ISLE OF CAPRI CASINOS, INC.

PART 3 OF 7

APPENDIX 12

A COPY OF THE LAST QUARTERLY UNAUDITED FINANCIAL STATEMENT.

Please see the CD attached in Appendix 8 which contains the responses to Appendix 8, 9, 11, 12, 13, 14, 15, and 16.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended October 28, 2012

OR

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

For the transition period from to

Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

Registrant's telephone number, including area code: (314) 813-9200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of December 3, 2012, the Company had a total of 39,488,993 shares of Common Stock outstanding (which excludes 2,577,155 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	October 28, 2012 (unaudited)	April 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 75,479	$ 94,461
Marketable securities	24,277	24,943
Accounts receivable, net	8,007	6,941
Insurance receivable	—	7,497
Income taxes receivable	4,723	2,161
Deferred income taxes	615	627
Prepaid expenses and other assets	28,550	18,950
Assets held for sale	45,557	46,703
Total current assets	187,208	202,283
Property and equipment, net	1,009,406	950,014
Other assets:		
Goodwill	330,903	330,903
Other intangible assets, net	61,167	56,586
Deferred financing costs, net	18,246	13,205
Restricted cash and investments	12,916	12,551
Prepaid deposits and other	7,469	9,428
Total assets	$ 1,627,315	$ 1,574,970
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 5,406	$ 5,393
Accounts payable	33,282	23,536
Accrued liabilities:		
Payroll and related	37,043	38,566
Property and other taxes	25,168	19,522
Interest	14,099	9,296
Progressive jackpots and slot club awards	15,136	14,892
Liabilities related to assets held for sale	8,041	4,362
Other	40,777	40,549
Total current liabilities	178,952	156,116
Long-term debt, less current maturities	1,177,065	1,149,038
Deferred income taxes	35,804	36,057
Other accrued liabilities	32,162	33,583
Other long-term liabilities	16,489	16,556
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 60,000,000 shares authorized; shares issued: 42,066,148 at October 28, 2012 and 42,066,148 at April 29, 2012	421	421
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	244,656	247,855
Retained earnings (deficit)	(26,650)	(26,658)
Accumulated other comprehensive (loss) income	(544)	(855)
	217,883	220,763
Treasury stock, 2,577,155 shares at October 28, 2012 and 3,083,867 at April 29, 2012	(31,040)	(37,143)
Total stockholders' equity	186,843	183,620
Total liabilities and stockholders' equity	$ 1,627,315	$ 1,574,970

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

Three Months Ended Six Months Ended

	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Revenues:				
Casino	$ 234,648	$ 239,707	$ 484,917	$ 474,934
Rooms	8,328	8,419	16,958	16,891
Food, beverage, pari-mutuel and other	30,437	30,723	63,243	60,350
Insurance recoveries	—	111	—	111
Gross revenues	273,413	278,960	565,118	552,286
Less promotional allowances	(50,206)	(47,534)	(106,088)	(93,256)
Net revenues	223,207	231,426	459,030	459,030
Operating expenses:				
Casino	36,802	38,172	75,298	74,143
Gaming taxes	58,619	59,435	120,247	118,952
Rooms	1,781	1,929	3,554	3,848
Food, beverage, pari-mutuel and other	9,217	9,590	19,321	19,543
Marine and facilities	13,888	14,933	27,588	29,059
Marketing and administrative	56,464	58,594	114,420	115,541
Corporate and development	10,777	9,327	19,250	21,593
Preopening expense	2,654	27	3,341	63
Depreciation and amortization	16,850	19,646	33,672	38,822
Total operating expenses	207,052	211,653	416,691	421,564
Operating income	16,155	19,773	42,339	37,466
Interest expense	(21,985)	(21,877)	(42,416)	(43,702)
Interest income	131	192	306	435
Derivative income (expense)	176	260	310	29
Income (loss) from continuing operations before income taxes	(5,523)	(1,652)	539	(5,772)
Income tax (provision) benefit	1,182	622	(136)	2,183
Income (loss) from continuing operations	(4,341)	(1,030)	403	(3,589)
Income from discontinued operations, net of income taxes	(2,312)	(427)	(395)	(191)
Net income (loss)	$ (6,653)	$ (1,457)	$ 8	$ (3,780)
Income (loss) per common share-basic and dilutive:				
Income (loss) from continuing operations	$ (0.11)	$ (0.03)	$ 0.01	$ (0.09)
Income from discontinued operations, net of income taxes	(0.06)	(0.01)	(0.01)	(0.01)
Net income (loss)	$ (0.17)	$ (0.04)	$ —	$ (0.10)
Weighted average basic shares	39,336,134	38,753,049	39,177,208	38,515,099
Weighted average diluted shares	39,336,134	38,753,049	39,192,075	38,515,099

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Net income (loss)	$ (6,653)	$ (1,457)	$ 8	$ (3,780)
Other comprehensive income, net of tax:				
Deferred hedge adjustment, net of income tax provision of $88 and $178 for the three and six months ended October 28, 2012, respectively, and $252 and $503 for the three and six months ended October 23, 2011, respectively	149	418	297	836
Unrealized gain on interest rate cap contracts, net of income tax provision of $0 and $8 for the three and six months ended October 28, 2012, respectively, and $20 and $23 for the three and six months ended October 23, 2011, respectively	—	34	14	39
Other comprehensive income	149	452	311	875
Comprehensive income (loss)	$ (6,504)	$ (1,005)	$ 319	$ (2,905)

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 29, 2012	42,066,148	$ 421	$ 247,855	$ (26,658)	$ (855)	$ (37,143)	$ 183,620
Net income	—	—	—	8	—	—	8
Other comprehensive income (loss), net of tax	—	—	—	—	311	—	311
Issuance of restricted stock from treasury stock	—	—	(6,103)	—	—	6,103	—
Stock compensation expense	—	—	2,904	—	—	—	2,904
Balance, October 28, 2012	42,066,148	$ 421	$ 244,656	$ (26,650)	$ (544)	$ (31,040)	$ 186,843

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended October 28, 2012	Six Months Ended October 23, 2011
Operating activities:		
Net income (loss)	$ 8	$ (3,780)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	33,672	43,334
Amortization of deferred financing costs	3,369	2,909
Amortization of debt discount	106	102
Deferred income taxes	(427)	(2,505)
Stock compensation expense	2,904	4,439
Valuation allowance	1,500	—
Gain on derivative instruments	(310)	(29)
(Gain) loss on disposal of assets	(52)	46
Changes in operating assets and liabilities:		
Sales (purchases) of trading securities	666	(4,933)
Accounts receivable	(1,131)	1,329
Insurance receivable	7,497	(7,924)
Income tax receivable	(2,562)	541
Prepaid expenses and other assets	(7,761)	(1,273)
Accounts payable and accrued liabilities	19,047	1,153
Net cash provided by operating activities	56,526	33,409
Investing activities:		
Purchase of property and equipment	(89,519)	(34,326)
Purchase of intangible asset	(5,000)	—
Restricted cash and investments	(512)	107
Net cash used in investing activities	(95,031)	(34,219)
Financing activities:		
Principal payments on debt	(10,067)	(2,780)
Net borrowings (repayments) on line of credit	38,000	(5,000)
Payment of deferred financing costs	(8,410)	(394)
Proceeds from exercise of stock options	—	13
Net cash provided by (used in) financing activities	19,523	(8,161)

Net decrease in cash and cash equivalents	(18,982)	(8,971)
Cash and cash equivalents, beginning of period	94,461	75,178
Cash and cash equivalents, end of the period	$ 75,479	$ 66,207

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Consolidated Financial Statements
(amounts in thousands, except share and per share amounts)
(Unaudited)

1. Nature of Operations

Isle of Capri Casinos, Inc., a Delaware corporation, was incorporated in February 1990. Except where otherwise noted, the words "we," "us," "our" and similar terms, as well as "Company," refer to Isle of Capri Casinos, Inc. and all of its subsidiaries. We are a developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in markets throughout the United States. Our wholly owned subsidiaries own and operate fourteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Natchez and Vicksburg, Mississippi; Kansas City, Boonville and Caruthersville, Missouri; Bettendorf, Davenport, Marquette and Waterloo, Iowa; and Pompano Beach, Florida. Subsequent to the end of the quarter, we opened our new gaming facility in Cape Girardeau, Missouri, on October 30, 2012 and completed the sale of our Biloxi, Mississippi casino on November 29, 2012.

2. Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. In managements' opinion, the accompanying interim condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results presented. The accompanying interim condensed consolidated financial statements have been prepared without audit. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 29, 2012 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2013 is a 52-week year which commenced on April 30, 2012 and fiscal 2012 was a 53-week year, which commenced on April 25, 2011, with the fourth quarter having 14 weeks.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

We evaluated all subsequent events through the date of the issuance of the consolidated financial statements. Other than the sale of our Biloxi casino operations (See Note 3) and the Credit Facility Amendement (See Note 5), no material subsequent events have occurred that required recognition in the condensed consolidated financial statements.

3. Discontinued Operations

During fiscal 2012, we entered into a definitive agreement to sell our Biloxi, Mississippi casino operations for $45,000 subject to certain working capital adjustments and regulatory approvals. During the three months ended October 28, 2012, we recorded a $1,500 valuation allowance reflecting a credit against the purchase price to satisfy our obligation to repair the property after Hurricane Isaac, as required by the purchase agreement. The

balance sheet items related to Biloxi have been classified as held for sale and the results of operations are presented as discontinued operations. This transaction was completed on November 29, 2012.

The results of our discontinued operations are summarized as follows:

Discontinued Operatons			
Three Months Ended		Six Months Ended	
October 28,	October 23,	October 28,	October 23,

	2012	2011	2012	2011
Net revenues	$ 14,043	$ 16,045	$ 31,611	$ 34,248
Pretax loss from discontinued operations	(2,312)	(695)	(395)	(1,168)
Income tax benefit from discontinued operations	—	268	—	977
Loss from discontinued operations	(2,312)	(427)	(395)	(191)

The assets held for sale and liabilities related to assets held for sale are as follows:

	October 28, 2012
Current assets:	
Accounts receivable, net	$ 479
Prepaid expenses and other assets	1,578
Total current assets	2,057
Property and equipment, net	43,500
Total assets	45,557
Current liabilities	
Accounts payable	1,553
Other accrued liabilities	6,488
Total current liabilities	8,041
Net assets	$ 37,516

4. Flooding

Flooding along the Mississippi River caused five of our properties to close for portions of the three and six months ended October 23, 2011. A summary of the closure dates and subsequent reopening is as follows:

	Closing Date	Reopening Date	Number Days Closed
Davenport, Iowa	April 15, 2011	May 1, 2011	15(A)
Caruthersville, Missouri	May 1, 2011	May 13, 2011	12
Lula, Mississippi	May 3, 2011	June 3, 2011	31
		September 2, 2011	91(B)
Natchez, Mississippi	May 7, 2011	June 17, 2011	41
Vicksburg, Mississippi	May 11, 2011	May 27, 2011	16

(A) Six days of closure in the first quarter of fiscal 2012 and nine days of closure in the fourth quarter of fiscal 2011.
(B) The second casino barge reopened on September 2, 2011 after flood damage was remediated.

During fiscal 2012, we settled all of our claims with our insurance carriers and collected the insurance receivable recorded at April 29, 2012 during the six months ended October 28, 2012.

5. Long-Term Debt

Long-term debt consists of the following:

	October 28, 2012	April 29, 2012
Senior Secured Credit Facility:		
Revolving line of credit, expires March 25, 2016, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 38,000	$ —
Variable rate term loans, mature March 25, 2017, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	492,500	495,000
7.75% Senior Notes, interest payable semi-annually March 15 and September 15, net of discount	298,132	298,026
8.875% Senior Subordinated Notes, interest payable semi-annually June 15 and December 15	350,000	—
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	—	357,275
Other	3,839	4,130
	1,182,471	1,154,431
Less current maturities	5,406	5,393
Long-term debt	$ 1,177,065	$ 1,149,038

Credit Facility - Our Senior Secured Credit Facility, as amended ("Credit Facility"), consists of a $300,000 revolving line of credit and a $500,000 term loan. The Credit Facility is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant subsidiaries.

Our net line of credit availability at October 28, 2012, as limited by our maximum senior secured leverage covenant, was approximately $199,000, after consideration of $27,000 in outstanding surety bonds and letters of credit. We pay a commitment fee related to the unused portion of the Credit Facility of up to 0.625% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rate of the Credit Facility for the six months ended October 28, 2012 was 5.11%.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a senior secured leverage ratio, a total leverage ratio and

minimum interest coverage ratio. The Credit Facility also restricts our ability to make certain investments or distributions. We were in compliance with all covenants as of October 28, 2012.

In November 2012, we amended certain provisions of the Credit Facility to: 1) give us more flexibility to incur additional indebtedness, in certain circumstances, 2) increase our flexibility to incur asset sales, 3) modify our maximum allowed leverage covenant and 4) allow for the annualization of EBITDA during the first year of operations on new build projects.

7.75% Senior Notes — In March 2011, we issued $300,000 of 7.75% Senior Notes due 2019 at a price of 99.264% ("7.75% Senior Notes"). The net proceeds from the issuance were used to repay term loans under our Credit Facility. The 7.75% Senior Notes are guaranteed, on a joint and several basis, by substantially all of our significant subsidiaries and certain other subsidiaries as described in Note 13. All of the guarantor subsidiaries are wholly owned by us. The 7.75% Senior Notes are general unsecured obligations and rank junior to all of our senior secured indebtedness and senior to our senior subordinated indebtedness. The 7.75% Senior Notes are redeemable, in whole or in part, at our option at any time on or after March 15, 2015, with call premiums as defined in the indenture governing the Senior Notes.

The indenture governing the 7.75% Senior Notes limits, among other things, our ability and our restricted subsidiaries ability to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates, pay dividends, or repurchase stock. The indenture also limits our ability to issue and sell capital stock of subsidiaries, sell assets in excess of specified amounts or merge with or into other companies.

8.875% Senior Subordinated Notes — On August 7, 2012, we completed the issuance and sale of $350,000 of 8.875% Senior Subordinated Notes due 2020 (the "New Subordinated Notes") in a private offering. We received net proceeds of $343,000 for this issuance after deducting underwriting fees. The New Subordinated Notes are guaranteed, on a joint and several basis, by each our subsidiaries that guarantee our Credit Facility. These New Subordinated Notes are general unsecured obligations, rank junior to all of our senior indebtedness and are redeemable, in whole or in part, at our option at any time on or after June 15, 2016, with call premiums as defined in the indenture governing the New Subordinated Notes. As required by the terms of a registration rights agreement related to the New Subordinated Notes, we filed a registration statement for an exchange offer of these New Subordinated Notes with the Securities and Exchange Commission on September 25, 2012, which was declared effective on October 3, 2012.

We repurchased and retired all of our $357,275, 7% Senior Subordinated Notes with proceeds from the issuance of the New Subordinated Notes and cash on hand.

Following completion of the issuance of the New Subordinated Notes and the retirement of the 7% Subordinated Notes due 2014, the maturities of our Credit Facility are extended to March 25, 2016 and March 25, 2017 for the revolving line of credit and term loans, respectively, based upon the Credit Facility.

As a result of the above transactions, we incurred expenses related to the write-off of deferred financing costs, issuance costs and other related fees of approximately $2,500, including $1,000 in non-cash charges, during the second quarter of fiscal 2013.

In November 2012, pursuant to the exchange offer declared effective on October 3, 2012, we exchanged all of the unregistered New Subordinated Notes for new New Subordinated Notes registered under the Securities Act of 1933, as amended.

6. Earnings Per Share

The following table sets forth the computation of basic and diluted income (loss) per share:

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Numerator:				
Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ (4,341)	$ (1,030)	$ 403	$ (3,589)

Loss from discontinued operations	(2,312)	(427)	(395)	(191)
Net income (loss)	$ (6,653)	$ (1,457)	$ 8	$ (3,780)
Denominator:				
Denominator for basic earnings (loss) per share - weighted average shares	39,336,134	38,753,049	39,177,208	38,515,099
Effect of dilutive securities				
Employee stock options	—	—	14,867	—
Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed conversions	39,336,134	38,753,049	39,192,075	38,515,099
Basic earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.11)	$ (0.03)	$ 0.01	$ (0.09)
Loss from discontinued operations	(0.06)	(0.01)	(0.01)	(0.01)
Net income (loss)	$ (0.17)	$ (0.04)	$ —	$ (0.10)
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.11)	$ (0.03)	$ 0.01	$ (0.09)
Loss from discontinued operations	(0.06)	(0.01)	(0.01)	(0.01)
Net income (loss)	$ (0.17)	$ (0.04)	$ —	$ (0.10)

Our basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. Stock options representing 1,009,160 shares, which are anti-dilutive, were excluded from the calculation of common shares for diluted income per share for both the three and six months ended October 28, 2012. Due to the loss from continuing operations for the three months ended October 28, 2012, stock options representing 30,236 shares, which are potentially dilutive, were excluded from the calculation of common shares for the diluted loss pershare for that period. Due to the loss from continuing operations for the three and six months ended October 23, 2011, stock options representing 22,045 and 38,074 shares, which are potentially dilutive, and 1,169,710 and 1,069,710 shares, which are anti-dilutive, were excluded from the calculation of common shares for diluted loss per share for that period.

7. Stock Based Compensation

Under our Amended and Restated 2009 Long Term Stock Incentive Plan we have issued restricted stock units, restricted stock and stock options.

Restricted Stock Units—During the six months ended October 28, 2012, we granted restricted stock units ("RSUs") containing market performance conditions which will determine the ultimate amount of RSUs, if any, to be awarded up to 1,585,713 shares. Any RSUs earned will vest 50% three years from the grant date and 50% four years from the grant date. The fair value of these RSUs is determined utilizing a lattice pricing model which

considers a range of assumptions including volatility and risk-free interest rates. The aggregate compensation cost related to these RSUs is $4,669 to be recognized over the vesting periods. As of October 28, 2012, our unrecognized compensation cost for these RSUs is $4,326.

Restricted Stock —During the six months ended October 28, 2012, we issued 330,634 shares of restricted stock with a weighted average grant-date fair value of $6.03 to employees and 176,078 shares of restricted stock with a weighted-average grant date fair value of $6.53 to directors. Restricted stock awarded to employees under annual long-term incentive grants primarily vests one-third on each anniversary of the grant date and for directors vests one-half on the grant date and one-half on the first anniversary of the grant date. Our estimate of forfeitures for restricted stock for employees is 5%. No forfeiture rate is estimated for directors. As of October 28, 2012, our unrecognized compensation cost for unvested restricted stock is $3,251 with a remaining weighted average vesting period of 1.4 years.

Stock Options - We have issued incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, vested and exercisable in yearly installments of 20% commencing one year after the date of grant. We currently estimate our aggregate forfeiture rates at 11%. As of October 28, 2012, our unrecognized compensation cost for unvested stock options was $128 with a weighted average vesting period of 0.7 years.

8. Interest Rate Derivatives

We have entered into various interest rate derivative agreements in order to manage market risk on variable rate term loans outstanding. We have an interest rate swap agreement with an aggregate notional value of $50,000 with a maturity date in September 2013. As of October 28, 2012, all of our interest rate cap contracts have matured.

The fair values of derivatives included in our consolidated balance sheet are as follows:

Type of Derivative Instrument	Balance Sheet Location	October 28, 2012	April 29, 2012
Interest rate swap contracts	Accrued interest	$ 1,708	$ —
Interest rate swap contracts	Other long-term liabilities	—	2,493

The interest rate cap agreements met the criteria for hedge accounting for cash flow hedges. As a result, there was no impact on our consolidated statement of operations from changes in fair value of the interest rate cap agreements. The loss recorded in other comprehensive income (loss) for our interest rate cap agreements is recorded net of deferred income tax benefits of an immaterial amount and $8 as of October 28, 2012 and April 29, 2012, respectively. The change in unrealized loss on our derivatives qualifying for hedge accounting was an immaterial amount for the three and six months ended October 28, 2012. The change in unrealized loss on our derivatives qualifying for hedge accounting was an immaterial amount and $26 for the three and six months ended October 23, 2011, respectively.

Our interest rate swaps no longer meet the criteria for hedge effectiveness, and therefore changes in the fair value of the swaps subsequent to the date of ineffectiveness in February 2010, are recorded in derivative income in the consolidated statement of operations. The cumulative loss recorded in other comprehensive income (loss) through the date of ineffectiveness is being amortized into derivative expense over the remaining term of the individual interest rate swap agreements or when the underlying transaction is no longer expected to occur. As of October 28, 2012, the weighted average fixed LIBOR interest rate of our interest rate swap agreement was 3.995%.

The loss recorded in other comprehensive income (loss) of our interest rate swap agreements is recorded net of deferred income tax benefits of $327 and $506, as of October 28, 2012 and April 29, 2012, respectively.

Derivative income related to the change in fair value of interest rate swap contracts is as follows:

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Derivative income	$ 413	$ 929	$ 785	$ 1,367

Derivative income realized associated with the amortization of cumulative loss recorded in other comprehensive income (loss) for the interest rate swaps through the date of ineffectiveness is as follows:

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Accumulated OCI amortization	$ 149	$ 418	$ 297	$ 836
Change in deferred taxes	88	252	178	503
Derivative income	237	670	475	1,339

The amount of accumulated other comprehensive income (loss) related to interest rate swap contracts and interest rate cap contracts maturing within the next twelve months was $544, net of tax of $327, as of October 28, 2012.

9. Fair Value

The fair value of our interest swap and cap contracts are recorded using Level 3 inputs at the present value of all expected future cash flows based on the LIBOR-based swap yield curve as of the date of the valuation.

The following table presents the changes in Level 3 liabilities measured at fair value on a recurring basis for the three months ended October 28, 2012:

	Three Months Ended		Six Months Ended	
Interest Rate Hedges	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Beginning Balance	$ (2,121)	$ (4,592)	$ (2,493)	$ (5,004)
Realized gains/(losses)	413	929	785	1,367
Unrealized gains/(losses)	—	—	—	(26)
Ending Balance	$ (1,708)	$ (3,663)	$ (1,708)	$ (3,663)

Financial Instruments - The estimated carrying amounts and fair values of our other financial instruments are as follows:

	October 28, 2012		April 29, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 75,479	$ 75,479	$ 94,461	$ 94,461
Marketable securities	24,277	24,277	24,943	24,943
Restricted cash	12,916	12,916	12,551	12,551
Notes receivable	96	96	1,293	1,293

Financial liabilities:				
Revolving line of credit	$ 38,000	$ 35,340	$ —	$ —
Variable rate term loans	492,500	498,656	495,000	498,713
7.75% Senior notes	298,132	320,492	298,026	308,829
7% Senior subordinated notes	N/A	N/A	357,275	358,168
8.875% Senior subordinated notes	350,000	374,063	N/A	N/A
Other long-term debt	3,839	3,839	4,130	4,130
Other long-term obligations	16,489	16,489	16,556	16,556

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, restricted cash and notes receivable are carried at cost, which approximates fair value due to their short-term maturities.

Marketable securities are based upon Level 1 inputs obtained from quoted prices available in active markets and represent the amounts we would expect to receive if we sold these marketable securities.

The fair value of our long-term debt or other long-term obligations is estimated based on the quoted market price of the underlying debt issue (Level 1) or, when a quoted market price is not available, the discounted cash flow of future payments utilizing current rates available to us for debt of similar remaining maturities (Level 3). Debt obligations with a short remaining maturity are valued at the carrying amount.

10. Accumulated Other Comprehensive Income (Loss)

A detail of accumulated other comprehensive income (loss) is as follows:

	October 28, 2012	April 29, 2012
Interest rate cap contracts	$ —	$ (14)
Interest rate swap contracts	(544)	(841)
	$ (544)	$ (855)

The amount of change in the gain (loss) recognized in accumulated other comprehensive income (loss) related to derivative instruments is as follows:

	Three Months Ended		Six Months Ended	
Type of Derivative Instrument	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Interest rate cap contract	$ —	$ 34	$ 14	$ 39
Interest rate swap contracts	149	418	297	836
	$ 149	$ 452	$ 311	$ 875

11. Income Taxes

Our effective income tax rates from continuing operations for the three and six months ended October 28, 2012 were 21.4% and 25.1%, respectively, of pretax income. Our effective income tax rates from continuing operations for the three and six months ended October 23, 2011 were 37.7% and 37.8%, respectively, of pretax income. Our income tax provision (benefit) from continuing operations and our effective rate are based on statutory rates applied to our income adjusted for permanent differences and to account for changes in valuation allowances. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items, including fluctuations in valuation allowances, used in the calculation of our income tax benefit.

A summary of our income tax provision from continuing operations is as follows:

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 23, 2011	October 28, 2012	October 23, 2011
Federal taxes	$ (1,933)	$ (578)	$ 189	$ (2,020)
State taxes	(218)	(129)	29	(418)
Permanent differences	405	303	661	533
Tax credits	(355)	(370)	(710)	(596)
Other	(94)	152	20	318
Valuation allowance	1,013	—	(53)	—
Income tax (benefit) provision from continuing operations	$ (1,182)	$ (622)	$ 136	$ (2,183)

12. Supplemental Disclosures

Cash Flow — For the six months ended October 28, 2012 and October 23, 2011, we made net cash payments for interest of $38,059 and $42,225, .

respectively. Additionally, we made income tax payments of $2,892 and $371 during the six months ended October 28, 2012 and October 23, 2011, respectively.

For the six months ended October 28, 2012 and October 23, 2011, the change in accrued purchases of property and equipment in accounts payable increased by $3,074 and $890, respectively.

For the six months ended October 28, 2012 and October 23, 2011, we capitalized interest of $2,105 and $296, respectively, primarily related to construction of our casino in Cape Girardeau, Missouri.

13. Consolidating Condensed Financial Information

Certain of our wholly owned subsidiaries have fully and unconditionally guaranteed on a joint and several basis, the payment of all obligations under our 7.75% Senior Notes and 8.875% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7.75% Senior Notes and 8.875% Senior Subordinated Notes: Black Hawk Holdings, L.L.C.; CCSC/Blackhawk, Inc.; IC Holdings Colorado, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; IOC-Boonville, Inc.; IOC-Caruthersville, L.L.C.; IOC-Kansas City, Inc.; IOC-Lula, Inc.; IOC-Natchez, Inc.; IOC Black Hawk County, Inc.; IOC Davenport, Inc.; IOC Holdings, L.L.C.; IOC Services, LLC.; IOC-Vicksburg, Inc.; IOC-Vicksburg, LLC; Rainbow Casino Vicksburg Partnership, L.P.; IOC Cape Girardeau, LLC; Isle of Capri Bettendorf Marina Corporation; Isle of Capri Bettendorf, L.C; Isle of Capri Black Hawk Capital Corp.; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Marquette, Inc.; P.P.I, Inc.; Riverboat Corporation of Mississippi; Riverboat Services, Inc.; and St. Charles Gaming Company, Inc.

Consolidating condensed balance sheets as of October 28, 2012 and April 29, 2012 are as follows (in thousands):

	As of October 28, 2012				
Balance Sheet	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 36,374	$ 126,104	$ 29,509	$ (4,779)	$ 187,208
Intercompany receivables	708,620	(210,889)	(51,706)	(446,025)	—
Investments in subsidiaries	662,323	(29,794)	—	(632,529)	—
Property and equipment, net	8,868	968,259	32,279	—	1,009,406
Other assets	(243)	382,092	22,574	26,278	430,701
Total assets	$ 1,415,942	$ 1,235,772	$ 32,656	$ (1,057,055)	$ 1,627,315
Current liabilities	$ 49,605	$ 101,199	$ 32,927	$ (4,779)	$ 178,952
Intercompany payables	—	446,025	—	(446,025)	—
Long-term debt, less current maturities	1,173,632	3,035	398	—	1,177,065
Other accrued liabilities	5,862	37,338	14,977	26,278	84,455
Stockholders' equity	186,843	648,175	(15,646)	(632,529)	186,843
Total liabilities and stockholders' equity	$ 1,415,942	$ 1,235,772	$ 32,656	$ (1,057,055)	$ 1,627,315

	As of April 29, 2012				
Balance Sheet	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 52,532	$ 120,711	$ 29,324	$ (284)	$ 202,283
Intercompany receivables	673,849	(176,882)	(50,942)	(446,025)	—
Investments in subsidiaries	644,424	(29,795)	—	(614,629)	—
Property and equipment, net	9,194	908,586	32,234	—	950,014
Other assets	(5,524)	384,469	17,209	26,519	422,673
Total assets	$ 1,374,475	$ 1,207,089	$ 27,825	$ (1,034,419)	$ 1,574,970
Current liabilities	$ 37,509	$ 89,213	$ 29,690	$ (296)	$ 156,116
Intercompany payables	—	446,025	—	(446,025)	—
Long-term debt, less current maturities	1,145,301	3,264	473	—	1,149,038
Other accrued liabilities	8,045	37,175	14,445	26,531	86,196
Stockholders' equity	183,620	631,412	(16,783)	(614,629)	183,620
Total liabilities and stockholders' equity	$ 1,374,475	$ 1,207,089	$ 27,825	$ (1,034,419)	$ 1,574,970

Consolidating condensed statements of operations for the three and six months ended October 28, 2012 and October 23, 2011 are as follows (in thousands):

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended October 28, 2012				
Revenues:					
Casino	$ —	$ 234,648	$ —	$ —	$ 234,648
Rooms, food, beverage, pari-mutuel and other	165	38,594	2,260	(2,254)	38,765
Gross revenues	165	273,242	2,260	(2,254)	273,413
Less promotional allowances	—	(50,206)	—	—	(50,206)
Net revenues	165	223,036	2,260	(2,254)	223,207
Operating expenses:					
Casino	—	36,802	—	—	36,802
Gaming taxes	—	58,619	—	—	58,619
Rooms, food, beverage, pari-mutuel and other	12,265	84,004	766	(2,254)	94,781
Management fee expense (revenue)	(7,671)	7,671	—	—	—
Depreciation and amortization	516	16,229	105	—	16,850
Total operating expenses	5,110	203,325	871	(2,254)	207,052
Operating income (loss)	(4,945)	19,711	1,389	—	16,155
Interest expense, net	(13,128)	(8,488)	(238)	—	(21,854)
Derivative income	176	—	—	—	176
Equity in income (loss) of subsidiaries	8,169	—	—	(8,169)	—
Income (loss) from continuing operations before income taxes	(9,728)	11,223	1,151	(8,169)	(5,523)
Income tax (provision) benefit	5,387	(3,791)	(414)	—	1,182
Income (loss) from continuining operations	(4,341)	7,432	737	(8,169)	(4,341)
Income (loss) of discontinued operations	(2,312)	(2,609)	—	2,609	(2,312)
Net income (loss)	$ (6,653)	$ 4,823	$ 737	$ (5,560)	$ (6,653)

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended October 23, 2011				
Revenues:					
Casino	$ —	$ 239,707	$ —	$ —	$ 239,707
Rooms, food, beverage, pari-mutuel and other	140	38,789	2,571	(2,247)	39,253
Gross revenues	140	278,496	2,571	(2,247)	278,960
Less promotional allowances	—	(47,534)	—	—	(47,534)
Net revenues	140	230,962	2,571	(2,247)	231,426
Operating expenses:					
Casino	—	38,172	—	—	38,172
Gaming taxes	—	59,435	—	—	59,435
Rooms, food, beverage, pari-mutuel and other	8,947	85,073	2,627	(2,247)	94,400
Management fee expense (revenue)	(8,161)	8,161	—	—	—
Depreciation and amortization	569	18,939	138	—	19,646
Total operating expenses	1,355	209,780	2,765	(2,247)	211,653
Operating income (loss)	(1,215)	21,182	(194)	—	19,773
Interest expense, net	(6,341)	(15,189)	(155)	—	(21,685)
Derivative income	260	—	—	—	260
Equity in income (loss) of subsidiaries	3,805	—	—	(3,805)	—
Income (loss) from continuing operations before income taxes	(3,491)	5,993	(349)	(3,805)	(1,652)
Income tax (provision) benefit	2,461	(1,970)	131	—	622
Income (loss) from continuining operations	(1,030)	4,023	(218)	(3,805)	(1,030)
Income (loss) of discontinued operations	(427)	(973)	—	973	(427)

Net income (loss)	$ (1,457)	$ 3,050	$ (218)	$ (2,832)	$ (1,457)

Statement of Operations	For the Six Months Ended October 28, 2012 Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 484,917	$ —	$ —	$ 484,917
Rooms, food, beverage, pari-mutuel and other	341	79,849	4,711	(4,700)	80,201
Gross revenues	341	564,766	4,711	(4,700)	565,118
Less promotional allowances	—	(106,088)	—	—	(106,088)
Net revenues	341	458,678	4,711	(4,700)	459,030
Operating expenses:					
Casino	—	75,298	—	—	75,298
Gaming taxes	—	120,247	—	—	120,247
Rooms, food, beverage, pari-mutuel and other	21,728	168,230	2,216	(4,700)	187,474
Management fee expense (revenue)	(16,108)	16,108	—	—	—
Depreciation and amortization	1,005	32,424	243	—	33,672
Total operating expenses	6,625	412,307	2,459	(4,700)	416,691
Operating income (loss)	(6,284)	46,371	2,252	—	42,339
Interest expense, net	(24,199)	(17,459)	(452)	—	(42,110)
Derivative income	310	—	—	—	310
Equity in income (loss) of subsidiaries	19,065	—	—	(19,065)	—
Income (loss) from continuing operations before income taxes	(11,108)	28,912	1,800	(19,065)	539
Income tax (provision) benefit	11,511	(10,983)	(664)	—	(136)
Income (loss) from continuining operations	403	17,929	1,136	(19,065)	403
Income (loss) of discontinued operations	(395)	(1,317)	—	1,317	(395)
Net income (loss)	$ 8	$ 16,612	$ 1,136	$ (17,748)	$ 8

Statement of Operations	For the Six Months Ended October 23, 2011 Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 474,934	$ —	$ —	$ 474,934
Rooms, food, beverage, pari-mutuel and other	291	76,720	4,991	(4,650)	77,352
Gross revenues	291	551,654	4,991	(4,650)	552,286
Less promotional allowances	—	(93,256)	—	—	(93,256)
Net revenues	291	458,398	4,991	(4,650)	459,030
Operating expenses:					
Casino	—	74,143	—	—	74,143
Gaming taxes	—	118,952	—	—	118,952
Rooms, food, beverage, pari-mutuel and other	21,836	168,054	4,407	(4,650)	189,647
Management fee expense (revenue)	(16,165)	16,165	—	—	—
Depreciation and amortization	1,002	37,544	276	—	38,822
Total operating expenses	6,673	414,858	4,683	(4,650)	421,564
Operating income (loss)	(6,382)	43,540	308	—	37,466
Interest expense, net	(12,828)	(30,152)	(287)	—	(43,267)
Derivative income	29	—	—	—	29
Equity in income (loss) of subsidiaries	6,486	—	—	(6,486)	—
Income (loss) from continuing operations before income taxes	(12,695)	13,388	21	(6,486)	(5,772)
Income tax (provision) benefit	9,106	(4,881)	(2,042)	—	2,183

Income (loss) from continuining operations	(3,589)	8,507	(2,021)	(6,486)	(3,589)
Income (loss) of discontinued operations	(191)	(1,357)	—	1,357	(191)
Net income (loss)	$ (3,780)	$ 7,150	$ (2,021)	$ (5,129)	$ (3,780)

Consolidating condensed statements of cash flows for the three months ended October 28, 2012 and October 23, 2011 are as follows (in thousands):

	Six Months Ended October 28, 2012				
Statement of Cash Flows	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Net cash provided by (used in) operating activities	$ (16,621)	$ 65,922	$ 7,225	$ —	$ 56,526
Net cash provided by (used in) investing activities	(35,228)	(88,431)	(6,142)	34,770	(95,031)
Net cash provided by (used in) financing activities	19,815	33,782	696	(34,770)	19,523
Net increase (decrease) in cash and cash equivalents	(32,034)	11,273	1,779	—	(18,982)
Cash and cash equivalents at beginning of the period	39,365	50,749	4,347	—	94,461
Cash and cash equivalents at end of the period	$ 7,331	$ 62,022	$ 6,126	$ —	$ 75,479

	Six Months Ended October 23, 2011				
Statement of Cash Flows	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Net cash provided by (used in) operating activities	$ (12,832)	$ 45,046	$ 1,195	$ —	$ 33,409
Net cash provided by (used in) investing activities	24,482	(32,762)	(1,030)	(24,909)	(34,219)
Net cash provided by (used in) financing activities	(7,881)	(21,106)	(4,083)	24,909	(8,161)
Net increase (decrease) in cash and cash equivalents	3,769	(8,822)	(3,918)	—	(8,971)
Cash and cash equivalents at beginning of the period	3,952	62,105	9,121	—	75,178
Cash and cash equivalents at end of the period	$ 7,721	$ 53,283	$ 5,203	$ —	$ 66,207

14. Commitments and Contingencies

Development Projects—We opened our Isle Casino Cape Girardeau on October 30, 2012 with an estimated cost of $135,000. To date, we have incurred cash-based capital expenditures, including capitalized interest, of approximately $108,980.

On August 20, 2012, the Pennsylvania Supreme Court affirmed the decision of the Pennsylvania Gaming Control Board to award a Category 3 resort gaming license to the Nemacolin Woodlands Resort ("Nemacolin") in Farmington, Pennsylvania. We have an agreement with Nemacolin to complete the build-out of the casino space and provide management services of the casino. We currently estimate the project cost to be approximately $57,000 to $60,000 and we expect to open Lady Luck Nemacolin during summer 2013. To date, we have incurred capital expenditres, including capitalized interest, of approximately $1,400.

Legal and Regulatory Proceedings—We and our wholly-owned subsidiary, Riverboat Corporation of Mississippi - Vicksburg, are defendants in a lawsuit filed in the Circuit Court of Adams County, Mississippi by Silver Land, Inc., alleging breach of contract in connection with our 2006 sale of casino operations in Vicksburg, Mississippi, to a third party. In January 2011, the court ruled in favor of Silver Land and in September 2011 the court awarded damages of $1,979. We filed a notice of appeal in November 2011. While the outcome of this matter is still in doubt and cannot be predicted with any degree of certainty, we have accrued an estimated liability, including interest, of $2,093. We intend to continue a vigorous and appropriate appeal of this judgment.

We have been named as a defendant in a complaint filed in the Circuit Court for Broward County, Florida. The complaint alleges we sent unsolicited fax advertisements in violation of the Telephone Consumer Protection Act of 1991, as amended by the Junk Fax Prevention Act of 2005 (the "TCPA"), and seeks to certify a class action. The complaint seeks statutory damages for alleged negligent and willful violations of the TCPA, attorneys' fees, costs and injunction relief. The TCPA provides for statutory damages of $0.5 for each violation ($1.5 for willful violations). Discovery is currently underway and we intend to vigorously defend ourselves. This matter is subject to additional discovery and other legal proceedings and while the ultimate outcome is unknown, we have accrued $1,000 as our current estimate of the most probable outcome of this matter.

Our wholly owned subsidiary, Lady Luck Gaming Corporation and several joint venture partners have been defendants in the Greek Civil Courts and the Greek Administrative Courts in similar lawsuits brought by the country of Greece. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action.

In the Civil Court lawsuit, the Civil Court of First Instance ruled in our favor and dismissed the lawsuit in 2001. Greece appealed to the Civil Appeal Court and, in 2003, the Court rejected the appeal. Greece then appealed to the Civil Supreme Court and, in 2007, the Supreme Court ruled that the matter was not properly before the Civil Courts and should be before the Administrative Court.

In the Administrative Court lawsuit, the Administrative Court of First Instance rejected the lawsuit stating that it was not competent to hear the matter. Greece then appealed to the Administrative Appeal Court, which court rejected the appeal in 2003. Greece then appealed to the Supreme Administrative Court, which remanded the matter back to the Administrative Appeal Court for a hearing on the merits. The re-hearing took place in 2006, and in 2008 the Administrative Appeal Court rejected Greece's appeal on procedural grounds. On December 22, 2008 and January 23, 2009, Greece appealed the ruling to the Supreme Administrative Court. A hearing was held during November 2012. The Supreme Administrative Court requested both parties file briefs within 90 days.

The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter. Through October 28, 2012, we have accrued an estimated liability including interest of $13,448. Our accrual is based upon management's estimate of the original claim by the plaintiffs for lost payments. We continue to accrue interest on the asserted claim. We are unable to estimate a total possible loss as information as to possible additional claims, if any, have not been asserted or quantified by the plaintiffs at this time.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 29, 2012.

Executive Overview

We are a developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida.

Our operating results for the periods presented have been affected, both positively and negatively, by current economic conditions and several other factors discussed in detail below. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 29, 2012 and by giving consideration to the following:

Items Impacting Income (Loss) from Continuing Operations — Significant items impacting our income (loss) from continuing operations during the fiscal quarters ended October 28, 2012, and October 23, 2011 are as follows:

Construction Distruption — During fiscal 2013 we have been remodeling our main hotel tower at our Lake Charles property and the casino at our Vicksburg property. As a result, certain areas of these properties may not be accessable to our customers during the construction period resulting in a loss of revenues.

Increased Competition — From time to time, new or expanded facilities by our competitors impact our results. For example, competition from a new casino in Kansas opened during February 2012 negatively

impacted our Kansas City casino and expansion by a competitor in February 2012 has negatively impacted our Pompano casino. Expansions by Arkansas based competitors have negatively impacted our Lula property.

Flooding—Due to flooding along the Mississippi River, five of our properties were closed for portions of the six months ended October 23, 2011. A summary of the closure dates and subsequent reopening is as follows:

	Closing Date	Reopening Date	Number Days Closed
Davenport, Iowa	April 15, 2011	May 1, 2011	15(A)
Caruthersville, Missouri	May 1, 2011	May 13, 2011	12
Lula, Mississippi	May 3, 2011	June 3, 2011	31
		September 2, 2011	91(B)
Natchez, Mississippi	May 7, 2011	June 17, 2011	41
Vicksburg, Mississippi	May 11, 2011	May 27, 2011	16

(A) Six days of closure in the first quarter of fiscal 2012 and nine days of closure in the fourth quarter of fiscal 2011.

(B) The second casino barge reopened on September 2, 2011 after flood damage was remediated.

Income Tax Provision(Benefit) — During the fourth quarter of fiscal 2012 we recorded a valuation allowance reducing our deferred tax assets, as a result of evaluating the expected net realizable value of our deferred tax assets, including our net operating loss carry forwards. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items, including fluctuations in valuation allowances, used in the calculation of our income tax benefit.

