMA CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1995
(UNAUDITED)

ASSETS	NAGC	I. T. CRUISE	GALAXSEA	DEBIT	CREDIT	CONSOL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS:						
Cash	\$ 696,119	\$ 283	\$ 6,336		(1,2) 106,619	\$ 596,119
Other current assets	579,587	211,312	22,563	(1,2) 192,444	(1) 233,875	772,031
Total current assets	1,275,706	211,595	28,899			1,368,150
PROPERTY & EQUIPMENT, net	1,660,542	17,242	-		(1) 16,917	1,660,867
OTHER ASSETS	1,162,925	14,231	239,434	(2) 1,633,011		3,049,601
TOTAL ASSETS	\$ 4,099,173	\$ 243,068	\$ 268,333			\$ 6,078,618
LIABILITIES & EQUITY						
CURRENT LIABILITIES:						
Current notes payable	\$ 2,096,065	\$ 115,818	\$ 15,550	(1) 131,368	(2,3) 680,142	\$ 2,776,207
Preferred stock dividends payable	580,000	-	-			580,000
Other current liabilities	795,711	80,414	26,490	(1) 106,904		795,711
Total current liabilities	3,471,776	196,232	42,040			4,151,918
LONG-TERM DEBT	809,334	-	46,650	(1) 46,650	(2,3) 1,792,319	2,601,653
STOCKHOLDER'S EQUITY:						
Preferred stock "Class A"	4,800,000	-		- (3) 939,000		3,861,000
Preferred stock "Series B"					(2) 80,000	80,000
Common stock	147,094	500	10	(2) 510	(2) 49,341	196,435
Additional paid-in capital	(3,334,543)	-	163,707	(2) 163,707	(2) 316,643	(3,017,900)
Retained earnings	(1,794,488)	46,336	15,926	(2) 148,756	(1) 86,494	(1,794,488)
Total stockholders equity	(181,937)	46,836	179,643			(674,953)
TOTAL LIABILITIES AND EQUITY	\$ 4,099,173	\$ 243,068	\$ 268,333			\$ 6,078,618

</TABLE>

SEE ACCOMPANYING NOTES
F-30

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION,
I.T. CRUISE, INC AND GALAXSEA CRUISES AND TOURS, INC.
PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995
(UNAUDITED)

<TABLE>
<CAPTION>

	NAGC	I.T. CRUISE	GALAXSEA	DEBIT	CREDIT	CONSOL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 15,040,509	\$ 454,544	\$ 49,550			\$ 15,544,603
Other expenses	15,066,595	90,541	27,080 (6)	326,602		15,510,818
Interest expense	301,791	14,167	1,244 (5,7)	210,510 (4)	15,411	512,301
	15,368,386	104,708	28,324			16,023,119
Operating income	(327,877)	349,836	21,226			(478,516)
Other income	224,976	-	-			224,976
Net income before taxes	(102,901)	349,836	21,226			(253,540)
Income taxes	20,953	133,000	5,300 (4)	5,638 (5,7)	79,994	84,897
Net income	\$ (123,854)	\$ 216,836	\$ 15,926			\$ (338,437)
Less: Preferred stock dividends	480,000		(7)	93,900		386,100
Net income (loss) applicable to common stock	\$ (603,854)					\$ (724,537)

</TABLE>

SEE ACCOMPANYING NOTES
F-31

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION,
I.T. CRUISE, INC. AND GALAXSEA CRUISES AND TOURS, INC.
PROFORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

ASSETS	NAGC	I.T. CRUISE	GALAXSEA	DEBIT	CREDIT	CONSO
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS						
Cash	\$ 774,525	\$ 234	\$ 23,062	(1,2)	123,836	\$ 674,525
Other current assets	386,863	208,151	27,155 (1,2)	192,444 (1)	235,306	579,307
Total current assets	1,161,388	208,385	50,757			1,253,832
PROPERTY & EQUIPMENT, net	1,506,142	15,709	-	(1)	15,384	1,506,467
OTHER ASSETS	1,151,036	16,231	237,339 (2)	1,631,011		3,035,617
TOTAL ASSETS	\$ 3,818,566	\$ 240,325	\$ 288,096			\$ 5,795,916
LIABILITIES & EQUITY						
CURRENT LIABILITIES:						
Current notes payable	\$ 1,917,116	\$ 143,614	\$ 62,200 (1)	205,814 (2,3)	680,142	\$ 2,597,258
Preferred stock dividends payable	700,000	-	-			700,000
Other current liabilities	662,923	47,350	61,845 (1)	109,195		662,923
Total current liabilities	3,280,039	190,964	124,045			3,960,181
LONG-TERM DEBT	709,017	-	-	(2,3)	1,792,319	2,501,336
STOCKHOLDER'S EQUITY:						
Preferred stock "Class A"	4,800,000	-	- (3)	939,000		3,861,000

Preferred stock "Series B"	-			(2)		80,000	80,000
Common stock	147,094	500	10 (2)		510 (2)	49,341	196,435
Additional paid-in capital	(3,334,543)	-	163,707 (2)		163,707 (2)	314,548	(3,019,995)
Retained earnings	(1,783,041)	48,861	334 (2)		80,401 (1)	31,206	(1,783,041)
	-----	-----	-----				-----
Total stockholders equity	(170,490)	49,361	164,051				(665,601)
	-----	-----	-----				-----
TOTAL LIABILITIES AND EQUITY	\$ 3,818,566	\$ 240,325	\$ 288,096				\$ 5,795,916
	=====	=====	=====				=====

</TABLE>

SEE ACCOMPANYING NOTES
F-32

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION
I.T. CRUISE, INC AND GALAXSEA CRUISES AND TOURS, INC.
PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	NAGEC	I. T. CRUISE	GALAXSEA	DEBIT	CREDIT	CONSOL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$4,318,346	\$ 102,272	\$ 30,468			\$ 4,451,086
Other expenses	4,149,205	20,454	50,116 (6)	81,650		4,301,425
Interest expense	43,502	3,020	1,244 (5,7)	52,628 (4)	1,244	99,140
	-----	-----	-----			-----
	4,192,707	23,464	51,360			4,400,565
Operating income	125,639	78,808	(20,892)			50,521
Other income	41,802	-	-			41,802
	-----	-----	-----			-----
Net income before taxes	167,441	78,808	(20,892)			92,323
Income taxes	36,000	29,947	(7,939) (4)	473 (5,7)	19,999	38,482
	-----	-----	-----			-----
Net income	\$ 131,441	\$ 48,861	\$ (12,953)			\$ 53,841
	=====	=====	=====			=====
Less: preferred stock dividends	120,000			(7) 23,475		\$ 96,525
	-----					-----
Net income (loss) applicable to common stock	\$ 11,441					\$ (42,684)
	=====					=====

</TABLE>

SEE ACCOMPANYING NOTES
F-33

NORTH AMERICAN GAMING AND ENTERTAINMENT CORPORATION,
I.T. CRUISE, INC. AND GALAXSEA CRUISES AND TOURS, INC.

NOTES TO PROFORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTES

- (1) Assets and liabilities not included in acquisition in accordance with merger agreement.
- (2) Record equity issuances and goodwill related to the acquisition of I.T. Cruise, Inc. and GalaxSea Cruises and Tours, Inc.
- (3) Record conversion of Preferred Stock to subordinated debentures.
- (4) Record reduction of interest for liabilities not assumed.
- (5) Record increase in interest for liabilities issued during acquisition.
- (6) Record amortization of goodwill.
- (7) Record income statement impact converting Preferred Stock to subordinated debt.