Discontinued Operations

Sale of Biloxi —During March 2012, we entered into a definitive agreement to sell our subsidiary, which owns and operates our casino and hotel operations in Biloxi for $45 million subject to regulatory approval and other customary closing conditions. During the three months ended October 28, 2012, we recorded a $1.5 million valuation allowance reflecting a credit against the purchase price to satisfy our obligation to repair the property after Hurricane Isaac, as required by the purchase agreement. This transaction was completed on November 29, 2012.

Revenues and Operating Expenses

Revenues and operating expenses for the three and six months ended October 28, 2012 and October 23, 2011 are as follows:

	Three Months Ended			
(in thousands)	October 28, 2012	October 23, 2011	Variance	Percentage Variance
Revenues:				
Casino	$ 234,648	$ 239,707	$ (5,059)	-2.1%
Rooms	8,328	8,419	(91)	-1.1%
Food, beverage, pari-mutuel and other	30,437	30,723	(286)	-0.9%
Insurance recoveries	—	111	(111)	-100.0%
Gross revenues	273,413	278,960	(5,547)	-2.0%
Less promotional allowances	(50,206)	(47,534)	(2,672)	5.6%
Net revenues	223,207	231,426	(8,219)	-3.6%
Operating expenses:				
Casino	36,802	38,172	(1,370)	-3.6%
Gaming taxes	58,619	59,435	(816)	-1.4%
Rooms	1,781	1,929	(148)	-7.7%
Food, beverage, pari-mutuel and other	9,217	9,590	(373)	-3.9%

Marine and facilities	13,888	14,933	(1,045)	-7.0%
Marketing and administrative	56,464	58,594	(2,130)	-3.6%
Corporate and development	10,777	9,327	1,450	15.5%
Preopening expense	2,654	27	2,627	N/M
Depreciation and amortization	16,850	19,646	(2,796)	-14.2%
Total operating expenses	$ 207,052	$ 211,653	(4,601)	-2.2%

(in thousands)	Six Months Ended October 28, 2012	Six Months Ended October 23, 2011	Variance	Percentage Variance
Revenues:				
Casino	$ 484,917	$ 474,934	$ 9,983	2.1%
Rooms	16,958	16,891	67	0.4%
Food, beverage, pari-mutuel and other	63,243	60,350	2,893	4.8%
Insurance recoveries	—	111	(111)	-100.0%
Gross revenues	565,118	552,286	12,832	2.3%
Less promotional allowances	(106,088)	(93,256)	(12,832)	13.8%
Net revenues	459,030	459,030	—	0.0%
Operating expenses:				
Casino	75,298	74,143	1,155	1.6%
Gaming taxes	120,247	118,952	1,295	1.1%
Rooms	3,554	3,848	(294)	-7.6%
Food, beverage, pari-mutuel and other	19,321	19,543	(222)	-1.1%
Marine and facilities	27,588	29,059	(1,471)	-5.1%
Marketing and administrative	114,420	115,541	(1,121)	-1.0%
Corporate and development	19,250	21,593	(2,343)	-10.9%
Preopening expense	3,341	63	3,278	N/M
Depreciation and amortization	33,672	38,822	(5,150)	-13.3%
Total operating expenses	$ 416,691	$ 421,564	(4,873)	-1.2%

Casino — Casino revenues decreased $5.1 million, or 2.1%, for the three months ended October 28, 2012, as compared to the same period in fiscal 2012. Casino revenues were impacted by construction disruption at our Lake Charles and Vicksburg properties, which had decreases of $1.5 million and $1.6 million, respectively, as compared to the same period in fiscal 2012. Our Lula and Kansas City properties had decreased casino revenues of $1.4 million and $1.3 million, respectively, as a result of increased competition. In addition casino revenues increased $1.1 million at our Pompano property and $1.0 million at our Waterloo property.

Casino operating expenses decreased $1.4 million, or 3.6%, for the three months ended October 28, 2012, as compared to the same period in the prior fiscal year, commensurate with casino revenues.

Casino revenues increased $10.0 million, or 2.1%, for the six months ended October 28, 2012, as compared to the same period in fiscal 2012. Casino revenues for our properties closed due to flooding in fiscal 2012 increased $10.3 million, or 10.9%. Casino revenues increased at our Pompano and Waterloo properties of $2.2 million and $2.0 million, respectively, offset by decreases in casino revenue at our Lake Charles and Kansas City properties of $1.9 million and $2.1 million, respectively.

Casino operating expenses increased $1.2 million, or 1.6%, for the six months ended October 28, 2012, as compared to the same period in the prior fiscal year. Casino operating expenses for our properties closed due to flooding in fiscal 2012 increased $1.3 million, or 8.5%, for the six months ended October 28, 2012, as compared to the same period in fiscal 2012.

Gaming Taxes — State and local gaming taxes decreased $0.8 million, or 1.4%, and increased $1.2 million or 1.1%, for the three and six months ended October 28, 2012, respectively, as compared to the same period in the prior fiscal year consistent with the changes in casino revenues.

Rooms — Rooms revenue and expense remained stable for the three and six months ended October 28, 2012, as compared to the same period in the prior fiscal year.

Food, Beverage, Pari-Mutuel and Other — Food, beverage, pari-mutuel and other revenues decreased $0.3 million, or 0.9%, for the three months ended October 28, 2012, as compared to the same period in the prior fiscal year.

Food, beverage, pari-mutuel and other expenses decreased $0.4 million, or 3.9%, for the three months ended October 28, 2012, as compared to the same period in the prior fiscal year.

Food, beverage, pari-mutuel and other revenues increased $2.9 million, or 4.8%, for the six months ended October 28, 2012, as compared to the same period in the prior fiscal year. Food, beverage, pari-mutuel and other revenue for our properties closed due to flooding in fiscal 2012 increased $1.3 million, or 12.9% for the six months ended October 28, 2012, as compared to the same period in fiscal 2012.

Food, beverage, pari-mutuel and other expenses decreased $0.2 million, or 1.1%, for the six months ended October 28, 2012, as compared to the same period in the prior fiscal year. Food, beverage, pari-mutuel and other expense for our properties closed due to flooding in fiscal 2012 increased $0.2 million, or 7.2% for the six months ended October 28, 2012, as compared to the same period in fiscal 2012.

Promotional Allowances — Promotional allowances increased $2.7 million, or 5.6%, for the three months ended October 28, 2012, as compared to the same period in the prior fiscal year.

Promotional allowances increased $12.8 million, or 13.8%, for the six months ended October 28, 2012, as compared to the same period in the prior fiscal year. Promotional allowances for our properties closed due to flooding increased $5.2 million, or 23.6%, for the six months ended October 28, 2012, as compared to the same period in fiscal 2012. During the first quarter of fiscal 2013, we implemented our new customer loyalty program,

Fan Club®, at five of our properties. As of October 28, 2012, Fan Club® has been implemented at nine of our properties, with roll-out to remaining properties expected by the end of the fiscal year. Fan Club® allows customers greater choice in how to use their points for cash, free play or food. Implementation of Fan Club® as well as changes to our promotions also resulted in increased promotional costs.

Marine and Facilities — Marine and facilities expenses decreased $1.0 million, or 7.0%, for the three months ended October 28, 2012 as compared to the same period in the prior fiscal year, primarily reflecting cost savings from operating one vessel in Lake Charles.

Marine and facilities expenses decreased $1.5 million, or 5.1%, for the six months ended October 28, 2012 as compared to the same period in the prior fiscal year. Marine and facilities expense for our properties not closed due to flooding decreased $2.5 million, or 10.7% for the six months ended October 28, 2012, as compared to the same period in fiscal 2012 primarily reflecting cost savings from operating one vessel in Lake Charles and decreased spending for repairs and maintenance.

Marketing and Administrative — Marketing and administrative expenses decreased $2.1 million, or 3.6%, for the three months ended October 28, 2012 as compared to the same period in the prior fiscal year primarily reflecting year our year reductions in insurance costs.

Marketing and administrative expenses decreased $1.1 million, or 1.0%, for the six months ended October 28, 2012 as compared to the same period in the prior fiscal year. Marketing and administrative expenses for our properties not closed due to flooding decreased $4.2 million, or 4.8% for the six months ended October 28, 2012, as compared to the same period in fiscal 2012 reflecting reductions in our insurance and, repairs and maintenance expenses.

Corporate and Development — During the three months ended October 28, 2012, our corporate and development expenses were $10.8 million compared to $9.3 million for the three months ended October 23, 2011. The increase is primarily the result of debt refinancing costs of $1.5 million and increased legal expenses of $1.0 million in the quarter, offset by lower insurance costs and stock compensation expenses. During the six months ended October 28, 2012, our corporate and development expenses decreased $2.3 million compared to the same period in the prior fiscal year, primarily due to decreased insurance costs of $1.6 million, decreased stock based compensation expense of $1.4 million and an unfavorable franchise tax settlement of $0.5 million in the prior year, offset by debt refinancing expenses in the current year of $1.5 million and increased legal expense of $1.0 million.

Depreciation and Amortization — Depreciation and amortization expense for the three and six months ended October 28, 2012 decreased $2.8 million and $5.2 million, respectively, as compared to the same period in the prior fiscal year, primarily due to certain assets becoming fully depreciated.

Other Income (Expense) and Income Taxes

Interest expense, interest income, derivative income and income tax (provision) benefit for the three months ended October 28, 2012 and October 23, 2011 are as follows:

	Three Months Ended			
(in thousands)	October 28, 2012	October 23, 2011	Variance	Percentage Variance
Interest expense	$ (21,985)	$ (21,877)	$ (108)	0.5%
Interest income	131	192	(61)	-31.8%
Derivative income	176	260	(84)	-32.3%
Income tax (provision) benefit	1,182	622	560	90.0%

(in thousands)	October 28, 2012	October 23, 2011	Variance	Percentage Variance
Interest expense	$ (42,416)	$ (43,702)	$ 1,286	-2.9%
Interest income	306	435	(129)	-29.7%
Derivative income	310	29	281	969.0%

Income tax (provision) benefit	(136)	2,183	(2,319)	-106.2%

Interest Expense — Interest expense remained relatively flat for the three months ended October 28, 2012, as compared to the same period in the prior fiscal year. This change primarily reflects the write-off of deferred financing costs of $1.0 million, offset by the capitalization of interest associated with the construction of our new Cape Girardeau casino. Interest expense decreased $1.3 million for the six months ended October 28, 2012, as compared to the same period in the prior fiscal year. This decrease primarily reflects the capitalization of interest associated with the construction of our new Cape Girardeau casino.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 28, 2012, we generated $56.5 million in cash flows from operating activities compared to generating $33.4 million during the six months ended October 23, 2011. The year over year increase in cash flows from operating activities is primarily the result of five of our properties being closed for a portion of fiscal 2012 due to flooding. Additionally, during the six months ended October 28, 2012, we collected insurance receivables of $7.5 million related to flooding during fiscal 2012.

Cash Flows used in Investing Activities - During the six months ended October 28, 2012, we used $95.0 million for investing activities compared to using $34.2 million during the six months ended October 23, 2011. Significant investing activities for the six months ended October 28, 2012 included capital expenditures of $89.5 million, of which $60.2 million related to Cape Girardeau. Significant investing activities for the six months ended October 23, 2011 included capital expenditures of $34.3 million, of which $12.4 million related to Cape Girardeau and Nemacolin.

Cash Flows used in Financing Activities — During the six months ended October 28, 2012, our net cash flows provided by financing activities were $19.5 million, including $38.0 million in borrowings under the revolving line of credit, debt repayments of $10.1 million and payments for deferred financing costs of $8.4 million. During the six months ended October 23, 2011, our net cash flows used in financing activities were used primarily to repay our outstanding long-term debt of $7.8 million.

Availability of Cash and Additional Capital - At October 28, 2012, we had cash and cash equivalents of $75.5 million and marketable securities of $24.3 million. As of October 28, 2012, we had $38.0 million in outstanding borrowings under our revolving credit and $492.5 million in term loans outstanding under the senior secured credit facility. Our line of credit availability at October 28, 2012 was approximately $199 million as limited by our senior secured leverage ratio.

On August 7, 2012, we completed the issuance and sale of $350 million of 8.875% Senior Subordinated Notes due 2020 in a private offering. We received net proceeds of $343 million for this issuance after deducting underwriting fees. We repurchased and retired our $357.3 million 7% Senior Subordinated Notes due 2014 with proceeds from the issuance of the New Subordinated Notes and cash on hand.

Following completion of the issuance of our New Subordinated Notes and the retirement of the 7% Subordinated Notes due 2014, the maturities of our Credit Facility are exended to March 25, 2016 and March 25, 2017 for the revolving line of credit and term loans, respectively, based on the terms of the Credit Facility.

In November 2012, we amended certain provisions of the Credit Facility to: 1) give us more flexibility to incur additional indebtedness, in certain circumstances, 2) increase our flexibility to incur asset sales, 3) modify our maximum allowed leverage covenant and 4) allow for the annualization of EBITDA during the first year of operations on new build projects.

Capital Expenditures and Development Activities—As part of our business development activities, historically we have entered into agreements which have resulted in the acquisition or development of businesses or assets. These business development efforts and related agreements typically require the expenditure of cash, which may be significant. The amount and timing of our cash expenditures relating to development activities may vary based upon our evaluation of current and future development opportunities, our financial condition and the condition of the financing markets. Our development activities are subject to a variety of factors including but not limited to: obtaining permits, licenses and approvals from appropriate regulatory and other agencies, legislative changes and, in certain circumstances, negotiating acceptable leases.

We opened our Isle Casino Cape Girardeau casino development on October 30, 2012. We have incurred cash-based capital expenditures of $109.0 million, including capitalized interest, through October 28, 2012. We expect to incur the majority of the remaining capital expenditures related to this project on or before December 31, 2012, with total project costs estimated at $135 million.

On August 20, 2012, the Pennsylvania Supreme Court affirmed the decision of the Pennsylvania Gaming Control Board to award a Category 3 resort gaming license to the Nemacolin Woodlands Resort in Farmington, Pennsylvania. We have a development and management agreement with Nemacolin to build and operate a casino. We currently estimate the cost of the project to be approximately $57 million to $60 million and expect to open Lady Luck Nemacolin during summery 2013. To date, we have incurred capital expenditures, including capitalized interest, of $1.4 million.

Historically, we have made significant investments in property and equipment and expect that our operations will continue to demand ongoing investments to keep our properties competitive. During the six months ended October 28, 2012, we have incurred capital expenditures at our existing properties of $20.3 million. For the balance of the current fiscal year, we estimate additional capital expenditures at our existing properties to be approximately $80 million to $90 million, including maintenance capital, final costs in Cape Girardeau and construction costs in Nemacolin of approximately $20 million to $30 million. Currently in process are several capital projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Black Hawk and Lake Charles properties, and rebranding our of Vicksburg property to a Lady Luck. Additionally we expect to make several other improvements to our properties including additional Farmers Pick buffets and other food and beverage outlets as well as ongoing maintenance capital. The timing, completion and amount of additional capital projects will be subject to improvement of economic and local market conditions, cash flows from our continuing operations and borrowing availability under our Credit Facility.

Typically, we have funded our daily operations through net cash provided by operating activities and our significant capital expenditures through operating cash flow and debt financing. While we believe that cash on hand, cash flow from operations, and available borrowings under our Credit Facility will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future, there is no assurance that these sources will in fact provide adequate funding for our planned and necessary expenditures or that the level of our capital investments will be sufficient to allow us to remain competitive in our existing markets.

We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms if our current sources of liquidity are not sufficient or if we fail to stay in compliance with the covenants of our senior secured credit facility. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

- those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;
- those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of operations; and
- those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2012 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the second quarter of fiscal year 2013, nor were there any material changes to the critical accounting policies and estimates set forth in our 2012 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, commodity prices and equity prices. Our primary exposure to market risk is interest rate risk associated with our Isle of Capri Casinos, Inc. senior secured credit facility ("Credit Facility").

We have an interest rate swap agreement with a notional value of $50.0 million as of October 28, 2012. The swap agreement effectively converts portions of the Credit Facility variable debt to a fixed-rate basis until the swap agreement terminates, which occurs in September 2013.

During our fiscal quarter ended October 28, 2012, we issued $350.0 million of 8.875% Subordinated Notes and tendered our $357.3 million 7% Subordinated Notes. These transactions increased our fixed interest rate on $350 million of our outstanding debt by 1.875%.

The maturities of our revolving line of credit and our variable rate term loans under our Credit Facilty have been extended to March 25, 2016 and March 25, 2017, respectively. Minimum annual principal payments under our variable rate term loans are $5 million.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of October 28, 2012. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 28, 2012, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act of 1934 and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended October 28, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 14 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are not aware of any material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 29, 2012.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We have purchased our common stock under stock repurchase programs. These programs allow for the repurchase of up to 6,000,000 shares. To date, we have purchased 4,895,792 shares of our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the six months ended October 28, 2012.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISLE OF CAPRI CASINOS, INC.

Dated: December 4, 2012

/s/ DALE R. BLACK
Dale R. Black
Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
4.1	Indenture, dated as of August 7, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on August 9, 2012)
4.2	Registration Rights Agreement, dated August 7, 2012, among the Company, the guarantors named therein and Credit Suisse Securities (USA) LLC, Wells Fargo Securities, LLC and Deutsche Bank Securities Inc., as representatives of the several initial purchasers named therein (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on August 9, 2012)
4.3	First Supplemental Indenture, dated as of August 7, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on August 9, 2012)

31.1	Certification of Chief Executive Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101	The following financial statements and notes from the Isle of Capri Casinos, Inc. Quarterly Report on Form 10-Q as of and for the three and six months ended October 28, 2012, filed on December 4, 2012, formatted in XBRL: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statement of Comprehensive Income; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Virginia M. McDowell, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2012

/S/ Virginia M. McDowell
Virginia M. McDowell
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Dale R. Black, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2012

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Virginia M. McDowell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2012

/s/ Virginia M. McDowell
Virginia M. McDowell
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2012

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

APPENDIX 13

A COPY OR COPIES OF ANY INTERIM REPORTS.

Please see the CD attached in Appendix 8 which contains the responses to Appendix 8, 9, 11, 12, 13, 14, 15, and 16.

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FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: September 07, 2007 (period: July 29, 2007)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 29, 2007

OR

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

For the transition period from ______ to ______

Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware (State or other jurisdiction of incorporation or organization)	41-1659606 (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	63141 (Zip Code)

Registrant's telephone number, including area code: (314) 813-9200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 3, 2007, the Company had a total of 34,813,153 shares of Common Stock outstanding (which includes 4,302,687 shares held by us in treasury).

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FORM 10-Q
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical or current facts included in this report on Form 10-Q or incorporated by reference herein, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

- the effect of significant competition from other gaming operations in the markets in which we operate;
- the effects of changes in gaming authority regulations;
- the effects of changes in gaming taxes;
- the effects of changes in non-gaming regulations;
- loss of key personnel;
- the impact of inclement weather on our patronage;
- the timing and amount of collection of insurance receivables;
- the effects of construction and related disruptions associated with expansion projects at existing facilities;
- the effects of increases in energy and fuel prices;
- the effects of increases in construction costs;
- general and regional economic conditions;
- the effects of limitations imposed by our substantial indebtedness
- the outcome of pending litigation;
- political conditions and regulatory uncertainties in the U.S. and international venues in which we operate or are pursuing development opportunities; and

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Our Internet website is http://www.islecorp.com. We make our filings available free of charge on our Internet website as soon as reasonably practical after we electronically file such reports with, or furnish them to, the SEC.

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

ASSETS	July 29, 2007 (Unaudited)	April 29, 2007
Current assets:		
Cash and cash equivalents	$ 136,856	$ 188,114
Marketable securities	17,840	17,169
Accounts receivable, net	24,689	22,527
Insurance receivable, net	57,487	56,040
Income tax receivable	2,678	-
Deferred income taxes	12,421	12,421
Prepaid expenses and other assets	39,680	24,067
Total current assets	291,651	320,338
Property and equipment, net	1,437,908	1,338,570
Other assets:		
Goodwill	297,268	297,268
Other intangible assets, net	79,688	74,154
Deferred financing costs, net	19,006	13,644
Restricted cash	2,639	4,637
Prepaid deposits and other	26,579	27,080
Total assets	$ 2,154,739	$ 2,075,691
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 9,769	$ 7,594
Accounts payable	39,380	60,460
Accrued liabilities:		
Interest	23,496	10,166
Payroll and related	47,738	48,402
Property and other taxes	27,847	23,380
Income taxes	-	16,011
Progressive jackpots and slot club awards	13,487	12,785
Other	76,413	56,943
Total current liabilities	238,130	235,741
Long-term debt, less current maturities	1,487,177	1,410,385
Deferred income taxes	32,348	41,451
Other accrued liabilities	42,200	30,817
Other long-term liabilities	48,591	47,639
Minority interest	28,802	27,836
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000 shares authorized; none issued	-	-
Common stock, $.01 par value; 45,000 shares authorized; shares issued: 34,720 at July 29, 2007 and 34,682 at April 29, 2007	347	347
Class B common stock, $.01 par value; 3,000 shares authorized; none issued		
Additional paid-in capital	176,304	175,132
Retained earnings	148,012	155,127
Accumulated other comprehensive income	4,556	3,358

[illegible]		329,219		333,964
Treasury stock, 4,303 shares at July 29, 2007 and 4,324 shares at April 29, 2007		(51,728)		(52,142)
Total stockholders' equity		277,491		281,822
Total liabilities and stockholders' equity	$	2,154,739	$	2,075,691

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	July 29, 2007	July 30, 2006 (Restated)
Revenues:		
Casino	$ 277,234	$ 277,620
Rooms	13,841	14,651
Pari-mutuel commissions and fees	4,576	4,961
Food, beverage and other	34,068	34,812
Gross revenues	329,719	332,044
Less promotional allowances	(51,186)	(58,076)
Net revenues	278,533	273,968
Operating expenses:		
Casino	38,595	42,231
Gaming taxes	69,072	58,343
Rooms	3,181	2,451
Pari-mutuel commissions and fees	3,672	3,826
Food, beverage and other	11,629	9,086
Marine and facilities	16,992	15,472
Marketing and administrative	80,656	86,984
Preopening	6,133	249
Depreciation and amortization	30,557	23,986
Total operating expenses	260,487	242,628
Operating income	18,046	31,340
Interest expense	(25,814)	(20,056)
Interest income	1,094	569
Loss on early extinguishment of debt	(2,192)	
Income (loss) from continuing operations before income taxes and minority interest	(8,866)	11,853
Income tax (provision) benefit	3,678	(5,487)
Minority interest	(1,927)	(1,038)
Income (loss) from continuing operations	(7,115)	5,328
Income from discontinued operations, net of income taxes		3,956
Net income (loss)	$ (7,115)	$ 9,284
Earnings (loss) per common share-basic:		
Income (loss) from continuing operations	$ (0.23)	$ 0.18
Income from discontinued operations, net of income taxes	-	0.13
Net income (loss)	$ (0.23)	$ 0.31
Earnings (loss) per common share-diluted:		
Income (loss) from continuing operations	$ (0.23)	$ 0.17
Income from discontinued operations, net of income taxes		0.13
Net income (loss)	$ (0.23)	$ 0.30
Weighted average basic shares	30,417	30,422
Weighted average diluted shares	30,417	31,404

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 29, 2007	34,682	$ 347	$ 175,132	$ 155,127	$ 3,358	$ (52,142)	$ 281,822
Net loss	-	-	-	(7,115)	-	-	(7,115)
Foreign currency translation adjustments	-	-	-	-	1,198	-	1,198
Comprehensive loss							(5,917)
Exercise of stock options, including income tax benefit of $645	38		645				645
Issuance of deferred bonus shares from treasury stock			(414)			414	
Deferred bonus expense	-	-	66	-	-	-	66
Stock compensation expense			875				875
Balance, July 29, 2007	34,720	$ 347	$ 176,304	$ 148,012	$ 4,556	$ (51,728)	$ 277,491

See notes to the unaudited consolidated financial statements

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended	
	July 29, 2007	July 30, 2006 (Restated)
Operating activities:		
Net income (loss)	$ (7,115)	$ 9,284
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	30,557	23,986
Amortization of bond discount and deferred financing costs	655	648
Loss on derivative instruments	226	-
Asset impairment	-	61
Stock compensation expense	875	1,531
Deferred compensation expense	66	-
Loss on extinguishment of debt	2,192	-
Loss (gain) on disposal of assets	38	(451)
Minority interest	1,927	1,038
Changes in operating assets and liabilities, net of dispositions:		
Accounts receivable	(1,978)	(2,202)
Insurance receivable	(1,445)	7,496
Income tax receivable (payable)	(6,577)	1,846
Prepaid expenses and other assets	(16,262)	(38,133)
Accounts payable and accrued liabilities	4,141	(3,428)
Net cash provided by operating activities	7,300	1,676
Investing activities:		
Purchase of property and equipment	(85,174)	(80,763)
Purchase of short-term investments, net of sales	(671)	(182)
Acquisition of assets, net of cash acquired	(43,026)	-
Insurance proceeds for hurricane damages	-	15,286
Decrease in restricted cash	1,998	-
Prepaid deposits and other	275	(4,426)
Payments received on notes receivable	-	491
Net cash used in investing activities	(126,598)	(69,594)
Financing activities:		
Proceeds from debt	500,000	(750)
Principal payments on debt	(294,618)	-
Borrowings on line of credit	131,967	133,477
Repayments on line of credit	(261,600)	(88,033)
Payment of deferred financing costs	(8,378)	-
Proceeds from sale of stock and exercise of stock options	581	208
Tax benefit of exercise of stock options	64	119
Net cash provided by financing activities	68,016	45,021
Effect of foreign currency exchange rates on cash	24	4
Net decrease in cash and cash equivalents	(51,258)	(22,893)
Cash and cash equivalents at the beginning of period	188,114	121,049

Cash and cash equivalents at the end of the period	$ 136,856	$ 98,156

See notes to the unaudited consolidated financial statements

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)
(In thousands)

	Three Months Ended	
	July 29, 2007	**July 30, 2006**
Supplemental disclosure of cash flow information:		
Net cash payments for:		
Interest (net of capitalized interest)	$ 11,309	$ 9,866
Income taxes, net of refunds	4,610	7,377
Supplemental schedule of noncash investing and financing activities:		
Purchase of land financed with note payable	3,125	

See notes to the unaudited consolidated financial statement

2. Summary of Significant Accounting Policies

Adoption of New Accounting Pronouncements

In July 2006, the FASB issued Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* (FIN No. 48). This interpretation clarified the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, *"Accounting for Income Taxes."* FIN No. 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The Company adopted the provisions of FIN No. 48 on April 30, 2007. The adoption of FIN 48 did not have any impact on the Company's consolidated statement of operation or stockholders' equity within the consolidated balance sheet. As of April 30, 2007, the Company had a total of $24.2 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $13.8 million. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48. The Company had $3.6 million in interest related to unrecognized tax benefits accrued as of April 30, 2007 and no amounts were accrued for penalties. However, FIN No. 48 did require a reclassification of unrecognized tax benefits from deferred income taxes to current liabilities and long-term liabilities. At April 30, 2007, the Company reclassified $12.1 million from Income taxes payable and $9.1 million from Deferred income taxes to Other current accrued liabilities ($10.3 million) and Other accrued liabilities ($10.9 million).

As of July 29, 2007, the Company's unrecognized tax benefit did not materially change. As a result of anticipated amended federal and state tax return filings, we expect the amount of unrecognized tax benefits will decrease during 2008 between $6.1 million and $12.4 million.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. As of April 30, 2007, the Company was no longer subject to examination of its U.S. federal income tax returns filed for tax years prior to 2003. The IRS is currently examining the Company's federal income tax returns for the 2004 and 2005 tax years which relate to the Company's fiscal years ended April 24, 2005 and April 30, 2006, respectively. The tax returns for subsequent years are also subject to examination.

The Company files in numerous state jurisdictions with varying statutes of limitation. Our unrecognized state tax benefits are related to state tax returns open from tax years 2001 through 2006 depending on each state's statute of limitation.

New Pronouncements

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115" ("SFAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value. The Company would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 becomes effective in the first quarter of fiscal 2009. Early adoption is permitted. The adoption of SFAS 159 could affect the Company's accounting for available-for-sale securities held by the Company as investments. The Company is currently evaluating the impact, if any, of adopting SFAS No. 159 on its financial statements, and cannot reasonably estimate the impact at this time.

3. Restatement of Consolidated Financial Statements

As previously disclosed in our fiscal 2007 Form 10-K, during fiscal 2007 the Company identified a series of adjustments that resulted in the restatement of our financial statements for the fiscal year ended April 30, 2006 and prior years, the quarterly results for fiscal 2006, and the first three quarters of fiscal 2007. Financial information related to these periods contained in these consolidated financial statements give effect to this restatement. For further details see our fiscal 2007 Form 10-K.

In summary, the restatement adjustments primarily related to: a) the income tax provision and related income tax liabilities; b) accounting for the lease of the Company's new casino space in Coventry, England in accordance with Emerging Issue Task Force ("EITF") 97-10; c) accounting for leases with rent escalation and rent holiday clauses on a straight-line basis at several properties; d) correction of accounting errors at the Company's 66-2/3% owned Blue Chip Casinos plc subsidiary in England; and e) amortization of certain intangible assets (primarily related to Lady Luck customer lists, Biloxi berthing rights and the Waterloo gaming license). Additionally, as part of the restatement process, the Company has made correcting adjustments for other miscellaneous items.

These adjustments have been reflected in the accompanying consolidated interim financial statements for the prior year. The Company's previously reported consolidated net income for the three months ended July 30, 2006 increased by $0.04 million to net income of $9.3 million. In addition, as a result of certain of these adjustments, the Company's statement of cash flows for the three months ended July 30, 2006 has been restated. Cash flows provided by operating activities for the three months ended July 30, 2006 increased by $15.3 million.

The following tables summarize the effects of the adjustments on the consolidated statements of operations and cash flows for the three month period ended July 30, 2006.

3. Restatement of Consolidated Financial Statements (continued)

Consolidated Statement of Operations

Increase/(Decrease) (in thousands, except per share data)

	Three Months Ended July 30, 2006		
	As Originally Reported	Adjustment	As Restated
Operating expenses:			
Casino	$ 42,270	$ (39)	$ 42,231
Rooms	2,454	(3)	2,451
Food, beverage and other	9,092	(6)	9,086
Marine and facilities	15,525	(53)	15,472
Marketing and administrative	87,465	(481)	86,984
Depreciation and amortization	23,502	484	23,986
Total operating expenses	242,726	(98)	242,628
Operating income	31,242	98	31,340
Interest expense	(19,870)	(186)	(20,056)
Interest income	762	(193)	569
Income from continuing operations before income taxes and minority interest	12,134	(281)	11,853
Income tax provision	(5,748)	261	(5,487)
Minority interest	(1,071)	33	(1,038)
Income from continuing operations	5,315	13	5,328
Income from discontinued operations, net of income taxes	3,925	31	3,956
Net income	9,240	44	9,284
Earnings per common share-basic:			
Income from continuing operations	$ 0.17	$ 0.01	$ 0.18
Income from discontinued operations, net of income taxes	0.13	-	0.13
Net income	$ 0.30	$ 0.01	$ 0.31
Earnings per common share-diluted:			
Income from continuing operations	$ 0.17	$ -	$ 0.17
Income from discontinued operatons, net of income taxes	0.12	0.01	0.13
Net income	$ 0.29	$ 0.01	$ 0.30
Weighted average basic shares	30,422		30,422
Weighted average diluted shares	31,404		31,404

3. Restatement of Consolidated Financial Statements (continued)

Consolidated Statement of Cash Flows
Increase/(Decrease) (in thousands)

	Three Months Ended July 30, 2006		
	As originally reported	Adjustment	As Restated
Operating activities:			
Net income (loss)	$ 9,240	$ 44	$ 9,284
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,502	484	23,986
Asset impairment		61	61
Deferred income taxes	1,477	(1,477)	-
Stock compensation expense	1,950	(419)	1,531
Gain on disposal of assets	-	(451)	(451)
Minority interest	1,071	(33)	1,038
Changes in operating assets and liabilities, net of dispositions:			
Insurance receivable	7,557	(61)	7,496
Income tax receivable	856	990	1,846
Prepaid expenses and other assets	(22,654)	(15,479)	(38,133)
Accounts payable and accrued liabilities	(4,433)	1,005	(3,428)
Net cash provided by operating activities	17,012	(15,336)	1,676
Investing activities:			
Purchase of property and equipment	(80,697)	(66)	(80,763)
Insurance proceeds for hurricane damages		15,286	15,286
Prepaid deposits and other	(4,686)	260	(4,426)
Net cash used in investing activities	(85,074)	15,480	(69,594)
Net decrease in cash and cash equivalents	(23,037)	144	(22,893)
Cash and cash equivalents at the beginning of period	121,193	(144)	121,049

4. Stock-Based Compensation

During the three months ended July 29, 2007, the Company granted 10,000 stock options with an exercise price and a grant date fair value of $23.71 per share and $15.38 per share, respectively. These options vest and become exercisable 50% upon the date of grant and 50% upon the one-year anniversary of the grant date. The Company recognizes compensation expense for this grant on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. During the three months ended July 30, 2006, the Company granted 3,999 stock options with an exercise price and a grant date fair value of $24.49 per share and $13.65 per share, respectively. These options were granted as a stock option reload and vested and were exercisable upon the date of grant. The Company fully recognized compensation expense for this grant upon the date of grant.

The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period. The cumulative impact of these changes in forfeiture estimates decreased expense approximately $0.5 million during the first quarter of fiscal 2008.

Total stock option expense included in Marketing and administrative expense in the accompanying consolidated statements of operations was $0.9 million and $1.5 million for the three months ended July 29, 2007 and July 30, 2006, respectively.

5. Discontinued Operations

On July 31, 2006, the sale of the Company's Bossier City and Vicksburg properties to privately owned Legends Gaming, LLC was completed for $240.0 million cash plus a working capital adjustment of $7.4 million. The Company received $240.0 million, less transaction fees, at closing and has been paid $4.9 million of the $7.4 million working capital adjustment as of July 29, 2007.

Net revenues, pretax income from discontinued operations, income taxes from discontinued operations and income from discontinued operations, net of tax are summarized as follows (in thousands):

	Three Months Ended July 30, 2006 (Restated)
Net revenues	$ 41,403
Pretax income from discontinued operations	6,968
Income taxes from discontinued operations	3,012
Income from discontinued operations	3,956

Net interest expense of $3.3 million for the three months ended July 30, 2006 has been allocated to discontinued operations based on the ratio of net assets to be sold to the sum of total net assets of the Company plus the Company's debt that is not attributable to a particular operation in accordance with EITF 87-24, "Allocation of Interest to Discontinued Operations."

6. Hurricanes and Related Charges

On August 29, 2005, Hurricane Katrina struck the Gulf Coast of Mississippi and Louisiana, which resulted in significant damage to the Company's facility and its casino barge under construction in Biloxi, Mississippi. On December 26, 2005 the Company, using its existing facility, opened a casino as part of the land-based structure that was not severely damaged by the storm.

On September 22, 2005, Hurricane Rita struck the Gulf Coast of Louisiana and Texas, which caused damage to the casino and hotel facilities in Lake Charles, Louisiana. The property was closed for 16 days and reopened on October 8, 2005.

On October 24, 2005, Hurricane Wilma struck Florida, causing damage to the Company's Pompano Park racing facility. The property was closed until December 2, 2005.

The Company has insurance coverage related to the three hurricanes for property damage and destruction, business interruption insurance for incremental costs incurred and business interruption insurance for lost profits. The Company believes it will receive proceeds from its insurance carriers related to all three types of losses the Company has sustained.

The Company has recognized hurricane related charges, net for property impairment of $75.9 million in the statements of operations. In addition to the property impairment, the Company also incurred additional costs directly related to the hurricane damage and recovery and the property operating costs related to the period of closure which are also covered under the insurance policies. The Company has incurred a total of $86.2 million of incremental costs, consisting of $62.2 million in fiscal year 2006, $22.6 million in fiscal year 2007 and $1.5 million in the first quarter of fiscal 2008.

6. Hurricanes and Related Charges (continued)

As discussed above, the Company has business interruption insurance for lost profits. Gains recognized under this coverage are recorded in food, beverage and other revenue in the accompanying statements of operations when the Company receives proof of loss from the insurance carriers. In the third fiscal quarter of 2007, the Company recorded a gain and insurance receivable of $2.8 million as the result of the receipt of a proof of loss under the business interruption-loss of income coverage related to Hurricane Rita at Lake Charles and Hurricane Wilma at Pompano Park. This amount was received during the fourth fiscal quarter of 2007.

As of July 29, 2007, the Company has established an insurance receivable of $160.2 million since the inception of the claims. This amount includes the property impairments recognized, incremental costs incurred and receipt of proof of loss, net of the deductible portion of its claims, of $4.8 million, which was expensed in fiscal 2006 and recorded as hurricane related charges, net on the consolidated statements of operations.

Also as of July 29, 2007, the Company has received advances of $102.7 million related to property impairment and incremental costs incurred. The Company believes it will ultimately collect more than the $75.9 million related to the property impairment as the insurance coverage is for replacement value and the insurance receivable recorded for the property impairment represents the net book value off the assets at the date of loss. In addition, the Company has not yet received proof of losses on open claims under the business interruption loss of profits coverage related to the claims in Biloxi and Lake Charles. The Company continues to negotiate with its insurers to settle its claims. The timeline for final settlement of the claims is expected to occur within one year.

The following table shows the activity flowing through the insurance accounts (in thousands):

	Total Items Incurred as of:	
	July 29, 2007	April 29, 2007
Property impairment	$ 75,868	$ 75,868
Incremental costs incurred	86,244	84,793
Loss of income*	2,817	2,817
Hurricane related charges, net	(4,776)	(4,776)
Insurance receivable, gross	$ 160,153	$ 158,702
Insurance receipts	(102,666)	(102,662)
Insurance receivable, net	$ 57,487	$ 56,040

* Represents business interruption claim for loss of income for which a proof of loss has been received.

7. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill and other intangible assets are as follows (in thousands):

	Goodwill	Gaming Licenses	Customer Lists, net	Trademarks	Other Intangibles Assets, net
April 29, 2007 balance	$ 297,268	$ 61,953	$ —	$ 12,201	$ 74,154
Acquisition of Caruthersville	—	4,566	868	100	5,534
July 29, 2007 balance	$ 297,268	$ 66,519	$ 868	$ 12,301	$ 79,688

Long-term debt consists of the following (in thousands):

	July 29, 2007	April 29, 2007
7% Senior Subordinated Notes	$ 500,000	$ 500,000
9% Senior Subordinated Notes	200,000	200,000
Senior Secured Credit Facilities:		
February 2005 Credit Facility:		
Variable rate term loan	-	293,500
Revolver	-	210,000
July 2007 Credit Facility:		
Variable rate term loan	500,000	-
Revolver	180,000	-
Isle-Black Hawk Senior Secured Credit Facility, non-recourse to Isle of Capri Casinos, Inc.:		
Variable rate term loan	186,675	187,150
Revolver	16,400	16,400
Isle-Black Hawk Special Assessment BID Bonds, non-recourse to Isle of Capri Casinos, Inc.	348	348
Blue Chip Credit Facility non-recourse to Isle of Capri Casinos, Inc.	6,166	6,157
Variable rate TIF Bonds due to City of Bettendorf	1,751	1,751
Variable rate General Obligation Bonds due to City of Davenport	1,335	1,505
Other	4,271	1,168
	1,496,946	1,417,979
Less current maturities	9,769	7,594
Long-term debt	$ 1,487,177	$ 1,410,385

The following is a brief description of the Company and its subsidiaries' borrowing arrangements.

7% Senior Subordinated Notes

On March 3, 2004, the Company issued $500.0 million of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). The 7% Senior Subordinated Notes are guaranteed by all of the Company's significant domestic subsidiaries, excluding the subsidiaries that own and operate the Isle-Black Hawk and the Colorado Central Station-Black Hawk, and other subsidiaries as described more fully in Note 13. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all existing and future senior indebtedness, equally with all existing and future senior subordinated debt, including the $200 million in aggregate principal amount of the existing 9% Senior Subordinated Notes, and senior to any future subordinated indebtedness. Interest on the 7% Senior Subordinated Notes is payable semi-annually on each March 1st and September 1st through maturity.

The 7% Senior Subordinated Notes are redeemable, in whole or in part, at the Company's option at any time on or after March 1, 2009, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period beginning on March 1st of the years indicated below:

8. Long-Term Debt (continued)

7% Senior Subordinated Notes (continued)

Year	Percentage
2009	103.500%
2010	102.333%
2011	101.167%
2012 and thereafter	100.000%

The Company issued the 7% Senior Subordinated Notes under an indenture between the Company, the subsidiary guarantors and a trustee. The indenture, among other things, limits the ability of the Company and its restricted subsidiaries to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates or pay dividends on or repurchase its stock or its restricted subsidiaries' stock. The indenture also limits the Company's ability to issue and sell capital stock of its subsidiaries and in its ability to sell assets in excess of specified amounts or merge with or into other companies.

9% Senior Subordinated Notes

On March 27, 2002, the Company issued $200.0 million of 9% Senior Subordinated Notes due 2012 ("9% Senior Subordinated Notes"). The 9% Senior Subordinated Notes are guaranteed by all of the Company's significant domestic subsidiaries, excluding the subsidiaries that own and operate the Isle-Black Hawk and Colorado Central Station-Black Hawk, and other subsidiaries as described more fully in Note 13. The 9% Senior Subordinated Notes are general unsecured obligations and rank junior to all existing and future senior indebtedness, equally with all existing and future senior subordinated debt, including the $500.0 million in aggregate principal amount of the existing 7% Senior Subordinated Notes and senior to any future subordinated indebtedness. Interest on the 9% Senior Subordinated Notes is payable semi-annually on each March 15th and September 15th through maturity. The Company issued the 9% senior subordinated notes under an indenture between the Company, the subsidiary guarantors and a trustee. The indenture, among other things, limits the ability of the Company and its restricted subsidiaries to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates or pay dividends on or repurchase its stock or its restricted subsidiaries' stock. The Company is also limited in its ability to issue and sell capital stock of its subsidiaries and in its ability to sell assets in excess of specified amounts or merge with or into other companies.

The 9% Senior Subordinated Notes are redeemable, in whole or in part, at the Company's option at any time on or after March 15, 2007, at the redemption prices (expressed as a percentage of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period beginning on March 15th of the years indicated below.

Year	Percentage
2007	104.500%
2008	103.000%
2009	101.500%
2010 and thereafter	100.000%

Effective July 30, 2007, the Company called the $200.0 million 9% Senior Subordinated Notes which were redeemed, in full, on August 29, 2007, at the 104.5% call price, a premium of 4.5% or $9.0 million.

8. Long-Term Debt (continued)

Senior Secured Credit Facilities:

February 2005 Credit Facility

On February 4, 2005, the Company refinanced its previous senior secured credit facility. The $700 million new credit facility (the "February 2005 Credit Facility") provided for a $400.0 million revolving credit facility maturing on February 4, 2010 and a $250.0 million term loan facility maturing on February 4, 2011 (or February 6, 2012 if the Company elects to refinance its existing 9% Senior Subordinated Notes currently due March 2012). On August 3, 2005, the Company exercised its option for a delayed draw term loan for an additional $50.0 million. The draw was accessed in anticipation of funding the Company's ongoing development projects. At the Company's and the lead arranger's mutual discretion, the Company may increase the revolver and/or term loan, in an aggregate amount up to $200.0 million, subject to certain conditions.

The term loans are payable in quarterly principal installments beginning on March 31, 2005 and ending on February 4, 2011 unless extended as described above. The revolving credit facility bears interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the bank group announces from time to time as its prime lending rate plus an applicable margin of up to 1.75% or (2) a rate tied to a LIBOR rate plus an applicable margin of up to 2.75%. The term loan bears interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the bank group announces from time to time as its prime lending rate plus an applicable margin of up to 0.75% or (2) a rate tied to a LIBOR rate plus an applicable margin of 1.75%. The Company was required to pay a commitment fee of 0.50% of the unused revolving facility.

The senior secured credit facility provides for certain covenants, including financial covenants. The senior secured credit facility is secured by liens on substantially all of the Company's assets and guaranteed by all of its restricted subsidiaries. As a result of the Company's delay in filing its original third quarter of fiscal year 2007 Form 10-Q, the Company did not meet its financial reporting requirements. On March 15, 2007, the Company received a limited waiver through June 15, 2007, which was later extended through August 31, 2007, for meeting its financial reporting requirement, as well as waiving certain financial covenants for the fourth quarter of fiscal year 2007 and the first quarter of fiscal year 2008.

July 2007 Credit Facility

On July 26, 2007, the Company entered into a $1.35 billion senior secured credit facility (the "July 2007 Credit Facility"), replacing the February 2005 Credit Facility. The July 2007 Credit Facility is secured on a first priority basis, subject to certain permitted liens, by substantially all of the Company's assets and certain of its subsidiaries. The July 2007 Credit Facility consists of a $475.0 million five-year revolving credit facility which matures on July 26, 2012 and a $875.0 million term loan facility which matures on November 25, 2013, subject to extension at the Company's option to July 26, 2014 upon the satisfaction of certain conditions. The $875.0 million term loan facility consists of a $500.0 million senior secured loan facility which was drawn at closing; a $200.0 million senior secured delayed draw facility which may be drawn within 30 days after closing in order to retire the Company's 9% Senior Subordinated Notes which were called in accordance with the terms of the related indenture on July 30, 2007, at a call price of 104.5%, a premium of 4.5% or $9.0 million; and a $175.0 million senior secured delayed draw facility which can be drawn within twelve months after closing, at the Company's option. The redemption of the 9% Senior Subordinated Notes and the satisfaction and discharge of the related indenture was completed on August 29, 2007.

The July 2007 Credit Facility also provides for up to an aggregate amount of $500.0 million in incremental financing (also referred to as "greenshoe" facilities) of which $300.0 million may be used for general corporate purposes and $200.0 million may be used, at the Company's option, solely to refinance the

8. Long-Term Debt (continued)

Senior Secured Credit Facilities: (continued)

Isle-Black Hawk Credit Facility. All incremental facilities are subject to certain conditions, including the agreement of existing and/or new lenders to make the additional credit extensions thereunder and will be guarantied and secured on a pari passu basis with the July 2007 Credit Facility.

The term loans are payable in quarterly principal installments beginning on September 30, 2007 and ending on November 25, 2013 unless extended as described above. The revolving credit facility bears interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the administrative agent announces from time to time as its prime lending rate plus an applicable margin of up to 1.25% or (2) a rate tied to a LIBOR rate plus an applicable margin of up to 2.25%. The term loan bears interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the administrative agent announces from time to time as its prime lending rate plus an applicable margin of up to 0.75% or (2) a rate tied to a LIBOR rate plus an applicable margin of 1.75%. The Company is required to pay a commitment fee of 0.375% of the unused revolving facility.

Costs incurred as part of the July 2007 Credit Facility aggregated to $7.8 million. In conjunction with the replacement of the February 2005 Credit Facility with the July 2007 Credit Facility, $2.2 million of debt issuance costs were recorded as a loss on early extinguishment of debt while the remaining deferred debt issuance costs will be amortization over the life of the respective lives of the revolver and term credit facility. The weighted average effective interest rate of the February 2005 and July 2007 Credit Facilities for the three month period ended July 29, 2007 was 7.72%. The weighted average effective interest rate of the February 2005 Credit Facility for the three month period ended July 30, 2006 was 7.41%.

As of July 29, 2007, the Company had letters of credit outstanding under the July 2007 Credit Facility totaling $29.4 million. As of July 29, 2007, the net line of credit availability under the July 2007 Credit Facility revolver was $365.6 million, and additional lines of credit were available under the 30-day and 365-day delayed draws aggregating $200.0 million and $175.0 million, respectively.

Isle-Black Hawk Senior Secured Credit Facility

Isle of Capri Black Hawk, L.L.C., a joint venture company that owns and operates two casinos in Black Hawk, Colorado is owned 57% by Isle of Capri Casinos, Inc. and 43% by a subsidiary of Nevada Gold & Casinos, Inc. On October 24, 2005, Isle of Capri Black Hawk, L.L.C. entered into a $240.0 million Second Amended and Restated Credit Agreement (the "Isle-Black Hawk Credit Facility"). The credit agreement, which amends and restates the Isle of Capri Black Hawk, L.L.C.'s existing credit agreement in its entirety, provides for a $50.0 million revolving credit facility maturing the earlier of October 24, 2010 or such date as the term loan facility is repaid in full and a $190.0 million term loan facility maturing on October 24, 2011. At the Isle of Capri Black Hawk, L.L.C.'s and the lead arranger's mutual discretion, Isle of Capri Black Hawk, L.L.C. may increase the size of the revolver and/or term loan facility in an aggregate amount up to $25.0 million subject to certain conditions. The term loans are payable in quarterly principal installments of $0.475 million beginning on December 30, 2005 through September 30, 2010, and $45.125 million beginning December 31, 2010 through September 30, 2011. The revolving loans bear interest at the Isle of Capri Black Hawk, L.L.C.'s option at (1) the higher of 0.5% in excess of the federal funds effective rate plus an applicable margin up to 1.25% or the rate that the lead arranger announces from time to time as its prime lending rate plus an applicable margin up to 1.25% or (2) a rate tied to a LIBOR rate plus an applicable margin up to 2.25%. The term loan bears interest at the Isle of Capri Black Hawk, L.L.C.'s option at (1) the higher of 0.5% in excess of the federal funds effective rate plus an applicable base rate margin of 1.00% or the rate that the lead arranger announces from time to time as its prime lending rate, plus an applicable base rate margin of 1.00% or (2) a rate tied to a LIBOR rate plus an applicable margin of 2.00%. The Isle of Capri Black Hawk, L.L.C is required to pay a commitment fee of 0.5% of the unused portion of the revolving facility. The credit agreement is secured by liens on substantially all of the Isle of Capri Black Hawk, L.L.C.'s assets. The credit agreement contains customary representations and warranties and affirmative and negative covenants and is non-recourse to the Company. The weighted

8. Long-Term Debt (continued)

Senior Secured Credit Facilities: (continued)

average effective interest rate of total debt outstanding under the Isle-Black Hawk Credit Facility for the three month period ended at July 29, 2007 and July 30, 2006 was 7.07% and 6.85%, respectively.

Effective January 26, 2007, the Company executed a First Amendment to the Second Amended and Restated Credit Agreement amending certain covenant requirements for the third and fourth quarters of fiscal year 2007. Effective July 20, 2007, the Company executed a Second Amendment to the Second Amended and Restated Credit Agreement to adjust certain financial covenants for the remainder of the term of the Isle-Black Hawk Credit Facility. The Isle of Capri Black Hawk, L.L.C. was in compliance with all covenants as of July 29, 2007.

As of July 29, 2007, the Isle of Capri Black Hawk, L.L.C. had no letters of credit outstanding under the Isle-Black Hawk Credit Facility. As of July 29, 2007, the net line of credit availability under the Isle-Black Hawk Credit Facility was $33.6 million.

Interest Rate Swap Agreements

As of July 29, 2007, the Isle of Capri Black Hawk, L.L.C. has interest rate swap agreements with an aggregate notional value of $40.0 million or 19.7% of its variable rate term loan outstanding under the Isle-Black Hawk Credit Facility. The swap agreements effectively convert portions of Isle of Capri Black Hawk, L.L.C. variable rate debt to a fixed-rate basis until the respective remaining swap agreements terminate, which occurs during the fourth quarter of fiscal year 2008. For the fiscal quarters ended July 29, 2007 and July 30, 2006, the Isle of Capri Black Hawk, L.L.C. recorded a net valuation loss of $0.2 million and $0.0 million, respectively in food, beverage and other within the accompanying consolidated statements of operations related to the change in fair market value of the undesignated swap agreements.

The fair value of the estimated interest differential between the applicable future variable rates and the interest rate swap contracts not designated as hedging instruments, expressed in present value terms, totaled $0.3 million and $0.5 million as of July 29, 2007 and April 29, 2007, respectively. Based on the maturity dates of the contracts, these amounts are included in Prepaid expenses and other assets in the accompanying consolidated balance sheets.

Isle-Black Hawk Special Assessment BID Bonds

In July 1998, the Black Hawk Business Improvement District (the "BID"), issued $2.9 million in 6% bonds due on December 1, 2009. The proceeds from the sale of the bonds were used to fund road and utility improvements in the Special Improvement District 1997-1 (the "SID"), of which the Isle of Capri Black Hawk, L.L.C. is a member. The costs of the improvements were $2.2 million, with the excess proceeds being returned to the bondholders by the BID. Isle of Capri Black Hawk, L.L.C. is responsible for 50% of the $2.2 million plus interest, which is non-recourse to the Isle of Capri Casinos, Inc. In April 2000, the Isle of Capri Black Hawk, L.L.C. made the first of twenty semi-annual payments of $0.1 million in the form of special property tax assessments levied on the improvement project. This amount is calculated by amortizing $1.1 million, or 50% of the net bond proceeds, over twenty periods at an interest rate of 6.25%. The difference between the bond rate of 6.00% and the 6.25% assessed is to cover administrative costs of the BID related to the issuance.

Blue Chip Credit Facility

Blue Chip Casinos Plc ("Blue Chip") entered into an agreement effective November 28, 2003, as amended, on May 24, 2004, with the Bank of Scotland to borrow up to £3.5 million (the "Blue Chip Credit Facility") to fund its casino development program. As of July 29, 2007, total outstanding debt aggregated £3.0 million ($6.2 million) which consisted of a £2.3 million ($4.6 million) term loan facility and a £0.7 million ($1.6 million) outstanding balance under the £0.8 million available revolving loan facility. The term loan is to be repaid in quarterly principal payments starting in July 2005 and continuing through July 2009. The

8. Long-Term Debt (continued)

Blue Chip Credit Facility (continued)

interest rate at Blue Chip's option, is (1) the Bank of Scotland's base rate plus a margin of 2.0% or (2) LIBOR plus a margin of 1.75%. As of July 29, 2007, the Bank of Scotland's base rate was 5.75% and the variable margin was 2.00% resulting in an effective interest rate of 7.75%. The Blue Chip Credit Facility is non-recourse to the Company.

Blue Chip Casinos Plc was in compliance with all covenants as of July 29, 2007. As of July 29, 2007, Blue Chip Casinos Plc had no letters of credit outstanding under the Blue Chip Credit Facility, and net line of credit availability under the Blue Chip Credit Facility was £0.04 million ($0.07 million).

Bettendorf TIF Bonds

As part of the City of Bettendorf Development Agreement dated June 17, 1997, the City of Bettendorf issued $9.5 million in tax incremental financing bonds ("TIF Bonds"), which was used by Bettendorf to construct an overpass, parking garage, related site improvements and pay for disruption damages caused by construction of the overpass. To enable financing of the City of Bettendorf's obligations, Bettendorf will pay incremental property taxes on the developed property assessed at a valuation of not less than $32.0 million until the TIF Bonds mature. In the event that the taxes generated by the project and other qualifying developments in the redevelopment district do not fund the repayment of the total TIF Bonds prior to their scheduled maturity, Bettendorf will pay the City of Bettendorf $0.25 per person for each person entering the boat until the remaining balance has been repaid.

Davenport General Obligation Bonds

In fiscal 2002, Davenport entered into an agreement with the City of Davenport whereby the City of Davenport would construct and own a sky bridge connecting to Davenport's facility, allowing safer access across the street and railroad tracks. The project has been completed by the City of Davenport, at a cost of approximately $6.4 million, with Davenport obligated to pay $1.8 million. In February 2004, the City of Davenport issued $1.8 million in ten-year general obligation tax-exempt bonds at an average interest rate of 3.1%. Davenport is required to make annual payments of principal and interest to the City of Davenport to retire the bonds.

9. Other Long-Term Obligations

The Company entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, owned and operated by a non-affiliated entity and began operations in August 2005. Due to certain structural elements installed by the Company during the construction of the space being leased and certain prepaid lease payments it made, the Company is required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, the Company has recorded a long-term obligation for £23.9 million $48.6 million and £23.8 million $47.6 million as of July 29, 2007 and April 29, 2007, respectively, even though the Company does not own this asset, is not the obligor on the corresponding long-term obligation and does not participate in or control the operations of the convention center.

The other long-term obligation will be reflected in the accompanying consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from the Company's financial statements. At such time, the net of the remaining obligation and carrying value of the fixed asset will be recognized as a gain on sale of the facility.

10. Accumulated Comprehensive Income

As a result of the operations of the Company's international subsidiaries with functional currencies other than the U.S. dollar, a resulting currency translation adjustment is necessary. The assets and liabilities of the Company's international subsidiaries are translated using the exchange rate in effect at the balance sheet date, with the resulting translation adjustment recognized as accumulated other comprehensive income. The net change in accumulated other comprehensive income was an increase of $1.2 million for the three months ended July 29, 2007.

The following table sets forth total comprehensive income for the three months ended July 29, 2007 and July 30, 2006 (in thousands).

	July 29, 2007	July 30, 2006 (Restated)
Net income (loss)	$ (7,115)	$ 9,284
Foreign current translation adjustment	1,198	740
Total comprehensive income (loss)	$ (5,917)	$ 10,024

11. Contingencies

Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of July 29, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck's favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. The Company is awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. The Company intends to continue a vigorous and appropriate defense to the claims asserted in this matter.

The Company is subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and is subject to cleanup requirements at certain of its facilities as a result thereof. The Company has not made, and does not anticipate making, material expenditures, nor does it anticipate incurring delays with respect to environmental remediation or protection. However, in part because the Company's present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that the Company will not experience material liabilities or delays.

The Company is subject to various contingencies and litigation matters and has a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, the Company believes that they will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

12. Earnings per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended	
	July 29, 2007	July 30, 2006
Numerator:		(Restated)
Income (loss) applicable to common shares:		
Income (loss) from continuing operations	$ (7,115)	$ 5,328
Income from discontinued operations		3,956
Net income (loss)	$ (7,115)	$ 9,284
Denominator:		
Denominator for basic earnings per share - weighted - average shares	30,417	30,422
Effect of dilutive securities:		
Employee stock options and nonvested restricted stock	-	982
Denominator for diluted earnings per share - adjusted weighted - average shares and assumed conversions	30,417	31,404
Basic earnings (loss) per share:		
Income (loss) from continuing operations	$ (0.23)	$ 0.18
Income from discontinued operations		0.13
Net income (loss)	$ (0.23)	$ 0.31
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	$ (0.23)	$ 0.17
Income from discontinued operations	-	0.13
Net income (loss)	$ (0.23)	$ 0.30

The Company computed basic earnings (loss) per share by dividing net income (loss) by the weighted average number of shares outstanding for the period. The Company reported a net loss for the three months ended July 29, 2007 and thus reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for that time period. For the three months ended July 30, 2006, diluted earnings per share was determined as net income divided by the weighted average number of shares outstanding for the period, after applying the treasury method to determine any incremental shares associated with stock options outstanding. Anti-dilutive stock options were excluded from the calculation of potential common shares for diluted earnings per share.

Any options with an exercise price in excess of the average market price of the Company's common stock during the periods presented are not considered when calculating the dilutive effect of stock options for diluted earnings per share calculations. There were no anti-dilutive shares outstanding for the three months ended July 30, 2006.

13. Consolidating Condensed Financial Information

Certain of the Company's subsidiaries have fully and unconditionally guaranteed the payment of all obligations under the Company's 9% Senior Subordinated Notes and 7% Senior Subordinated Notes. The following tables present the consolidating condensed balance sheets as of July 29, 2007 and April 29, 2007, statements of operations for the three months ended July 29, 2007 and July 30, 2006 and statements of cash flows for the three months ended July 29, 2007 and July 30, 2006 of the parent company, guarantor subsidiaries and non-guarantor subsidiaries of the Isle of Capri Casinos, Inc.

**ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED CONDENSED GUARANTOR SUBSIDIARIES, NON-GUARANTOR SUBSIDIARIES, AND PARENT COMPANY FINANCIAL INFORMATION
AS OF JULY 29, 2007 AND APRIL 29, 2007;
THE THREE MONTHS ENDED JULY 29, 2007 AND JULY 30, 2006
UNAUDITED
(IN THOUSANDS)**

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
			As of July 29, 2007		
Balance Sheet					
Current assets	$ 62,400	$ 174,258	$ 78,852	$ (23,859)	$ 291,651
Intercompany receivables	1,262,828	(308,731)	(6,978)	(947,119)	-
Investments in subsidiaries	273,245	295,188	(34,804)	(533,629)	-
Property and equipment, net	21,640	1,026,381	389,887	-	1,437,908
Other assets	22,266	372,174	33,741	(3,001)	425,180
Total assets	$ 1,642,379	$ 1,559,270	$ 460,698	$ (1,507,608)	$ 2,154,739
Current liabilities	$ 80,529	$ 112,501	$ 73,378	$ (28,278)	$ 238,130
Intercompany payables	-	796,772	153,087	(949,859)	-
Long-term debt,					
less current maturities	1,276,946	5,965	204,266	-	1,487,177
Other accrued liabilities	7,061	75,892	40,186	-	123,139
Minority interest	-	-	-	28,802	28,802
Stockholders' equity	277,843	568,140	(10,219)	(558,273)	277,491
Total liabilities and stockholders' equity	$ 1,642,379	$ 1,559,270	$ 460,698	$ (1,507,608)	$ 2,154,739

13. Consolidating Condensed Financial Information (continued)

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended July 29, 2007				
Statement of Operations					
Revenues:					
Casino	$ -	$ 228,817	$ 48,417	$ -	$ 277,234
Rooms, food, beverage and other	31	44,682	11,002	(3,230)	52,485
Gross revenues	31	273,499	59,419	(3,230)	329,719
Less promotional allowances	-	40,937	10,249	-	51,186
Net revenues	31	232,562	49,170	(3,230)	278,533
Operating expenses:					
Casino	(766)	31,493	7,868	-	38,595
Gaming taxes		60,292	8,780		69,072
Rooms, food, beverage and other	11,949	90,958	22,670	(3,315)	122,262
Management fee expense (revenue)	(8,417)	8,366	51		
Depreciation and amortization	805	24,709	5,044	-	30,558
Total operating expenses	3,571	215,818	44,413	(3,315)	260,487
Operating income (loss)	(3,540)	16,744	4,757	85	18,046
Interest expense, net	(8,181)	(11,401)	(5,138)	-	(24,720)
Loss on extinguishment of debt	(2,192)				(2,192)
Equity in income (loss) of subsidiaries	1,026	5,332	(1,075)	(5,283)	-
Income (loss) before income taxes and minority interest	(12,887)	10,675	(1,456)	(5,198)	(8,866)
Income tax (provision) benefit	5,772	(2,217)	123		3,678
Minority interest	-	-	-	(1,927)	(1,927)
Net income (loss)	$ (7,115)	$ 8,458	$ (1,333)	$ (7,125)	$ (7,115)

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended July 29, 2007				
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 4,424	$ 1,325	$ 8,439	$ (6,888)	$ 7,300
Net cash provided by (used in) investing activities	(934)	(104,974)	(20,690)		(126,598)
Net cash provided by (used in) financing activities	(58,633)	105,352	14,409	6,888	68,016
Effect of foreign currency exchange rates on cash and cash equivalents			24		24

Net increase (decrease) in cash and cash equivalents	(55,143)	1,703	2,182		(51,258)
Cash and cash equivalents at beginning of the period	82,895	70,638	34,581		188,114
Cash and cash equivalents at end of the period	$ 27,752	$ 72,341	$ 36,763	$	$ 136,856

13. Consolidating Condensed Financial Information (continued)

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
			As of April 29, 2007		
Balance Sheet					
Current assets	$ 110,189	$ 152,937	$ 70,420	$ (13,208)	$ 320,338
Intercompany receivables	1,130,006	(455,871)	8,262	(682,397)	-
Investments in subsidiaries	273,493	289,857	(33,730)	(529,620)	
Property and equipment, net	19,644	946,127	372,799	-	1,338,570
Other assets	19,248	366,889	36,446	(5,800)	416,783
Total assets	$ 1,552,580	$ 1,299,939	$ 454,197	$ (1,231,025)	$ 2,075,691
Current liabilities	$ 61,274	$ 122,089	$ 60,889	$ (8,511)	$ 235,741
Intercompany payables		539,023	151,017	(690,040)	
Long-term debt, less current maturities	1,200,500	3,495	206,390		1,410,385
Other accrued liabilities, deferred taxes and long-term obligations	5,122	75,791	38,994		119,907
Minority interest	-	-	-	27,836	27,836
Stockholders' equity	285,684	559,541	(3,093)	(560,310)	281,822
Total liabilities and stockholders' equity	$ 1,552,580	$ 1,299,939	$ 454,197	$ (1,231,025)	$ 2,075,691

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
			For the Three Months Ended July 30, 2006 (Restated)		
Statement of Operations					
Revenues:					
Casino	$	$ 228,445	$ 49,175	$	$ 277,620
Rooms, food, beverage and other	(46)	45,534	12,510	(3,574)	54,424
Gross revenues	(46)	273,979	61,685	(3,574)	332,044
Less promotional allowances	-	47,001	11,075	-	58,076
Net revenues	(46)	226,978	50,610	(3,574)	273,968
Operating expenses:					
Casino	201	34,107	7,923	-	42,231
Gaming taxes		48,886	9,457		58,343
Rooms, food, beverage and other	11,283	81,602	29,159	(3,976)	118,068
Management fee expense (revenue)	(9,741)	9,849	(108)		
Depreciation and amortization	447	18,855	4,684	-	23,986
Total operating expenses	2,190	193,299	51,115	(3,976)	242,628
Operating income (loss)	(2,236)	33,679	(505)	402	31,340
Interest expense, net	(4,949)	(9,503)	(5,035)	-	(19,487)

Equity in income (loss) of subsidiaries	13,143	2,947	(2,901)	(13,189)	
Income (loss) from continuing operations before income taxes and minority interest	5,958	27,123	(8,441)	(12,787)	11,853
Income tax (provision) benefit	3,326	(11,192)	2,379		(5,487)
Minority interest	-	-	-	(1,038)	(1,038)
Income (loss) from continuing operations	9,284	15,931	(6,062)	(13,825)	5,328
Income from discontinued operations, net of taxes	-	3,956	-	-	3,956
Net income (loss)	$ 9,284	$ 19,887	$ (6,062)	$ (13,825)	$ 9,284

13. Consolidating Condensed Financial Information (continued)

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended July 30, 2006 (Restated)				
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 21,292	$ 9,659	$ (2,313)	$ (26,962)	$ 1,676
Net cash provided by (used in) investing activities	(5,713)	(57,506)	(7,169)	794	(69,594)
Net cash provided by (used in) financing activities	(45,074)	52,657	11,270	26,168	45,021
Effect of foreign currency exchange rates on cash and cash equivalents			4		4
Net increase (decrease) in cash and cash equivalents	(29,495)	4,810	1,792		(22,893)
Cash and cash equivalents at beginning of the period	29,187	67,494	24,368		121,049
Cash and cash equivalents at end of the period	$ (308)	$ 72,304	$ 26,160	$	$ 98,156

(a) The following subsidiaries of the Company are guarantors of the 7% Senior Subordinated Notes and the 9% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; LL Holding Corporation; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; and Riverboat Corporation of Mississippi - Vicksburg. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

(b) The following subsidiaries are not guarantors of the 7% Senior Subordinated Notes and the 9% Senior Subordinated Notes: Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; Isle of Capri Bettendorf Marina Corp.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C.; Casino America of Colorado, Inc.; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

14. Business Combination

On June 10, 2007, the Company acquired 100% of the membership interests of Atzar Missouri Riverboat Gaming Company, L.L.C., a Missouri limited liability company. Atzar Missouri Riverboat Gaming Company, L.L.C. is located in southeast Missouri and employs approximately 300 team members. The purchase price was approximately \$46.0 million subject to finalization of certain adjustments in accordance with the Purchase Agreement dated March 16, 2007. The Company is finalizing the asset valuation and certain closing date adjustments with the seller. Therefore, the allocation of the purchase price and the valuation of the assets and liabilities is preliminary as of July 29, 2007. Any adjustments are not expected to be material. The estimated fair value of long-term assets acquired and liabilities assumed at the acquisition date was \$45.2 million, of which \$39.7 million relate to fixed assets and \$5.5 million relate to intangible assets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States and internationally. We continue to investigate developing new locations, purchasing existing operations and expanding our current properties. These activities require capital-intensive investments that have long-term return potential. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties, and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado, Florida, Coventry, England and Freeport, Grand Bahama. We also operate a harness racing track in Florida at the same location that we operate a casino. Additionally, we have a controlling interest in and manage casinos in Dudley and Wolverhampton, England.

The following table reflects our consolidated net revenues and operating income by state:

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Three Months Ended			
	July 29, 2007	July 30, 2006 (Restated)	Variance $	Variance %
Net revenues:				
Mississippi	$ 55,923	$ 85,383	$ (29,460)	(34.5%)
Louisiana	43,001	44,667	(1,666)	(3.7%)
Missouri	44,756	40,831	3,925	9.6%
Iowa	54,667	50,514	4,153	8.2%
Colorado	39,215	39,615	(400)	(1.0%)
Florida	34,197	5,832	28,365	486.4%
International	6,709	7,109	(400)	(5.6%)
Corporate and other	65	17	48	282.4%
Total net revenues	$ 278,533	$ 273,968	$ 4,565	1.7%
Operating income:				
Mississippi	$ 6,164	$ 23,842	$ (17,678)	(74.1%)
Louisiana	6,671	6,028	643	10.7%
Missouri	8,626	5,056	3,570	70.6%
Iowa	8,164	9,922	(1,758)	(17.7%)
Colorado	9,904	7,132	2,772	38.9%
Florida	(4,454)	(1,369)	(3,085)	(225.3%)
International	(5,108)	(3,672)	(1,436)	(39.1%)
Corporate and other	(11,921)	(15,599)	3,678	23.6%
Operating income	$ 18,046	$ 31,340	$ (13,294)	(42.4%)

Note: The table excludes our Vicksburg and Bossier City properties which have been classified as discontinued operations. Additionally, results in fiscal year 2008 will not be comparable to results in fiscal year 2007 for Missouri, Iowa, International and Corporate and other due to the opening or reclassification of properties in each category in fiscal year 2008.

In Mississippi, our three continuing operations contributed 20.1% of net revenues. The Biloxi property's net revenues and operating income decreased significantly from abnormally high prior year operating results due to increased competition in the market as competitors have re-opened after closures caused by Hurricane Katrina and while our Biloxi property remains negatively impacted by the destruction of the Biloxi/Ocean Springs bridge, which is the primary thoroughfare for travelers from Alabama and Florida to east Biloxi where our Biloxi property is located. Two lanes of the new Biloxi/Ocean Springs bridge are scheduled to open in November 2007 and the complete new bridge with six lanes is scheduled to open in June 2008. The Natchez property continues to experience decreases in both net revenues and operating income primarily resulting from the re-opening of casinos along the Gulf Coast. The Lula property's net revenues and operating income decreased due to increased competition impacting certain of the property's outlying feeder markets and disruption due to renovations of the casino floor.

In Louisiana, the Lake Charles property contributed 15.4% of net revenues. The Lake Charles property experienced a decrease in net revenues due to increased competition in the market as competitors have fully re-opened following closures caused by Hurricane Rita and post hurricane normalization of population levels in the property's feeder markets. Operating income increased, however, due primarily to decreased marketing expenses and overall cost control efforts.

In Missouri, our three properties contributed 16.1% of net revenues. Net revenues increased due to the addition of the Caruthersville property on June 11, 2007 while revenues at our other Missouri properties decreased slightly. Operating income increased in the first quarter of fiscal 2008 due to the addition of the Caruthersville property as well as increases at our other Missouri properties related to decreased marketing expenses and overall cost control efforts.

In Iowa, our four casinos contributed 19.6% of net revenues. Net revenues and operating income increased primarily due to the opening of the Waterloo property on June 30, 2007. Combined net revenues decreased moderately at our Quad-City and Marquette properties due primarily to the impact of increased competition. However, combined operating income for these properties decreased only slightly due to cost control efforts.

In Colorado, our two casino operations contributed 14.1% of net revenues. The Black Hawk properties experienced a decrease in net revenues compared to the prior year period primarily due to a planned reduction in complimentary rooms and food and beverage. Operating income increased at both Black Hawk properties due to decreases in marketing expenses and overall cost control efforts.

In Florida, the Pompano property contributed 12.3% of net revenues. Net revenues and operating income increased due to the opening of the slot gaming facility on April 14, 2007.

In International operations, net revenues decreased primarily due to decreased marketing at Lucaya slightly offset by the opening of the Coventry property in July. Operating income decreased $1.4 million primarily due to the opening of Coventry.

Corporate and other includes our corporate office operations and new development costs. The decrease in corporate and other compared to the first quarter of fiscal 2007 is primarily due to a $3.2 million decrease in new developments costs, primarily due to costs incurred in the prior year fiscal quarter related to the pursuit of gaming licenses in Pittsburgh, Pennsylvania and Singapore.

Operating results from the Vicksburg and Bossier City properties have been classified as discontinued operations for all periods presented and thus are not included in the Executive Review discussed above.

Critical Accounting Estimates

Income Tax Assets and Liabilities

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that we recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements. SFAS 109 also requires that any deferred tax asset recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable.

As of April 30, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 requires that tax positions be assessed using a two-step process. 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 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current Other accrued liabilities or long-term Other long-term liabilities based on the time until expected payment.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48.

Stock Based Compensation

We apply the FASB Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). The estimate of the fair value of the stock options is calculated using the Black-Scholes-Merton option-pricing model. This model requires the use of various assumptions, including the historical volatility, the risk free interest rate, estimated expected life of the grants, the estimated dividend yield and estimated rate of forfeitures. As of July 29, 2007, there was $6.3 million in unrecognized stock compensation costs that we will expense over the remaining vesting period, approximately 5.0 years with a weighted average period of 3.1 years.

The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period. The cumulative impact of these changes in forfeiture estimates decreased expense approximately $0.5 million during the fiscal quarter ended July 29, 2007.

Results of Operations

Our results of operations for the fiscal quarter ended July 29, 2007 reflect the consolidated operations of all of our subsidiaries and include the following properties: Lake Charles, Biloxi, Lula, Natchez, Kansas City, Boonville, Caruthersville, Bettendorf, Marquette, Rhythm City-Davenport, Waterloo, Isle-Black Hawk, Colorado Central Station-Black Hawk, Our Lucaya, Pompano Park, Coventry, Blue Chip-Dudley and Blue Chip-Wolverhampton. For the fiscal quarter ended July 30, 2006 results reflect Vicksburg and Bossier City as discontinued operations.

We believe that our historical results of operations may not be indicative of our future results of operations because of the substantial present and expected future increase in competition for gaming customers in each of our markets, as new gaming facilities open and existing gaming facilities expand or enhance their facilities. We also believe that our operating results are materially affected by declines in the economy and adverse weather.

Three Fiscal Months Ended July 29, 2007 Compared to Three Fiscal Months Ended July 30, 2006

Gross revenues for the fiscal quarter ended July 29, 2007 were $329.7 million, which included $277.2 million of casino revenue, $13.8 million of room revenue, $4.6 million of pari-mutuel commissions, and $34.1 million of food, beverage and other revenue. This compares to gross revenues for the fiscal quarter ended July 30, 2006 of $332.0 million, which included $277.6 million of casino revenue, $14.7 million of room revenue, $5.0 million of pari-mutuel commissions and $34.8 million of food, beverage and other revenue.

Casino revenue decreased by $0.4 million, or 0.1%, compared to the fiscal quarter ended July 30, 2006. We experienced a significant decrease of $28.0 million in our revenues from the Biloxi property principally because of limited competition due to hurricane closures in the prior year. This decrease in revenues was offset by an increase of $26.6 million in casino revenue at the Pompano property, which opened a slot gaming facility in April 2007. Casino revenue at the Natchez property was down $1.5 million primarily due to the reopening of Gulf Coast casinos. The Lula property experienced a decrease of $1.6 million in casino revenue primarily due to increased competition impacting certain of the property's outlying feeder markets, and disruption due to renovations of the casino floor. Casino revenue at our two Quad-City properties and the Marquette property was collectively down $4.0 million over the same fiscal quarter of the prior year largely due to increased competition, however this decrease was offset by a $7.6 million increase related to the Waterloo property, which opened in July 2007. Casino revenue at the Kansas City property decreased $1.5 million due to aggressive marketing and new amenities by our competitors, however this decrease was offset by a $4.5 million increase related to the Caruthersville property, which we acquired in June 2007. Casino revenue was down at the Lake Charles property by $2.0 million over the same fiscal quarter in prior year primarily due to increased competition and post-hurricane market normalization.

Room revenue decreased $0.8 million, or 5.5% compared to the fiscal quarter ended July 30, 2006, primarily resulting from the decreased revenue at the Biloxi property related to increased competition, which was partially offset by the new hotels in Waterloo and Bettendorf. Pari-mutuel commissions earned at Pompano Park in Florida for the fiscal quarter were down slightly due to fewer live race days. Food, beverage and other revenues decreased by $0.8 million, or 2.2%, primarily attributable to an increased competition and a planned reduction in marketing spend in our Mississippi, Colorado and Louisiana markets with partial offsets by increases at our new Caruthersville, Waterloo, Coventry locations and the opening of the slot gaming facility at the Pompano property.

Promotional allowances, which are made up of complimentary revenues, cash points and coupons, are rewards that we give our loyal customers to encourage them to continue to patronize our properties. These allowances decreased by 11.9% in the fiscal quarter ended July 29, 2007, as compared to the prior year quarter, primarily due to efforts to reduce and improve the efficiencies of marketing costs. These allowances also decreased due to decreases at the Biloxi property related to lower gaming revenue which has been driven by increased competition in the market.

Casino operating expenses decreased $3.6 million, or 8.6% in the fiscal quarter ended July 29, 2007 compared to the fiscal quarter ended July 30, 2006. These expenses are primarily comprised of salaries, wages and benefits and other operating expenses of the casinos. Casino operating expenses decreased in proportion to casino revenue from 15.2% to 13.9%, primarily due to labor cost control efforts.

State and local gaming taxes increased $10.7 million, or 18.4%, in the fiscal quarter ended July 29, 2007 as compared to the fiscal quarter ended July 30, 2006 due to the opening of the Caruthersville, Waterloo, Coventry properties and the Pompano slot gaming facility, with partial offsets by decreases at the Biloxi, Lake Charles and Quad-City properties. The effective rate for gaming taxes as a percentage of gaming revenue increased from 21.0% to 24.9% due to a higher ratio of gaming revenues derived from higher rate states.

Room expenses increased $0.7 million, or 29.9%, compared to the fiscal quarter ended July 30, 2006 as a result of increased room capacity due to the opening of the Waterloo property hotel and the Bettendorf property hotel expansion. These expenses directly relate to the cost of providing hotel rooms. Other costs of the hotels are shared with the casinos and are presented in their respective expense categories.

Pari-mutuel operating costs of the Pompano property decreased 4.0% in the current fiscal quarter as compared to our fiscal quarter ended July 30, 2006 due to fewer live race days. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Food, beverage and other expenses increased $2.5 million, or 28.0%, over the fiscal quarter ended July 30, 2006 primarily attributable to our new Caruthersville, Waterloo and Coventry properties and the opening of the slot gaming facility at the Pompano property. These expenses consist primarily of the cost of goods sold, salaries, wages and benefits and other operating expenses of these departments. Food, beverage and other expenses as a percentage of gross food, beverage and other revenues increased from 26.1% to 34.1% primarily resulting from decreased revenues at the Biloxi property, the acquisition of the Caruthersville property and the opening of our new Pompanp, Waterloo and Coventry properties.

Marine and facilities expenses for the fiscal quarter ended July 29, 2007 increased $1.5 million, or 9.8%, compared to the fiscal quarter ended July 30, 2006 primarily attributable to our new Caruthersville, Waterloo, and Coventry properties and the opening of the slot gaming facility at the Pompano property. These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions.

Marketing and administrative expenses decreased $6.3 million, or 7.3%, compared to the fiscal quarter ended July 30, 2006. Marketing expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, new development activities, professional fees and property taxes. The decrease is primarily related to improved marketing spend efficiency through identifying and eliminating unprofitable marketing programs. New development expenses were down due to our prior year efforts to obtain gaming licenses in Pittsburgh, Pennsylvania and Singapore and relocation expenses which were incurred in the prior year related to the relocation of our corporate headquarters to Saint Louis, Missouri. Additionally, we incurred lease termination costs in the prior year related our decision in April 2006 that we would close the Our Lucaya property in Freeport, Grand Bahama by June 2007. In April 2007 we reached an agreement with government officials and our landlord to continue operations at Our Lucaya. These cost reductions were partially offset by increased professional fees incurred during the quarter.

Pre-opening expense increased $5.9 million for the fiscal quarter ended July 29, 2007 over the fiscal quarter ended July 30, 2006 in relation to the opening of Waterloo and Coventry properties and the slot gaming facility at the Pompano property.

Depreciation and amortization expense for the quarter increased $6.6 million primarily due to the new hotel at the Bettendorf property, and the opening of the Caruthersville, Waterloo, Coventry properties and the slot gaming facility at the Pompano property. Additionally, we recorded approximately $0.5 million of new depreciation expense related to the convention center at the RICOH™ Arena in Coventry.

Net interest expense for the quarter increased $5.2 million or 26.8% compared with our fiscal quarter ended July 30, 2006. This is primarily attributable to higher debt balances on our senior secured credit facility and the allocation of a portion of net interest expense related to discontinued operations to the income statement line item Income from discontinued operations, net of income taxes in the prior year.

We expense all developmental costs until we determine that ultimate licensure and operation is deemed probable. At that time, we evaluate the applicable costs and capitalize, if appropriate, from that point forward.

All of our development plans are subject to obtaining permits, licenses and approvals from appropriate regulatory and other agencies and, in certain circumstances, negotiating acceptable leases. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

Our effective tax rate from continuing operations for the three months ended July 29, 2007 was a benefit of 41.48% compared to an expense of 46.29% for the three months ended July 30, 2006, which, in each case, includes an unrelated party's portion of the Colorado Central Station-Black Hawk's income taxes. Our effective tax rate from combining continuing and discontinued operations for the quarter ended July 29, 2007 was a benefit of 41.48%, as there were no discontinued operations for the quarter ended July 29, 2007, compared to an expense of 45.16% for the quarter ended July 30, 2006. The primary drivers for the difference between our effective tax rate and the statutory tax rates were permanent differences from non-deductible expenses, employment tax credits, change in state valuation allowances, international operations, taxes related to minority interests, and qualified stock option expenses that are not deductible.

Liquidity and Capital Resources

At July 29, 2007, we had cash and cash equivalents and marketable securities of $154.7 million compared to $205.3 million at April 29, 2007, the end of our last fiscal year. The $50.6 million decrease in cash and cash equivalents is the net result of $7.3 million net cash provided by operating activities, $126.6 million net cash used in investing activities and $68.0 million net cash provided by financing activities. The Company also had $2.6 million of restricted cash as of July 29, 2007. In addition, as of July 29, 2007, we had $774.3 million of unused capacity under lines of credit and available term debt consisting of $365.6 million in unused credit capacity under the July 2007 Credit Facility revolving loan commitment, $375.0 million in unused delayed draws under the July 2007 Credit Facility, $33.6 million of unused credit capacity under the Isle-Black Hawk senior secured credit facility (limited to use by the Isle-Black Hawk) and $0.1 million in unused credit capacity under the Blue Chip Credit Facility. During the fiscal quarter ended July 29, 2007, we had net payments on the February 2005 Credit Facility of $503.5 million, borrowings on the July 2007 Credit Facility of $580.0 million and the Isle-Black Hawk made net payments of $0.5 million under the Isle-Black Hawk's senior secured credit facility. We believe that existing cash, cash flow from operations and available borrowings under our existing credit facilities will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future.

Investing Activities

We made expenditures of $85.2 million for property and equipment during the fiscal quarter ended July 29, 2007. Included in the $85.2 million was $4.5 million in construction costs related to the Biloxi casino reconstruction following Hurricane Katrina, which we expect to recover from insurance. The following table reflects expenditures and accruals for property and equipment on major projects approved by the Board of Directors for which we are committed as of July 29, 2007 and projected expenditures for these projects. The amounts in the table do not include any expenditures and accruals prior to the beginning of fiscal 2007.

		Actual		Remaining	
		Fiscal Year Ended 4/29/07	Three Months Ended 7/29/07	Fiscal Year Ending 4/27/08	Thereafter (3)
		(dollars in millions)			
Property	**Project**				
Biloxi (1)	Rebuild casino	$ -	$ 4.5	$ 75.0	$ 105.5
Bettendorf	Construct hotel	32.8	1.8	3.9	-
Davenport	Construct hotel	0.2	-	17.0	25.5
Pompano Park	Construct casino	136.7	9.5	19.2	-
Waterloo	Construct casino & hotel	78.9	39.4	53.6	-
Kansas City	Expansion & public improvements	0.1	-	-	83.9
Coventry	Construct leasehold improvements	44.6	16.6	14.7	-
West Harrison County	Construct hotel & casino	4.3	0.5	127.6	187.6
Other properties (2)	IGT Advantage program	9.7	0.2	6.0	-
Various	Slot programs	20.4	4.2	9.1	-
Various	Other capital improvements	69.7	8.5	24.0	6.9
Total		$ 397.4	$ 85.2	$ 350.1	$ 409.4
Discontinued Operations (4)		$ 1.9	$ -	$ -	$ -

(1) Excludes: destroyed Biloxi casino barge of $0.2 million in fiscal 2007; Biloxi temporary casino of $52.7 million in fiscal 2007 related to
construction costs at the Biloxi temporary casino hurricane reconstruction, which we expect to recover from insurance proceeds.
(2) Includes: Biloxi, Natchez, Lula, Lake Charles and Colorado Central Station
(3) The timing of these projects is discussed below.
(4) Discontinued Operations consist of Vicksburg and Bossier City

Biloxi: We plan to rebuild our Biloxi casino to a scope level at or beyond the expansion project under construction when it was destroyed by Hurricane Katrina. Current estimates include a $185 million final construction phase however we are currently evaluating the final plans, the ultimate project cost, and timing are unknown at this time.

Bettendorf: We have constructed a new $45.0 million hotel with 258 rooms and additional parking. As of July 29, 2007, we had spent $41.1 million of this amount. The new hotel opened on May 21, 2007.

Davenport: In June 2005, we agreed to a $43.0 million project with the City of Davenport in which we were planning to build a 180-room hotel and rooftop restaurant, with the City of Davenport constructing a 500 space parking ramp and providing funding to realign our casino with the new hotel facility. This project is being re-evaluated based upon the recent and pending legislative changes in Iowa.

Pompano Park: We have constructed a gaming and entertainment complex including 1,500 slot machines, two restaurants and a feature bar at our Pompano Park site adjacent to the existing harness racing facility at a cost of approximately $177.6 million. Slot machine operations commenced April 14, 2007. Two additional restaurants and a new poker room with 34 tables on the second floor of the new facility opened in May 2007.

Waterloo: In May 2005, the Iowa Racing and Gaming Commission awarded us a gaming license in Waterloo, Iowa. The facility is a single level casino with 1,300 gaming positions, two restaurants, a 200-room hotel and 1,000 parking spaces, which opened on June 30, 2007. A third restaurant opened in the beginning of the second quarter of fiscal 2008. Later this year, we expect to add a pool area to the facility and a nightclub and spa additions are in the preliminary stages. Total cost of the project is expected to be $177.1 million. As of July 29, 2007, we have spent $123.5 million on this project.

Kansas City: As previously announced, we have postponed our approximate $85.0 million expansion project in Kansas City, Missouri due to current bridge construction on Interstate 35. When the bridge construction timeline and impact is more clear, we will reconsider the timing this expansion project. As of July 29, 2007, we have capitalized $1.2 million on this project.

Coventry: In December 2003, we entered into an agreement to develop and operate a casino, subject to obtaining a license, in a commercial leisure complex currently under development in Coventry, England. In fiscal year 2005, we were granted a gaming license to open the Coventry casino under the current legislation (Gaming Act 1968). The casino opened on July 6, 2007.

We entered into an agreement during fiscal 2004 to lease space for Coventry (which opened in fiscal year 2008) in Coventry, England in the Coventry Convention Center. The Coventry Convention Center was developed, owned and operated by a non-affiliated entity and began operations in August 2005. We determined that due to certain structural elements installed by us during the construction of the space being leased and certain prepaid lease payments made by us, we are required to be treated, for accounting purposes only, as the "owner" of the Coventry Convention Center, in accordance with EITF 97-10. As a result, we have recorded property and equipment, (net) of $53.5 million and $53.2 million as of July 29, 2007 and April 29, 2007, respectively. Additionally, we have recorded a long-term obligation for $48.6 million and $47.6 million as of July 29, 2007 and April 29, 2007, respectively. However, we do not own these assets, are not the obligor on the corresponding long-term obligation and do not participate in or control the operations of the Coventry Convention Center. These non-cash charges are not reflected in the above table.

Total project costs, excluding the above referenced "non-owned assets" are estimated to be approximately $86.6 million. The casino opened on July 5, 2007.

West Harrison County (Mississippi): During fiscal year 2007, the Harrison County Planning Commission approved our master plan for the previously announced 50-acre development at West Harrison County, Mississippi. Preliminary plans call for the estimated $320 million project to include a single level gaming facility with over 2,000 gaming positions, a hotel, restaurants and a complement of additional resort amenities. The project remains in the permitting and planning stages, and is subject to certain conditions, including, but not limited to, the receipt of all necessary licenses, approvals and permits. As of July 29, 2007, we have capitalized $4.8 million on this project.

IGT Advantage program: In January 2005, we announced plans to deploy the IGT Advantage™ Casino System with a total cost of the project estimated to be $20.2 million. In 2006, the project was expanded by $14.9 million for fiscal year 2007 for a total project amount of approximately $35.1 million. As of July 29, 2007, we have capitalized $28.8 million at Biloxi, Lula, Lake Charles and Natchez, leaving a remaining budget of approximately $6.3 million. We expect these product upgrades will allow us to operate more competitively within our markets. Our slot improvement initiative also includes an increased ticket-in/ticket-out slot product offering.

The other capital improvements at all of our properties consists of numerous capital expenditures related to the purchase of furniture and equipment and the renovation and upgrade of hotel rooms, restaurants and other areas of our properties.

Development and other projects:

Pittsburgh: In late December 2006, the Pennsylvania Gaming Control Board notified us that our proposed project in Pittsburgh had not been selected for a slot machine gaming license. We appealed the decision. In July 2007, the appeal was denied.

Florida Gaming Corporation: On October 29, 2004, we loaned $5.0 million to Florida Gaming Corporation ("Florida Gaming"). Interest accrues on the unpaid principal balance of the loan at an annual rate of 6.0% and is paid in arrears on the first day of each fiscal quarter. The loan is secured by a pledge of all of the issued and outstanding shares of capital stock of Florida Gaming Centers. Inc. ("FGC"), a wholly owned subsidiary of Florida Gaming. The entire unpaid principal amount of the loan and unpaid interest thereon is payable on the earlier of (1) the sale of all or any material portion of the assets of, or all or any substantial equity interest in FGC, or (2) December 31, 2008. Concurrently with the loan, Florida Gaming and FGC entered into a letter agreement with us pursuant to which Florida Gaming and FGC gave us exclusive negotiating rights with respect to the acquisition of all or substantially all of FGC's Miami jai alai business for a period ending no later than December 31, 2008.

Rosemont (Illinois): On March 15, 2004, we announced that we had been selected by the Illinois Gaming Board as the successful bidder in a federal bankruptcy court auction for the 10th Illinois gaming license previously issued to Emerald Casinos, Inc. This process was conducted pursuant to an agreement approved by, among other parties, the Illinois Attorney General. We bid $518.0 million to acquire by merger the stock of a company in bankruptcy that owns the license. In 2006, however, the Illinois Gaming Board, based on a recommendation by an administrative law judge following a hearing, revoked the license issued to Emerald on the basis of Emerald's past conduct (which revocation has been stayed pending the outcome of litigation). For the reasons set forth above, among others, we believe that our ability to obtain the gaming license and open a gaming facility in Rosemont has been subjected to increased uncertainty. At this juncture, it appears unlikely that the license will be awarded to Rosemont.

All of our development plans are subject to obtaining permits, licenses and approvals from appropriate regulatory and other agencies and, in certain circumstances, negotiating acceptable leases. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

We expense all developmental costs until we determine that ultimate licensure and operation is deemed probable. At that time, we evaluate the applicable costs and capitalize, if appropriate, from that point forward.

Financing Activities

On July 26, 2007, we extinguished the February 2005 Credit Facility and entered into the July 2007 Credit Facility. See Note 8 for further detail on this refinancing. During the three fiscal months ended July 29, 2007, we had net sources of cash of $68.0 million primarily in the following financing activities:

- We made payments on the Isle-Black Hawk's senior secured credit facility of $0.5 million.
- We made payments on the February 2005 Credit Facility term loans of $293.5 million.
- We made net payments on the February 2005 Credit Facility revolving credit facility of $210.0 million.
- We had borrowings on the July 2007 Credit Facility term loans of $500.0 million.
- We had borrowings on the July 2007 Credit Facility revolving credit facility of $80.0 million.
- We made payments on other property debt in the amount of $0.2 million.
- We made payments on deferred financing costs of $8.4 million.
- We received $0.6 million in proceeds from the exercise of stock options.
- We recognized a tax benefit of $0.1 million related to the exercise of stock options.
- We financed the acquisition of land in Biloxi, Mississippi through the use of a $3.1 million note payable.

As of July 29, 2007, we had $774.3 million of unused capacity under lines of credit and available term debt consisting of $365.6 million in unused credit capacity under the July 2007 Credit Facility revolving loan commitment, $375.0 million in unused delayed draws under the July 2007 Credit Facility, $33.6 million of unused credit capacity under the Isle-Black Hawk senior secured credit facility (limited to use by the Isle-Black Hawk) and $0.1 million in unused credit capacity under the Blue Chip Credit Facility. The revolving loan commitment on the July 2007 Credit Facility is a variable rate instrument based on, at our option, LIBOR or our lender's prime rate plus the applicable interest rate spread, and is effective through July 2012. Our lines of credit are also at variable rates based on our lender's prime rate and are subject to annual renewal. There is no assurance that these sources will in fact provide adequate funding for the expenditures described above or that planned capital investments will be sufficient to allow us to remain competitive in our existing markets.

We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Recently Issued Accounting Standards

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115" ("SFAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value. We would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 becomes effective in the first quarter of fiscal 2009. Early adoption is permitted. The adoption of SFAS 159 could affect our accounting for available-for-sale securities held as investments. We are currently evaluating the impact, if any, of adopting SFAS No. 159 on its financial statements, and such impact cannot be reasonably estimated at this time.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the fiscal year ended April 29, 2007. Our exposures to market risk have not changed materially since April 29, 2007.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of July 29, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of certain of our disclosure controls and procedures were not effective as of July 29, 2007 because of the continued existence of the material weakness related to accounting for leases as described in Management's Report on Internal Control Over Financial Reporting in Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended April 29, 2007 ("Management's Report").

To address our material weakness related to accounting for leases, in June 2007 the Company engaged a third party professional services firm to review all of the Company's leases to verify the Company is recording leases in accordance with generally accepted accounting principles, based on lease terms. In addition, the Company implemented a revised Summary of Procedures for lease accounting on May 18, 2007. These updated procedures state the technical guidance on accounting for leases and instituted a multi-level review control for new leases at the property level and at the corporate office. The effectiveness of these control changes has not been fully evaluated as of July 29, 2007.

REMEDIATION OF MATERIAL WEAKNESSES

As discussed above, as of April 29, 2007, the Company identified a material weakness in our internal control over accounting for leases. We are currently addressing this material weakness and expect to have this material weakness remediated by April 27, 2008.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as otherwise discussed above, there have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended July 29, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is are alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of July 29, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck's favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. We are awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making, material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe that they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 29, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information related to our purchases of Isle of Capri Casinos, Inc. common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
April 30, 2007 to May 27, 2007		$		1,173,594
May 28, 2007 to July 1, 2007				1,173,594
July 2, 2007 to July 29, 2007				1,173,594
Total	-	$ -	-	1,173,594

(1) We have purchased our common stock under two separate repurchase programs. The first program, which allowed repurchase of up to 1,500,000 shares was announced on November 15, 2000, and subsequently expanded to allow repurchase of an additional 1,500,000 shares, as announced on January 11, 2001. The current program was announced on October 25, 2002 and allows for the repurchase of up to 1,500,000 shares. On October 7, 2005 the board also approved the repurchase of an additional 1,500,000 shares. To date, we have purchased 4,826,406 shares of our common stock under the two programs. These programs have no approved dollar amounts, nor expiration dates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS
None.

ITEM 5. OTHER INFORMATION
None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISLE OF CAPRI CASINOS, INC.

Dated: September 7, 2007

/s/ DONN R. MITCHELL, II

Donn R. Mitchell, II
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
31.1	Certification of Chief Executive Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Bernard Goldstein, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 7, 2007

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Donn R. Mitchell, II, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 7, 2007

/s/ Donn R. Mitchell, II
Donn R. Mitchell, II
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 29, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Bernard Goldstein, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 7, 2007

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 29, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Donn Mitchell II, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 7, 2007

/s/ Donn R. Mitchell, II
Donn R. Mitchell, II
Chief Financial Officer

FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: December 07, 2007 (period: October 28, 2007)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 28, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

Registrant's telephone number, including area code: **(314) 813-9200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. . Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of December 3, 2007, the Company had a total of 35,205,197 shares of Common Stock outstanding (which includes 4,372,073 shares held by us in treasury).

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ISLE OF CAPRI CASINOS, INC.
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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	October 28, 2007 (Unaudited)	April 29, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,961	$ 188,114
Marketable securities	18,025	17,169
Accounts receivable, net	24,445	22,527
Insurance receivable, net	55,172	56,040
Income tax receivable	11,636	—
Deferred income taxes	12,410	12,421
Prepaid expenses and other assets	34,498	24,067
Total current assets	271,147	320,338
Property and equipment, net	1,430,085	1,338,570
Other assets:		
Goodwill	297,268	297,268
Other intangible assets, net	79,821	74,154
Deferred financing costs, net	15,858	13,644
Restricted cash	2,639	4,637
Prepaid deposits and other	23,463	27,080
Total assets	$ 2,120,281	$ 2,075,691
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 10,105	$ 7,594
Accounts payable	34,238	60,460
Accrued liabilities:		
Interest	7,684	10,166
Payroll and related	50,427	48,402
Property and other taxes	32,382	23,380
Income taxes	—	16,011
Other	62,649	69,728
Total current liabilities	197,485	235,741
Long-term debt, less current maturities	1,511,306	1,410,385
Deferred income taxes	31,243	41,451
Other accrued liabilities	41,739	30,817
Other long-term liabilities	49,358	47,639
Minority interest	30,115	27,836
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000 shares authorized; shares issued: 35,206 at October 28, 2007 and 34,682 at April 29, 2007	352	347
Class B common stock, $.01 par value; 3,000 shares authorized; none issued	—	—
Additional paid-in capital	184,725	175,132
Retained earnings	123,377	155,127
Accumulated other comprehensive income	3,610	3,358
	312,064	333,964
Treasury stock, 4,372 shares at October 28, 2007 and 4,324 shares at April 29, 2007	(53,029)	(52,142)
Total stockholders' equity	259,035	281,822
Total liabilities and stockholders' equity	$ 2,120,281	$ 2,075,691

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Revenues:				
Casino	$ 278,282	$ 249,237	$ 555,516	$ 526,857
Rooms	13,080	13,319	26,921	27,970
Pari-mutuel commissions and fees	3,838	3,832	8,414	8,793
Food, beverage and other	33,603	32,153	67,671	66,965
Gross revenues	328,803	298,541	658,522	630,585
Less promotional allowances	49,965	55,317	101,151	113,393
Net revenues	278,838	243,224	557,371	517,192
Operating expenses:				
Casino	41,330	41,570	80,693	83,600
Gaming taxes	71,965	53,076	141,037	111,419
Rooms	3,164	2,429	6,345	4,880
Pari-mutuel commissions and fees	3,172	3,070	6,844	6,896
Food, beverage and other	11,400	7,506	23,029	16,592
Marine and facilities	16,781	15,634	33,271	30,746
Marketing and administrative	73,683	67,832	142,999	140,332
Corporate and development	12,919	12,790	23,993	27,835
Write-offs and other valuation charges	6,526	665	6,526	665
Pre-opening	324	389	6,457	638
Depreciation and amortization	35,270	24,304	65,827	48,290
Total operating expenses	276,534	229,265	537,021	471,893
Operating income	2,304	13,959	20,350	45,299
Interest expense	(29,176)	(23,394)	(54,990)	(43,450)
Interest income	1,140	3,463	2,234	4,032
Loss on early extinguishment of debt	(11,468)	—	(13,660)	—
Income (loss) from continuing operations before income taxes and minority interest	(37,200)	(5,972)	(46,066)	5,881
Income tax (provision) benefit	14,611	2,300	18,289	(3,187)
Minority interest	(2,046)	(515)	(3,973)	(1,553)
Income (loss) from continuing operations	(24,635)	(4,187)	(31,750)	1,141
Income from discontinued operations, net of income taxes	—	13,817	—	17,773
Net income (loss)	$ (24,635)	$ 9,630	$ (31,750)	$ 18,914
Earnings (loss) per common share-basic:				
Income (loss) from continuing operations	$ (0.80)	$ (0.14)	$ (1.04)	$ 0.04
Income from discontinued operations, net of income taxes	—	0.46	—	0.58
Net income (loss)	$ (0.80)	$ 0.32	$ (1.04)	$ 0.62
Earnings (loss) per common share-diluted:				
Income (loss) from continuing operations	$ (0.80)	$ (0.14)	$ (1.04)	$ 0.04
Income from discontinued operations, net of income taxes	—	0.46	—	0.57
Net income (loss)	$ (0.80)	$ 0.32	$ (1.04)	$ 0.61
Weighted average basic shares	30,727	30,346	30,559	30,384
Weighted average diluted shares	30,727	30,346	30,559	31,228

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 29, 2007	34,682	$ 347	$ 175,132	$ 155,127	$ 3,358	$ (52,142)	$ 281,822
Net loss	—	—	—	(31,750)	—	—	(31,750)
Unrealized loss on interest rate swap contracts net of income tax benefit of $1,105	—	—	—	—	(1,811)	—	(1,811)
Foreign currency translation adjustments	—	—	—	—	2,063	—	2,063
Comprehensive loss	—	—	—	—	—	—	(31,498)
Exercise of stock options, including income tax benefit of $1,481	524	5	6,094	—	—	—	6,099
Issuance of deferred bonus shares from treasury stock	—	—	(414)	—	—	414	—
Purchase of treasury stock	—	—	—	—	—	(1,301)	(1,301)
Deferred bonus expense	—	—	132	—	—	—	132
Stock compensation expense	—	—	3,781	—	—	—	3,781
Balance, October 28, 2007	35,206	$ 352	$ 184,725	$ 123,377	$ 3,610	$ (53,029)	$ 259,035

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended October 28 2007	Six Months Ended October 29 2006 (Restated)
Operating activities:		
Net income (loss)	$ (31,750)	$ 18,914
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	65,827	48,290
Amortization of bond discount and deferred financing costs	1,335	1,294
Loss on derivative instruments not designated as hedges	399	391
Asset impairment		657
Valuation and other charges	6,526	665
Deferred income taxes		(1,307)
Stock compensation expense	3,781	4,215
Deferred compensation expense	132	
Loss on early extinguishment of debt	13,660	—
Loss (gain) on disposal of assets	159	(25,206)
Minority interest	3,973	1,553
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(1,606)	(5,873)
Insurance receivable	868	(15,395)
Income tax receivable (payable)	(26,441)	5,469
Prepaid expenses and other assets	(11,408)	(18,944)
Accounts payable and accrued liabilities	(26,850)	(22,742)
Net cash provided (used) in operating activities	(1,395)	(8,019)
Investing activities:		
Purchase of property and equipment	(117,752)	(165,199)
Purchase of intangibles	(165)	(4,000)
Purchase of short-term investments, net of sales	(855)	(324)
Acquisition of assets, net of cash acquired	(43,026)	—
Proceeds from sales of assets held for sale	—	238,725
Insurance proceeds for hurricane damages		18,455
Decrease (increase) in restricted cash	1,998	(68,948)
Decrease (increase) prepaid deposits and other	299	(4,750)
Payments received on notes receivable	—	511
Net cash (used) provided in investing activities	(159,501)	14,470
Financing activities:		
Proceeds from term loans	700,000	—
Principal payments on debt	(296,943)	(3,385)
Repayment of senior subordinated notes including $9,000 call premium	(209,000)	—
Borrowings on revolving lines of credit	166,721	200,252
Repayments on revolving lines of credit	(269,000)	(196,400)
Payment of deferred financing costs	(8,378)	—
Dividend payment to minority interest holder	(397)	—
Proceeds from sale of stock and exercise of stock options	4,618	1,478
Tax benefit of exercise of stock options	1,481	522
Purchase of treasury stock	(1,301)	(5,533)
Net cash provided (used) in financing activities	87,801	(3,066)
Effect of foreign currency exchange rates on cash	(58)	24
Net increase (decrease) in cash and cash equivalents	(73,153)	3,409

Cash and cash equivalents at the beginning of period		188,114		121,049
Cash and cash equivalents at the end of the period	$	114,961	$	124,458

See notes to the unaudited consolidated financial statements.

1. Nature of Operations

Isle of Capri Casinos, Inc. (together with its subsidiaries, the "Company" or "Isle of Capri") was incorporated in Delaware in February 1990. The Company is a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in markets throughout the United States and internationally. The Company wholly owns and operates twelve casino gaming facilities in the United States located in Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. The Company also owns a 57% interest in, and receives management fees for operating, two gaming facilities in Black Hawk, Colorado. The Company's international gaming interests include a wholly owned casino in Freeport, Grand Bahama, a two-thirds ownership interest in casinos in Dudley and Wolverhampton, England and a wholly owned casino in Coventry, England. The Company also wholly owns and operates a pari-mutuel harness racing facility in Pompano Beach, Florida at the site of its Pompano Park casino facility. The Company views each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

The Company receives a significant amount of its revenue from patrons within 50 miles of its properties. If economic conditions in these areas were to decline materially or additional casino licenses were awarded in these locations, the Company's results of operations could be materially and adversely affected.

The Company's operations are dependent on the continued licensing or qualification of the Company and such licensing and qualifications are reviewed periodically by the gaming authorities in the state of operation. The loss of a license, in any jurisdiction in which it operates, could have a material adverse effect on future results. The Company is also dependent upon a stable regulatory and tax environment in the jurisdictions in which it operates, including but not limited to the gaming regulations by which the Company is licensed. Any changes that occur in either the regulatory, political or tax structure could have a material effect on the Company's operations.

2. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments and other adjustments for debt refinancing and write offs, considered necessary for a fair presentation have been included. Operating results for the three and six months ended October 28, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending April 27, 2008.

The Company's fiscal year ends on the last Sunday in April. This fiscal year creates more comparability of the Company's quarterly operations, by generally having an equal number of weeks (13) and weekend days (26) in each fiscal quarter. Periodically, this system necessitates a 53-week year. Fiscal 2008 is a 52-week year which commenced on April 30, 2007 and ends on April 27, 2008.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation.

Discontinued operations relate to those of the Riverboat Corporation of Mississippi-Vicksburg in Vicksburg, Mississippi and Louisiana Riverboat Gaming Partnership in Bossier City, Louisiana. Results of these operations are included in the consolidated Statements of Operations as discontinued operations and are shown net of income tax effects. The financial position and results of these operations for prior periods are presented as discontinued operations in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

3. Restatement of Consolidated Financial Statements

As previously disclosed in our fiscal 2007 Form 10-K, during fiscal 2007 the Company identified a series of adjustments that resulted in the restatement of our financial statements for the fiscal year ended April 30, 2006 and prior years, the quarterly results for fiscal 2006 and the first three quarters of fiscal 2007. Financial information related to these periods contained in these consolidated financial statements give effect to this restatement. For further details see our fiscal 2007 Form 10-K.

In summary, the restatement adjustments primarily related to: a) the income tax provision and related income tax liabilities; b) accounting for the lease of the Company's new casino space in Coventry, England in accordance with Emerging Issue Task Force ("EITF") 97-10; c) accounting for leases with rent escalation and rent holiday clauses on a straight-line basis at several properties; d) correction of accounting errors at the Company's 66-2/3% owned Blue Chip Casinos plc subsidiary in England; and e) the correction of the gain recognized on the sale of the Company's Vicksburg and Bossier City properties. Additionally, as part of the restatement process, the Company made correcting adjustments for other miscellaneous items.

These adjustments have been reflected in the accompanying consolidated interim financial statements for the prior periods. The Company's previously reported consolidated net income for the three months ended October 29, 2006 increased by $6.2 million to net income of $9.6 million. The Company's previously reported consolidated net income for the six months ended October 29, 2006 increased by $6.3 million to net income of $18.9 million. In addition, as a result of certain of these adjustments, the Company's statement of cash flows for the six months ended October 29, 2006 has been restated. Cash flows used in operating activities for the six months ended October 29, 2006 decreased by $7.4 million. Cash flows provided by investing activities for the six months ended October 29, 2006 decreased by $7.3 million.

The following table summarizes the effects of the adjustments on the consolidated statements of operations for the three month period ended October 29, 2006.

	Three Months Ended October 29, 2006		
	As Previously Reported	Adjustments	As Restated
Revenues:			
Food, beverage and other	$ 32,156	$ (3)	$ 32,153
Gross revenues	298,544	(3)	298,541
Net revenues	243,227	(3)	243,224
Operating expenses:			
Casino	41,840	(270)	41,570
Rooms	2,405	24	2,429
Food, beverage and other	7,458	48	7,506
Marine and facilities	16,296	(662)	15,634
Marketing and administrative	79,699	(11,867)	67,832
Corporate and development	—	12,790	12,790
Write-offs and other valuation charges	—	665	665
Preopening and organizational costs	2,786	(2,397)	389
Depreciation and amortization	23,981	323	24,304
Total operating expenses	230,611	(1,346)	229,265
Operating income	12,616	1,343	13,959
Interest expense	(22,861)	(533)	(23,394)
Interest income	3,689	(226)	3,463
Income from continuing operations before income taxes and minority interest	(6,556)	584	(5,972)
Income tax benefit	2,855	(555)	2,300
Minority interest	(547)	32	(515)
Income from continuing operations	(4,248)	61	(4,187)
Income from discontinued operations, net of income taxes	7,633	6,184	13,817
Net income	3,385	6,245	9,630
Earnings per common share-basic:			
Income from continuing operations	$ (0.14)	$ —	$ (0.14)
Income from discontinued operations, net of income taxes	0.25	0.21	0.46
Net income	$ 0.11	$ 0.21	$ 0.32
Earnings per common share-diluted:			
Income from continuing operations	$ (0.14)	$ —	$ (0.14)
Income from discontinued operations, net of income taxes	0.25	0.21	0.46
Net income	$ 0.11	$ 0.21	$ 0.32

The following table summarizes the effects of the adjustments on the consolidated statements of operations for the six month period ended October 29, 2006.

	Six Months Ended October 29, 2006		
	As Previously Reported	Adjustments	As Restated
Revenues:			
Food, beverage and other	$ 66,968	$ (3)	$ 66,965
Gross revenues	630,588	(3)	630,585
Net revenues	517,195	(3)	517,192
Operating expenses:			
Casino	84,038	(438)	83,600
Rooms	4,883	(3)	4,880
Food, beverage and other	16,598	(6)	16,592
Marine and facilities	31,821	(1,075)	30,746
Marketing and administrative	167,164	(26,832)	140,332
Corporate and development	—	27,835	27,835
Write-offs and other valuation charges	—	665	665
Preopening and organizational costs	3,035	(2,397)	638
Depreciation and amortization	47,483	807	48,290
Total operating expenses	473,337	(1,444)	471,893
Operating income	43,858	1,441	45,299
Interest expense	(42,731)	(719)	(43,450)
Interest income	4,451	(419)	4,032
Income from continuing operations before income taxes and minority interest	5,578	303	5,881
Income tax provision	(2,893)	(294)	(3,187)
Minority interest	(1,618)	65	(1,553)
Income from continuing operations	1,067	74	1,141
Income from discontinued operations, net of income taxes	11,558	6,215	17,773
Net income	12,625	6,289	18,914
Earnings per common share-basic:			
Income from continuing operations	$ 0.04	$ —	$ 0.04
Income from discontinued operations, net of income taxes	0.38	0.20	0.58
Net income	$ 0.42	$ 0.20	$ 0.62
Earnings per common share-diluted:			
Income from continuing operations	$ 0.37	$ (0.33)	$ 0.04
Income from discontinued operations, net of income taxes	0.25	0.32	0.57
Net income	$ 0.62	$ (0.01)	$ 0.61

The following table summarizes the effects of the adjustments on the consolidated statement of cash flows for the six month period ended October 29, 2006.

	Six Months Ended October 29, 2006		
	As originally reported	Adjustments	As Restated
Operating activities:			
Net income (loss)	$ 12,625	$ 6,289	$ 18,914
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	47,483	807	48,290
Loss on derivative instruments	—	391	391
Asset impairment	7,679	(7,022)	657
Valuation and other charges	—	665	665
Stock compensation expense	3,608	607	4,215
Loss (gain) on disposal of assets	(14,390)	(10,816)	(25,206)
Minority interest	1,618	(65)	1,553
Changes in operating assets and liabilities, net of dispositions:			
Accounts receivable	(7,135)	1,262	(5,873)
Insurance receivable	(22,502)	7,107	(15,395)
Income tax receivable (payable)	2,270	3,199	5,469
Prepaid expenses and other assets	(18,562)	(382)	(18,944)
Accounts payable and accrued liabilities	(21,094)	(1,648)	(22,742)
Net cash used in operating activities	(8,413)	394	(8,019)
Investing activities:			
Purchase of property and equipment	(166,089)	890	(165,199)
Proceeds from sales of assets	1,331	(7,146)	(5,815)
Insurance proceeds for hurricane damages	18,786	(331)	18,455
Prepaid deposits and other	(5,274)	524	(4,750)
Net cash used in investing activities	14,718	(248)	14,470
Net decrease in cash and cash equivalents	3,263	146	3,409
Cash and cash equivalents at the beginning of period	121,193	(144)	121,049
Cash and cash equivalents at the end of the period	124,456	2	124,458

4. Discontinued Operations

On July 31, 2006, the sale of the Company's Bossier City and Vicksburg properties to privately owned Legends Gaming, L.L.C. was completed for $240.0 million cash plus a working capital adjustment of $7.4 million. The Company received $240.0 million, less transaction fees, at closing and has been paid $4.9 million of the $7.4 million working capital adjustment as of October 28, 2007.

Net revenues, pretax income (loss) from discontinued operations, gain on sale of discontinued operations, income taxes from discontinued operations and income from discontinued operations, net of income taxes are summarized as follows (in thousands):

	Three Months Ended October 29, 2006 (Restated)	Six Months Ended October 29, 2006 (Restated)
Net revenues	$ —	$ 41,291
Pretax income (loss) from discontinued operations	(1,505)	5,463
Gain on sale of discontinued operations	24,117	24,117
Income taxes from discontinued operations	8,795	11,807
Income from discontinued operations, net of income taxes	13,817	17,773

Net interest expense of $3.3 million for the three and six months ended October 29, 2006 has been allocated to discontinued operations based on the ratio of net assets to be sold to the sum of total net assets of the Company plus the Company's debt that is not attributable to a particular operation in accordance with EITF 87-24, "Allocation of Interest to Discontinued Operations."

5. Long-Term Debt

Long-term debt consists of the following (in thousands):

	October 28, 2007	April 29, 2007
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Variable rate term loans	$ 698,250	$ —
Revolver	115,000	—
February 2005 Credit Facility:		
Variable rate term loans	—	293,500
Revolver	—	210,000
Senior Subordinated Notes:		
7% Senior Subordinated Notes	500,000	500,000
9% Senior Subordinated Notes, extinguished August 2007	—	200,000
Senior Secured Credit Facilities of Subsidiaries, non-recourse to Isle of Capri Casinos, Inc.		
Isle-Black Hawk Credit Facility:		
Variable rate term loan	186,200	187,150
Revolver	9,000	16,400
Blue Chip Credit Facility	5,985	6,157
Other	6,976	4,772
	1,521,411	1,417,979
Less current maturities	10,105	7,594
Long-term debt	$ 1,511,306	$ 1,410,385

The following is a brief description of the Company and its subsidiaries' borrowing arrangements.

July 2007 Credit Facility - On July 26, 2007, the Company entered into a $1.35 billion senior secured credit facility ("July 2007 Credit Facility"), replacing the February 2005 Credit Facility. The July 2007 Credit Facility is secured on a first priority basis, subject to certain permitted liens, by substantially all of the Company's assets and by all of the Company's significant domestic subsidiaries, excluding the subsidiaries that own and operate the Isle-Black Hawk and the Colorado Central Station-Black Hawk. The July 2007 Credit Facility consists of a $475.0 million five-year revolving credit facility which matures on July 26, 2012 and a $875.0 million term loan facility which matures on November 25, 2013, subject to extension at the Company's option to July 26, 2014 upon the satisfaction of certain conditions. The $875.0 million term loan facility consists of a $500.0 million senior secured loan facility which was drawn at closing; a $200.0 million senior secured delayed draw facility which was drawn in August 2007 to retire the Company's 9% Senior Subordinated Notes which were called in accordance with the terms of the related indenture on July 30, 2007, at a call price of 104.5%, a premium of 4.5% or $9.0 million; and a $175.0 million senior secured delayed draw facility which can be drawn within twelve months after closing, at the Company's option. The redemption of the 9% Senior Subordinated Notes and the satisfaction and discharge of the related indenture was completed on August 29, 2007.

The July 2007 Credit Facility also provides for up to an aggregate amount of $500.0 million in incremental financing (also referred to as "greenshoe" facilities) of which $300.0 million may be used for general corporate purposes and $200.0 million may be used, at the Company's option, solely to refinance the Isle-Black Hawk Credit Facility. All incremental facilities are subject to certain conditions, including the agreement of existing and/or new lenders to make the additional credit extensions thereunder and will be guaranteed and secured on a pari passu basis with the July 2007 Credit Facility.

The term loans are payable in quarterly principal installments on the last business day of each calendar quarter starting September 30, 2007 and ending on November 25, 2013 unless extended as described above. The revolving credit facility bears interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the administrative agent announces from time to time as its prime lending rate plus an applicable margin of up to 1.25% or (2) a rate tied to a LIBOR rate plus an applicable margin of up to 2.25%. The term loans bear interest at the Company's option at (1) the higher of 0.5% in excess of the federal funds effective rate or the rate that the administrative agent announces from time to time as its prime lending rate plus an applicable margin of up to 0.75% or (2) a rate tied to a LIBOR rate plus an applicable margin of 1.75%. The Company is required to pay a commitment fee of 0.375% of the unused revolving credit facility until the first margin reset date, which is January 1, 2008. Subsequent to the first margin reset date, the commitment fee may range from 0.250% up to 0.500% subject to the consolidated total leverage ratio as defined within the July 2007 Credit Facility. The Company is required to pay a commitment fee of 0.500% on any of the undrawn $175.0 million senior secured delayed draw facility.

Costs incurred as part of the July 2007 Credit Facility aggregated to $7.9 million. In conjunction with the replacement of the February 2005 Credit Facility with the July 2007 Credit Facility, $2.3 million of debt issuance costs were recorded as a loss on early extinguishment of debt for the six months ended October 28, 2007, while the remaining deferred debt issuance costs will be amortized over the respective lives of the revolver and term credit facilities of the July 2007 Credit Facility. The weighted average effective interest rate of the February 2005 and July 2007 Credit Facilities for the three and six month periods ended October 28, 2007 were 7.17% and 7.39%, respectively.

As of October 28, 2007, the Company had $516.3 million of unused capacity under lines of credit and available term debt consisting of $341.3 million in unused credit capacity under the July 2007 Credit Facility revolving credit commitment, and $175.0 million in unused delayed draw (net line of credit availability under our July 2007 Credit Facility was approximately $163.5 million, due to limitations imposed by the Company's debt incurrence covenant as of October 28, 2007).

The July 2007 Credit Facility includes a number of affirmative and negative covenants and the Company must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The July 2007 Credit Facility also restricts the Company's ability to make certain investments or distributions. The Company is in compliance with the covenants as of October 28, 2007.

February 2005 Credit Facility - In 2005, the Company entered into a $700.0 million senior secured credit facility ("February 2005 Credit Facility") providing for a $700.0 million revolving credit facility maturing in February 2010 and a $250.0 million term loan facility maturing in February 2011. In August 2005, the Company exercised its option for a delayed draw term loan for an additional $50.0 million. The February 2005 Credit Facility was repaid in total with proceeds from the July 2007 Credit Facility and cancelled.

The weighted average effective interest rate of the February 2005 Credit Facility for the three and six month periods ended October 29, 2006 was 7.65% and 7.61%, respectively.

7% Senior Subordinated Notes - During 2004, the Company issued $500.0 million of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). The 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of the Company's significant domestic subsidiaries, excluding the subsidiaries that own and operate the Isle-Black Hawk and the Colorado Central Station-Black Hawk, and other subsidiaries as described more fully in Note 15. All of the guarantor subsidiaries are wholly owned by the Company. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all existing and future senior indebtedness, equally with all existing and future senior subordinated debt, and senior to any future subordinated indebtedness. Interest on the 7% Senior Subordinated Notes is payable semi-annually on each March 1st and September 1st through maturity.

The 7% Senior Subordinated Notes are redeemable, in whole or in part, at the Company's option at any time on or after March 1, 2009, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period beginning on March 1st of the years indicated below:

Year	Percentage
2009	103.500%
2010	102.333%
2011	101.167%
2012 and Thereafter	100.000%

The Company issued the 7% Senior Subordinated Notes under an indenture between the Company, the subsidiary guarantors and a trustee. The indenture, among other things, limits the ability of the Company and its restricted subsidiaries to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates or pay dividends on or repurchase its stock or its restricted subsidiaries' stock. The indenture also limits the Company's ability to issue and sell capital stock of its subsidiaries and in its ability to sell assets in excess of specified amounts or merge with or into other companies.

9% Senior Subordinated Notes - During 2002, the Company issued $200.0 million of 9% Senior Subordinated Notes due 2012 ("9% Senior Subordinated Notes"). These 9% Senior Subordinated Notes were called for redemption at 104.5% and redeemed during August 2007. Proceeds from the $200 million senior secured delayed draw term loan and revolver borrowings under the July 2007 Credit Facility, and available cash were used to redeem the 9% Senior Subordinated Notes. The $11.4 million in losses on early extinguishment of debt included in the consolidated statements of operations for the three and six months ended October 28, 2007 includes the $9.0 million call premium and the write-off of deferred financing costs associated with the 9% Senior Subordinated Notes.

Isle-Black Hawk Senior Secured Credit Facility - Isle of Capri Black Hawk, L.L.C., a joint venture company that owns and operates two casinos in Black Hawk, Colorado is owned 57% by a subsidiary of Isle of Capri Casinos, Inc. and 43% by a subsidiary of Nevada Gold & Casinos, Inc. See Note 14 regarding our agreement to acquire the 43% interest in Isle of Capri Black Hawk, L.L.C. owned by Nevada Gold and Casinos, Inc.

During 2005, Isle of Capri Black Hawk, L.L.C. entered into a $240.0 million Second Amended and Restated Credit Agreement and amended such agreement during January 2007 (the "Isle-Black Hawk Credit Facility"). The credit agreement, as amended, provides for a $50.0 million revolving credit facility maturing on the earlier of October 24, 2010 or such date as the term loan facility is repaid in full and a $190.0 million term loan facility maturing on October 24, 2011. At the Isle of Capri Black Hawk, L.L.C.'s and the lead arranger's mutual discretion, Isle of Capri Black Hawk, L.L.C. may increase the size of the revolver and/or term loan facility in an aggregate amount up to $25.0 million subject to certain conditions. The term loans are payable in quarterly principal installments of $0.5 million beginning on December 30, 2005 through September 30, 2010, and $45.1 million beginning December 31, 2010 through September 30, 2011. The revolving loans bear interest at the Isle of Capri Black Hawk, L.L.C.'s option at (1) the higher of 0.50% in excess of the federal funds effective rate plus an applicable margin up to 1.25% or the rate that the lead arranger announces from time to time as its prime lending rate plus an applicable margin up to 1.25% or (2) a rate tied to a LIBOR rate plus an applicable margin up to 2.25%. The term loan bears interest at the Isle of Capri Black Hawk, L.L.C.'s option at (1) the higher of 0.50% in excess of the federal funds effective rate plus an applicable base rate margin of 1.00% or the rate that the lead arranger announces from time to time as its prime lending rate, plus an applicable base rate margin of 1.00% or (2) a rate tied to a LIBOR rate plus an applicable margin of 2.00%. Isle of Capri Black Hawk, L.L.C is required to pay a commitment fee of 0.50% of the unused portion of the revolving facility. The credit agreement is secured by liens on substantially all of Isle of Capri Black Hawk, L.L.C.'s assets.

The weighted-average effective interest rate of total debt outstanding under the Isle-Black Hawk Credit Facility for the three and six months ended at October 28, 2007 and the three and six months ended October 29, 2006 was 6.93%, 7.00%, 6.84% and 6.84%, respectively.

As of October 28, 2007, Isle of Capri Black Hawk, L.L.C. had no letters of credit outstanding under the Isle-Black Hawk Credit Facility. As of October 28, 2007, the net capacity under Isle-Black Hawk Credit Facility was $41.0 million which is subject to availability limitations and restrictions, in part, based on achievement of specific financial covenants. Isle of Capri Black Hawk, L.L.C. was in compliance with all covenants as of October 28, 2007.

Blue Chip Credit Facility Blue Chip Casinos Plc ("Blue Chip") entered into an agreement effective November 28, 2003, as amended on May 24, 2004, with the Bank of Scotland to borrow up to £3.5 million (the "Blue Chip Credit Facility") to fund its casino development program. As of October 28, 2007, total outstanding debt aggregated £2.9 million ($6.0 million) which consisted of a £2.3 million ($4.7 million) term loan facility and a £0.6 million ($1.3 million) outstanding balance under the £0.8 million available revolving loan facility. The term loan is to be repaid in periodic principal payments starting in July 2005 and continuing through July 2012. The interest rate at Blue Chip's option, is (1) the Bank of Scotland's base rate plus a current margin of 2.0% or (2) LIBOR plus a margin of 1.75%. As of October 28, 2007, the effective interest rate was 7.75%. The Blue Chip Credit Facility is non-recourse to the Company.

Blue Chip Casinos Plc was in compliance with all covenants as of October 28, 2007. As of October 28, 2007, Blue Chip Casinos Plc had no letters of credit outstanding under the Blue Chip Credit Facility, and net capacity under the Blue Chip Credit Facility was £0.2 million ($0.3 million).

Interest Rate Swap Agreements The Company has entered into various interest rate swap agreements with members of the July 2007 Credit Facility bank group for an aggregate notional value of $350.0 million with maturity dates ranging from fiscal year 2010 to 2011 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the July 2007 Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 28, 2007, as being fully effective. As a result, there is no impact on the Company's consolidated statement of operations from changes in fair value. As of October 28, 2007, the Company recorded a liability of $2.8 million in Other long-term liabilities representing the fair market value of the swap agreements and an unrealized loss of $1.8 million, net of a $1.1 million deferred income tax benefit, in Other comprehensive income on the consolidated balance sheet. For the three months ended October 28, 2007, the Company recognized a reduction to interest expense on the consolidated statements of operations aggregating $0.1 million. As of October 28, 2007, the weighted average fixed LIBOR interest rate of the Company's interest rate swap agreements was 4.69%.

As of October 28, 2007, Isle of Capri Black Hawk, L.L.C. has interest rate swap agreements with an aggregate notional value of $40.0 million or 20.5% of its variable rate debt outstanding under the Isle-Black Hawk Credit Facility. The swap agreements effectively convert portions of Isle of Capri Black Hawk, L.L.C. variable rate debt to a fixed-rate basis until the respective remaining swap agreements terminate, which occurs during the fourth quarter of fiscal year 2008. For the three and six months ended October 28, 2007 and the three and six months ended October 29, 2006, Isle of Capri Black Hawk, L.L.C. recorded a loss of $0.2 million, $0.4 million, $0.4 million and $0.4 million, respectively, in food, beverage and other within the accompanying consolidated statements of operations related to the change in fair market value of the undesignated swap agreements. As of October 28, 2007, the weighted average fixed LIBOR interest rate of the Isle of Capri Black Hawk, L.L.C. interest rate swap agreements was 3.80%.

The fair value of the estimated interest differential between the applicable future variable rates and the interest rate swap contracts not designated as hedging instruments, expressed in present value terms, totaled $0.1 million and $0.5 million as of October 28, 2007 and April 29, 2007, respectively. Based on the maturity dates of the contracts, these amounts are included in Prepaid expenses and other assets in the accompanying consolidated balance sheets.

6. Other Long-Term Obligations

The Company entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, and is owned and operated by a non-affiliated entity and began operations in August 2005. Due to certain structural elements installed by the Company during the construction of the space being leased and certain prepaid lease payments it made, the Company is required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, the Company has recorded a long-term obligation for £24.1 million ($49.4 million) and £23.8 million ($47.6 million) as of October 28, 2007 and April 29, 2007, respectively, even though the Company does not own this asset, is not the obligor on the corresponding long-term obligation and does not participate in or control the operations of the convention center.

The other long-term obligation will be reflected in the accompanying consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from the Company's financial statements. At such time, the net of the remaining obligation and carrying value of the fixed asset will be recognized as a gain on sale of the facility.

7. Earnings per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended		Six Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Numerator:				
Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ (24,635)	$ (4,187)	$ (31,750)	$ 1,141
Income from discontinued operations	—	13,817	—	17,773
Net income (loss)	$ (24,635)	$ 9,630	$ (31,750)	$ 18,914
Denominator:				
Denominator for basic earnings per share - weighted - average shares	30,727	30,346	30,559	30,384
Effect of dilutive securities Employee stock options and nonvested restricted stock	—	—	—	844
Denominator for diluted earnings per share - adjusted weighted - average shares and assumed conversions	30,727	30,346	30,559	31,228
Basic earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.80)	$ (0.14)	$ (1.04)	$ 0.04
Income from discontinued operations	—	0.46	—	0.58
Net income (loss)	$ (0.80)	$ 0.32	$ (1.04)	$ 0.62
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.80)	$ (0.14)	$ (1.04)	$ 0.04
Income from discontinued operations	—	0.46	—	0.57
Net income (loss)	$ (0.80)	$ 0.32	$ (1.04)	$ 0.61

The Company computes basic earnings (loss) per share by dividing net income (loss) by the weighted average number of shares outstanding for the period. The Company reported a net loss from continuing operations for the three and six months ended October 28, 2007, and for the three months ended October 29, 2006, and thus reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for that time period. For the six months ended October 29, 2006, diluted earnings per share was determined as net income divided by the weighted average number of shares outstanding for the period, after applying the treasury method to determine any incremental shares associated with stock options outstanding. Anti-dilutive stock options representing 1,944,612, 891,292, 308,239 and 54,040 shares were excluded from the calculation of potential common shares for diluted earnings per share for the three and six months ended October 28, 2007 and the three and six months ended October 29, 2006, respectively.

8. Accumulated Comprehensive Income

As a result of the operations of the Company's international subsidiaries with functional currencies other than the U.S. dollar, a resulting currency translation adjustment is necessary. The assets and liabilities of the Company's international subsidiaries are translated using the exchange rate in effect at the balance sheet date, with the resulting translation adjustment recognized as accumulated other comprehensive income. The net change in foreign currency translation adjustments in accumulated other comprehensive income was an increase of $0.9 million and $2.1 million for the three and six months ended October 28, 2007, respectively.

The Company uses interest rate swap agreements to convert portions of the Company's July 2007 Credit Facility variable rate debt to a fixed-rate basis. The Company records unrealized gains and losses on these interest rate swaps as accumulated other comprehensive income. The net change in accumulated other comprehensive income related to the unrealized loss on interest rate swap contracts for the three and six months ended October 28, 2007 was $1.8 million.

The following table sets forth total comprehensive income (loss) for the three and six months ended October 28, 2007 and October 29, 2006 (in thousands).

	Three Months Ended		Six Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Net income (loss)	$ (24,635)	$ 9,630	$ (31,750)	$ 18,914
Unrealized loss on interest rate swaps, net of income taxes	(1,811)	—	(1,811)	—
Foreign currency translation adjustment	866	729	2,063	1,469
Total comprehensive income (loss)	$ (25,580)	$ 10,359	$ (31,498)	$ 20,383

9. Stock-Based Compensation

The Company has three stock-based compensation plans, the 1992 Stock Option Plan, the 1993 Stock Option Plan and the 2000 Stock Option Plan as amended. The plans provide for the issuance of incentive stock options and nonqualified options which have a maximum term of 10 years and are, generally, exercisable in yearly installments of 20% commencing one year after the date of grant. The Company has 966,369 shares available for future issuance under its equity compensation plans as of October 28, 2007.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table for the periods presented.

	Six Months Ended	
	October 28, 2007	October 29, 2006
Weighted average expected volatility	43.63 %	52.50 %
Weighted average expected term in years	6.82	5.85
Expected dividend yield	0.00 %	0.00 %
Weighted average risk-free interest rate	4.53 %	4.69 %
Weighted average fair value of options granted	$ 10.47	$ 13.65

Weighted average volatility is calculated using the historical volatility of the Company's stock prices over a range of dates equal to the expected term of a grant's options. The weighted average expected term is calculated using historical data that is representative of the option for which the fair value is to be determined. The expected term represents the period of time that options granted are expected to be outstanding. The weighted average risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the approximate period of time equivalent to the grant's expected term. The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period. The impact of these changes in forfeiture estimates decreased expense approximately $0.5 million and was recorded as a cumulative adjustment on the consolidated statement of operations in the first quarter of fiscal 2008.

Total stock option expense included in the expense category corresponding to the employees regular compensation in the accompanying consolidated statements of operations was $2.9 million and $3.8 million for the three and six months ended October 28, 2007, respectively and $2.6 million and $4.1 million for the three and six months ended October 29, 2006, respectively. As of October 28, 2007, there was $12.0 million in unrecognized stock compensation costs, related to unvested options, which the Company expects it will recognize over the remaining vesting period of 5 years with a weighted average period of 4.0 years. With the exception of 50,000 options which vest and become exercisable 50% upon the date of grant and 50% upon the one-year anniversary of the grant date, the options granted during the six months ended October 28, 2007, vest 20% per year for 5 years on the anniversary of the grant date. The Company recognizes compensation expense for these grants on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

	Options		Total Weighted Average Exercise Price
Outstanding options at April 29, 2007	2,957,073	$	17.96
Options granted	1,027,300		21.04
Options exercised	(523,942)		9.31
Options forfeited and expired	(221,881)		21.96
Outstanding options at October 28, 2007	3,238,550	$	20.06
Outstanding exercisable options at October 28, 2007	1,430,790	$	17.53

10. Hurricanes and Related Charges

In the fall of 2005, the Company's properties in Biloxi, Mississippi, Lake Charles, Louisiana and Pompano Beach, Florida were struck by hurricanes Katrina, Rita and Wilma, respectively.

The Company has insurance coverage related to the three hurricanes for property damage and destruction, business interruption insurance for incremental costs incurred and business interruption insurance for lost profits. The Company has received partial proceeds from its insurance carriers related to losses the Company has sustained. The Company believes it will ultimately collect more than the $75.9 million related to the property impairment as the insurance coverage is for replacement value and the insurance receivable recorded for the property impairment represents the net book value of the assets at the date of loss. In addition, the Company has not yet received proof of losses on open claims under the business interruption loss of profits coverage related to the claim in Biloxi. The Company continues to negotiate with its insurers to settle its claims. The timeline for final settlement of the claims is expected to occur within one year.

The following table shows the activity flowing through the insurance accounts (in thousands):

	Total Incurred as of October 28, 2007	Total Incurred as of April 29, 2007
Property impairment (1)	$ 75,868	$ 75,868
Incremental costs incurred (2)	88,018	84,793
Loss of income (3)	2,817	2,817
Hurricane related charges, net (4)	(4,776)	(4,776)
Insurance receivable, gross	$ 161,927	$ 158,702
Insurance receipts	(106,755)	(102,662)
Insurance receivable, net	$ 55,172	$ 56,040

(1) Represents the book value of property impairments recognized at the date of loss as a receivable under the Company's insurance policies.
(2) Insured incremental costs incurred by the Company totaling $88.0 million were recorded as an insurance receivable for $62.2 million in fiscal year 2006, $22.6 million in fiscal 2007, and $3.2 million for the six months ended October 28, 2007.
(3) During the fourth quarter of fiscal 2007, the Company recorded a gain and insurance receivable of $2.8 million as the result of a proof of loss under the business interruption-lost profits coverage.
(4) Primarily represents deductibles under insurance policies recorded as a hurricane related charge during fiscal 2006.

During November 2007, the Company received unallocated advances from its insurance carriers totaling $47.0 million, which will be applied against the insurance receivable discussed above.

11. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill and other intangible assets are as follows (in thousands):

	Goodwill	Gaming Licenses	Customer Lists, net	Trademarks	Total Other Intangibles Assets, net
April 29, 2007 balance	$ 297,268	$ 61,953	$ —	$ 12,201	$ 74,154
Acquisition of Caruthersville	—	4,566	868	100	5,534
Acquisition of Coventry trademark	—	—	—	133	133
October 28, 2007 balance	$ 297,268	$ 66,519	$ 868	$ 12,434	$ 79,821

Acquisition - On June 10, 2007, the Company acquired 100% of the membership interests of Atzar Missouri Riverboat Gaming Company, L.L.C., a Missouri limited liability company located in Caruthersville, Missouri. The purchase price was approximately $45.0 million subject to finalization of certain adjustments in accordance with the Purchase Agreement dated March 16, 2007. The Company is finalizing the asset valuation and certain closing date adjustments with the seller. Therefore, the allocation of the purchase price and the valuation of the assets and liabilities are preliminary as of October 28, 2007. Any adjustments are not expected to be material. The estimated fair value of long-term assets acquired and liabilities assumed at the acquisition date was $45.2 million, of which $39.7 million relate to fixed assets and $5.5 million relate to intangible assets.

12. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of October 28, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck's favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. The Company is awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. The Company intends to continue a vigorous and appropriate defense to the claims asserted in this matter.

The Company is subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and is subject to cleanup requirements at certain of its facilities as a result thereof. The Company has not made, and does not anticipate making, material expenditures, nor does it anticipate incurring delays with respect to environmental remediation or protection. However, in part because the Company's present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that the Company will not experience material liabilities or delays.

The Company is subject to various contingencies and litigation matters and has a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, the Company believes that they will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. As of April 30, 2007, the Company was no longer subject to examination of its U.S. federal income tax returns filed for tax years prior to 2003. The IRS is currently examining the Company's federal income tax returns for the 2004 and 2005 tax years which relate to the Company's fiscal years ended April 24, 2005 and April 30, 2006, respectively. The tax returns for subsequent years are also subject to examination.

The Company files in numerous state jurisdictions with varying statutes of limitation. Our unrecognized state tax benefits are related to state tax returns open from tax years 2001 through 2006 depending on each state's statute of limitations.

13. Accounting Pronouncements

Adoption of New Accounting Pronouncements - In July 2006, the FASB issued Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"). This interpretation clarified the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, *"Accounting for Income Taxes."*

The Company adopted the provisions of FIN 48 on April 30, 2007. The adoption of FIN 48 did not have any impact on the Company's consolidated statement of operation or stockholders' equity within the consolidated balance sheet. As of April 30, 2007, the Company had a total of $24.2 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $9.0 million. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48. The Company had $3.6 million in interest related to unrecognized tax benefits accrued as of April 30, 2007 and no amounts were accrued for penalties. However, FIN 48 did require a reclassification of unrecognized tax benefits from deferred income taxes to current liabilities and long-term liabilities. At April 30, 2007, the Company reclassified $12.1 million from Income taxes payable and $9.1 million from Deferred income taxes to Other current accrued liabilities ($10.3 million) and Other accrued liabilities ($10.9 million).

For the six months ended October 28, 2007, the Company's unrecognized tax benefit decreased by $0.4 million. This amount is comprised of a $0.5 million decrease related to the partial resolution of an Iowa income tax examination covering the 2001 through 2004 tax years. This amount is partially offset by a $0.1 million increase related to the pending filing of amended Mississippi income tax returns for the 2003 and 2004 tax years. The Company expects the amount of unrecognized tax benefits will further decrease in fiscal 2008 by $12.1 million which is comprised of $5.8 million related to the pending filing of amended Iowa income tax returns for the 2002 through 2005 tax years and $6.3 million related to the need to file amended federal income tax returns for the 2003 through 2005 tax years.

As of October 28, 2007, the Company has recognized $0.3 million of previously unrecognized tax benefits which affect the effective tax rate. This amount is comprised of $0.4 million related to the partial resolution of the Iowa income tax examination as referred to above and partially offset by $0.1 million related to the amended Mississippi income tax returns as referred to above. The Company will not recognize any tax benefits in income tax expense as a result of the anticipated $12.1 million further reduction in the unrecognized tax benefits as referred to above.

As of October 28, 2007, the Company's interest related to unrecognized tax benefits is unchanged. This is the result of an increase of $0.8 million related to additional interest accrued on uncertain tax positions through October 28, 2007 and a decrease of $0.8 million related to the partial resolution of the Iowa income tax examination referred to above.

New Pronouncements - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact that the adoption of SFAS 157 will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by SFAS 159 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, companies shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. SFAS 159 is effective as of the beginning of a company's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the company also elects to apply the provisions of SFAS 157. We are currently evaluating whether to adopt the fair value option under SFAS 159 and evaluating what impact such adoption would have on our consolidated financial statements.

14. Subsequent Event

On November 13, 2007, the Company and its wholly owned subsidiary, Casino America of Colorado, Inc., executed an agreement with Nevada Gold & Casinos, Inc. and its subsidiary Blackhawk Gold, Ltd. ("Nevada Gold"), pursuant to which Isle of Capri will acquire the 43% interest in Isle of Capri Black Hawk, L.L.C., which is currently owned by Nevada Gold. Under the terms of the agreement, the Company has agreed to pay $64.6 million for the remaining 43% interest, payable in cash upon closure of the sale. Upon closing, Isle of Capri Black Hawk, L.L.C. would become an indirect wholly owned subsidiary of Isle of Capri. The closing of the transaction is subject to the approval of Nevada Gold's stockholders and certain other customary closing conditions.

15. Consolidating Condensed Financial Information

Certain of the Company's wholly owned subsidiaries have fully and unconditionally guaranteed the payment of all obligations under the Company's 7% Senior Subordinated Notes and were also guarantors under our 9% Senior Subordinated Notes redeemed during August 2007.

The following wholly owned subsidiaries of the Company are co-borrowers, on a joint and several basis, under the July 2007 Credit Facility and are guarantors of the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; LL Holding Corporation; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; and Riverboat Corporation of Mississippi — Vicksburg. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors or co-borrowers under the July 2007 Credit Facility or the 7% Senior Subordinated Notes: Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; Isle of Capri Bettendorf Marina Corp.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C.; Casino America of Colorado, Inc.; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Consolidating condensed balance sheets as of October 28, 2007 and April 29, 2007 are as follows (in thousands):

As of October 28, 2007

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 58,177	$ 162,226	$ 72,416	$ (21,672)	$ 271,147
Intercompany receivables	1,265,173	(305,864)	(68,730)	(890,579)	—
Investments in subsidiaries	267,807	297,582	—	(565,389)	—
Property and equipment, net	14,867	1,024,781	390,437	—	1,430,085
Other assets	16,372	372,412	33,265	(3,000)	419,049
Total assets	$ 1,622,396	$ 1,551,137	$ 427,388	$ (1,480,640)	$ 2,120,281
Current liabilities	$ 51,979	$ 103,077	$ 63,019	$ (20,590)	$ 197,485
Intercompany payables	—	796,771	154,786	(951,557)	—
Long-term debt, less current maturities	1,306,250	5,699	199,357	—	1,511,306
Other accrued liabilities	5,132	76,016	41,192	—	122,340
Minority interest	—	—	—	30,115	30,115
Stockholders' equity	259,035	569,574	(30,966)	(538,608)	259,035
Total liabilities and stockholders' equity	$ 1,622,396	$ 1,551,137	$ 427,388	$ (1,480,640)	$ 2,120,281

As of April 29, 2007

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 110,189	$ 152,937	$ 70,420	$ (13,208)	$ 320,338
Intercompany receivables	1,130,006	(455,871)	(25,468)	(648,667)	—
Investments in subsidiaries	269,631	289,857	—	(559,488)	—
Property and equipment, net	19,644	946,127	372,799	—	1,338,570
Other assets	19,248	366,889	36,446	(5,800)	416,783
Total assets	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691
Current liabilities	$ 61,274	$ 122,089	$ 60,889	$ (8,511)	$ 235,741
Intercompany payables	—	539,023	151,017	(690,040)	—
Long-term debt, less current maturities	1,200,500	3,495	206,390	—	1,410,385
Other accrued liabilities	5,122	75,791	38,994	—	119,907
Minority interest	—	—	—	27,836	27,836
Stockholders' equity	281,822	559,541	(3,093)	(556,448)	281,822
Total liabilities and stockholders' equity	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691

Consolidating condensed statements of operations for the three and six months ended October 28, 2007 and October 29, 2006 are as follows (in thousands):

For the Three Months Ended October 28, 2007 (Unaudited)

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 230,751	$ 47,531	$ —	$ 278,282
Rooms, food, beverage and other	42	41,871	11,797	(3,189)	50,521
Gross revenues	42	272,622	59,328	(3,189)	328,803
Less promotional allowances	—	39,687	10,278	—	49,965
Net revenues	42	232,935	49,050	(3,189)	278,838
Operating expenses:					
Casino		32,642	8,692	—	41,334
Gaming taxes	—	63,317	8,648	—	71,965
Rooms, food, beverage and other	18,388	90,355	22,205	(2,982)	127,966
Management fee expense (revenue)	(6,727)	6,982	(255)	—	—
Depreciation and amortization	1,769	27,346	6,154	—	35,269
Total operating expenses	13,430	220,642	45,444	(2,982)	276,534
Operating income (loss)	(13,388)	12,293	3,606	(207)	2,304
Interest expense, net	(7,578)	(14,568)	(5,890)		(28,036)
Loss on extinguishment of debt	(11,468)	—	—	—	(11,468)
Equity in income (loss) of subsidiaries	(4,830)	2,394	(2,429)	4,865	
Income (loss) before income taxes and minority interest	(37,264)	119	(4,713)	4,658	(37,200)
Income tax (provision) benefit	12,629	999	983	—	14,611
Minority interest	—	—	—	(2,046)	(2,046)
Net income (loss)	$ (24,635)	$ 1,118	$ (3,730)	$ 2,612	$ (24,635)

For the Three Months Ended October 29, 2006 (Unaudited) (Restated)

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 201,815	$ 47,422	$ —	$ 249,237
Rooms, food, beverage and other	98	40,889	11,890	(3,573)	49,304
Gross revenues	98	242,704	59,312	(3,573)	298,541
Less promotional allowances	—	43,601	11,716	—	55,317
Net revenues	98	199,103	47,596	(3,573)	243,224
Operating expenses:					
Casino	—	33,203	8,367	—	41,570
Gaming taxes	—	44,143	8,933	—	53,076
Rooms, food, beverage and other	11,010	78,286	24,644	(3,625)	110,315
Management fee expense (revenue)	(7,200)	7,201	(1)	—	—
Depreciation and amortization	374	19,122	4,808	—	24,304
Total operating expenses	4,184	181,955	46,751	(3,625)	229,265
Operating income (loss)	(4,086)	17,148	845	52	13,959
Interest expense, net	(6,133)	(8,522)	(4,976)	—	(19,931)
Equity in income (loss) of subsidiaries	64	3,970	(4,146)	112	—
Income (loss) from continuing operations before income taxes and minority interest	(10,455)	12,596	(8,277)	164	(5,972)
Income tax (provision) benefit	6,268	(6,584)	2,616	—	2,300
Minority interest	—	—	—	(515)	(515)
Income (loss) from continuing operations	(4,187)	6,012	(5,661)	(351)	(4,187)
Income from discontinued operations, net of taxes	—	13,817	—	—	13,817
Equity in earnings of discontinued operations	13,817	—	—	(13,817)	
Income from discontinued operations, net of taxes	13,817	13,817	—	(13,817)	13,817
Net income (loss)	$ 9,630	$ 19,829	$ (5,661)	$ (14,168)	$ 9,630

	For the Six Months Ended October 28, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 459,568	$ 95,948	$ —	$ 555,516
Rooms, food, beverage and other	73	86,553	22,799	(6,419)	103,006
Gross revenues	73	546,121	118,747	(6,419)	658,522
Less promotional allowances	—	80,624	20,527	—	101,151
Net revenues	73	465,497	98,220	(6,419)	557,371
Operating expenses:					
Casino	—	64,135	16,560	—	80,695
Gaming taxes	—	123,609	17,428	—	141,037
Rooms, food, beverage and other	29,571	181,313	44,875	(6,297)	249,462
Management fee expense (revenue)	(15,144)	15,348	(204)	—	—
Depreciation and amortization	2,574	52,055	11,198	—	65,827
Total operating expenses	17,001	436,460	89,857	(6,297)	537,021
Operating income (loss)	(16,928)	29,037	8,363	(122)	20,350
Interest expense, net	(15,759)	(25,969)	(11,028)	—	(52,756)
Loss on extinguishment of debt	(13,660)	—	—	—	(13,660)
Equity in income (loss) of subsidiaries	(3,804)	7,726	(3,504)	(418)	—
Income (loss) before income taxes and minority interest	(50,151)	10,794	(6,169)	(540)	(46,066)
Income tax (provision) benefit	18,401	(1,218)	1,106	—	18,289
Minority interest	—	—	—	(3,973)	(3,973)
Net income (loss)	$ (31,750)	$ 9,576	$ (5,063)	$ (4,513)	$ (31,750)

	For the Six Months Ended October 29, 2006 (Restated)				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 430,260	$ 96,597	$ —	$ 526,857
Rooms, food, beverage and other	52	86,423	24,400	(7,147)	103,728
Gross revenues	52	516,683	120,997	(7,147)	630,585
Less promotional allowances	—	90,602	22,791	—	113,393
Net revenues	52	426,081	98,206	(7,147)	517,192
Operating expenses:					
Casino	—	67,310	16,290	—	83,600
Gaming taxes	—	93,029	18,390	—	111,419
Rooms, food, beverage and other	22,494	159,888	53,803	(7,601)	228,584
Management fee expense (revenue)	(16,941)	17,050	(109)	—	—
Depreciation and amortization	821	37,977	9,492	—	48,290
Total operating expenses	6,374	375,254	97,866	(7,601)	471,893
Operating income (loss)	(6,322)	50,827	340	454	45,299
Interest expense, net	(11,382)	(18,025)	(10,011)	—	(39,418)
Equity in income (loss) of subsidiaries	9,251	6,917	(7,047)	(9,121)	—
Income (loss) from continuing operations before income taxes and minority interest	(8,453)	39,719	(16,718)	(8,667)	5,881
Income tax (provision) benefit	9,594	(17,776)	4,995	—	(3,187)
Minority interest	—	—	—	(1,553)	(1,553)
Income (loss) from continuing operations	1,141	21,943	(11,723)	(10,220)	1,141
Income from discontinued operations, net of taxes	—	17,773	—	—	17,773
Equity in earnings of discontinued operations	17,773	—	—	(17,773)	—
Income from discontinued operations, net of taxes	17,773	17,773	—	(17,773)	17,773
Net income (loss)	$ 18,914	$ 39,716	$ (11,723)	$ (27,993)	$ 18,914

Consolidating condensed statements of cash flows for the six months ended October 28, 2007 and October 29, 2006 are as follows (in thousands):

	For the Six Months Ended October 28, 2007 (Unaudited)				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (39,170)	$ 30,469	$ 9,393	$ (2,074)	$ (1,382)
Net cash provided by (used in) investing activities	(781)	(132,736)	(25,971)	—	(159,488)
Net cash provided by (used in) financing activities	(28,018)	100,001	13,744	2,074	87,801
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(84)	—	(84)
Net increase (decrease) in cash and cash equivalents	(67,969)	(2,266)	(2,918)	—	(73,153)
Cash and cash equivalents at beginning of the period	82,895	70,638	34,581	—	188,114
Cash and cash equivalents at end of the period	$ 14,926	$ 68,372	$ 31,663	$ —	$ 114,961

	For the Six Months Ended October 29, 2006 (Unaudited) (Restated)				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 6,972	$ 15,740	$ (10,964)	$ (19,767)	$ (8,019)
Net cash provided by (used in) investing activities	(57,114)	106,250	(23,570)	(11,096)	14,470
Net cash provided by (used in) financing activities	63,277	(136,388)	39,182	30,863	(3,066)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	24	—	24
Net increase (decrease) in cash and cash equivalents	13,135	(14,398)	4,672	—	3,409
Cash and cash equivalents at beginning of the period	29,187	67,494	24,368	—	121,049
Cash and cash equivalents at end of the period	$ 42,322	$ 53,096	$ 29,040	$ —	$ 124,458

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical or current facts included in this quarterly report on Form 10-Q or incorporated by reference herein, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

- the effect of significant competition from other gaming operations in the markets in which we operate;
- the effects of changes in gaming authority regulations;
- the effects of changes in gaming taxes;
- the effects of changes in non-gaming regulations;
- loss of key personnel;
- the impact of inclement weather on our patronage;
- the timing and amount of collection of insurance receivables;
- the effects of construction and related disruptions associated with expansion projects at existing facilities;
- the effects of increases in energy and fuel prices;
- the effects of increases in construction costs;
- general and regional economic conditions;
- the effects of limitations imposed by our substantial indebtedness;
- the availability and cost of financing;
- the outcome of pending litigation;
- political conditions and regulatory uncertainties in the U.S. and international venues in which we operate or are pursuing development opportunities;

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Our Internet website is http://www.islecorp.com. We make our filings available free of charge on our Internet website as soon as reasonably practical after we electronically file such reports with, or furnish them to, the SEC.

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States and internationally. We continue to investigate developing new locations, purchasing existing operations and expanding our current properties. These activities require capital-intensive investments that have long-term return potential. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, England and Freeport, Grand Bahama. We also operate a harness racing track and casino in Florida. Additionally, we have a controlling interest in and manage casinos in Dudley and Wolverhampton, England.

Our operating results have been affected by the acquisition or opening of new properties, losses from the early retirement of debt, write offs and other valuation charges, pre-opening expenses and increases in competition. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and give consideration to the following:

Opening of New Properties - During the first six months of fiscal year 2008, we experienced an increase in gaming revenues due primarily to the acquisition of our Caruthersville, Missouri casino in June 2007, the opening of our

Waterloo and Coventry casinos in June 2007 and July 2007, respectively, and the opening of the slot gaming facility at our Pompano Park Facility in April 2007.

Losses from Early Extinguishment of Debt - In the second quarter of fiscal 2008, we recognized an $11.5 million loss from early extinguishment of debt related to the early retirement of our 9% Senior Subordinated Notes. This loss included a $9.0 million call premium and a $2.5 million write-off of deferred financing costs. Proceeds from a $200.0 million term loan under our July 2007 Credit Facility were used to finance the extinguishment. Total loss from early extinguishment of debt for the six months ended October 28, 2007 of $13.7 million also includes a $2.2 million loss from the early extinguishment of our February 2005 Credit Facility replaced with our July 2007 Credit Facility.

Write-offs and Other Valuation Charges - The results from operations for the second quarter of fiscal 2008 include $6.5 million of write-offs of costs related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa and Kansas City, Missouri which we cancelled during the second fiscal quarter of 2007.

Pre-Opening Expenses - In fiscal year 2008, we opened our new Waterloo and Coventry properties. In late fiscal 2007 we opened the slot gaming facility at the Pompano Park property. For the three and six months ended October 28, 2007, we recorded pre-opening expenses related to these properties in the amounts of $0.3 million and $6.5 million, respectively. This is compared to pre-opening expenses recorded during the three and six months ended October 29, 2006 of $0.4 million and $0.6 million, respectively.

Increased Competition - Following the impact of Hurricane Katrina in the fall of 2005, our Mississippi properties in Biloxi and Natchez experienced strong revenue growth as a result of limited competition on the Gulf Coast. Since that time, the Gulf Coast has seen recovery in casino development which, combined with the closure of the Biloxi/Ocean Springs bridge, has significantly reduced our market share in Biloxi. Patron counts have been reduced at our Natchez property as gaming patrons who were displaced by hurricanes have returned to the Gulf Coast. In Louisiana, our Lake Charles property experienced higher gaming revenues in fiscal year 2007 due to the closure of competitors as a result of Hurricane Rita. Competition has reopened which has resulted in decreased gaming revenues at our Lake Charles property in fiscal year 2008. Our Quad City and Marquette properties have experienced increased competition in many of their feeder markets which has continued to have a negative impact on gaming revenues at these properties.

Results of Operations

Our results of operations for the three and six months ended October 28, 2007 and October 29, 2006 reflect the consolidated operations of all of our subsidiaries. The Vicksburg and Bossier City properties are reflected as discontinued operations for the periods prior to their sale in July 2006. A discussion of overall results by state for the six months ended October 28, 2007 compared to the six months ended October 29, 2006 follows:

Mississippi - Our three continuing casino operations contributed 17.3% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations at our Biloxi property decreased significantly from abnormally high prior year operating results due to increased competition in the market as competitors have re-opened after closures caused by Hurricane Katrina. Additionally, the Biloxi property remains negatively impacted by the destruction of the Biloxi/Ocean Springs bridge, which is the primary thoroughfare for travelers from Alabama and Florida to east Biloxi where our Biloxi property is located. Two lanes of the new Biloxi/Ocean Springs bridge opened in November 2007 and the complete new bridge with six lanes is scheduled to open prior to the summer of 2008. Our Natchez property continues to experience decreases in both net revenues and income from operations primarily resulting from the re-opening of competing casinos along the Gulf Coast. Net revenues at the Lula property decreased due to increased competition impacting certain of the property's outlying primary feeder markets and disruption due to renovations of the casino floor.

Louisiana - Our casino in Lake Charles contributed 13.4% of our net revenues for the six months ended October 28, 2007. Lake Charles experienced a decrease in net revenues due to increased competition in the market as competitors have fully re-opened following closures caused by Hurricane Rita and post hurricane normalization of population levels in the property's feeder markets. While experiencing a decline in net revenues, income from operations increased due primarily to decreased promotional and marketing expenses as well as overall cost control efforts.

Missouri - Our three casinos in Missouri contributed 16.7% of our net revenues for the six months ended October 28, 2007. Net revenues increased primarily due to the acquisition of the Caruthersville property on June 11, 2007. A decrease in net revenues at Kansas City is due to aggressive marketing by our competition in the Kansas City marketplace. Income from operations increased in the second quarter of fiscal 2008 due to the Caruthersville acquisition as well as overall cost control efforts at our other Missouri properties.

Iowa - Our four casinos in Iowa contributed 23.0% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations increased primarily due to the opening of the Waterloo property on June 30, 2007. Combined net revenues decreased moderately at our Marquette and two Quad City properties due primarily to the impact of increased competition. However, combined income from operations for these properties increased due to cost control efforts.

Colorado - Our two casinos in Black Hawk, Colorado contributed 14.1% of our net revenues for the six months ended October 28, 2007. Our Colorado properties experienced minor decreases in net revenues primarily due to a planned reduction in complimentary rooms and food and beverages. Income from operations increased at both Colorado properties due to decreases in marketing expenses and overall cost control efforts.

Florida - The Pompano Park racetrack and casino contributed 13.1% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations reflect the opening of the slot gaming facility on April 14, 2007.

International Operations - Net revenues increased primarily due to the opening of the Coventry, England property in July 2007. Loss from operations for the six months ended October 28, 2007 includes $2.8 million in pre-opening costs.

We believe that our historical results of operations may not be indicative of our future results of operations because of the substantial present and expected future increase in competition for gaming customers in each of our markets, as new gaming facilities open and existing gaming facilities expand or enhance their facilities. We also believe our operating results may be materially affected by declines in the economy and adverse weather.

Net revenues and operating income (loss) for the three and six months ended October 28, 2007 and October 29, 2006 are as follows:

(in thousands)	Net Revenues Three Months Ended		Operating Income (Loss) Three Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Mississippi				
Biloxi	$ 21,020	$ 37,611	$ (1,724)	$ 7,805
Natchez	8,765	9,639	1,611	1,673
Lula	18,549	19,912	1,582	1,453
Mississippi Total	48,334	67,162	1,469	10,931
Louisiana				
Lake Charles	37,502	39,952	3,855	3,413
Missouri				
Kansas City	18,766	19,880	828	1,008
Boonville	20,403	20,349	4,912	4,307
Caruthersville (1)	7,459	—	1,130	—
Missouri Total	46,628	40,229	6,870	5,315
Iowa				
Bettendorf	23,133	22,049	4,655	4,007
Davenport	13,068	15,303	1,344	1,699
Marquette	8,875	10,178	1,316	1,312
Waterloo (2)	18,955	—	996	(44)
Iowa Total	64,031	47,530	8,311	6,974
Colorado				
Black Hawk/Colorado Central Station	39,314	39,502	10,038	5,962
Florida				
Pompano (2)	36,396	4,424	(1,161)	(2,342)
International				
Blue Chip	2,077	1,712	(560)	(1,378)
Coventry (2)	1,575	—	(6,058)	(569)
Our Lucaya	2,879	2,591	(899)	(1,195)
International Total	6,531	4,303	(7,517)	(3,142)
Other	102	122	(19,561)	(13,152)
	$ 278,838	$ 243,224	$ 2,304	$ 13,959

(in thousands)	Net Revenues Six Months Ended		Operating Income (Loss) Six Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Mississippi				
Biloxi	$ 47,772	$ 90,466	$ (217)	$ 26,114
Natchez	18,420	20,796	3,676	4,007
Lula	38,065	41,283	4,176	4,652
Mississippi Total	104,257	152,545	7,635	34,773
Louisiana				
Lake Charles	80,503	84,619	10,526	9,441
Missouri				
Kansas City	38,476	40,590	3,244	2,021
Boonville	41,069	40,470	10,296	8,350
Caruthersville (1)	11,839	—	1,956	—
Missouri Total	91,384	81,060	15,496	10,371
Iowa				
Bettendorf	46,580	45,427	9,884	8,906
Davenport	26,677	32,238	3,562	5,311
Marquette	18,372	20,379	3,258	2,770
Waterloo (2)	27,069	—	(225)	(96)

Iowa Total	118,698	98,044	16,479	16,891
Colorado				
Black Hawk/Colorado *Central Station*	78,529	79,117	19,942	13,094
Florida				
Pompano (2)	70,593	10,256	(5,615)	(3,711)
International				
Blue Chip	4,555	3,891	(662)	(1,696)
Coventry (2)	1,976	—	(11,005)	(1,170)
Our Lucaya	6,709	7,521	(958)	(3,957)
International Total	13,240	11,412	(12,625)	(6,823)
Other	167	139	(31,488)	(28,737)
	$ 557,371	$ 517,192	$ 20,350	$ 45,299

(1) Reflects results since the June, 2007 acquisition effective date.
(2) Waterloo, *Pompano*, and *Coventry* opened for operations in June 2007, April 2007 and July 2007, respectively.
Note: The table excludes our Vicksburg and Bossier City properties which have been classified as discontinued operations.

Revenues

Revenues for the three and six months ended October 28, 2007 and October 29, 2006 are as follows:

(in thousands)	Three Months Ended October 28, 2007	Three Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Revenues:				
Casino	$ 278,282	$ 249,237	$ 29,045	11.7 %
Rooms	13,080	13,319	(239)	-1.8 %
Pari-mutuel commissions and fees	3,838	3,832	6	0.2 %
Food, beverage and other	33,603	32,153	1,450	4.5 %
Gross revenues	328,803	298,541	30,262	10.1 %
Less promotional allowances	49,965	55,317	(5,352)	-9.7 %
Net revenues	$ 278,838	$ 243,224	35,614	14.6 %

(in thousands)	Six Months Ended October 28, 2007	Six Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Revenues:				
Casino	$ 555,516	$ 526,857	$ 28,659	5.4 %
Rooms	26,921	27,970	(1,049)	-3.8 %
Pari-mutuel commissions and fees	8,414	8,793	(379)	-4.3 %
Food, beverage and other	67,671	66,965	706	1.1 %
Gross revenues	658,522	630,585	27,937	4.4 %
Less promotional allowances	101,151	113,393	(12,242)	-10.8 %
Net revenues	$ 557,371	$ 517,192	40,179	7.8 %

Casino Revenues - Casino revenues increased $29.0 million, or 11.7% and $28.7 million, or 5.4% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Our increased casino revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry, and increases in casino revenues at Bettendorf driven by the opening of our new hotel. These increases in casino revenues were partially offset by decreases in casino revenues at certain of our other casino properties due to increased competition from new casino properties, the reopening of casinos damaged by hurricanes and changes in promotional spending by our competitors and us within our markets.

Casino revenues at Biloxi decreased by $17.8 million and $45.8 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Casino revenues at Natchez decreased by $0.9 million and $2.4 million for the three and six months ended October 28, 2007, respectively, due to reopening of Gulf Coast casinos closed due to hurricane damage.

Casino revenues at Lula decreased by $1.7 million and $3.3 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property's outlying primary feeder markets and disruption due to renovations of the casino floor.

Casino revenues at Lake Charles decreased by $3.2 million and $5.2 million for the three and six months ended October 28, 2007, respectively, due to post-hurricane normalization.

Casino revenues at Kansas City decreased by $1.4 million and $2.8 million for the three and six months ended October 28, 2007, respectively, due to an increase in promotional spending by our competitors and the opening of a new hotel in April, 2007 by one of our competitors in the Kansas City market.

Casino revenues at Caruthersville which we acquired in June 2007 were $7.7 million and $12.2 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at Bettendorf increased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, reflecting the benefit of our new hotel which opened in May 2007.

Casino revenues at Davenport decreased by $2.7 million and $6.8 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Casino revenues at Marquette decreased by $0.9 million and $1.2 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Casino revenues at Waterloo which we opened in June 2007 were $18.4 million and $25.9 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at our two properties in Black Hawk, Colorado decreased by $1.4 million and $1.7 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments.

Casino revenues at Pompano Park following the opening of our casino in April 2007, were $31.1 million and $58.2 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at Coventry which we opened in July 2007 were $0.9 million and $1.2 million for the three and six months ended October 28, 2007, respectively.

Rooms Revenue - Rooms revenue decreased $0.2 million, or 1.8% and $1.0 million or 3.7% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006, primarily resulting from the decreased revenue at the properties in Biloxi and Lula related to increased competition and post hurricane normalization, which was partially offset by the new hotels in Bettendorf and Waterloo, and a decrease at our Colorado properties due to changes in our marketing.

Rooms revenue at Biloxi decreased by $1.1 million and $2.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Rooms revenue at Lula decreased by $0.5 million and $0.9 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property's outlying primary feeder markets and disruption due to renovations of the casino floor.

Rooms revenue at Bettendorf increased by $0.9 million and $1.5 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 258 room hotel in May 2007.

Rooms revenue at Waterloo increased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 195 room hotel in June 2007.

Rooms revenue at our property in Black Hawk, Colorado decreased by $0.2 million and $0.5 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce hotel complimentaries to less profitable customer marketing segments.

Pari-mutuel Commissions and Fees - Pari-mutuel commissions earned at Pompano Park for the three months ended October 28, 2007 remained flat over the second quarter of fiscal year 2007 while decreasing $0.4 million or 4.3% for the six months ended October 28, 2007 due to decreased wagering on simulcast races.

Food, Beverage and Other Revenues - Food, beverage and other revenues increased $1.4 million, or 4.5% and $0.7 million, or 1.1% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Our increased food, beverage and other revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry. These increases in food, beverage and other revenues were partially offset by decreases in food, beverage and other revenues at certain of our other properties due to increased competition from new casino properties, the reopening of casinos damaged by hurricanes and changes in our promotional spending.

Food, beverage and other revenues at Biloxi decreased by $2.7 million and $5.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Food, beverage and other revenues at Lula decreased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Food, beverage and other revenues at Lula decreased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property's primary feeder markets and disruption due to renovations of the casino floor.

Food, beverage and other revenues at Caruthersville which we acquired in June 2007 were $0.3 million and $0.4 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at Davenport decreased by $0.5 million and $0.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Food, beverage and other revenues at Waterloo which we opened in June 2007 were $2.1 million and $2.9 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at our two properties in Black Hawk, Colorado decreased by $0.1 million and $0.8 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments.

Food, beverage and other revenues at Pompano Park increased following the opening of our casino in April 2007, by $3.1 million and $6.0 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at Coventry which we opened in July 2007 were $0.8 million and $0.9 million for the three and six months ended October 28, 2007, respectively.

Promotional Allowances - Promotional allowances, which are made up of complimentaries, cash points and coupons, are rewards that we give our loyal customers to encourage them to continue to patronize our properties. Promotional allowances decreased $5.4 million, or 9.7% and $12.2 million, or 10.8% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Considering the acquisition or opening of new properties for which our promotional allowances increased $4.8 million and $6.5 million for the three and six months ended October 28, 2007, respectively, same property promotional allowances decreased $10.2 million and $18.7 million for the three and six months periods, respectively, compared to the three and six months ended October 29, 2006.

Promotional allowances at Biloxi decreased by $4.9 million and $11.3 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition and post-hurricane normalization.

Promotional allowances at Lula decreased by $1.5 million and $1.9 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition impacting certain of the property's primary feeder markets and disruption due to renovations of the casino floor.

Promotional allowances at Caruthersville which we acquired in June 2007 were $0.5 million and $0.8 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at Bettendorf increased by $0.7 million and $1.7 million for the three and six months ended October 28, 2007, respectively, relating to increases in revenues and complimentaries following the opening of our new 258 room hotel in May 2007.

Promotional allowances at Davenport decreased by $0.9 million and $1.8 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition.

Promotional allowances at Waterloo which we opened in June 2007 were $2.3 million and $2.7 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at our two properties in Black Hawk, Colorado decreased by $1.6 million and $2.4 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments which reduced our gross revenues by $1.7 million and $3.0 million for the corresponding periods.

Promotional allowances at Pompano Park increased due to the opening of our casino in April 2007, by $1.9 million and $2.7 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at Coventry which we opened in July 2007 were $0.1 million and $0.2 million for the three and six months ended October 28, 2007, respectively.

Operating Expenses
Operating expenses for the three and six month periods ended October 28, 2007 and October 29, 2006 are as follows:

(in thousands)	Three Months Ended October 28, 2007	Three Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Operating expenses:				
Casino	$ 41,330	$ 41,570	$ (240)	-0.6%
Gaming taxes	71,965	53,076	18,889	35.6%
Rooms	3,164	2,429	735	30.3%
Pari-mutuel commissions and fees	3,172	3,070	102	3.3%
Food, beverage and other	11,400	7,506	3,894	51.9%
Marine and facilities	16,781	15,634	1,147	7.3%
Marketing and administrative	73,683	67,832	5,851	8.6%
Corporate and development	12,919	12,790	129	1.0%
Write-offs and other valuation charges	6,526	665	5,861	881.4%
Pre-opening	324	389	(65)	-16.7%
Depreciation and amortization	35,270	24,304	10,966	45.1%
Total operating expenses	$ 276,534	$ 229,265	47,269	20.6%

(in thousands)	Six Months Ended October 28, 2007	Six Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Operating expenses:				
Casino	$ 80,693	$ 83,600	$ (2,907)	-3.5%
Gaming taxes	141,037	111,419	29,618	26.6%
Rooms	6,345	4,880	1,465	30.0%
Pari-mutuel commissions and fees	6,844	6,896	(52)	-0.8%
Food, beverage and other	23,029	16,592	6,437	38.8%
Marine and facilities	33,271	30,746	2,525	8.2%
Marketing and administrative	142,999	140,332	2,667	1.9%
Corporate and development	23,993	27,835	(3,842)	-13.8%
Write-offs and other valuation charges	6,526	665	5,861	881.4%
Pre-opening	6,457	638	5,819	912.1%
Depreciation and amortization	65,827	48,290	17,537	36.3%
Total operating expenses	$ 537,021	$ 471,893	65,128	13.8%

Casino - Casino operating expenses decreased $0.2 million, or 0.6%, and $2.9 million or 3.5% in the three and six months ended October 28, 2007, respectively, compared to the same period in the prior year. Considering the acquisition or opening of new properties for which our casino expenses increased $7.2 million and $10.8 million for the three and six months ended October 28, 2007, respectively, same property casino expenses decreased $7.5 million and $13.8 million for the three and six month periods, respectively, as compared to the three and six months ended October 29, 2006. Overall casino expenses for the three and six months ended October 28, 2007 and October 29, 2006, decreased in proportion to casino revenue from 16.7% to 14.9% and from 15.9% to 14.5%, respectively.

Casino expenses at Biloxi decreased by $3.1 million and $6.0 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Natchez decreased by $0.3 million and $0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Lula decreased by $1.1 million and $1.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Lake Charles decreased by $0.9 million and $1.7 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Caruthersville which we acquired in June 2007 were \$0.8 million and \$1.3 million for the three and six months ended October 28, 2007, respectively.

Casino expenses at Davenport decreased by \$0.4 million and \$0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Waterloo which we opened in June 2007 were $2.3 million and $2.9 million for the three and six months ended October 28, 2007, respectively.

Casino expenses at our two properties in Black Hawk, Colorado decreased by $1.6 million and $2.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Pompano Park which opened in April 2007 were $3.0 million and $5.4 million for the three and six months ended October 28, 2007, respectively. Casino expenses for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.3 million and $0.5 million, respectively.

Casino expenses at Coventry which we opened in July 2007 were $1.4 million and $1.7 million for the three and six months ended October 28, 2007, respectively.

Gaming Taxes - State and local gaming taxes increased $18.9 million, or 35.6%, and $29.6 million, or 26.6% for three and six months ended October 28, 2007, respectively, as compared to the same periods in the prior fiscal year. Considering the acquisition or opening of new properties for which our gaming taxes increased $24.0 million and $41.8 million for the three and six months ended October 28, 2007, respectively, same property gaming taxes decreased $5.1 million and $12.2 million for the three and six months ended October 28, 2007, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property gaming taxes for the comparative three and six month periods ended October 28, 2007 as compared to comparable periods ended October 29, 2006 corresponds to the reductions in gaming revenues. The effective rate for gaming taxes as a percentage of gaming revenue increased from 21.3% to 25.9% and from 21.1% to 25.4 % for the three and six month periods ended October 28, 2007, respectively, compared to the same period in the prior fiscal year due to a change in the mix of gaming revenues derived from states with higher gaming tax rates.

Gaming taxes at Biloxi decreased by $2.0 million and $5.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Lake Charles decreased by $1.0 million and $1.5 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Kansas City decreased by $0.6 million and $1.2 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Caruthersville which we acquired in June 2007 were $2.2 million and $3.4 million for the three and six months ended October 28, 2007, respectively.

Gaming taxes at Davenport decreased by $0.8 million and $2.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Waterloo which we opened in June 2007 were $5.5 million and $7.4 million for the three and six months ended October 28, 2007, respectively.

Gaming taxes at Pompano Park following the opening of our casino in April 2007 were $16.2 million and $30.8 million for the three and six months ended October 28, 2007, respectively. Gaming taxes for the same period in the previous year related to pari-mutuel racing, prior to the opening of our new casino, gaming taxes were minimal.

Gaming taxes at Coventry which we opened in July 2007 were $0.1 million and $0.1 million for the three and six months ended October 28, 2007, respectively.

Rooms - Rooms expense increased $0.7 million, or 30.2%, and $1.5 million, or 30.0%, for the three and six month periods ended October 28, 2007, respectively, compared to the same periods in the prior fiscal year. Rooms expense reflect increased room capacity due to the opening of the Waterloo property hotel and the Bettendorf property hotel expansion. These expenses directly relate to the cost of providing hotel rooms. A reduction in complimentary hotel rooms provided to our customers also increases our rooms expense as the cost of rooms expense allocated to casino expense is reduced.

Rooms expense at Biloxi decreased by $0.3 million and $0.7 million for the three and six months ended October 28, 2007, respectively, due to a reduction in complimentary rooms offered to our customers reducing the allocation of costs to casino expenses.

Rooms expense at Bettendorf increased by $0.2 million and $0.3 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 258 room hotel expansion in May 2007.

Rooms expense at Waterloo increased by $0.2 million and $0.3 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 195 room hotel in June 2007.

Pari-mutuel Commissions and Fees - Pari-mutuel operating costs of the Pompano Park property increased $0.1 million for the three months ended October 28, 2007 compared to the three months ended October 29, 2006. Such costs remain stable for the comparable six month periods ended October 28, 2007 and October 29, 2006. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Food Beverage and Other - Food, beverage and other expenses increased $3.9 million, or 51.9%, and $6.4 million or 38.8% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our food beverage and other expenses increased $4.4 million and $8.1 million for the three and six months ended October 28, 2007, respectively, same property food, beverage and other expenses decreased $0.5 million and $1.7 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property food beverage and other expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 reflects reductions in our food, beverage and other revenues.

Food, beverage and other expenses at Biloxi decreased by $0.4 million and $0.9 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in food, beverage and other revenues.

Food, beverage and other expenses at Caruthersville which we acquired in June 2007 were $0.1 million and $0.1 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other expenses at Waterloo which we opened in June 2007 were $1.2 million and $1.7 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other expenses at Pompano Park following the opening of our casino in April 2007 were $2.7 million and $5.9 million for the three and six months ended October 28, 2007, respectively. Food, beverage and other expenses for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.3 million and $0.6 million, respectively.

Food, beverage and other expenses at Coventry which we opened in July 2007 were $0.8 million and $1.0 million for the three and six months ended October 28, 2007, respectively.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses increased $1.1 million, or 7.3%, and $2.5 million or 8.2% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our marine and facilities expenses increased $2.8 million and $5.2 million for the three and six months ended October 28, 2007, respectively, same property marine and facilities expenses decreased $1.7 million and $2.7 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property marine and facilities expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 is primarily the result of staff reductions and labor cost management.

Marine and facilities expenses at Biloxi decreased by $0.5 million and $0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to staff reductions.

Marine and facilities expenses at Caruthersville which we acquired in June 2007 were $0.3 million and $0.6 million for the three and six months ended October 28, 2007, respectively.

Marine and facilities expenses at Waterloo which we opened in June 2007 were $0.6 million and $0.9 million for the three and six months ended October 28, 2007, respectively.

Marine and facilities expenses at Pompano Park following the opening of our casino in April 2007 were $2.4 million and $5.1 million for the three and six months ended October 28, 2007, respectively. Marine and facilities expenses for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.9 million and $1.7 million, respectively.

Marine and facilities expenses at Coventry which we opened in July 2007 were $0.4 million and $0.4 million for the three and six months ended October 28, 2007, respectively.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, new development activities, professional fees and property taxes. Marketing and administrative expenses increased $5.9 million, or 8.6% and $2.7 million or 1.9% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our marketing and administrative expenses increased $14.4 million and $24.7 million for the three and six months ended October 28, 2007, respectively, same property marketing and administrative expenses decreased $8.6 million and $22.0 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property marketing and administrative expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 reflects our decision to reduce marketing costs to less profitable customer marketing segments and to reduce our administrative costs.

Marketing and administrative expenses at Biloxi decreased $1.8 million and $5.3 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and reduced expenses related to a decline in business over the prior year period as a result of increased competition as the Biloxi market continues to recover from Hurricane Katrina.

Marketing and administrative expenses at Natchez decreased $0.4 million and $0.7 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions, administrative cost improvements and a reduction in marketing expenses related to a decline in business over the prior year period as a result of the re-opening of competing casinos along the Gulf Coast.

Marketing and administrative expenses at Lula decreased $0.7 million and $1.9 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Lake Charles decreased $0.5 million and $1.2 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Kansas City decreased $0.8 million and $1.3 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Boonville decreased $0.2 million and $0.5 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and lower insurance premiums over prior year.

Marketing and administrative expenses at Caruthersville which we acquired in June 2007 were $2.2 million and $3.4 million for the three and six months ended October 28, 2007, respectively.

Marketing and administrative expenses at our Quad City and Marquette properties decreased collectively $2.2 million and $3.8 million for the three and six months ended October 28, 2007, respectively. These decreases are related to cost control efforts.

Marketing and administrative expenses at Waterloo which we opened in June 2007 were $5.0 million and $7.0 million for the three and six months ended October 28, 2007, respectively.

Marketing and administrative expenses at our two properties in Black Hawk, Colorado decreased $1.9 million and $3.7 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to a decrease in promotional and complimentary expenses.

Marketing and administrative expenses at Pompano Park following the opening of our casino in April 2007 were $6.1 million and $13.9 million for the three and six months ended October 28, 2007, respectively, compared to $1.8 million and $3.7 million compared to the same period in the prior year.

Marketing and administrative expenses at Coventry which we opened in July 2007 were $3.0 million and $4.2 million for the three and six months ended October 28, 2007, respectively.

Corporate and Development - During the three and six month periods ended October 28, 2007, our corporate and development expenses were $12.9 million and $24.0 million, respectively, compared to $12.8 million and $27.8 million for the three and six months ended October 29, 2006. Corporate and development expenses for the three and six months ended October 28, 2007 include increased professional services costs of $2.9 million and $4.6 million, respectively, and increased salaries, wages and benefits of $0.8 million and $1.7 million, respectively. The results for the three and six months ended October 29, 2006 included $3.7 million and $6.9 million, respectively, of increased development costs over the same period in fiscal 2008, and $1.0 million and $3.6 million, respectively, in office relocation costs..

Pre-opening - Pre-opening expenses for the six months ended October 28, 2007 included $3.4 million, $2.8 million and $0.3 million for Waterloo, Coventry and Pompano, respectively. Of these $6.5 million in pre-opening costs, $0.3 million were expensed during the three months ended October 28, 2007 at Waterloo as we completed the opening of our pool area. Pre-opening expenses during the six months ended October 29, 2006 included $0.6 million total pre-opening costs for our Waterloo, Coventry and Pompano Park properties with $0.4 million of these pre-opening costs expensed during the three months ended October 29, 2006.

Write-offs and Other Valuation Charges - We recognized $6.5 million in impairment charges for the three and six months ended October 28, 2007 primarily related to the costs associated with the termination of our lease to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects we decided to terminate in Davenport and Kansas City. During the three and six months ended October 29, 2006 we recognized a $0.7 million impairment charge relating to real property at Blue Chip.

Depreciation and Amortization - Depreciation and amortization expense for the three and six months ended October 28, 2007 increased $11.0 million or 45.2%, and $17.6 million or 36.3%, respectively, due to our hotel expansion at our Bettendorf property, the acquisition of Caruthersville, the opening of our Waterloo and Coventry properties, and the opening of the slot gaming facility at the Pompano Park property.

Depreciation and amortization at Biloxi increased by $0.6 million and $1.2 million for the three and six months ended October 28, 2007, respectively, primarily due to the completion of the atrium expansion.

Depreciation and amortization at Caruthersville which we acquired in June 2007 were $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Bettendorf increased by $0.5 million and $1.2 million for the three and six months ended October 28, 2007, following the opening of our new 258 room hotel in May 2007.

Depreciation and amortization at Waterloo which we opened in June 2007 were $2.8 million and $3.7 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Pompano Park following the opening of our casino in April 2007 increased $3.9 million and $7.7 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Coventry which we opened in July 2007 were $1.9 million and $2.8 million for the three and six months ended October 28, 2007, respectively.

Other Income (Expense), Income Taxes, Minority Interest and Discontinued Operations
Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, minority interest and income from discontinued operations, net of income taxes for the three and six month periods ended October 28, 2007 and October 29, 2006 are as follows:

(in thousands)	Three Months Ended October 28, 2007	October 29, 2006 (Restated)	Variance	Percentage Variance
Interest expense	$ (29,176)	$ (23,394)	$ (5,782)	24.7 %
Interest income	1,140	3,463	(2,323)	-67.1 %
Loss on early extinguishment of debt	(11,468)	—	(11,468)	100.0 %
Income tax (provision) benefit	14,611	2,300	12,311	535.3 %
Minority interest	(2,046)	(515)	(1,531)	297.3 %
Income from discontinued operations, net of income taxes	—	13,817	(13,817)	-100.0 %

(in thousands)	Six Months Ended October 28, 2007	October 29, 2006 (Restated)	Variance	Percentage Variance
Interest expense	$ (54,990)	$ (43,450)	$ (11,540)	26.6 %
Interest income	2,234	4,032	(1,798)	-44.6 %
Loss on early extinguishment of debt	(13,660)	—	(13,660)	100.0 %
Income tax (provision) benefit	18,289	(3,187)	21,476	-673.9 %
Minority interest	(3,973)	(1,553)	(2,420)	155.8 %
Income from discontinued operations, net of income taxes	—	17,773	(17,773)	-100.0 %

Interest Expense - Interest expense increased $5.8 million and $11.5 million for the three and six months ended October 28, 2007 compared to the same period in the prior year. This increase is primarily attributable to higher debt balances on our July 2007 Credit Facility to fund property and equipment additions.

Interest Income - During the three and six months periods ended October 28, 2007, our interest income was $1.1 million and $3.4 million, respectively, compared to $2.2 million and $4.0 million for the three and six months ended October 29, 2006. The change in interest income reflects changes in our invested cash balances and interest rates.

Loss on Early Extinguishment of Debt - During the three months ended October 28, 2007 we recorded loss on early extinguishment of debt of $11.5 million from the early redemption of our $200.0 million 9% Senior Subordinated Notes at 104.5%. This $11.5 million loss included the $9.0 million call premium and a write-off of deferred financing costs of $2.5 million. During the first quarter of fiscal 2008, we replaced our February 2005 Credit Facility with our July 2007 Credit Facility resulting in a loss on early extinguishment of debt of $2.2 million from the write-off of deferred financing costs. Both of the transactions result in a loss on early of extinguishment of debt of $13.7 million for the six months ended October 28, 2007.

Income Tax (Provision) Benefit - Our effective income tax rates were as follows:

	Three Months Ended October 28, 2007	October 29, 2006	Six Months Ended October 28, 2007	October 29, 2006
Continuing operations	39.28 %	38.51 %	39.70 %	54.19 %
Total	39.28 %	39.03 %	39.70 %	42.28 %

The primary reasons for the difference between the Company's effective tax rates and the statutory tax rates were permanent differences from non-deductible expenses, employment tax credits, changes in state valuation allowances, international operations, taxes related to minority interests, and qualified stock option expenses that are not deductible.

Minority Interests - During the three and six months periods ended October 28, 2007, our minority interest expense was $2.0 million and $4.0 million, respectively, compared to $0.5 million and $1.6 million for the three and six months ended October 29, 2006. Minority interests are recorded for our minority partners interest in our Colorado and international operations.

Income From Discontinued Operations - On July 31, 2006, we completed the sale of our Bossier City and Vicksburg properties. Income from discontinued operations for the three and six months ended October 29, 2006 include pretax operating (loss) income of ($1.5) million and $5.5 million, respectively, a gain on sale of discontinued operations of $24.1 million and applicable tax provisions resulting in income from discontinued operations for the three and six month periods ended October 29, 2006 of $13.8 million and $17.8 million, respectively.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 28, 2007, we used $1.4 million in cash flows from operating activities compared to using $8.0 million during the six months ended October 29, 2006.

Cash Flows used in Investing Activities - During the six months ended October 28, 2007 we used $159.5 million for investing activities compared to generating $14.5 million during the six months ended October 29, 2006. Significant investing activities for the six months ended October 28, 2007 included the acquisition of our Caruthersville casino during July of 2007 for $43.0 million and purchases of property and equipment of $117.8 million for property and equipment. For the six months ended October 29, 2006, significant investing activities included proceeds from the sale of our Bossier City and Vicksburg properties totaling $238.7 million offset by the purchase of property and equipment for $165.2 million.

Cash Flows from Financing Activities - During the six months ended October 28, 2007 our net cash flows from financing activities provided $87.8 million primarily including:

- Extinguishment and repayment of the February 2005 Credit Facility including $210.0 million in revolver loans and $293.5 million in term loans.
- Borrowings under our new July 2007 Credit Facility including $115.0 million in revolver loans and $700.0 million in terms loans.
- Payments on deferred financing costs of $8.4 million associated with our new credit facility.
- Extinguishment and repayment of our $200.0 million Senior Subordinated notes plus a call premium of $9.0 million.
- Proceeds from the exercise of stock options of $4.6 million and tax benefits of $1.5 million related to such exercises.
- Payments on other debt in the amount of $12.6 million.

During the six months ended October 29, 2006, our net cash flows from financing activities used $3.1 million primarily including:

- Net payments on our February 2005 Credit Facility and other debt of $1.5 million.
- Repurchased 255,721 shares of our common stock at an average price of $21.21 per share for an aggregate of $5.5 million.
- Proceeds from the exercise of stock options of $1.5 million and tax benefits of $0.5 million related to such exercises.
- We made net borrowings under the Isle-Black Hawk's senior secured credit facility of $2.9 million.
- Net payments on other property debt of $1.0 million.

Capital Expenditures - Historically, we have made significant investments in property and equipment. In the future, we expect continued significant investments in property and equipment. The following table reflects expenditures and accruals for property and equipment on major projects approved by the Board of Directors for which we are committed as of October 28, 2007 and projected expenditures for these projects. These amounts do not include any expenditures and accruals prior to the beginning of fiscal 2007.

Property	Project	Remaining Fiscal Year Ended April 27, 2008	Thereafter
		(dollars in millions)	
Isle-Biloxi	Casino construction	$ 2.5	(see below)
Isle-Bettendorf	Hotel construction	2.9	—
Isle-Pompano	Casino construction	6.1	—
Isle-Waterloo	Casino and hotel construction	5.0	15.0
Various	IGT Advantage program	5.9	—
Various	Slot programs	6.3	—
Various	Other capital improvements	22.9	7.0
Total		$ 51.6	$ 22.0

Biloxi - We have completed certain site preparation, foundation and other construction at our Biloxi casino property. We are currently reviewing our site master plan to determine the scope of the casino rebuilding project. Following completion of the site master plan and Board of Directors approval, we expect to commit additional capital expenditures for the construction of a permanent casino complex. We expect insurance proceeds to fund a portion of these capital expenditures. Following the destruction of our casino by Hurricane Katrina, we built a temporary casino with expenditures of $52.7 million in fiscal 2007.

Bettendorf - We have constructed a new 258 room hotel and additional parking budgeted at $45.0 million which opened May 21, 2007. As of October 28, 2007, we have spent $42.1 million of our budgeted construction costs.

Pompano Park - We constructed a gaming and entertainment complex including 1,500 slot machines, two restaurants and a feature bar at our Pompano Park site adjacent to the existing harness racing facility. Slot machine operations commenced April 14, 2007. Two additional restaurants and a new poker room with 34 tables on the second floor of the new facility opened in May 2007.

Waterloo - On June 30, 2007 we opened our new single level casino facility with 1,300 gaming positions, two restaurants, a 200-room hotel and 1,000 parking spaces. A third restaurant opened at the beginning of the second quarter of fiscal 2008. During the third quarter of fiscal 2008 we will open the pool area of the facility. A nightclub and spa additions are in the preliminary stages.

IGT Advantage program - In January 2005, we announced plans to deploy the IGT Advantage™ Casino System with a total cost of the project estimated to be $20.2 million. In 2006, the project was expanded by $14.9 million, during fiscal year 2007 for a total project amount of approximately $35.1 million. As of October 28, 2007, we have capitalized $28.8 million at Biloxi, Lula, Lake Charles and Natchez, leaving a remaining budget of approximately $5.9 million. We expect these product upgrades will allow us to operate more competitively within our markets. Our slot improvement initiative also includes an increased ticket-in/ticket-out slot product offering.

Cancellation of Capital Projects - During the fiscal quarter ended October 28, 2007, we decided to cancel certain capital projects in west Harrison County, Mississippi; Kansas City, Missouri and Davenport, Iowa. During the quarter we recorded a write off of $6.5 million for costs associated with these capital projects which had previously been capitalized and have no future capital expenditures committed for these projects as of October 28, 2007.

Other - The other capital improvements at all of our properties consists of numerous capital expenditures related to the purchase of furniture and equipment and the renovation and upgrade of hotel rooms, restaurants and other areas of our properties.

Development and Other Projects: As part of our business development activities, from time to time we enter into agreements which could result in the acquisition or development of businesses or assets. Our business development efforts and related agreements may require the expenditure of cash. The amount and timing of our cash expenditures may vary based upon our evaluation of development opportunities.

All of our development plans are subject to obtaining permits, licenses and approvals from appropriate regulatory and other agencies and, in certain circumstances, negotiating acceptable leases. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

Current development activities include but are not limited to:

Acquisition of Colorado Minority Interests - On November 13, 2007, the Company and its subsidiary, Casino America of Colorado, Inc., executed an agreement with Nevada Gold & Casinos, Inc. and its subsidiary Blackhawk Gold, Ltd. ("Nevada Gold"), pursuant to which we will acquire the 43% interest in Isle of Capri Black Hawk, L.L.C., which is currently owned by Nevada Gold. Under the terms of the agreement, we have agreed to pay $64.6 million for the 43% interest, payable in cash upon closure of the sale. Upon closing, Isle of Capri Black Hawk, L.L.C. would become a wholly owned subsidiary. The closing of the transaction is subject to the approval of Nevada Gold's stockholders and certain other customary closing conditions.

Florida Gaming Corporation: On October 29, 2004, we loaned $5.0 million to Florida Gaming Corporation ("Florida Gaming"). Interest accrues on the unpaid principal balance of the loan at an annual rate of 6.0% and is paid in arrears on the first day of each fiscal quarter. The loan is secured by a pledge of all of the issued and outstanding shares of capital stock of Florida Gaming Centers, Inc. ("FGC"), a wholly owned subsidiary of Florida Gaming. The entire unpaid principal amount of the loan and unpaid interest thereon is payable on the earlier of (1) the sale of all or any material portion of the assets of, or all or any substantial equity interest in FGC, or (2) December 31, 2008. Concurrently with the loan, Florida Gaming and FGC entered into a letter agreement with us pursuant to which Florida Gaming and FGC gave us exclusive negotiating rights with respect to the acquisition of all or substantially all of FGC's Miami jai alai business for a period ending no later than December 31, 2008.

Availability of Cash and Debt - At October 28, 2007, we had cash and cash equivalents and marketable securities of $133.0 million. Additionally, as of October 28, 2007, we had $516.3 million of unused capacity under lines of credit and available term debt consisting of $341.3 million in unused credit capacity under the July 2007 Credit Facility revolving loan commitment, $175.0 million in an unused delayed draw under the July 2007 Credit Facility (net line of credit availability under our July 2007 Credit Facility was approximately $163.5 million, due to limitations imposed by our debt incurrence covenant as of October 28, 2007), $41.0 million of unused credit capacity under the Isle-Black Hawk senior secured credit facility (limited to use by the Isle-Black Hawk Credit Facility) and $0.3 million in unused credit capacity under the Blue Chip Credit Facility. The revolving loan commitment on the July 2007 Credit Facility is a variable rate instrument based on, at our option, LIBOR or our lender's prime rate plus the applicable interest rate spread, and is effective through July 2012. Our lines of credit are also at variable rates based on our lender's prime rate and are subject to annual renewal.

While, we believe that existing cash, cash flow from operations and available borrowings under our existing credit facilities will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future, there is no assurance that these sources will in fact provide adequate funding for the expenditures described above or that planned capital investments will be sufficient to allow us to remain competitive in our existing markets. We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

- those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;

- those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of operations; and

- those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

Based upon management's discussion of the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors, we believe the following accounting estimates involve a higher degree of judgment and complexity.

Goodwill and Other Intangible Assets

At October 28, 2007, we had goodwill and other intangible assets with indefinite useful lives of $377.1 million, representing 17.8% of total assets. Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"), requires goodwill and other intangible assets with indefinite useful lives be tested for impairment annually or more frequently if an event occurs or circumstances change that may reduce the fair value of our goodwill and other intangible assets below their carrying value. For properties with goodwill and/or other intangible assets with indefinite lives, this test requires the comparison of the implied fair value of each property to carrying value. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions and represent our best estimates of the cash flows expected to result from the use of the assets and their eventual disposition. Changes in estimates or application of alternative assumptions and definitions could produce significantly different results.

Property and Equipment

At October 28, 2007, we had property and equipment, net of accumulated depreciation of $1,430.1 million, representing 67.4% of total assets. We capitalize the cost of property and equipment. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. We depreciate property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets as well as our current operating strategy. Future events such as property expansions, new competition, changes in technology and new regulations could result in a change in the manner in which we are using certain assets requiring a change in the estimated useful lives of such assets.

Impairment of Long-lived Assets

During the first six months of fiscal 2007, we placed in service $23.2 million in long-lived assets related to our operations in Coventry, England, $47.6 million in Waterloo, Iowa and $80.7 million in long-lived assets as a part of our other operations. We evaluate long-lived assets for impairment using Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. In assessing the recoverability of the carrying value of property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values. If these estimates or the related assumptions are not achieved or change in the future, we may be required to record an impairment loss for these assets. In evaluating impairment of long-lived assets for newly opened operations, estimates of future cash flows and residual values may require some period of actual results to provide the basis for an opinion of future cash flows and residual values used in the determination of an impairment loss for these assets. Such an impairment loss would be recognized as a non-cash component of operating income.

Self-Insurance Liabilities

We are self-funded up to a maximum amount per claim for our employee-related health care benefits program, workers' compensation insurance and general liability insurance. Claims in excess of this maximum are fully insured through a stop-loss insurance policy. We accrue a discounted estimate for workers' compensation insurance and general liabilities based on claims filed and estimates of claims incurred but not reported. The estimates have been discounted at 6% at October 28, 2007 and April 29, 2007. We rely on independent consultants to assist in the determination of estimated accruals. While the total cost of claims incurred depends on future developments, such as increases in health care costs, in our opinion, recorded reserves are adequate to cover future claims payments.

Insurance Accounting

We have insurance coverage related to damage from three hurricanes for property damage incurred, property operating costs during the operational downtime of the hurricanes, incremental costs incurred related to hurricane damage and recovery activities and business interruption insurance for lost profits during the period directly related to the hurricanes. The insurance claim is subject to the use of estimates and negotiations with our insurance. The total amount of impairments, losses recognized and expenses incurred of have been recorded in our statement of operations as "Hurricane related charges, net" and have been offset by the amount we believe is probable to be collected from our insurance carriers under our policy coverages. We have received partial proceeds from our insurance carriers related to the losses we have sustained, and through October 28, 2007 have received advances of $106.8 million. At October 29, we have an insurance receivable of $55.2 million and additional claims pending in excess of our receivable. When we, and our insurance carriers agree on the final amount of the insurance proceeds we are entitled to, we will also record any related gain in this account. Our insurance policies also provide coverage for the loss of profits caused by the storms. Any lost profit recoveries will be recognized when agreed to with our insurance carriers and will be reflected in the related properties' revenues.

Income Tax Assets and Liabilities

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that we recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements. SFAS 109 also requires that any deferred tax asset recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable.

As of April 30, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 requires that tax positions be assessed using a two-step process. 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 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current Other accrued liabilities or long-term Other long-term liabilities based on the time until expected payment.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48.

Contingencies

We are involved in various legal proceedings and have identified certain loss contingencies. We record liabilities related to these contingencies when it is determined that a loss is probable and reasonably estimable in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies." These assessments are based on our knowledge and experience as well as the advice of legal counsel regarding current and past events. Any such estimates are also subject to future events, court rulings, negotiations between the parties and other uncertainties. If an actual loss differs from our estimate, or the actual outcome of any of the legal proceedings differs from expectations, operating results could be impacted.

Slot Club Awards

We reward our slot customers for their loyalty based on the dollar amount of play on slot machines. We accrue for these slot club awards based on an estimate of the value of the outstanding awards utilizing the age and prior history of redemptions. Future events, such as a change in our marketing strategy or new competition, could result in a change in the value of the awards.

Stock Based Compensation

We apply the FASB Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). The estimate of the fair value of the stock options is calculated using the Black-Scholes-Merton option-pricing model. This model requires the use of various assumptions, including the historical volatility, the risk free interest rate, estimated expected life of the grants, the estimated dividend yield and estimated rate of forfeitures. Total stock option expense is included in the expense category corresponding to the employees regular compensation in the accompanying consolidated statements of operations. As of October 28, 2007, there was $12.0 million in unrecognized stock compensation costs that we will expense over the remaining vesting period, approximately 5.0 years with a weighted average period of 4.0 years.

The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period.

The cumulative impact of these changes in forfeiture estimates decreased expense approximately $0.5 million during the fiscal quarter ended October 28, 2007.

New Development Projects and Pre-opening costs

We pursue development opportunities for new gaming facilities in our ongoing efforts to grow and develop the Company. Projects that have not yet been deemed as probable to reach completion because they have not yet met certain conditions, including receipt of sufficient regulatory approvals, site control or related permits and or probable financing are considered by us to be in the development stage. In accordance with Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"), all costs related to projects in the development stage are recorded as an expense of new development at the corporate level and recorded on the accompanying consolidated statement of operations in the operating expense line item "Corporate & development". Items for which a future value is probable, regardless of the project's outcome, may be subject to capitalization and subsequent depreciation and amortization.

Once a development project has received sufficient regulatory approval, site control and related permits and financing has been deemed probable, it is deemed to be an approved project. For approved projects, certain eligible costs related to approved projects are capitalized, in accordance with Statement of Financial Accounting Standards No. 67 ("SFAS 67") "Accounting for Costs and Initial Rental Operations of Real Estate Projects", which are classified under the line item "Property and equipment, net" on the balance sheet. Costs that are not capital in nature but either retain value or represent future liability, such as refundable utility deposits or a note payable, receive the appropriate balance sheet treatment. All costs that are neither eligible for capitalization nor eligible for other balance sheet treatment, such as payroll, advertising, utilities and travel, are recorded as operating expenses when incurred and reported under the line item "Preopening".

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates, commodity prices and equity prices. Our primary exposure to market risk is interest rate risk associated with our Isle of Capri Casinos, Inc. senior secured credit facility ("July 2007 Credit Facility") and the Isle of Capri Black Hawk, L.L.C. senior secured credit facility ("Isle-Black Hawk Credit Facility").

Senior Secured Credit Facilities

As of October 28, 2007, Isle of Capri Casinos, Inc. and Isle of Capri Black Hawk, L.L.C. had outstanding interest rate swap agreements with an aggregate notional value of $350.0 million and $40.0 million, respectively, or approximately 38% of total outstanding variable rate debt. The swap agreements effectively convert portions of variable rate debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during the fourth quarter of fiscal year 2008 through fiscal year 2011. As of October 28, 2007, the Isle of Capri Black Hawk, L.L.C. interest rate swap agreements were not designated and therefore any change in the fair value of the related swap agreements were recorded in Food, beverage and other within the consolidated statements of operations. As of October 28, 2007, the Isle of Capri Casinos, Inc. interest rate swap agreements met the criteria for hedge accounting for cash flow hedges and were fully effective. As a result, there was no impact on our consolidated statement of operations from changes in fair value.

The following table provides information at October 28, 2007, about our financial instruments that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates.

Interest Rate Sensitivity
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

Fiscal year (dollars in millions)	For 6 months, ending April 27, 2008	2009	2010	2011	2012	Thereafter	Total
Liabilities							
Long-term debt, including current portion							
Fixed rate	$ 0.1	$ 0.9	$ 1.1	$ 0.4	$ 0.4	$ 504.1	$ 507.0
Average interest rate	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %	
Variable rate	$ 4.5	$ 9.4	$ 10.9	$ 108.3	$ 98.8	$ 782.5	$ 1,014.4
Average interest rate (1)	6.45 %	6.10 %	6.47 %	6.77 %	7.01 %	6.91 %	
Interest Rate Derivative Financial Instruments Related to Debt							
Isle of Capri Casinos, Inc. interest rate swaps							
Pay fixed/receive variable (2)	$ 350.0	$ 350.0	$ 350.0	$ 250.0	—	—	
Average pay rate	4.69 %	4.69 %	4.69 %	4.76 %	0 %	0 %	
Average receive rate	4.82 %	4.21 %	4.37 %	4.75 %	0 %	0 %	

Isle of Capri Black Hawk, L.L.C. Interest rate swaps						
Pay fixed/receive variable LIBOR (2)	$ 40.0					
Average pay rate	3.80 %	0 %	0 %	0 %	0 %	0 %
Average receive rate	4.99 %	0 %	0 %	0 %	0 %	0 %

(1) For LIBOR based variable rate debt, the Average interest rate represents the 3-month LIBOR average interest rate as derived from the forward yield curve based on market conditions in effect as of Friday, October 26, 2007, plus the respective margin in effect as of October 28, 2007.

(2) Represents the 3-month LIBOR average interest rate as derived from the forward yield curve based on market conditions in effect as of Friday, October 26, 2007.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. We attempt to minimize our foreign exchange risk through obtaining, when it is practical to do so, financing in the United Kingdom.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of certain of our disclosure controls and procedures were not effective as of October 28, 2007 because of the continued existence of the material weakness related to accounting for leases as described in Management's Report on Internal Control Over Financial Reporting in Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended April 29, 2007 ("Management's Report").

To address our material weakness related to accounting for leases, in June 2007 the Company engaged a third party professional services firm to review all of the Company's leases to verify the Company is recording leases in accordance with generally accepted accounting principles, based on lease terms. In addition, the Company implemented a revised Summary of Procedures for lease accounting on May 18, 2007. These updated procedures state the technical guidance on accounting for leases and instituted a multi-level review control for new leases at the property level and at the corporate office. The effectiveness of these control changes has not been fully evaluated as of October 28, 2007.

REMEDIATION OF MATERIAL WEAKNESSES

As discussed above, as of April 29, 2007, the Company identified a material weakness in our internal control over accounting for leases. We are currently addressing this material weakness and expect to have this material weakness remediated by April 27, 2008.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as otherwise discussed above, there have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended October 28, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of October 28, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck's favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. We are awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making, material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe that they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 29, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information related to our purchases of Isle of Capri Casinos, Inc. common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
July 30, 2007 to August 26, 2007	—	$ —	—	1,173,594
August 27, 2007 to September 30, 2007	69,386	18.70	69,386	1,104,208
October 1, 2007 to October 28, 2007	—	—	—	1,104,208
Total	69,386	$ 18.70	69,386	1,104,208

(1) We have purchased our common stock under two separate repurchase programs. The first program, which allowed repurchase of up to 1,500,000 shares was announced on November 15, 2000, and subsequently expanded to allow repurchase of an additional 1,500,000 shares, as announced on January 11, 2001. The current program was announced on October 25, 2002 and allows for the repurchase of up to 1,500,000 shares. On October 7, 2005 the board also approved the repurchase of an additional 1,500,000 shares. To date, we have purchased 4,895,792 shares of our common stock under the two programs. These programs have no approved dollar amounts, nor expiration dates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders was held on October 16, 2007, at which the following matters were submitted to a vote of the stockholders:

(1) To elect nine persons to the Board of Directors.

(2) To approve amendments to the 2000 Long-Term Stock Incentive Plan to (i) increase the number of shares of our common stock available for issuance thereunder by 1,000,000 shares; and (ii) increase the limitation on the number of shares which may be subject to the award or grant to any individual in a single fiscal year to 500,000 shares.

At the Annual Meeting of Stockholders, each of the following individuals was elected to serve as a director of the Company until his successor is elected and qualified or until his earlier death, resignation, removal or disqualification:

Name	Number Voted	For	Withheld
Bernard Goldstein	27,195,520	22,619,463	4,576,057
Robert S. Goldstein	27,195,520	22,381,269	4,814,251
Alan J. Glazer	27,195,520	26,425,595	769,925
W. Randolph Baker	27,195,520	26,921,861	273,659
Jeffrey D. Goldstein	27,195,520	22,581,151	4,614,369
John G. Brackenbury	27,195,520	22,097,486	5,098,034
Shaun R. Hayes	27,195,520	26,825,313	370,207
Lee S. Wielansky	27,195,520	21,898,082	5,297,438
James B. Perry	27,195,520	26,969,486	226,034

Additionally at the Annual Meeting of Stockholders, the holders of record of the shares of Common Stock entitled to vote at the meeting voted in favor of, voted against or abstained from voting with respect to the approval of the amendments to the 2000 Long-Term Stock Incentive Plan as set forth below:

Shares Voted	Votes For	Votes Against	Abstained	Broker Non-Vote
27,195,520	18,209,259	5,015,086	6,436	3,964,739

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISLE OF CAPRI CASINOS, INC.

Dated: December 6, 2007	/s/ DONN R. MITCHELL, II Donn R. Mitchell, II Senior Vice President and Chief Financial Officer (Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
10.1	Employment Agreement dated as of July 16, 2007 between Isle of Capri Casinos, Inc. and Virginia McDowell (1)
10.2	Credit Agreement dated July 26, 2007, among Isle of Capri Casinos, Inc., as Borrower, the lenders partythereto, Credit Suisse, Cayman Islands Branch, as Administrative Agent, Issuing Bank and Swing Line Lender, Credit Suisse Securities (USA) LLC, as Lead Arranger and Bookrunner, Deutsche Bank Securities Inc. and CIBC World Markets Corp., as Co-Syndication Agents, and U.S. Bank, N.A. and Wachovia Bank, National Association, as Co-Documentation Agents (2)
10.3	Amended and Restated Isle of Capri Casinos, Inc. 2000 Long-Term Stock Incentive Plan (3)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
(1)	Filed as an exhibit to Isle of Capri Casino, Inc.'s Current Report on Form 8-K filed on July 20, 2007 (File No. 0-20538) and incorporated herein by reference
(2)	Filed as an exhibit to Isle of Capri Casino, Inc.'s Current Report on Form 8-K filed on July 31, 2007 (File No. 0-20538) and incorporated herein by reference.
(3)	Filed as an exhibit to Isle of Capri Casinos, Inc.'s Proxy Statement for the fiscal year ended April 29, 2007 (File No. 0-20538) and incorporated herein by reference.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Bernard Goldstein, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2007

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Donn R. Mitchell, II, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2007

/s/ Donn R. Mitchell, II
Donn R. Mitchell, II
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Bernard Goldstein, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2007

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Donn Mitchell II, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2007

/s/ Donn R. Mitchell, II
Donn R. Mitchell, II
Chief Financial Officer

FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: March 07, 2008 (period: January 27, 2008)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 27, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

Registrant's telephone number, including area code: **(314) 813-9200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 07, 2008, the Company had a total of 35,211,496 shares of Common Stock outstanding (which includes 4,372,073 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	January 27, 2008 (Unaudited)	April 29, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 117,573	$ 188,114
Marketable securities	20,760	17,169
Accounts receivable, net	22,469	22,527
Insurance receivable, net	10,237	56,040
Income tax receivable	25,773	
Deferred income taxes	9,735	12,421
Prepaid expenses and other assets	31,788	24,067
Total current assets	238,335	320,338
Property and equipment, net	1,432,888	1,338,570
Other assets:		
Goodwill	307,311	297,268
Other intangible assets, net	89,651	74,154
Deferred financing costs, net	15,133	13,644
Restricted cash	6,390	4,637
Prepaid deposits and other	24,021	27,080
Total assets	$ 2,113,729	$ 2,075,691
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 10,098	$ 7,594
Accounts payable	25,665	60,460
Accrued liabilities:		
Interest	19,223	10,166
Payroll and related	48,162	48,402
Property and other taxes	24,668	23,380
Income taxes		16,011
Other	53,191	69,728
Total current liabilities	181,007	235,741
Long-term debt, less current maturities	1,560,016	1,410,385
Deferred income taxes	25,307	41,451
Other accrued liabilities	65,241	30,817
Other long-term liabilities	47,813	47,639
Minority interest	—	27,836
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 35,211,496 at January 27, 2008 and 34,682,534 at April 29, 2007	352	347
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	186,502	175,132
Retained earnings	109,528	155,127
Accumulated other comprehensive income (loss)	(9,008)	3,358
	287,374	333,964
Treasury stock, 4,372,073 shares at January 27, 2008 and 4,323,555 shares at April 29, 2007	(53,029)	(52,142)
Total stockholders' equity	234,345	281,822
Total liabilities and stockholders' equity	$ 2,113,729	$ 2,075,691

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended January 27, 2008	Three Months Ended January 28, 2007	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007
Revenues:				
Casino	$ 269,480	$ 233,158	$ 824,996	$ 760,015
Rooms	10,674	9,995	37,595	37,965
Pari-mutuel commissions and fees	4,986	5,057	13,400	13,850
Food, beverage and other	33,137	32,309	100,808	99,274
Gross revenues	318,277	280,519	976,799	911,104
Less promotional allowances	48,612	49,680	149,763	163,073
Net revenues	269,665	230,839	827,036	748,031
Operating expenses:				
Casino	40,963	38,372	121,656	121,972
Gaming taxes	70,123	49,739	211,160	161,158
Rooms	2,507	2,173	8,852	7,053
Pari-mutuel commissions and fees	4,436	3,897	11,280	10,793
Food, beverage and other	10,614	6,928	33,643	23,520
Marine and facilities	16,852	14,233	50,123	44,979
Marketing and administrative	71,174	64,111	214,173	204,443
Corporate and development	11,846	14,572	35,839	42,407
Write-offs and other valuation charges	—	—	6,526	665
Pre-opening	—	2,499	6,457	3,137
Depreciation and amortization	34,871	24,608	100,698	72,898
Total operating expenses	263,386	221,132	800,407	693,025
Operating income	6,279	9,707	26,629	55,006
Interest expense	(27,548)	(22,241)	(82,538)	(65,691)
Interest income	872	1,814	3,106	5,846
Loss on early extinguishment of debt	—	—	(13,660)	—
Income (loss) from continuing operations before income taxes and minority interest	(20,397)	(10,720)	(66,463)	(4,839)
Income tax (provision) benefit	7,443	1,940	25,732	(1,247)
Minority interest	(895)	(566)	(4,868)	(2,119)
Income (loss) from continuing operations	(13,849)	(9,346)	(45,599)	(8,205)
Income from discontinued operations, net of income taxes	—	416	—	18,189
Net income (loss)	$ (13,849)	$ (8,930)	$ (45,599)	$ 9,984
Earnings (loss) per common share-basic and diluted:				
Income (loss) from continuing operations	$ (0.45)	$ (0.31)	$ (1.49)	$ (0.27)
Income from discontinued operations, net of income taxes	—	0.02	—	0.60
Net income (loss)	$ (0.45)	$ (0.29)	$ (1.49)	$ 0.33
Weighted average basic and diluted shares	30,836,139	30,371,020	30,651,056	30,378,925

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 29, 2007	34,682,534	$ 347	$ 175,132	$ 155,127	$ 3,358	$ (52,142)	$ 281,822
Net loss	—	—	—	(45,599)	—	—	(45,599)
Unrealized loss on interest rate swap contracts net of income tax benefit of $7,041	—	—	—	—	(11,607)	—	(11,607)
Foreign currency translation adjustments	—	—	—	—	(759)	—	(759)
Comprehensive loss	—	—	—	—	—	—	(57,965)
Exercise of stock options, including income tax benefit of $1,495	528,962	5	6,144	—	—	—	6,149
Issuance of deferred bonus shares from treasury stock	—	—	(414)	—	—	414	—
Purchase of treasury stock	—	—	—	—	—	(1,301)	(1,301)
Deferred bonus expense	—	—	199	—	—	—	199
Stock compensation expense	—	—	5,441	—	—	—	5,441
Balance, January 27, 2008	35,211,496	$ 352	$ 186,502	$ 109,528	$ (9,008)	$ (53,029)	$ 234,345

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007
Operating activities:		
Net income (loss)	$ (45,599)	$ 9,984
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	100,698	72,898
Amortization of bond discount and deferred financing costs	2,064	1,942
Loss on derivative instruments	521	—
Write-offs and other valuation charges	6,526	665
Deferred income taxes	—	(1,517)
Stock compensation expense	5,441	5,629
Deferred compensation expense	199	249
Loss on extinguishment of debt	13,660	—
Gain on disposal of assets	(219)	(25,334)
Minority interest	4,868	2,119
Impairment charges, related to hurricane	—	656
Changes in operating assets and liabilities, net of dispositions:		
Marketable securities	(3,591)	647
Accounts receivable	(13)	(9,582)
Insurance receivable	45,804	(1,019)
Income tax receivable (payable)	(36,538)	(2,530)
Prepaid expenses and other assets	(6,211)	(14,175)
Accounts payable and accrued liabilities	(43,062)	7,154
Net cash provided by operating activities	44,548	47,786
Investing activities:		
Purchase of property and equipment	(141,914)	(288,052)
Purchase of intangibles	(157)	(4,000)
Net cash paid for acquisitions	(107,896)	—
Proceeds from sales of assets held for sale	—	242,382
Insurance proceeds for hurricane damages	—	22,619
Increase in restricted cash	(1,753)	(398)
Net cash used in investing activities	(251,720)	(27,449)
Financing activities:		
Proceeds from debt issuance	700,000	—
Principal payments on debt	(508,197)	(4,776)
Net repayments on line of credit	(50,460)	(3,383)
Payment of deferred financing costs	(8,383)	(69)
Proceeds from exercise of stock options including tax benefit	6,149	3,839
Purchase of treasury stock	(1,301)	(5,557)
Cash distribution to minority partner	(1,249)	—
Net cash provided by (used in) financing activities	136,559	(9,946)
Effect of foreign currency exchange rates on cash	72	(1,264)
Net (decrease) increase in cash and cash equivalents	(70,541)	9,127
Cash and cash equivalents, beginning of period	188,114	121,049
Cash and cash equivalents, end of the period	$ 117,573	$ 130,176

See notes to the unaudited consolidated financial statements.

1. Nature of Operations

Isle of Capri Casinos, Inc., a Delaware corporation, was incorporated in February 1990. Except where otherwise noted, the words "we," "us," "our" and similar terms, as well as "Company," refer to Isle of Capri Casinos, Inc. and all of its subsidiaries. We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in markets throughout the United States and internationally. Our wholly owned subsidiaries own and operate fourteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Effective January 27, 2008, we own 100% of our operations in Black Hawk Colorado following the acquisition of our minority partner's 43% interest in those operations. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and Coventry, England and a two-thirds ownership interest in casinos in Dudley and Wolverhampton, England. We also wholly own and operate a pari-mutuel harness racing facility in Pompano Beach, Florida at the site of our Pompano Park casino facility.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 29, 2007 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2008 and fiscal 2007 are both 52-week years, which commenced on April 30, 2007 and May 1, 2006, respectively.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

Discontinued operations relate to those of the Riverboat Corporation of Mississippi-Vicksburg in Vicksburg, Mississippi and Louisiana Riverboat Gaming Partnership in Bossier City, Louisiana, prior to July 31, 2006 when they were sold and are shown net of income tax effects. The results of these operations for prior periods are presented as discontinued operations in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

3. Revenue Recognition

In accordance with gaming industry practice, we recognize casino revenues as the net win from gaming activities. Casino revenues are also net of accruals for anticipated payouts of progressive slot jackpots and certain table games wherein incremental jackpot amounts owed are accrued for games in which every coin played or wagered adds to the jackpot total. Revenues from hotel, food, beverage, entertainment and gift shop are recognized at the time the related service or sale is performed or made.

4. Discontinued Operations

On July 31, 2006, we completed the sale of our Bossier City and Vicksburg properties for $240.0 million cash plus a working capital adjustment of $7.4 million. We received $240.0 million, less transaction fees, at closing and have been paid $4.9 million of the $7.4 million working capital adjustment as of January 27, 2008.

The results of our discontinued operations are summarized as follows (in thousands):

	Three Months Ended January 28, 2007	Nine Months Ended January 28, 2007
Net revenues	$ —	$ 41,335
Pretax income from discontinued operations	382	5,845
Gain on sale of discontinued operations	—	24,117
Income tax (provision) benefit from discontinued operations	34	(11,773)
Income from discontinued operations	416	18,189

Net interest expense of $3.3 million for the nine months ended January 28, 2007 has been allocated to discontinued operations based on the ratio of net assets to be sold to the sum of our total net assets plus our debt not attributable to a particular operation in accordance with EITF 87-24, "Allocation of Interest to Discontinued Operations."

5. Acquisitions, Goodwill and Other Intangible Assets

Acquisition of Minority Interest in Black Hawk Colorado Operations — Effective January 27, 2008, we purchased the 43% minority membership interests in our Black Hawk Colorado subsidiaries for a purchase price of $64.8 million, including transaction costs. Following the acquisition, we own 100% of our Black Hawk Colorado operations. The purchase price for these membership interests was determined based upon estimates of future cash flows and evaluations of the net assets acquired. We funded the purchase through borrowings under our Senior Credit Facility. We accounted for the purchase using the purchase method of accounting in accordance with SFAS No. 141 "Business Combinations" ("SFAS 141"). Third party valuations for the property and equipment, and intangible assets are still in process. After consideration of the minority interest liability of $30.2 million, the preliminary purchase price allocation included $14.0 million in property and equipment, $10.6 million in other intangible assets and $10.0 million in goodwill.

Acquisition of Caruthersville - On June 10, 2007, we acquired 100% of the membership interests of Atzar Missouri Riverboat Gaming Company, L.L.C., a Missouri limited liability company located in Caruthersville, Missouri. The purchase price, including transaction costs, was approximately $46.2 million, including $3.1 million of cash acquired. The purchase price for these membership interests was determined based upon estimates of future cash flows and evaluations of the net assets acquired. During January 2008, we finalized certain post closing date adjustments with the seller. The purchase was accounted for using the purchase method of accounting in accordance with SFAS 141. Third party valuations were obtained for the property and equipment, and other intangible assets. The purchase price included $0.9 million in net working capital, $40.3 million in property and equipment, and $5.0 million in other intangible assets.

The changes in the carrying amount of goodwill and other intangible assets are as follows (in thousands):

	Goodwill	Gaming Licenses	Customer Lists, net	Trademarks	Other Intangibles Assets, net
April 29, 2007	$ 297,268	$ 61,953	$ —	$ 12,201	$ 74,154
Acquisition of Minority Interest in Black Hawk Colorado Operations	10,043	7,800	2,500	300	10,600
Acquisition of Caruthersville	—	4,111	807	102	5,020
Acquisition of Coventry trademark	—	—	—	127	127
Amortization expense	—	—	(179)	(71)	(250)
January 27, 2008	$ 307,311	$ 73,864	$ 3,128	$ 12,659	$ 89,651

6. Long-Term Debt

Long-term debt consists of the following (in thousands):

	January 27, 2008	April 29, 2007
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 175,000	$ —
Variable rate term loans, matures November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	696,500	—
February 2005 Credit Facility:		
Revolving line of creidt	—	210,000
Variable rate term loans	—	293,500
Senior Subordianted Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	500,000	500,000
9% Senior Subordinated Notes, extinguished August 2007	—	200,000
Senior Secured Credit Facilities of Subsidiaries - non-recourse to Isle of Capri Casinos, Inc:		
Isle-Black Hawk Credit Facility:		
Revolving line of credit, expires October 24, 2010, interest payable at least quarterly at either LIBOR and/or prime plus a margin	—	16,400
Variable rate term loan, matures October 24, 2011, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	185,725	187,150
Blue Chip Credit Facility	5,947	6,157
Other	6,942	4,772
	1,570,114	1,417,979
Less current maturities	10,098	7,594
Long-term debt	$ 1,560,016	$ 1,410,385

July 2007 Credit Facility - On July 26, 2007, we entered into a $1.35 billion senior secured credit facility ("July 2007 Credit Facility"), replacing the February 2005 Credit Facility. As of January 27, 2008, the July 2007 Credit Facility is secured on a first priority basis by substantially all of our assets and by all of the significant domestic subsidiaries, excluding the subsidiaries that own and operate our Colorado casinos.

The July 2007 Credit Facility consists of a \$475.0 million five-year revolving line of credit and an \$875.0 million term loan facility. The \$875.0 million term loan facility consists of a \$500.0 million senior secured loan facility which was drawn at closing; a \$200.0 million senior secured delayed draw facility which was drawn in August 2007 to retire our 9% Senior Subordinated Notes and a \$175.0 million senior secured delayed draw facility which can be drawn within twelve months after closing, at our option.

Subsequent to quarter end, we drew down the \$175.0 million delayed draw term loan portion of the July 2007 Credit Facility and used such proceeds to fully repay and retire the Isle-Black Hawk Senior Secured Credit Facility. Simultaneously, we designated our Black Hawk subsidiaries as "restricted subsidiaries" under the July 2007 Credit Facility. After giving pro forma effect to the designation above, our net line of credit availability at January 28, 2008 is approximately \$155 million. The assets of our Black Hawk, Colorado subsidiaries have been assigned as additional collateral under the July 2007 Credit Facility effective January 28, 2008.

Debt issuance costs incurred as part of the July 2007 Credit Facility aggregated to \$7.9 million. In conjunction with the replacement of the February 2005 Credit Facility with the July 2007 Credit Facility, \$2.3 million of unamortized debt issuance costs were recorded as a loss on early extinguishment of debt for the nine months ended January 27, 2008, while the remaining deferred debt issuance costs will be amortized over the respective lives of the revolver and term credit facilities of the July 2007 Credit Facility. We followed EITF 96-19 "Debtor's Accounting for a Modification of Exchange of Debt Instruments" and EITF 98-14 "Debtor's Accounting for changes in Line-of-Credit or Revolving Debt Arrangements" in accounting for this refinancing transaction and its associated deferred debt issuance costs.

The weighted average effective interest rate of the February 2005 and July 2007 Credit Facilities for the three and nine month periods ended January 27, 2008 were 6.52% and 6.94%, respectively.

The July 2007 Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The July 2007 Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of January 27, 2008.

February 2005 Credit Facility – Prior to entering into the July 2007 Credit Facility, we were party to the February 2005 Credit Facility ("February 2005 Credit Facility"), which consisted of a \$400.0 million revolving line of credit facility maturing in February 2010 and a \$300.0 million term loan facility maturing in February 2011.

7% Senior Subordinated Notes - During 2004, we issued \$500.0 million of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). At January 27, 2008, the 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries, excluding the subsidiaries that own and operate our Colorado casinos, and other subsidiaries as described more fully in Note 16. All of the guarantor subsidiaries are wholly owned by us. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all existing and future senior indebtedness, equally with all existing and future senior subordinated debt, and senior to any future subordinated indebtedness. On January 28, 2008, our Black Hawk, Colorado wholly owned subsidiaries were designated as additional guarantors on a joint and several basis under the 7% Senior Subordinated Notes.

The 7% Senior Subordinated Notes are redeemable, in whole or in part, at our option at any time on or after March 1, 2009, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period beginning on March 1st of the years indicated below:

Year	Percentage
2009	103.500%
2010	102.333%
2011	101.167%
2012 and thereafter	100.000%

We issued the 7% Senior Subordinated Notes under an indenture between the Company, the subsidiary guarantors and a trustee. The indenture, governing the 7% Senior Subordinated Notes limits, among other things, our ability and our restricted subsidiaries ability to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates or pay dividends on or repurchase stock. The indenture also limits our ability to issue and sell capital stock of subsidiaries, sell assets in excess of specified amounts or merge with or into other companies.

9% Senior Subordinated Notes - During 2002, we issued $200.0 million of 9% Senior Subordinated Notes due 2012 ("9% Senior Subordinated Notes"). These 9% Senior Subordinated Notes were called for redemption at 104.5% and redeemed during August 2007. $11.4 million in losses on early extinguishment of debt are included in the consolidated statements of operations for the nine months ended January 27, 2008 includes the $9.0 million call premium and the write-off of deferred financing costs associated with the 9% Senior Subordinated Notes.

Isle-Black Hawk Senior Secured Credit Facility - During 2005, Isle of Capri Black Hawk, L.L.C. entered into a $240.0 million Second Amended and Restated Credit Agreement and amended such agreement during January 2007 (the "Isle-Black Hawk Credit Facility"). The credit agreement, as amended, provides for a $50.0 million revolving credit facility and a $190.0 million term loan facility. The credit agreement is secured by liens on substantially all of Isle of Capri Black Hawk, L.L.C.'s assets. As of January 28, 2008, we repaid and cancelled the Isle-Black Hawk Credit Facility with proceeds borrowed under our July 1007 Credit Facility. As a result of cancelling the Isle-Black Hawk Credit Facility, we will expense the balance of unamortized deferred finance costs of approximately $1.6 million during our fourth quarter ending April 27, 2008.

The weighted-average effective interest rate of total debt outstanding under the Isle-Black Hawk Credit Facility for the three and nine months ended at January 27, 2008 and the three and nine months ended January 28, 2007 was 6.97%, 6.99%, 6.81% and 6.83%, respectively.

As of January 27, 2008, Isle of Capri Black Hawk, L.L.C. had no letters of credit outstanding under the Isle-Black Hawk Credit Facility and was in compliance with all covenants. As of January 28, 2008, we repaid and cancelled the Isle-Black Hawk Credit Facility with proceeds borrowed under our July 2007 Credit Facility. As a result of canceling the Black Hawk Credit Facility, we will expense the balance of unamortized deferred financing costs of approximately $1.6 million during our fourth quarter ending April 27, 2008.

Blue Chip Credit Facility - Blue Chip Casinos Plc ("Blue Chip") entered into an agreement effective November 28, 2003, as amended on May 24, 2004, with the Bank of Scotland to borrow up to £3.5 million (the "Blue Chip Credit Facility") to fund its casino development program. As of January 27, 2008, total outstanding debt aggregated £3.0 million ($5.9 million), which consisted of a £2.3 million ($4.5 million) term loan facility and a £0.7 million ($1.4 million) outstanding balance under the £0.8 million available revolving loan facility. The term loan is to be repaid in periodic principal payments, which started in July 2005 and continue through July 2012. The interest rate at Blue Chip's option is (1) the Bank of Scotland's base rate plus a current margin of 2.0% or (2) LIBOR plus a margin of 1.75%. As of January 27, 2008, the effective interest rate was 7.75%. The Blue Chip Credit Facility is non-recourse to the Company.

Blue Chip Casinos Plc was in compliance with all covenants as of January 27, 2008. As of January 27, 2008, Blue Chip Casinos Plc had no letters of credit outstanding under the Blue Chip Credit Facility, and net availability under the Blue Chip Credit Facility was £0.1 million ($0.2 million).

Interest Rate Swap Agreements We have entered into various interest rate swap agreements pertaining to the July 2007 Credit Facility for an aggregate notional value of $450.0 million with maturity dates ranging from fiscal year 2010 to 2011 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the July 2007 Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 27, 2008, as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value. As of January 27, 2008, we recorded a liability of $18.7 million in Other long-term liabilities representing the fair market value of the swap agreements and an unrealized loss of $11.6 million, net of a $7.1 million deferred income tax benefit, in Accumulated other comprehensive income on the consolidated balance sheet. As of January 27, 2008, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.65%.

As of January 27, 2008, Isle of Capri Black Hawk, L.L.C. had interest rate swap agreements with an aggregate notional value of $40.0 million, or 21.5% of its variable rate debt outstanding under the Isle-Black Hawk Credit Facility. The swap agreements effectively convert portions of Isle of Capri Black Hawk, L.L.C. variable rate debt to a fixed-rate basis until the respective remaining swap agreements terminate, which occurs during the fourth quarter of fiscal year 2008. For the three and nine months ended January 27, 2008 and the three and nine months ended January 28, 2007, Isle of Capri Black Hawk, L.L.C. recorded a loss of $0.1 million, $0.5 million, $0.3 million and $0.7 million, respectively, in food, beverage and other within the accompanying consolidated statements of operations related to the change in fair market value of the undesignated swap agreements. As of January 27, 2008, the weighted average fixed LIBOR interest rate of the Isle of Capri Black Hawk, L.L.C. interest rate swap agreements was 3.80%.

The fair value of the estimated interest differential between the applicable future variable rates and the interest rate swap contracts not designated as hedging instruments, expressed in present value terms, totaled $0 and $0.5 million as of January 27, 2008 and April 29, 2007, respectively. Based on the maturity dates of the contracts, these amounts are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

7. Other Long-Term Obligations

We entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, and is owned and operated by a non-affiliated entity and began operations in August 2005. Because certain structural elements were installed by us during the construction of the space being leased and certain prepaid lease payments we made, we are required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, we have recorded a long-term obligation for £24.1 million ($47.8 million) and £23.8 million ($47.6 million) as of January 27, 2008 and April 29, 2007, respectively, even though we do not; (1) own this asset, (2) we are not the obligor on the corresponding long-term obligation and (3) do not participate in or control the operations of the convention center. Upon completion of the convention center we were precluded from accounting for the transaction as a sale and leaseback under SFAS No. 98 "Accounting for Leases" due to our continuing involvement as a tenant, as a result of our lease prepayments during the construction period of the convention center. Therefore, we are accounting for the transaction using the direct financing method in accordance with SFAS No. 66 "Accounting for the Sales of Real Estate".

The other long-term obligation will be reflected in our consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from our financial statements. At such time, the net of the remaining obligation over the carrying value of the fixed asset will be recognized as a gain on sale of the facility.

8. Earnings per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended January 27, 2008	Three Months Ended January 28, 2007	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007
Numerator:				
Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ (13,849)	$ (9,346)	$ (45,599)	$ (8,205)
Income from discontinued operations	—	416	—	18,189
Net income (loss)	$ (13,849)	$ (8,930)	$ (45,599)	$ 9,984
Denominator:				
Denominator for basic earnings per share – weighted – average shares	30,836,139	30,371,020	30,651,056	30,378,925
Effect of dilutive securities				
Employee stock options and nonvested restricted stock	—	—	—	—
Denominator for diluted earnings per share – adjusted weighted – average shares and assumed conversions	30,836,139	30,371,020	30,651,056	30,378,925
Basic and diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.45)	$ (0.31)	$ (1.49)	$ (0.27)
Income from discontinued operations		0.02		0.60
Net income (loss)	$ (0.45)	$ (0.29)	$ (1.49)	$ 0.33

Our basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. As we reported a loss from continuing operations for the three and nine months ended January 27, 2008, and for the three and nine months ended January 28, 2007, we reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for that time period. Due to the loss from continuing operations, stock options representing 3,036,761; 2,000,657; 389 and 5,130 shares which are anti-dilutive were excluded from the calculation of potential common shares for diluted earnings per share for the three and nine month periods ended January 27, 2008 and the three and nine month periods ended January 28, 2007, respectively.

9. Accumulated Other Comprehensive Income (Loss)

Because the operations of our international subsidiaries are denominated in functional currencies other than the U.S. dollar, a resulting currency translation adjustment is necessary. The assets and liabilities of the our international subsidiaries are translated using the exchange rate in effect at the balance sheet date, with the resulting translation adjustment recognized as accumulated other comprehensive income. The net change in foreign currency translation adjustments in accumulated other comprehensive income was a decrease of $2.8 million and $0.8 million for the three and nine months ended January 27, 2008, respectively.

We use interest rate swap agreements to convert portions of our variable rate debt to a fixed-rate basis. We record unrealized gains and losses on these interest rate swaps as accumulated other comprehensive income.

The following table sets forth total comprehensive income (loss) for the three and nine months ended January 27, 2008 and January 28, 2007 (in thousands).

	Three Months Ended		Nine Months Ended	
	January 27, 2008	January 28, 2007	January 27, 2008	January 28, 2007
Net income (loss)	$ (13,849)	$ (8,930)	$ (45,599)	$ 9,984
Unrealized loss on interest rate swaps	(9,796)	—	(11,607)	—
Foreign currency translation adjustment	(2,822)	1,655	(759)	3,124
Total comprehensive income (loss)	$ (26,467)	$ (7,275)	$ (57,965)	$ 13,108

10. Income Taxes

In July 2006, the FASB issued Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* (FIN No. 48). This interpretation clarified the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, *"Accounting for Income Taxes."*

We adopted the provisions of FIN No. 48 on April 30, 2007. The adoption of FIN 48 did not have any impact on our consolidated statements of operations or stockholders' equity within the consolidated balance sheet. As of April 30, 2007, we had a total of $24.2 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $9.0 million. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48. We had $3.6 million in interest related to unrecognized tax benefits accrued as of April 30, 2007 and no amounts were accrued for penalties. However, FIN No. 48 did require a reclassification of unrecognized tax benefits from deferred income taxes to current liabilities and long-term liabilities. At April 30, 2007, we reclassified $12.1 million from income taxes payable and $9.1 million from deferred income taxes to other current accrued liabilities ($10.3 million) and other accrued liabilities ($10.9 million).

For the nine months ended January 27, 2008, our unrecognized tax benefit decreased by $6.6 million to $17.6 million. This amount is comprised of a $0.5 million decrease related to the final resolution of an Iowa income tax examination covering the 2001 through 2004 tax years; a $5.8 million decrease related to the filing of amended Iowa income tax returns for the 2002 through 2005 tax years; a $0.1 million increase related to the need to file amended Mississippi income tax returns for the 2003 and 2004 tax years; and a $0.4 million decrease related to the partial resolution of an IRS examination covering the 2004 and 2005 tax years. We expect the amount of unrecognized tax benefits will further decrease in 2008 by $4.8 million which relates to the expected finalization of the IRS examination referred to above.

For the nine months ended January 27, 2008, we have recognized $0.3 million of previously unrecognized tax benefits, which affect the effective tax rate. This amount is comprised of $0.4 million related to the resolution of the Iowa income tax examination as referred to above. This amount is also comprised of $0.1 million related to the need to file amended Mississippi income tax returns as referred to above. We will not recognize any tax benefits in income tax expense as a result of the anticipated $4.8 million further reduction in the unrecognized tax benefits as referred to above.

As of January 27, 2008, our interest related to unrecognized tax benefits decreased by $0.2 million. This is the result of an increase of $1.1 million related to additional interest accrued on uncertain tax positions through January 27, 2008, a decrease of $0.8 million related to the resolution of the Iowa income tax examination referred to above, and a decrease of $0.5 million related to the filing of amended Iowa income tax returns for the 2002 through 2005 tax years.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. The IRS is currently examining the Company's federal income tax returns, which relate to our fiscal years ended April 24, 2005 and April 30, 2006, respectively. The tax returns for subsequent years are also subject to examination.

We file in numerous state jurisdictions with varying statutes of limitation. Our unrecognized state tax benefits are related to state tax returns open from tax years 2001 through 2006 depending on each state's statute of limitation.

11. Supplemental Disclosure of Cash Flow Information

For the nine months ended January 27, 2008 and January 28, 2007, we made net cash payments of interest for $65.0 million and $55.5 million, respectively. Additionally, we paid income taxes, net of refunds, of $9.3 million and $16.9 million for the nine months ended January 27, 2008 and January 28, 2007, respectively.

For the nine months ended January 27, 2008 we purchased land financed with a note payable for $3.1 million.

12. Stock-Based Compensation

We have two stock-based compensation plans, the 1993 Stock Option Plan and the 2000 Stock Option Plan, each as amended. The plans provide for the issuance of incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, exercisable in yearly installments of 20% commencing one year after the date of grant. We have 876,160 shares available for future issuance under our equity compensation plans as of January 27, 2008.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table.

	Three Months Ended		Nine Months Ended	
	January 27, 2008	January 28, 2007	January 27, 2008	January 28, 2007
Weighted average expected volatility	42.03 %	43.45 %	52.17 %	52.50 %
Weighted average expected term in years	6.75	6.81	7.51	5.84
Expected dividend yield	0.00 %	0.00 %	0.00 %	0.00 %
Weighted average risk-free interest rate	3.85 %	4.45 %	4.64 %	4.69 %
Weighted average fair value of options granted	$ 5.77	$ 9.93	$ 6.21	$ 13.64

Weighted average volatility is calculated using the historical volatility of our stock prices over a range of dates equal to the expected term of a grant's options. The weighted average expected term is calculated using historical data that is representative of the option for which the fair value is to be determined. The expected term represents the period of time that options granted are expected to be outstanding. The weighted average risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the approximate period of time equivalent to the grant's expected term. The estimated rate of forfeitures for executives increased from 25.5% to 27.2% since the prior quarter ended October 28, 2007, and for optionees beneath the executive level, it increased from 42.7% to 45.7% over the same period. The impact of these changes in forfeiture estimates decreased expense approximately $0.2 million and was recorded as a cumulative adjustment in the consolidated statements of operations for the three months ended January 27, 2008.

Total stock option expense in the accompanying consolidated statements of operations was $1.7 million and $5.4 million for the three and nine months ended January 27, 2008, respectively and $1.5 million and $5.6 million for the three and nine months ended January 28, 2007, respectively. As of January 27, 2008, there was $9.8 million in unrecognized stock compensation costs, related to unvested options, which we expect to recognize over the remaining vesting period of 5 years with a weighted average period of 2.3 years. With the exception of 110,500 options which vest and become exercisable 50% upon the date of grant and 50% upon the one-year anniversary of the grant date, the options granted during the nine months ended January 27, 2008, vest 20% per year for 5 years on the anniversary of the grant date. We recognize compensation expense for these grants on a straight-line basis over the requisite service period for each separately vesting portion of the award.

	Options		Weighted Average Exercise Price
Outstanding options at April 30, 2007	2,957,073	$	17.96
Options granted	1,162,300		20.60
Options exercised	(528,962)		9.26
Options forfeited and expired	(266,672)		21.93
Outstanding options at January 27, 2008	3,323,739	$	19.95
Outstanding exercisable options at January 27, 2008	1,403,459	$	17.52

During March 2008, we issued 500,000 options shares with an exercise price of $8.44 per share and unrecognized stock compensation cost of $2.0 million with a weighted average contractual life of 3 years. These options vest 20% per year for 5 years on the anniversary of the grant date.

13. Hurricanes and Related Charges

In the fall of 2005, our properties in Biloxi, Mississippi, Lake Charles, Louisiana and Pompano Beach, Florida were struck by hurricanes Katrina, Rita and Wilma, respectively.

We have insurance coverage related to the three hurricanes for property damage and destruction, and business interruption insurance for incremental costs incurred and for lost profits. We have received partial proceeds from our insurance carriers related to losses we have sustained. Our belief is we will ultimately collect more than the $75.9 million related to the property impairment as the insurance coverage is for replacement value and the insurance receivable recorded for the property impairment represents the net book value of the assets at the date of loss. In addition, we have not yet received proof of losses on open claims under the business interruption loss of profits coverage related to the claim in Biloxi. We continue to negotiate with our insurers to settle our claims. The timeline for final settlement of the claims is expected to occur within one year.

The following table shows the activity flowing through the insurance accounts (in thousands):

	Total Incurred as of			
		January 27, 2008		April 29, 2007
Property impairment (1)	$	75,868	$	75,868
Incremental costs incurred (2)		90,083		84,793
Loss of income (3)		2,817		2,817
Hurricane related charges, net (4)		(4,776)		(4,776)
Insurance receipts		(153,755)		(102,662)
Insurance receivable, net	$	10,237	$	56,040

(1) Represents the book value of property impairments recognized at the date of loss as a receivable under our insurance policies.
(2) Insured incremental costs incurred by us totaling $90.1 million were recorded as an insurance receivable for $62.2 million in fiscal year 2006, $22.6 million in fiscal 2007, and $5.3 million for the nine months ended January 27, 2008.
(3) During the fourth quarter of fiscal 2007, we recorded a gain and insurance receivable of $2.8 million as the result of a proof of loss under the business interruption-lost profits coverage.
(4) Primarily represents deductibles under insurance policies recorded as a hurricane related charge during fiscal 2006.

14. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now a wholly owned subsidiary) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $9.5 million as of January 27, 2008 based on published exchange rates). During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. We are awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making, material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

15. Accounting Pronouncements

New Pronouncements - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 ("FSP 157-2"), delaying the effective date of FASB 157 to fiscal years beginning after November 15, 2008, 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. We are currently evaluating the impact the adoption of SFAS 157, including the deferment provisions of FSP 157-2, will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by SFAS 159 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, companies shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. SFAS 159 is effective as of the beginning of a company's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided we also elect to apply the provisions of SFAS 157. We are currently evaluating whether to adopt the fair value option under SFAS 159 and evaluating what impact such adoption would have on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations" ("SFAS 141(R)"), which is intended to improve reporting by creating greater consistency in the accounting and financial reporting of business combinations. SFAS 141(R) requires that the acquiring entity in a business combination recognize all (and only) the assets and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose to investors and other users all of the information that they need to evaluate and understand the nature and financial effect of the business combination. In addition, SFAS 141(R) impacts the accounting for transaction and restructuring costs. SFAS 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating the impact of SFAS 141(R) on our consolidated financial statements.

In December 2007, the FASB also issued SFAS No. 160, "Noncontrolling Interests In Consolidated Financial Statements — An Amendment of Accounting Research Bulletin No. 51," the provisions of which are effective for periods beginning after December 15, 2008. This statement requires an entity to classify noncontrolling interests in subsidiaries as a separate component of equity. Additionally, transactions between an entity and noncontrolling interests are required to be treated as equity transactions. We are currently evaluating the impact of this statement on our financial statements.

16. Consolidating Condensed Financial Information

Certain of our wholly owned subsidiaries have fully and unconditionally guaranteed on a joint and several basis, the payment of all obligations under our 7% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are co-borrowers, on a joint and several basis, under the July 2007 Credit Facility and are guarantors of the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; LL Holding Corporation; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; and Riverboat Corporation of Mississippi — Vicksburg. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors or co-borrowers under the July 2007 Credit Facility or the 7% Senior Subordinated Notes: Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; Isle of Capri Bettendorf Marina Corp.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C.; Casino America of Colorado, Inc.; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Consolidating condensed balance sheets as of January 27, 2008 and April 29, 2007 are as follows (in thousands):

	As of January 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 69,237	$ 116,024	$ 71,719	$ (18,645)	$ 238,335
Intercompany receivables	1,300,267	(271,065)	(16,583)	(1,012,619)	—
Investments in subsidiaries	259,426	301,345	(55,857)	(504,914)	—
Property and equipment, net	18,423	1,019,735	394,730	—	1,432,888
Other assets	21,602	370,525	50,379	—	442,506
Total assets	$ 1,668,955	$ 1,536,564	$ 444,388	$ (1,536,178)	$ 2,113,729
Current liabilities	$ 50,749	$ 83,034	$ 64,443	$ (17,219)	$ 181,007
Intercompany payables	—	796,771	217,274	(1,014,045)	—
Long-term debt, less current maturities	1,364,500	5,666	189,850	—	1,560,016
Other accrued liabilities	19,361	79,119	39,881	—	138,361
Stockholders' equity	234,345	571,974	(67,060)	(504,914)	234,345
Total liabilities and stockholders' equity	$ 1,668,955	$ 1,536,564	$ 444,388	$ (1,536,178)	$ 2,113,729

	As of April 29, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 110,189	$ 152,937	$ 70,420	$ (13,208)	$ 320,338
Intercompany receivables	1,130,006	(455,871)	(25,468)	(648,667)	—
Investments in subsidiaries	269,631	289,857	—	(559,488)	—
Property and equipment, net	19,644	946,127	372,799	—	1,338,570
Other assets	19,248	366,889	36,446	(5,800)	416,783
Total assets	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691
Current liabilities	$ 61,274	$ 122,089	$ 60,889	$ (8,511)	$ 235,741
Intercompany payables	—	539,023	151,017	(690,040)	—
Long-term debt, less current maturities	1,200,500	3,495	206,390	—	1,410,385
Other accrued liabilities, deferred taxes and long-term obligations	5,122	75,791	38,994	—	119,907
Minority interest	—	—	—	27,836	27,836
Stockholders' equity	281,822	559,541	(3,093)	(556,448)	281,822
Total liabilities and stockholders' equity	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691

Consolidating condensed statements of operations for the three and nine months ended January 27, 2008 and January 28, 2007 are as follows (in thousands):

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	Three Months Ended January 27, 2008				
Statement of Operations					
Revenues:					
Casino	$ —	$ 224,802	$ 44,678	$ —	$ 269,480
Rooms, food, beverage and other	63	40,760	11,395	(3,421)	48,797
Gross revenues	63	265,562	56,073	(3,421)	318,277
Less promotional allowances	—	39,007	9,605	—	48,612
Net revenues	63	226,555	46,468	(3,421)	269,665
Operating expenses:					
Casino	—	32,395	8,568	—	40,963
Gaming taxes	—	62,165	7,958	—	70,123
Rooms, food, beverage and other	12,902	87,470	20,600	(3,543)	117,429
Management fee expense (revenue)	(7,092)	7,358	(266)	—	—
Depreciation and amortization	1,262	27,491	6,118	—	34,871
Total operating expenses	7,072	216,879	42,978	(3,543)	263,386
Operating income (loss)	(7,009)	9,676	3,490	122	6,279
Interest expense, net	(6,462)	(14,502)	(5,712)	—	(26,676)
Equity in income (loss) of subsidiaries	(5,136)	3,596	(3,610)	5,150	—
Income (loss) before income taxes and minority interest	(18,607)	(1,230)	(5,832)	5,272	(20,397)
Income tax (provision) benefit	4,758	1,899	786	—	7,443
Minority interest	—	—	—	(895)	(895)
Net income (loss)	$ (13,849)	$ 669	$ (5,046)	$ 4,377	$ (13,849)

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	Three Months Ended January 28, 2007				
Statement of Operations					
Revenues:					
Casino	$ —	$ 188,981	$ 44,177	$ —	$ 233,158
Rooms, food, beverage and other	90	40,065	10,780	(3,574)	47,361
Gross revenues	90	229,046	54,957	(3,574)	280,519
Less promotional allowances	—	39,902	9,778	—	49,680
Net revenues	90	189,144	45,179	(3,574)	230,839
	—	—	—	—	—
Operating expenses:					
Casino	—	31,112	7,260	—	38,372
Gaming taxes	—	41,708	8,031	—	49,739
Rooms, food, beverage and other	11,902	76,475	23,426	(3,390)	108,413
Management fee expense (revenue)	(6,884)	6,759	125	—	—
Depreciation and amortization	432	19,356	4,820	—	24,608
Total operating expenses	5,450	175,410	43,662	(3,390)	221,132
Operating income (loss)	(5,360)	13,734	1,517	(184)	9,707
Interest expense, net	(7,189)	(8,183)	(5,055)	—	(20,427)
Equity in income (loss) of subsidiaries	20,595	2,953	(2,899)	(20,649)	—
[illegible]	8,046	8,504	(6,437)	(20,833)	(10,720)

Income (loss) from continuing operations before income taxes and minority interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income tax (provision) benefit	(17,392)	27,661	(8,329)	—	1,940
Minority interest	—	—	—	(566)	(566)
Income (loss) from continuing operations	(9,346)	36,165	(14,766)	(21,399)	(9,346)
Income from discontinued operations, net of taxes	—	—	—	—	—
Equity in earnings of discontinued operations	416	416	—	(416)	416
Income from discontinued operations, net of taxes	416	416	—	(416)	416
Net income (loss)	$ (8,930)	$ 36,581	$ (14,766)	$ (21,815)	$ (8,930)

	Nine Months Ended January 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 684,370	$ 140,626	$ —	$ 824,996
Rooms, food, beverage and other	136	127,313	34,194	(9,840)	151,803
Gross revenues	136	811,683	174,820	(9,840)	976,799
Less promotional allowances	—	119,631	30,132	—	149,763
Net revenues	136	692,052	144,688	(9,840)	827,036
Operating expenses:					
Casino	—	96,528	25,128	—	121,656
Gaming taxes	—	185,774	25,386	—	211,160
Rooms, food, beverage and other	42,473	268,785	65,475	(9,840)	366,893
Management fee expense (revenue)	(22,236)	22,706	(470)	—	—
Depreciation and amortization	3,836	79,546	17,316	—	100,698
Total operating expenses	24,073	653,339	132,835	(9,840)	800,407
Operating income (loss)	(23,937)	38,713	11,853	—	26,629
Interest expense, net	(22,221)	(40,471)	(16,740)	—	(79,432)
Loss on extinguishment of debt	(13,660)	—	—	—	(13,660)
Equity in income (loss) of subsidiaries	(8,940)	11,322	(7,114)	4,732	—
Income (loss) before income taxes and minority interest	(68,758)	9,564	(12,001)	4,732	(66,463)
Income tax (provision) benefit	23,159	681	1,892	—	25,732
Minority interest	—	—	—	(4,868)	(4,868)
Net income (loss)	$ (45,599)	$ 10,245	$ (10,109)	$ (136)	$ (45,599)

	Nine Months Ended January 28, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 619,241	$ 140,774	$ —	$ 760,015
Rooms, food, beverage and other	142	126,488	35,180	(10,721)	151,089
Gross revenues	142	745,729	175,954	(10,721)	911,104
Less promotional allowances	—	130,504	32,569	—	163,073
Net revenues	142	615,225	143,385	(10,721)	748,031
Operating expenses:					
Casino	—	98,422	23,550	—	121,972
Gaming taxes	—	134,737	26,421	—	161,158
Rooms, food, beverage and other	34,396	236,363	77,229	(10,991)	336,997
Management fee expense (revenue)	(23,825)	23,809	16	—	—
Depreciation and amortization	1,253	57,333	14,312	—	72,898
Total operating expenses	11,824	550,664	141,528	(10,991)	693,025
Operating income (loss)	(11,682)	64,561	1,857	270	55,006
Interest expense, net	(18,571)	(26,208)	(15,066)	—	(59,845)
Equity in income (loss) of subsidiaries	29,846	9,870	(9,946)	(29,770)	—
Income (loss) from continuing operations before income taxes and minority interest	(407)	48,223	(23,155)	(29,500)	(4,839)

Income tax (provision) benefit	(7,798)	9,885	(3,334)	—	(1,247)
Minority interest	—	—	—	(2,119)	(2,119)
Income (loss) from continuing operations	(8,205)	58,108	(26,489)	(31,619)	(8,205)
Income from discontinued operations, net of taxes	—	18,189	—	—	18,189
Equity in earnings of discontinued operations	18,189	—	—	(18,189)	—
Income from discontinued operations, net of taxes	18,189	18,189	—	(18,189)	18,189
Net income (loss)	$ 9,984	$ 76,297	$ (26,489)	$ (49,808)	$ 9,984

Consolidating condensed statements of cash flows for the nine months ended January 27, 2008 and January 28, 2007 are as follows (in thousands):

	Nine Months Ended January 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (52,286)	$ 85,143	$ 6,982	$ 4,709	$ 44,548
Net cash provided by (used in) investing activities	(8,472)	(151,378)	(91,870)	—	(251,720)
Net cash provided by (used in) financing activities	(3,046)	62,390	81,924	(4,709)	136,559
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	72	—	72
Net increase (decrease) in cash and cash equivalents	(63,804)	(3,845)	(2,892)	—	(70,541)
Cash and cash equivalents at beginning of the period	82,894	70,638	34,582	—	188,114
Cash and cash equivalents at end of the period	$ 19,090	$ 66,793	$ 31,690	$ —	$ 117,573

	Nine Months Ended January 28, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 24,318	$ 63,606	$ (3,678)	$ (36,460)	$ 47,786
Net cash provided by (used in) investing activities	(8,334)	18,443	(37,558)	—	(27,449)
Net cash provided by (used in) financing activities	(10,935)	(83,919)	48,448	36,460	(9,946)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(1,264)	—	(1,264)
Net increase (decrease) in cash and cash equivalents	5,049	(1,870)	5,948	—	9,127
Cash and cash equivalents at beginning of the period	29,193	67,486	24,370	—	121,049
Cash and cash equivalents at end of the period	$ 34,242	$ 65,616	$ 30,318	$ —	$ 130,176

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 29, 2007.

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States and internationally. We continue to investigate developing new locations, purchasing existing operations and expanding our current properties. These activities require capital-intensive investments that have long-term return potential. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, Dudley and Wolverhampton, England and Freeport, Grand Bahamas. We also operate a harness racing track at our casino in Florida.

Our operating results have been affected by the acquisition or opening of new properties, disposition of properties, losses from the early extinguishment of debt, write offs and other valuation charges, pre-opening expenses and increases in competition. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and given consideration to the following:

Opening of New Properties - During the first nine months of fiscal year 2008, our operations were impacted by the opening of the slot gaming facility at our Pompano Park facility in April 2007, the acquisition of our Caruthersville, Missouri casino in June 2007 and the opening of our Waterloo, Iowa and Coventry, England casinos in June 2007 and July 2007, respectively.

Acquisition of Minority Interest — On January 27, 2008, we acquired the remaining 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million. Funding for this acquisition was obtained from borrowings under our July 2007 Senior Credit Facility.

Losses from Early Extinguishment of Debt We recorded a total of $13.7 million in losses associated with the early extinguishment of debt during fiscal 2008, including a $9.0 million call premium paid to retire the 9%

Senior Subordinated Notes, and $4.7 million of deferred finance costs associated with the retired debt instruments.

Write-offs and Other Valuation Charges - The results from operations for the nine months ended January 27, 2008 include $6.5 million of charges related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the cancellation of construction projects in Davenport, Iowa and Kansas City, Missouri during the second fiscal quarter of fiscal 2008.

Pre-Opening Expenses - In fiscal year 2008, we opened our new Waterloo and Coventry properties. In late fiscal 2007 we opened the slot gaming facility at the Pompano Park property. For the three and nine months ended January 27, 2008, we recorded pre-opening expenses related to these properties in the amounts of $0.0 million and $6.5 million, respectively. This is compared to pre-opening expenses recorded during the three and nine months ended January 28, 2007 of $2.5 million and $3.1 million, respectively.

Increased Competition - Following the impact of Hurricane Katrina in the fall of 2005, our Mississippi properties in Biloxi and Natchez experienced strong revenue growth as a result of limited competition on the Gulf Coast. Since that time, the Gulf Coast has seen recovery in casino development which, combined with the closure of the Biloxi/Ocean Springs bridge through November 1, 2007, when two lanes of the bridge were reopened, has significantly reduced our market share in Biloxi. Patron counts have decreased at our Natchez property as gaming patrons who were displaced by hurricanes have returned to the Gulf Coast. In Louisiana, our Lake Charles property experienced higher gaming revenues in fiscal year 2007 due to the closure of competitors' facilities as a result of Hurricane Rita. Competition has reopened which has resulted in decreased gaming revenues at our Lake Charles property in fiscal year 2008. Our Quad Cities and Marquette properties have experienced increased competition in many of their feeder markets, which has continued to have a negative impact on gaming revenues at these properties.

Results of Operations

Net revenues and operating income (loss) for the three and nine months ended January 27, 2008 and January 28, 2007 are as follows:

(in thousands)	Net Revenues Three Months Ended January 27, 2008	Net Revenues Three Months Ended January 28, 2007	Operating Income (Loss) Three Months Ended January 27, 2008	Operating Income (Loss) Three Months Ended January 28, 2007
Mississippi				
Biloxi	$ 20,072	$ 28,504	$ (1,960)	$ 815
Natchez	8,699	9,428	1,819	2,002
Lula	17,458	19,662	1,947	3,017
Mississippi Total	46,229	57,594	1,806	5,834
Louisiana				
Lake Charles	38,075	43,517	4,757	6,291
Missouri				
Kansas City	17,458	19,925	1,076	2,121
Boonville	18,325	18,987	4,557	4,362
Caruthersville (1)	7,129	—	95	—
Missouri Total	42,912	38,912	5,728	6,483
Iowa				
Bettendorf	21,061	20,172	3,570	3,319
Davenport	12,158	14,081	1,944	994
Marquette	6,695	8,585	153	981
Waterloo (2)	18,040	—	749	(355)
Iowa Total	57,954	42,838	6,416	4,939
Colorado				
Black Hawk/Colorado				
Central Station	33,523	34,787	6,509	5,873
Florida				
Pompano (2)	41,274	6,604	(1,730)	(3,050)
International				
Blue Chip	2,254	2,419	(405)	(73)
Coventry (2)	3,182	—	(3,589)	(1,164)
Our Lucaya	4,081	4,058	(173)	(428)
International Total	9,517	6,477	(4,167)	(1,665)
Other	181	110	(13,040)	(14,998)
	$ 269,665	$ 230,839	$ 6,279	$ 9,707

(in thousands)	Net Revenues Nine Months Ended January 27, 2008	Net Revenues Nine Months Ended January 28, 2007	Operating Income (Loss) Nine Months Ended January 27, 2008	Operating Income (Loss) Nine Months Ended January 28, 2007
Mississippi				
Biloxi	$ 67,844	$ 118,970	$ (2,177)	$ 26,929
Natchez	27,119	30,224	5,495	6,009
Lula	55,523	60,945	6,123	7,669
Mississippi Total	150,486	210,139	9,441	40,607
Louisiana				
Lake Charles	118,578	128,136	15,283	15,732
Missouri				
Kansas City	55,934	60,515	4,320	4,142
Boonville	59,394	59,457	14,853	12,712
Caruthersville (1)	18,968	—	2,051	—
Missouri Total	134,296	119,972	21,224	16,854
Iowa				
Bettendorf	67,641	65,599	13,454	12,225
Davenport	38,835	46,319	5,506	6,305

Marquette	25,067	28,964	3,411	3,751
Waterloo (2)	45,109	—	524	(451)
Iowa Total	176,652	140,882	22,895	21,830
Colorado				
Black Hawk/Colorado				
Central Station	112,052	113,904	26,451	18,967
Florida				
Pompano (2)	11,867	16,860	(7,345)	(6,761)
International				
Blue Chip	6,809	6,310	(1,067)	(1,769)
Coventry (2)	5,158	—	(14,594)	(2,334)
Our Lucaya	10,790	11,579	(1,131)	(4,385)
International Total	22,757	17,889	(16,792)	(8,488)
Other	348	249	(44,528)	(43,735)
	$ 827,036	$ 748,031	$ 26,629	$ 55,006

(1) Reflects results since the June 2007 acquisition effective date.
(2) Waterloo, Pompano, and Coventry opened for operations in June 2007, April 2007 and July 2007, respectively.
Note: The table excludes our Vicksburg and Bossier City properties which have been classified as discontinued operations.

Our results of operations for the three and nine months ended January 27, 2008 and January 28, 2007 reflect the consolidated operations of all of our subsidiaries. The Vicksburg and Bossier City properties are reflected as discontinued operations for the periods prior to their sale in July 2006. A discussion of overall results by state for the nine months ended January 27, 2008 compared to the nine months ended January 28, 2007 follows:

Mississippi - Our three continuing casino operations contributed 17.1% of our net revenues for the three months ended January 27, 2008. Net revenues and income from operations at our Biloxi property decreased significantly from abnormally high prior year operating results due to increased competition in the market as competitors have re-opened after closures caused by Hurricane Katrina. Our Natchez property continues to experience decreases in both net revenues and income from operations primarily resulting from the re-opening of competing casinos along the Gulf Coast and increased competition impacting certain of the property's outlying primary feeder markets.

Louisiana - Lake Charles contributed 14.1% of our net revenues for the three months ended January 27, 2008. Lake Charles experienced a decrease in net revenues due to increased competition in the market as competitors have fully re-opened following closures caused by Hurricane Rita and post hurricane normalization of population levels in the property's feeder markets. While experiencing a decline in net revenues, income from operations decreased for the three months ended January 27, 2008 as our income from operations for the three months ended January 28, 2007 included $2.2 million in income from settlement of certain hurricane related insurance claims.

Missouri - Our three casinos in Missouri contributed 15.9% of our net revenues for the three months ended January 27, 2008. Net revenues increased primarily due to the acquisition of the Caruthersville property on June 11, 2007. A decrease in net revenues at Kansas City is due to competition within the market and the opening of a new hotel by one of our competitors.

Iowa - Our four casinos in Iowa contributed 21.5% of our net revenues for the three months ended January 27, 2008. Net revenues and income from operations increased primarily due to the opening of the Waterloo property on June 30, 2007. Waterloo contributed $18.4 million in net revenue for the three months ended January 27, 2008. Our two Quad Cities properties had combined net revenues of $33.2 million, a decrease of $1.0 million form the third quarter of fiscal 2007.

Colorado - Our two casinos in Black Hawk, Colorado contributed 12.4% of our net revenues for the three months ended January 27, 2008. Our Colorado properties experienced minor decreases in net revenues primarily due to a planned reduction in our complimentary allowances. Income from operations increased at our Colorado properties due to decreases in marketing expenses and overall cost control efforts.

Florida - The Pompano Park racetrack and casino contributed 15.3% of our net revenues for the three months ended January 27, 2008. Net revenues and income from operations reflect the opening of the slot gaming facility on April 14, 2007.

International Operations - Net revenues increased primarily due to the opening of the Coventry, England property in July 2007. Loss from operations for the three months ended January 27, 2008 includes $0.7 million in pre-opening costs.

We believe that our historical results of operations may not be indicative of our future results of operations because of the substantial present and expected future increase in competition for gaming customers in each of our markets, as new gaming facilities open and existing gaming facilities expand or enhance their facilities. We also believe our operating results may be materially affected by declines in the economy and adverse weather.

Revenues

Revenues for the three and nine months ended January 27, 2008 and January 28, 2007 are as follows:

(in thousands)	Three Months Ended January 27, 2008	Three Months Ended January 28, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 269,480	$ 233,158	$ 36,322	15.6%
Rooms	10,674	9,995	679	6.8%
Pari-mutuel commissions and fees	4,986	5,057	(71)	-1.4%
Food, beverage and other	33,137	32,309	828	2.6%
Gross revenues	318,277	280,519	37,758	13.5%
Less promotional allowances	48,612	49,680	(1,068)	-2.1%
Net revenues	$ 269,665	$ 230,839	38,826	16.8%

(in thousands)	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 824,996	$ 760,015	$ 64,981	8.5%
Rooms	37,595	37,965	(370)	-1.0%
Pari-mutuel commissions and fees	13,400	13,850	(450)	-3.2%
Food, beverage and other	100,808	99,274	1,534	1.5%
Gross revenues	976,799	911,104	65,695	7.2%
Less promotional allowances	149,763	163,073	(13,310)	-8.2%
Net revenues	$ 827,036	$ 748,031	79,005	10.6%

Casino Revenues - Casino revenues increased $36.3 million, or 15.6%, and $65.0 million, or 8.5%, for the three and nine months ended January 27, 2008, respectively, compared to the three and nine months ended January 28, 2007. Our increased casino revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry, and increases in casino revenues at Bettendorf driven by the opening of our new hotel in May 2007. Total increases in casino revenues from our new casino operations were $61.4 million and $157.5 million for the three and nine months ended January 27, 2008, respectively. Same property casino revenues decreased $25.1 million and $93.7 million for the three and nine month periods ended January 27, 2008, respectively. This included decreases in casino revenues at Biloxi of $9.9 million and $55.6 million for the three and nine months ended January 27, 2008, respectively, due to increased competition and post-hurricane normalization and at Lake Charles of $3.8 million and $9.0 million for the three and nine months ended January 27, 2008, respectively, due to post-hurricane normalization.

Rooms Revenue - Rooms revenue increased $0.7 million, or 6.8%, and decreased $0.4 million, or 1.0%, for the three and nine months ended January 27, 2008, respectively, compared to the three and nine months ended January 28, 2007. Such revenues decreased in total at our Biloxi and Lula properties by of $0.8 million and $4.4 million for the three and nine months ended, January 27, 2008, respectively, related to increased competition and post hurricane normalization. Increases in total rooms revenue from new hotels in Bettendorf and Waterloo were $1.4 million and $3.9 million for the three and nine months ended January 27, 2008, respectively.

Pari-mutuel Commissions and Fees - Pari-mutuel commissions earned at Pompano Park for the three months ended January 27, 2008 remained flat over the third quarter of fiscal year 2007 while decreasing $0.4 million, or 3.2%, for the nine months ended January 27, 2008 due to decreased wagering on simulcast races.

Food, Beverage and Other Revenues - Food, beverage and other revenues increased $0.8 million, or 2.6%, and $1.5 million, or 1.5%, for the three and nine months ended January 27, 2008, respectively, compared to the three and nine months ended January 28, 2007. Our increased food, beverage and other revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry. Considering the acquisition or opening of new properties for which our food, beverage and other revenues increased $6.7 million and $16.9 million for the three and nine months ended January 27, 2008, respectively, same property food beverage and other revenues decreased $5.9 million and $15.4 million for the three and nine months periods, respectively. This included decreases in food, beverage and other revenues at Biloxi of $1.9 million and $7.5 million for the three and nine months ended January 27, 2008, respectively, due to increased competition and post-hurricane normalization and at Lake Charles of $2.9 million and $3.8 million for the three and nine months ended January 27, 2008, respectively, due to primarily to the collection of $2.2 million in business interruption proceeds in the prior year and post-hurricane normalization.

Promotional Allowances - Promotional allowances, which are made up of complimentaries, cash points and coupons, are rewards that we give our loyal customers to encourage them to continue to patronize our properties. Promotional allowances decreased $1.1 million, or 2.1%, and $13.3 million, or 8.2%, for the three and nine months ended January 27, 2008, respectively, compared to the three and nine months ended January 28, 2007. Considering the acquisition or opening of new properties for which our promotional allowances increased $6.3 million and $12.8 million for the three and nine months ended January 27, 2008, respectively, same property promotional allowances decreased $7.4 million and $26.1 million for the three and nine months periods, respectively. Decreases in such promotional allowances reflect decreases in gross revenues at certain of our properties with Biloxi accounting for $3.9 million and $15.1 million of the decrease for the three and nine months ended January 27, 2008, respectively, due to increased competition and post-hurricane normalization. Our decision to reduce certain marketing incentives to our less profitable customer segments has also reduced our overall promotional allowances.

Operating Expenses
Operating expenses for the three and nine month periods ended January 27, 2008 and January 28, 2007 are as follows:

(in thousands)	Three Months Ended January 27, 2008	Three Months Ended January 28, 2007	Variance	Percentage Variance
Operating expenses:				
Casino	$ 40,963	$ 38,372	$ 2,591	6.8%
Gaming taxes	70,123	49,739	20,384	41.0%
Rooms	2,507	2,173	334	15.4%
Pari-mutuel commissions and fees	4,436	3,897	539	13.8%
Food, beverage and other	10,614	6,928	3,686	53.2%
Marine and facilities	16,852	14,233	2,619	18.4%
Marketing and administrative	71,174	64,111	7,063	11.0%
Corporate and development	11,846	14,572	(2,726)	-18.7%
Pre-opening	—	2,499	(2,499)	-100.0%
Depreciation and amortization	34,871	24,608	10,263	41.7%
Total operating expenses	$ 263,386	$ 221,132	42,254	19.1%

(in thousands)	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007	Variance	Percentage Variance
Operating expenses:				
Casino	$ 121,656	$ 121,972	$ (316)	-0.3%
Gaming taxes	211,160	161,158	50,002	31.0%
Rooms	8,852	7,053	1,799	25.5%
Pari-mutuel commissions and fees	11,280	10,793	487	4.5%
Food, beverage and other	33,643	23,520	10,123	43.0%
Marine and facilities	50,123	44,979	5,144	11.4%
Marketing and administrative	214,173	204,443	9,730	4.8%
Corporate and development	35,839	42,407	(6,568)	-15.5%
Write-offs and other valuation charges	6,526	665	5,861	881.4%
Pre-opening	6,457	3,137	3,320	105.8%
Depreciation and amortization	100,698	72,898	27,800	38.1%
Total operating expenses	$ 800,407	$ 693,025	107,382	15.5%

Casino - Casino operating expenses increased $2.6 million, or 6.8%, and decreased $0.3 million, or 0.3%, in the three and nine months ended January 27, 2008, respectively, compared to the same period in the prior year. Considering the acquisition or opening of new properties for which our casino expenses increased $8.1 million and $18.9 million for the three and nine months ended January 27, 2008, respectively, same property casino expenses decreased $5.5 million and $19.3 million for the three and nine month periods, respectively. Overall casino expenses for the three and nine months ended January 27, 2008 and January 28, 2007, decreased in proportion to casino revenue from 16.5% to 15.2% and from 16.0% to 14.8%, respectively.

Gaming Taxes - State and local gaming taxes increased $20.4 million, or 41.0%, and $50.0 million, or 31.0%, for three and nine months ended January 27, 2008, respectively, as compared to the same periods in the prior fiscal year. Considering the acquisition or opening of new properties for which our gaming taxes increased $25.2 million and $67.1 million for the three and nine months ended January 27, 2008, respectively, same property gaming taxes decreased $4.9 million and $17.1 million for the three and nine months ended January 27, 2008, respectively. This decrease in same property gaming taxes for the comparative three and nine month periods ended January 27, 2008 corresponds to the reductions in gaming revenues. The effective rate for gaming taxes as a percentage of gaming revenue increased from 21.3% to 26.0% and from 21.2% to 25.6% for the three and nine month periods ended January 27, 2008, respectively, due to an increase in the mix of gaming revenues derived from states with higher gaming tax rates including Florida and England, partially offset by decreased gaming revenues in Mississippi.

Rooms - Rooms expense increased $0.3 million, or 15.4%, and $1.8 million, or 25.5%, for the three and nine month periods ended January 27, 2008, respectively, compared to the same periods in the prior fiscal year. Rooms expense reflects increased room capacity due to the opening of the Waterloo property hotel and the Bettendorf property hotel expansion. These expenses directly relate to the cost of providing hotel rooms. A reduction in complimentary hotel rooms provided to our customers also increases our rooms expense as the cost of rooms expense allocated to casino expense is reduced.

Pari-mutuel Commissions and Fees - Pari-mutuel operating costs of the Pompano Park property increased $0.5 million for the three and nine months ended January 27, 2008 compared to the three and nine months ended January 28, 2007. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Food Beverage and Other - Food, beverage and other expenses increased $3.7 million, or 53.2%, and $10.1 million, or 43.0%, in the three and nine months ended January 27, 2008, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our food beverage and other expenses increased $4.3 million and $12.4 million for the three and nine months ended January 27, 2008, respectively, same property food, beverage and other expenses decreased $0.6 million and $2.3 million for the three and nine months periods, respectively. This decrease in same property food beverage and other expenses for the three and nine month periods ended January 27, 2008, reflects reductions in our food, beverage and other revenues.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses increased $2.6 million, or 18.4%, and $5.1 million, or 11.4%, in the three and nine months ended January 27, 2008, respectively. Considering the acquisition or opening of new properties for which our marine and facilities expenses increased $3.2 million and $8.4 million for the three and nine months ended January 27, 2008, respectively, same property marine and facilities expenses decreased $0.5 million and $3.2 million for the three and nine months periods, respectively. This decrease in same property marine and facilities expenses for the three and nine month periods ended January 27, 2008 as compared to periods ended January 28, 2007 is primarily the result of staff reductions and labor cost management.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses increased $7.0 million, or 11.0%, and $9.7 million, or 4.7%, in the three and nine months ended January 27, 2008, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our marketing and administrative expenses increased $14.5 million and $39.2 million for the three and nine months ended January 27, 2008, respectively, same property marketing and administrative expenses decreased $7.5 million and $29.5 million for the three and nine months periods, respectively. This decrease in same property marketing and administrative expenses for the three and nine month periods ended January 27, 2008 reflects our decision to reduce marketing costs to less profitable customer marketing segments and to reduce our administrative costs.

Corporate and Development - During the three and nine month periods ended January 27, 2008, our corporate and development expenses were $11.8 million and $35.8 million, respectively, compared to $14.6 million and $42.4 million for the three and nine months ended January 28, 2007. Development expenses decreased year over year for the three and nine month periods by $3.4 million and $10.7 million, respectively, as our prior year included development costs primarily related to opportunities in Pittsburgh and Singapore. Excluding development expenses and stock compensation costs, our corporate expenses were $8.9 million and $27.4 million for the three and nine months ended January 27, 2008, respectively compared to $8.6 million and $23.3 million for the three and nine months ended January 28, 2007.

Pre-opening - Pre-opening expenses for the nine months ended January 27, 2008 included $3.3 million, $2.8 million and $0.3 million for Waterloo, Coventry and Pompano, respectively. Pre-opening expenses during the nine months ended January 28, 2007 included $3.1 million total pre-opening costs for our Waterloo, Coventry and Pompano Park properties with $2.5 million of these pre-opening costs expensed during the three months ended January 28, 2007.

Write-offs and Other Valuation Charges - We recognized $6.5 million in impairment charges for the nine months ended January 27, 2008 primarily related to the write-off of costs related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects we decided to terminate in Davenport and Kansas City. During the nine months ended January 28, 2007, we recognized a $0.7 million impairment charge relating to real property at Blue Chip.

Depreciation and Amortization - Depreciation and amortization expense for the three and nine months ended January 27, 2008 increased $10.3 million, or 41.7%, and $27.8 million, or 38.1%, respectively, due primarily to our hotel expansion at our Bettendorf property, the acquisition of Caruthersville, the opening of Waterloo and Coventry properties, and the opening of the slot gaming facility at the Pompano Park property. Depreciation and amortization expense at our new casino properties increased by $9.5 million and $23.8 million for the three and nine months ended January 27, 2008.

Other Income (Expense), Income Taxes, Minority Interest and Discontinued Operations
Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, minority interest and income from discontinued operations, net of income taxes for the three and nine month periods ended January 27, 2008 and January 28, 2007 are as follows:

(in thousands)	Three Months Ended January 27, 2008	Three Months Ended January 28, 2007	Variance	Percentage Variance
Interest expense	$ (27,548)	$ (22,241)	$ (5,307)	23.9%
Interest income	872	1,814	(942)	-51.9%
Loss on early extinguishment of debt	—	—	—	100.0%
Income tax (provision) benefit	7,443	1,940	5,503	283.7%
Minority interest	(895)	(566)	(329)	58.1%
Income from discontinued operations, net of income taxes	—	416	(416)	-100.0%

(in thousands)	Nine Months Ended January 27, 2008	Nine Months Ended January 28, 2007	Variance	Percentage Variance
Interest expense	$ (82,538)	$ (65,691)	$ (16,847)	25.6%
Interest income	3,106	5,846	(2,740)	-46.9%
Loss on early extinguishment of debt	(13,660)	—	(13,660)	100.0%
Income tax (provision) benefit	25,732	(1,247)	26,979	-2163.5%
Minority interest	(4,868)	(2,119)	(2,749)	129.7%
Income from discontinued operations, net of income taxes	—	18,189	(18,189)	-100.0%

Interest Expense - Interest expense increased $5.3 million and $16.8 million for the three and nine months ended January 27, 2008 compared to the same period in the prior year. This increase is primarily attributable to higher debt balances under our Senior Credit Facilities to fund acquisitions and property and equipment additions.

Interest Income - During the three and nine months periods ended January 27, 2008, our interest income was $0.9 million and $3.1 million, respectively, compared to $1.8 million and $5.8 million for the three and nine months ended January 28, 2007. The change in interest income reflects changes in our invested cash balances and interest rates.

Loss on Early Extinguishment of Debt — Our loss included the $9.0 million call premium from the early redemption of our $200.0 million 9% Senior Subordinated Notes at 104.5% and a write-off of the related deferred financing costs of $2.4 million. Additionally, during the first quarter of fiscal 2008, we replaced our February 2005 Credit Facility with our July 2007 Credit Facility resulting in a loss on early extinguishment of debt of $2.3 million from the write-off of deferred financing costs. Both of the transactions resulted in a loss on early extinguishment of debt of $13.7 million for the nine months ended January 27, 2008.

Income Tax (Provision) Benefit — Our income tax (provision) benefit is and thus our effective income tax rate has been impacted by interim changes in our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended		Nine Months Ended	
	January 27, 2008	January 28, 2007	January 27, 2008	January 28, 2007
Continuing operations	36.49 %	18.10 %	38.72 %	(25.77 %)
Total	36.49 %	19.09 %	38.72 %	51.83 %

Minority Interests - During the three and nine months periods ended January 27, 2008, our minority interest expense was $0.9 million and $4.9 million, respectively, compared to $0.6 million and $2.1 million for the three and nine months ended January 28, 2007. Minority interests are recorded for our minority partner's interest in our Colorado and international operations.

Income From Discontinued Operations - On July 31, 2006, we completed the sale of our Bossier City and Vicksburg properties. Income from discontinued operations for the three and nine months ended January 28, 2007 includes pretax operating income of $0.4 million and $5.8 million, respectively and we also recorded a gain on sale of discontinued operations of $24.1 million during the nine months ended January 28, 2007. Income tax provisions for the three and nine months ended January 28, 2007 were $0.0 million and $11.7 million, respectively resulting in income from discontinued operations of $0.4 million and $18.2 million, respectively.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the nine months ended January 27, 2008, we provided $44.5 million in cash flows from operating activities compared to providing $47.8 million during the nine months ended January 28, 2007.

Cash Flows used in Investing Activities - During the nine months ended January 27, 2008 we used $251.7 million for investing activities compared to using $27.4 million during the nine months ended January 28, 2007. Significant investing activities for the nine months ended January 27, 2008 included the acquisition of the remaining 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million, the acquisition of our Caruthersville casino for $43.0 million and purchases of property and equipment of $141.9 million.

For the nine months ended January 28, 2007, significant investing activities included the purchase of property and equipment for $288.1 million offset by the proceeds from the sale of our Bossier City and Vicksburg properties totaling $242.4 million.

Cash Flows from Financing Activities - During the nine months ended January 27, 2008 our net cash flows from financing activities provided $136.6 million primarily including:

- Borrowings under our new July 2007 Credit Facility including $700.0 million in terms loan and $175 million in revolving loans used to:
    i. extinguish and repay the February 2005 Credit Facility including $210.0 million in revolving loans and $293.5 million in term loans;

ii. extinguish and repay our $200.0 million Senior Subordinated notes plus a call premium of $9.0 million; and
iii. fund our acquisitions of the 43% minority interest in our Black Hawk, Colorado casino properties.

- Payments on deferred financing costs of $8.4 million primarily associated with our new credit facility.
- Proceeds from the exercise of stock options of $6.1 million.

During the nine months ended January 28, 2007, we used $9.9 million, net for financing activities primarily including:

- Net payments on our February 2005 Credit Facility and other debt of $2.3 million.
- Repurchased 255,721 shares of our common stock at an average price of $21.21 per share for an aggregate of $5.6 million.
- Received proceeds from the exercise of stock options of $2.7 million and tax benefits of $1.1 million related to such exercises.
- We made net repayments under the Isle-Black Hawk's senior secured credit facility of $4.6 million.

Capital Expenditures - Historically, we have made significant investments in property and equipment. The other capital improvements at all of our properties consists of numerous capital expenditures related to the purchase of furniture and equipment and the renovation and upgrade of hotel rooms, restaurants and other areas of our properties. While we currently have no approved project capital expenditures, in the future, we expect continued significant investments in property and equipment as business dictates. We expect maintenance capital expenditures for the remainder of fiscal year 2008 to be approximately $5 million to $10 million.

Biloxi - We have completed certain site preparation, foundation and other construction at our Biloxi casino property. We are currently reviewing our site master plan to determine the scope of the casino rebuilding project. Following completion of the site master plan and Board of Directors approval, we expect to commit additional capital expenditures for the construction of a permanent casino complex. We expect insurance proceeds to fund a portion of these capital expenditures. Following the destruction of our casino by Hurricane Katrina, we built a temporary casino with expenditures of $52.7 million in fiscal 2007.

Other –

Development and Other Projects: As part of our business development activities, from time to time we enter into agreements which could result in the acquisition or development of businesses or assets. Our business development efforts and related agreements may require the expenditure of cash. The amount and timing of our cash expenditures may vary based upon our evaluation of development opportunities.

Our development plans are subject to a variety of factors including but not limited to: obtaining permits, licenses and approvals from appropriate regulatory and other agencies, legislative changes and, in certain circumstances, negotiating acceptable leases. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

Availability of Cash and Debt - At January 27, 2008, we had cash and cash equivalents and marketable securities of $138.3 million.

As of January 27, 2008, we had outstanding $175 of the $475 million revolving credit and $696.5 million in term loans under the $1.35 billion credit facility. On January 28, 2008, we exercised the $175 million delayed draw term loan and borrowed $10.7 million in revolving debt under the July 2007 Credit Facility to extinguish the Black Hawk Credit Facility. Simultaneously, we redesignated our Black Hawk subsidiaries as "restricted subsidiaries" under the July 2007 Credit Facility. After giving pro forma effect to the designation above, our net line of credit availability at January 28, 2008 increased to approximately $155 million. Our July 2007 Credit Facility can be increased by $300.0 million, subject to syndication, through exercise of "greenshoe" provisions.

We also have $0.2 million in unused credit capacity under the Blue Chip Credit Facility. The revolving loan commitment on the July 2007 Credit Facility is a variable rate instrument based on, at our option, LIBOR or our lender's prime rate plus the applicable interest rate spread, and is effective through July 2012. Our lines of credit are also at variable rates based on our lender's prime rate and are subject to annual renewal.

While, we believe that existing cash, cash flow from operations and available borrowings under our existing credit facilities will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future, there is no assurance that these sources will in fact provide adequate funding for the expenditures described above or that planned capital investments will be sufficient to allow us to remain competitive in our existing markets. We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

- those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;

- those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of operations; and

- those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

Based upon management's discussion of the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors, we believe the following accounting estimates involve a higher degree of judgment and complexity.

Goodwill and Other Intangible Assets

At January 27, 2008, we had goodwill and other intangible assets with indefinite useful lives of $397.0 million, representing 18.8% of total assets. Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"), requires goodwill and other intangible assets with indefinite useful lives be tested for impairment annually or more frequently if an event occurs or circumstances change that may reduce the fair value of our goodwill and other intangible assets below their carrying value. For properties with goodwill and/or other intangible assets with indefinite lives, this test requires the comparison of the implied fair value of each property to carrying value. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions and represent our best estimates of the cash flows expected to result from the use of the assets and their eventual disposition. Changes in estimates or application of alternative assumptions and definitions could produce significantly different results.

Property and Equipment

At January 27, 2008, we had property and equipment, net of accumulated depreciation of $1,432.9 million, representing 67.8% of total assets. We capitalize the cost of property and equipment. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. We depreciate property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets as well as our current operating strategy. Future events such as property expansions, new competition, changes in technology and new regulations could result in a change in the manner in which we are using certain assets requiring a change in the estimated useful lives of such assets.

Impairment of Long-lived Assets

During the first nine months of fiscal 2007, we placed in service $87.5 million in long-lived assets related to our operations in Coventry, England, $128.5 million in Waterloo, Iowa, S$40.0 million in Bettendorf, Iowa, and $95.0 million in long-lived assets as a part of our other operations. We evaluate long-lived assets for impairment using Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. In assessing the recoverability of the carrying value of property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values. If these estimates or the related assumptions are not achieved or change in the future, we may be required to record an impairment loss for these assets. In evaluating impairment of long-lived assets for newly opened operations, estimates of future cash flows and residual values may require some period of actual results to provide the basis for an opinion of future cash flows and residual values used in the determination of an impairment loss for these assets. Such an impairment loss would be recognized as a non-cash component of operating income.

Self-Insurance Liabilities

We are self-funded up to a maximum amount per claim for our employee-related health care benefits program, workers' compensation insurance and general liability insurance. Claims in excess of this maximum are fully insured through a stop-loss insurance policy. We accrue a discounted estimate for workers' compensation insurance and general liabilities based on claims filed and estimates of claims incurred but not reported. The estimates have been discounted at 6% at January 27, 2008 and April 29, 2007. We rely on independent consultants to assist in the determination of estimated accruals. While the total cost of claims incurred depends on future developments, such as increases in health care costs, in our opinion, recorded reserves are adequate to cover future claims payments.

Insurance Accounting

We have insurance coverage related to damage from three hurricanes for property damage incurred, property operating costs during the operational downtime of the hurricanes, incremental costs incurred related to hurricane damage and recovery activities and business interruption insurance for lost profits during the period directly related to the hurricanes. The insurance claim is subject to the use of estimates and negotiations with our insurance. The total amount of impairments, losses recognized and expenses incurred of have been recorded in our statement of operations as "Hurricane related charges, net" and have been offset by the amount we believe is probable to be collected from our insurance carriers under our policy coverages. We have received partial proceeds from our insurance carriers related to the losses we have sustained, and through January 27, 2008 have received advances of $153.8 million. At January 27, 2008 we have an insurance receivable of $10.2 million and additional claims pending in excess of our receivable. When we, and our insurance carriers agree on the final amount of the insurance proceeds we are entitled to, we will also record any related gain in this account. Our insurance policies also provide coverage for the loss of profits caused by the storms. Any lost profit recoveries will be recognized when agreed to with our insurance carriers and will be reflected in the related properties' revenues.

Income Tax Assets and Liabilities

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that we recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements. SFAS 109 also requires that any deferred tax asset recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable.

As of April 30, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 requires that tax positions be assessed using a two-step process. 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 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current Other accrued liabilities or long-term Other long-term liabilities based on the time until expected payment.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48.

Contingencies
We are involved in various legal proceedings and have identified certain loss contingencies. We record liabilities related to these contingencies when it is determined that a loss is probable and reasonably estimable in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies." These assessments are based on our knowledge and experience as well as the advice of legal counsel regarding current and past events. Any such estimates are also subject to future events, court rulings, negotiations between the parties and other uncertainties. If an actual loss differs from our estimate, or the actual outcome of any of the legal proceedings differs from expectations, operating results could be impacted.

Slot Club Awards
We reward our slot customers for their loyalty based on the dollar amount of play on slot machines. We accrue for these slot club awards based on an estimate of the value of the outstanding awards utilizing the age and prior history of redemptions. Future events, such as a change in our marketing strategy or new competition, could result in a change in the value of the awards.

Stock Based Compensation
We apply the FASB Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). The estimate of the fair value of the stock options is calculated using the Black-Scholes-Merton option-pricing model. This model requires the use of various assumptions, including the historical volatility, the risk free interest rate, estimated expected life of the grants; the estimated dividend yield and estimated rate of forfeitures. Total stock option expense is included in the expense category corresponding to the employees' regular compensation in the accompanying consolidated statements of operations. As of January 27, 2008, there was $9.8 million in unrecognized stock compensation costs that we will expense over the remaining vesting period, approximately 5.0 years with a weighted average period of 3.9 years.

The estimated rate of forfeitures for executives increased from 25.5% to 27.8% since the prior quarter ended October 28, 2007, and for optionees beneath the executive level, it increased from 42.7% to 45.7% over the same period. The impact of these changes in forfeiture estimates decreased expense approximately $0.2 million and was recorded as a cumulative adjustment on the consolidated statement of operations in the three months ended January 27, 2008.

New Development Projects and Pre-opening costs
We pursue development opportunities for new gaming facilities in our ongoing efforts to grow and develop the Company. Projects that have not yet been deemed as probable to reach completion because they have not yet met certain conditions, including receipt of sufficient regulatory approvals, site control or related permits and or probable financing are considered by us to be in the development stage. In accordance with Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"), costs related to projects in the development stage, except for those costs as detailed in SOP 98-5, are recorded as an expense of new development at the corporate level and recorded on the accompanying consolidated statement of operations in the operating expense line item "Corporate & development". Items for which a future value is probable, regardless of the project's outcome, may be subject to capitalization and subsequent depreciation and amortization.

Once a development project has received sufficient regulatory approval, site control and related permits and financing has been deemed probable, it is deemed to be an approved project. For approved projects, certain eligible costs related to approved projects are capitalized, the Company follows the guidance of Statement of Financial Accounting Standards No. 67 ("SFAS 67") "Accounting for Costs and Initial Rental Operations of Real Estate Projects", which are classified under the line item "Property and equipment, net" on the balance sheet. Costs that are not capital in nature but either retain value or represent future liability, such as refundable utility deposits or a note payable, receive the appropriate balance sheet treatment. All costs that are neither eligible for capitalization nor eligible for other balance sheet treatment, such as payroll, advertising, utilities and travel, are recorded as operating expenses when incurred.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates, commodity prices and equity prices. Our primary exposure to market risk is interest rate risk associated with our Isle of Capri Casinos, Inc. senior secured credit facility ("July 2007 Credit Facility") and the Isle of Capri Black Hawk, L.L.C. senior secured credit facility ("Isle-Black Hawk Credit Facility").

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. As we finance a portion of our United Kingdom investments in the local currency of the United Kingdom and due to the limited scope and nature of our United Kingdom operations, our market risks are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of certain of our disclosure controls and procedures were not effective as of January 27, 2008 because of the continued existence of the material weakness related to accounting for leases as described in Management's Report on Internal Control Over Financial Reporting in Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended April 29, 2007 ("Management's Report").

To address our material weakness related to accounting for leases, in June 2007 we engaged a third party professional services firm to review all of our leases to provide concurrence that we are recording leases in accordance with generally accepted accounting principles, based on lease terms. In addition, we implemented a revised Summary of Procedures for lease accounting on May 18, 2007. These updated procedures state the technical guidance on accounting for leases and instituted a multi-level review control for new leases at the property level and at the corporate office. The effectiveness of these control changes has not been fully evaluated as of January 27, 2008.

REMEDIATION OF MATERIAL WEAKNESSES

As discussed above, as of April 29, 2007, we identified a material weakness in our internal control over accounting for leases. We are currently addressing this material weakness and expect to have this material weakness remediated by April 27, 2008.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as otherwise discussed above, there have been no changes in our internal controls over financial reporting during the fiscal quarter ended January 27, 2008, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Note 14 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 29, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information related to our purchases of our common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
October 29, 2007 to November 25, 2007	—	$ —	—	1,104,208
November 26, 2007 to December 30, 2007	—	—	—	1,104,208
December 31, 2007 to January 27, 2008	—	—	—	1,104,208
Total	—	$ —	—	1,104,208

(1) We have purchased our common stock under two separate repurchase programs. The first program, which allowed repurchase of up to 1,500,000 shares was announced on November 15, 2000, and subsequently expanded to allow repurchase of an additional 1,500,000 shares, as announced on January 11, 2001. The current program was announced on October 25, 2002 and allows for the repurchase of up to 1,500,000 shares. On October 7, 2005 the board also approved the repurchase of an additional 1,500,000 shares. To date, we have purchased 4,895,792 shares of our common stock under the two programs. These programs have no approved dollar amounts, nor expiration dates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISLE OF CAPRI CASINOS, INC.

Dated: March 7, 2008

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
10.1	Employment Agreement dated as of December 3, 2007 between Isle of Capri Casinos, Inc. and Dale Black (1)
10.2	Unit Purchase Agreement, dated as of November 13, 2007, by and among Nevada Gold & Casinos, Inc. Blackhawk Gold, Ltd., Casino America Of Colorado, Inc. and Isle of Capri Casinos, Inc. (2)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a—14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
(1)	Filed as an exhibit to Isle of Capri Casino, Inc.'s Current Report on Form 8-K filed on December 12, 2007 (File No. 0-20538) and incorporated herein by reference
(2)	Filed as an exhibit to Isle of Capri Casinos, Inc.'s Current Report on Form 8-k filed on November 19, 2007 (File No. 0-20538) and incorporated herein by reference.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Bernard Goldstein, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2008

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Dale R. Black, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 27, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Bernard Goldstein, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 7, 2008

/s/ Bernard Goldstein
Bernard Goldstein
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 27, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 7, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer