ISLE OF CAPRI CASINOS INC (ISLE)

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 12/01/2011
Filed Period 10/23/2011

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 23, 2011

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 November 29, 2011, the Company had a total of 38,982,281 shares of Common Stock outstanding (which excludes 3,083,867 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 23, 2011 (unaudited)	April 24, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 66,207	$ 75,178
Marketable securities	27,106	22,173
Accounts receivable, net	18,588	9,367
Insurance receivable	8,158	234
Income taxes receivable	3,325	3,866
Deferred income taxes	11,573	12,097
Prepaid expenses and other assets	29,965	25,444
Total current assets	154,922	148,359
Property and equipment, net	1,107,159	1,113,549
Other assets:		
Goodwill	345,303	345,303
Other intangible assets, net	79,783	82,207
Deferred financing costs, net	16,396	18,911
Restricted cash and investments	12,454	12,810
Prepaid deposits and other	9,815	12,749
Total assets	$ 1,725,832	$ 1,733,888
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 5,386	$ 5,373
Accounts payable	26,510	26,013
Accrued liabilities:		
Payroll and related	41,353	44,187
Property and other taxes	24,611	19,891
Interest	8,610	10,802
Progressive jackpots and slot club awards	15,807	15,280
Other	32,378	32,332
Total current liabilities	154,655	153,878
Long-term debt, less current maturities	1,179,530	1,187,221
Deferred income taxes	28,260	30,762
Other accrued liabilities	36,186	36,305
Other long-term liabilities	16,626	16,694
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 23, 2011 and 42,063,569 at April 24, 2011	421	421
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued		
Additional paid-in capital	249,342	254,013
Retained earnings	99,315	103,095
Accumulated other comprehensive (loss) income	(1,360)	(2,235)
	347,718	355,294
Treasury stock, 3,083,867 shares at October 23, 2011 and 3,841,283 at April 24, 2011	(37,143)	(46,266)
Total stockholders' equity	310,575	309,028
Total liabilities and stockholders' equity	$ 1,725,832	$ 1,733,888

See notes to the condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	October 23, 2011	October 24, 2010	October 23, 2011	October 24, 2010
Revenues:				
Casino	$ 256,021	$ 254,640	$ 509,057	$ 513,802
Rooms	10,460	10,643	21,404	21,524
Food, beverage, pari-mutuel and other	33,715	33,997	66,853	68,088
Insurance recoveries	111		111	
Gross revenues	300,307	299,280	597,425	603,414
Less promotional allowances	(52,836)	(52,629)	(104,147)	(104,842)
Net revenues	247,471	246,651	493,278	498,572
Operating expenses:				
Casino	41,869	39,979	81,905	79,588
Gaming taxes	61,097	60,214	122,481	124,620
Rooms	2,470	2,725	5,025	5,494
Food, beverage, pari-mutuel and other	10,559	11,123	21,727	22,291
Marine and facilities	16,211	15,347	31,725	29,956
Marketing and administrative	64,966	63,808	129,130	127,428
Corporate and development	9,355	10,940	21,656	23,461
Depreciation and amortization	21,867	22,179	43,334	45,112
Total operating expenses	228,394	226,315	456,983	457,950
Operating income	19,077	20,336	36,295	40,622
Interest expense	(21,877)	(23,410)	(43,702)	(47,205)
Interest income	193	467	439	941
Derivative income (expense)	260	(743)	29	(2,230)
Loss from continuing operations before income taxes	(2,347)	(3,350)	(6,939)	(7,872)
Income tax benefit	890	1,537	3,159	3,404
Loss from continuing operations	(1,457)	(1,813)	(3,780)	(4,468)
Income from discontinued operations, net of income taxes	—	794	—	794
Net loss	$ (1,457)	$ (1,019)	$ (3,780)	$ (3,674)
Loss per common share-basic and dilutive:				
Loss from continuing operations	$ (0.04)	$ (0.06)	$ (0.10)	$ (0.14)
Income from discontinued operations, net of income taxes	—	0.03	—	0.03
Net loss	$ (0.04)	$ (0.03)	$ (0.10)	$ (0.11)
Weighted average basic shares	38,753,049	32,783,726	38,515,099	32,615,815
Weighted average diluted shares	38,753,049	32,783,726	38,515,099	32,615,815

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(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 24, 2011	42,063,569	$ 421	$ 254,013	$ 103,095	$ (2,235)	$ (46,266)	$ 309,028
Net loss	—	—	—	(3,780)	—	—	(3,780)
Deferred hedge adjustment, net of income tax provision of $503	—	—	—	—	836	—	836
Unrealized gain on interest rate cap contracts net of income tax provision of $23	—	—	—	—	39	—	39
Comprehensive loss							(2,905)
Exercise of stock options	2,000	—	13	—	—	—	13
Issuance of restricted stock from common stock	579	—	—	—	—	—	—
Issuance of restricted stock from treasury stock	—	—	(9,123)	—	—	9,123	—
Stock compensation expense	—	—	4,439	—	—	—	4,439
Balance, October 23, 2011	42,066,148	$ 421	$ 249,342	$ 99,315	$ (1,360)	$ (37,143)	$ 310,575

See notes to the condensed consolidated financial statements.

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

	Six Months Ended October 23, 2011	Six Months Ended October 24, 2010
Operating activities:		
Net loss	$ (3,780)	$ (3,674)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	43,334	45,112
Amortization of deferred financing costs	2,909	1,642
Amortization of debt discount	(102)	—
Deferred income taxes	(2,505)	(3,537)
Stock compensation expense	4,439	4,466
(Gain) loss on derivative instruments	(29)	2,230
Loss (gain) on disposal of assets	46	(202)
Changes in operating assets and liabilities, net of acquisition:		
Purchases of trading securities	(4,933)	(88)
Accounts receivable	1,329	1,124
Insurance receivable	(7,924)	—
Income tax receivable	541	(741)
Prepaid expenses and other assets	(1,273)	(2,065)
Accounts payable and accrued liabilities	1,153	4,465
Net cash provided by operating activities	33,205	48,732
Investing activities:		
Purchase of property and equipment	(34,326)	(25,720)
Net cash paid for acquisition, net of cash acquired	—	(76,167)
Restricted cash and investments	107	(9,766)
Net cash used in investing activities	(34,219)	(111,653)
Financing activities:		
Principal payments on debt	(2,576)	(4,464)
Net (repayments) borrowings on line of credit	(5,000)	63,500
Payment of deferred financing costs	(394)	—
Proceeds from exercise of stock options	13	3
Net cash (used in) provided by financing activities	(7,957)	59,039
Effect of foreign currency exchange rates on cash		(54)
Net decrease in cash and cash equivalents	(8,971)	(3,936)
Cash and cash equivalents, beginning of period	75,178	68,069
Cash and cash equivalents, end of the period	$ 66,207	$ 64,133

See notes to the condensed 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 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, Biloxi, Natchez and Vicksburg, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida.

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. 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 24, 2011 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 2012 is a 53-week year, which commenced on April 25, 2011, with the fourth quarter having 14 weeks. Fiscal 2011 was a 52-week year, which commenced on April 26, 2010.

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.

3. New Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board, ("FASB") issued Update No. 2011-08, "Testing Goodwill for Impairment," which amends Accounting Standards Codification 350 "Intangibles — Goodwill and Other." This update permits entities to make a qualitative assessment of whether a reporting unit's fair value is, more likely than not, less than its carrying amount. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the entity is not required to perform the two-step impairment test for that reporting unit. The update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. We do not expect the adoption to materially affect our consolidated financial statements.

In June 2011, the FASB issued Update No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which allows for the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the guidance eliminates the option of presenting the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. While the adoption will impact where we disclose the components of other comprehensive income in our consolidated financial statements, we do not expect the adoption to have a material impact on those consolidated financial statements.

4. Flooding

Flooding along the Mississippi River caused five of our properties to close 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.
(B) The second casino barge reopened on September 2, 2011 after flood damage was remediated.

Operations were impacted beyond the number of days closed as business levels fluctuated before actual closure and for extended periods of time after reopening. We maintain insurance coverage subject to various deductibles for both property damage and business interruption. We have recorded a receivable of $8,158 at October 23, 2011 representing direct reimbursable costs and property damage net of the insurance policy deductibles. During the three months ended October 23, 2011, we recognized $111 of revenue as partial settlement of our business interruption claim related to our Davenport property. Any additional business interruption claims will be recognized in the periods settled.

5. Long-Term Debt

Long-term debt consists of the following:

	October 23, 2011	April 24, 2011
Senior Secured Credit Facility:		
Revolving line of credit; expires November 1, 2013, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 28,000	$ 33,000
Variable rate term loans, mature November 1, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	497,500	500,000
7.75% Senior Notes, interest payable semi-annually March 15 and September 15, net of discount	297,917	297,815
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	4,224	4,504
	1,184,916	1,192,594
Less current maturities	5,386	5,373
Long-term debt	$ 1,179,530	$ 1,187,221

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 domestic subsidiaries.

Our net line of credit availability at October 23, 2011, as limited by our maximum leverage covenant, was approximately $145,000, after consideration of $24,000 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 23, 2011 was 5.59%.

The 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 Credit Facility also restricts our ability to make certain investments or distributions. We were in compliance with all covenants as of October 23, 2011.

7.75% Senior Notes — In March 2011, we issued $300,000 of 7.75% Senior Notes due 2019 at a price of 99.264% ("Senior Notes"). The net proceeds from the issuance were used to repay term loans under our Credit Facility. The Senior Notes are guaranteed, on a joint and several basis, by substantially all of our significant domestic subsidiaries and certain other subsidiaries as described in Note 14. All of the guarantor subsidiaries are wholly owned by us. The Senior Notes are general unsecured obligations and rank junior to all of our senior secured indebtedness and senior to our senior subordinated indebtedness. The 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.

7% Senior Subordinated Notes - Our 7% Senior Subordinated Notes are due 2014 ("Subordinated Notes") and are guaranteed, on a joint and several basis, by all of our significant subsidiaries and certain other subsidiaries as described in Note 14. All of the guarantor subsidiaries are wholly owned by us. The Subordinated Notes are general unsecured obligations and rank junior to all of our senior indebtedness. The Subordinated Notes are redeemable, in whole or in part, at our option at any time with call premiums as defined in the indenture governing the Subordinated Notes.

The indenture governing the 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.

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 23, 2011	October 24, 2010	October 23, 2011	October 24, 2010
Numerator:				
Income (loss) applicable to common shares:				
Loss from continuing operations	$ (1,457)	$ (1,813)	$ (3,780)	$ (4,468)
Income from discontinued operations	—	794	—	794
Net loss	$ (1,457)	$ (1,019)	$ (3,780)	$ (3,674)
Denominator:				
Denominator for basic loss per share - weighted average shares	38,753,049	32,783,726	38,515,099	32,615,815
Effect of dilutive securities Employee stock options	—	—	—	—
Denominator for diluted loss per share - adjusted weighted average shares and assumed conversions	38,753,049	32,783,726	38,515,099	32,615,815
Basic and Diluted loss per share:				
Loss from continuing operations	$ (0.04)	$ (0.06)	$ (0.10)	$ (0.14)
Income from discontinued operations	—	0.03	—	0.03
Net loss	$ (0.04)	$ (0.03)	$ (0.10)	$ (0.11)

Our basic earnings (loss) per share are computed by dividing net loss by the weighted average number of shares outstanding for the period. Due to the loss from continuing operations, 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 the three and six months ended October 23, 2011. Due to the loss from continuing operations, stock options representing 56,350 and 78,908 shares, which are potentially dilutive, and 1,075,210 and 975,210 shares which are anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and six months ended October 24, 2010.

7. Stock Based Compensation

Under our amended and restated Long Term Incentive Plans we have issued restricted stock and stock options.

Restricted Stock —During the six months ended October 23, 2011, we issued 500,995 shares of restricted stock with a weighted average grant-date fair value of $8.73 to employees and 257,003 shares of restricted stock with a weighted average grant-date fair value of $5.37 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. Restricted stock awarded under our October 2008 tender offer vested in October 2011. Our estimate of forfeitures for restricted stock for employees is 10%. No forfeiture rate is estimated for directors. As of October 23, 2011, our unrecognized compensation cost for unvested restricted stock is $4,789 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 7%. As of October 23, 2011, our unrecognized compensation cost for unvested stock options was $423 with a weighted average vesting period of 1.7 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, as well as comply with, in part, requirements under the Credit Facility. We have interest rate swap agreements with an aggregate notional value of $100,000 with maturity dates in fiscal 2012 and 2014. We have also entered into interest rate cap contracts with an aggregate notional value of $220,000 having maturity dates in fiscal 2012 and 2013 and paid premiums of $203 at inception.

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

Type of Derivative Instrument	Balance Sheet Location	October 23, 2011	April 24, 2011
Interest rate cap contract	Prepaid deposits and other	$ 3	$ 29
Interest rate swap contracts	Accrued interest	384	1,439
Interest rate swap contracts	Other long-term liabilities	3,282	3,594

The interest rate cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 23, 2011, as being fully effective. As a result, there is 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 $26 and $49 as of October 23, 2011 and April 24, 2011, respectively. The change in unrealized gain (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. The change in unrealized gain (loss) on our derivatives qualifying for hedge accounting was $25 and $4 for the three and six months ended October 24, 2010, 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 (expense) 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 23, 2011, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.25%.

The loss recorded in other comprehensive income (loss) of our interest rate swap agreements is recorded net of deferred income tax benefits of $793 and $1,295, as of October 23, 2011 and April 24, 2011, respectively.

We recorded income of $929 and $1,367 in derivative income (expense) related to the change in fair value of interest rate swap contracts during the three and six months ended October 23, 2011, respectively. We recorded income of $2,439 and $4,863 in derivative income (expense) related to the change in fair value of interest rate swap contracts during the three and six months ended October 24, 2010, respectively.

Additionally, during the three and six months ended October 23, 2011, we realized derivative expense of $669 and $1,338, respectively, associated with the amortization of $418, net of taxes of $252, and $836, net of taxes of $503, of cumulative loss recorded in other comprehensive income (loss) for the interest rate swaps through the date of their ineffectiveness. During the three and six months ended October 24, 2010, we realized derivative expense of $3,182 and $7,093 associated with the amortization of $1,992, net of taxes of $1,190 and $4,441, net of taxes of $2,652, of cumulative loss recorded in other comprehensive income (loss) for the interest rate swaps through the date of their ineffectiveness.

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 $818, net of tax of $492, as of October 23, 2011.

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 and six months ended October 23, 2011 and October 24, 2010:

	Three Months Ended		Six Months Ended	
	October 23, 2011	October 24, 2010	October 23, 2011	October 24, 2010
Interest Rate Hedges:				
Beginning Balance	$ (4,592)	$ (10,524)	$ (5,004)	$ (12,927)
Realized gains/(losses)	929	2,439	1,367	4,863
Unrealized gains/(losses)	—	25	(26)	4
Ending Balance	$ (3,663)	$ (8,060)	$ (3,663)	$ (8,060)

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

	October 23, 2011		April 24, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 66,207	$ 66,207	$ 75,178	$ 75,178
Marketable securities	27,106	27,106	22,173	22,173
Restricted cash and investments	12,454	12,454	12,810	12,810
Notes receivable	2,906	2,906	3,788	3,788
Financial liabilities:				
Revolving line of credit	$ 28,000	$ 25,480	$ 33,000	$ 31,350
Variable rate term loans	497,500	498,122	500,000	505,000
7% Senior subordinated notes	357,275	337,625	357,275	358,615
7.75% Senior notes	297,917	281,532	297,815	305,055
Other long-term debt	4,224	4,224	4,504	4,504
Other long-term obligations	16,626	16,626	16,694	16,694

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 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. 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 23, 2011	April 24, 2011
Interest rate cap contracts	$ (43)	$ (82)
Interest rate swap contracts	(1,317)	(2,153)
	$ (1,360)	$ (2,235)

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 23, 2011	October 24, 2010	October 23, 2011	October 24, 2010
Interest rate cap contract	$ 34	$ (13)	$ 39	$ (26)
Interest rate swap contracts	418	1,992	836	4,441
	$ 452	$ 1,979	$ 875	$ 4,415

11. Income Taxes

Our effective income tax rates from continuing operations for the three and six months ended October 23, 2011 were 37.9% and 45.5%, respectively. Our effective income tax rates from continuing operations for the three and six months ended October 24, 2010 were 45.9% and 43.2%, respectively. Our effective rate is based on statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit. During the six months ended October 23, 2011, the federal statute of limitations expired for the open tax years ending April 2006 and April 2007.

During fiscal 2010, the IRS completed its examination of our federal income tax returns which relate to our fiscal years 2007 and 2008. The income tax examination changes were subject to review by the U.S. Congress Joint Committee on Taxation and on August 20, 2010 we received notification that the review had been completed with no exception to the examination. As a result, during the three months ended October 24, 2010, we recognized a tax benefit in discontinued operations of $794 related ot the resolution of previously unrecognized tax positions related to our former UK operations.

12. Supplemental Disclosures

Cash Flow — For the six months ended October 23, 2011 and October 24, 2010, we made net cash payments for interest of $42,225 and $46,372, respectively. Additionally, we made net income tax payments of $371 during the six months ended October 23, 2011 and received net income tax refunds $71 during the six months ended October 24, 2010.

For the six months ended October 23, 2011 and October 24, 2010, the change in accrued purchases of property and equipment in accounts payable increased by $890 and $2,231, respectively.

Acquisition — We completed the acquisition of Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The pro forma results of operations, as if the acquisition of Rainbow had occurred on the first day of fiscal 2011, is as follows:

		October 24, 2010 Six Months Ended
Pro forma		
Net revenues	$	502,388
Income (loss) from continuing operations before income taxes		(7,757)
Net income (loss) from continuing operations		(4,396)
Basic and diluted loss per share from continuing operations		(0.13)

13. Commitments and Contingencies

Development Projects—Construction is proceeding on time and on budget for our $125,000 Isle Casino Cape Girardeau development. To date we have spent approximately $26,800 in capital expenditures, including capitalized interest, and expect the facility to be completed by December 2012.

On April 14, 2011, the Nemacolin Woodlands Resort ("Nemacolin") in Farmington, Pennsylvania was selected by the Pennsylvania Gaming Control Board for the final Category 3 resort gaming license. We had previously entered into 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 at approximately $50,000. The award of the Pennsylvania license to Nemacolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction.

Legal and Regulatory Proceedings—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 has tentatively been scheduled for February 2012.

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 23, 2011, we have accrued an estimated liability including interest of $12,256. 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 and our wholly-owned subsidiary, Riverboat Corporation of Mississippi ("RCM"), 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. 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 by Silver Land 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.

Other — On June 13, 2011, we granted an option agreement to a third party for the sale of certain assets used at our Lake Charles, Louisiana property. We recently reached an agreement with the buyer, which extends their period to exercise the option until December 30, 2011 from November 30, 2011. If the option is exercised, we expect to finalize the transaction within 30 days after exercise. Upon closing the transaction, we will continue to operate our Lake Charles hotel and land-based operations and consolidate our gaming operations onto one gaming vessel.

14. 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 7% 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 7% Senior Subordinated Notes: Black Hawk Holdings, L.L.C.; Casino America of Colorado, Inc.; CCSC/Blackhawk, Inc.; Grand Palais Riverboat, 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 23, 2011 and April 24, 2011 are as follows (in thousands):

	As of 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
Balance Sheet					
Current assets	$ 39,299	$ 86,626	$ 34,070	$ (5,073)	$ 154,922
Intercompany receivables	995,685	(205,335)	(52,582)	(737,768)	—
Investments in subsidiaries	424,197	(65,610)	(37)	(358,550)	—
Property and equipment, net	9,532	1,065,373	32,254	—	1,107,159
Other assets	65,377	437,168	16,904	(55,698)	463,751
Total assets	$ 1,534,090	$ 1,318,222	$ 30,609	$ (1,157,089)	$ 1,725,832
Current liabilities	$ 38,820	$ 86,897	$ 34,011	$ (5,073)	$ 154,655
Intercompany payables	—	737,768	—	(737,768)	—
Long-term debt, less current maturities	1,175,692	3,293	545	—	1,179,530
Other accrued liabilities	9,003	113,844	13,923	(55,698)	81,072
Stockholders' equity	310,575	376,420	(17,870)	(358,550)	310,575
Total liabilities and stockholders' equity	$ 1,534,090	$ 1,318,222	$ 30,609	$ (1,157,089)	$ 1,725,832

	As of April 24, 2011				
	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	$ 28,886	$ 87,650	$ 32,274	$ (451)	$ 148,359
Intercompany receivables	1,020,593	(226,226)	(56,599)	(737,768)	—
Investments in subsidiaries	418,767	(65,229)	(37)	(353,501)	—
Property and equipment, net	10,215	1,071,415	31,919	—	1,113,549
Other assets	63,889	441,794	20,002	(53,705)	471,980
Total assets	$ 1,542,350	$ 1,309,404	$ 27,559	$ (1,145,425)	$ 1,733,888
Current liabilities	$ 40,714	$ 84,565	$ 29,050	$ (451)	$ 153,878
Intercompany payables	—	737,768	—	(737,768)	—
Long-term debt, less current maturities	1,183,091	3,517	613	—	1,187,221
Other accrued liabilities	9,517	114,205	13,744	(53,705)	83,761
Stockholders' equity	309,028	369,349	(15,848)	(353,501)	309,028
Total liabilities and stockholders' equity	$ 1,542,350	$ 1,309,404	$ 27,559	$ (1,145,425)	$ 1,733,888

Consolidating condensed statements of operations for the three and six month periods ended October 23, 2011 and October 24, 2010 are as follows (in thousands):

	For the Three 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
Statement of Operations					
Revenues:					
Casino	$ —	$ 256,021	$ —	$ —	$ 256,021
Rooms, food, beverage, pari-mutuel and other	140	43,822	2,571	(2,247)	44,286
Gross revenues	140	299,843	2,571	(2,247)	300,307
Less promotional allowances	—	(52,836)	—	—	(52,836)
Net revenues	140	247,007	2,571	(2,247)	247,471
Operating expenses:					
Casino	—	41,869	—	—	41,869
Gaming taxes	—	61,097	—	—	61,097
Other operating expenses	8,947	94,234	2,627	(2,247)	103,561
Management fee expense (revenue)	(8,707)	8,707	—	—	—
Depreciation and amortization	569	21,160	138	—	21,867
Total operating expenses	809	227,067	2,765	(2,247)	228,394
Operating income (loss)	(669)	19,940	(194)	—	19,077
Interest expense, net	(6,341)	(15,188)	(155)	—	(21,684)
Derivative income	260	—	—	—	260
Equity in income (loss) of subsidiaries	2,832	(72)	—	(2,760)	—
Income (loss) from continuing operations before income taxes	(3,918)	4,680	(349)	(2,760)	(2,347)
Income tax (provision) benefit	2,461	(1,702)	131	—	890
Income (loss) from continuing operations	(1,457)	2,978	(218)	(2,760)	(1,457)
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	$ (1,457)	$ 2,978	$ (218)	$ (2,760)	$ (1,457)

	For the Three Months Ended October 24, 2010				
	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	$ —	$ 254,640	$ —	$ —	$ 254,640
Rooms, food, beverage, pari-mutuel and other	985	43,630	2,413	(2,388)	44,640
Gross revenues	985	298,270	2,413	(2,388)	299,280
Less promotional allowances	—	(52,629)	—	—	(52,629)
Net revenues	985	245,641	2,413	(2,388)	246,651
Operating expenses:					
Casino	—	39,979	—	—	39,979
Gaming taxes	—	60,214	—	—	60,214
Other operating expenses	11,476	93,003	1,852	(2,388)	103,943
Management fee expense (revenue)	(8,900)	8,900	—	—	—
Depreciation and amortization	451	21,584	144	—	22,179
Total operating expenses	3,027	223,680	1,996	(2,388)	226,315
Operating income (loss)	(2,042)	21,961	417	—	20,336
Interest expense, net	(7,556)	(15,335)	(52)	—	(22,943)
Derivative expense	(743)	—	—	—	(743)
Equity in income (loss) of subsidiaries	4,883	(639)	—	(4,244)	—
Income (loss) from continuing operations before income taxes	(5,458)	5,987	365	(4,244)	(3,350)
Income tax (provision) benefit	3,645	(2,233)	125	—	1,537
Income (loss) from continuing operations	(1,813)	3,754	490	(4,244)	(1,813)
Income (loss) from discontinued operations, net of tax	794	—	—	—	794
Net income (loss)	$ (1,019)	$ 3,754	$ 490	$ (4,244)	$ (1,019)

	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
Statement of Operations					
Revenues:					
Casino	$ —	$ 509,057	$ —	$ —	$ 509,057
Rooms, food, beverage, pari-mutuel and other	291	87,736	4,991	(4,650)	88,368
Gross revenues	291	596,793	4,991	(4,650)	597,425
Less promotional allowances	—	(104,147)	—	—	(104,147)
Net revenues	291	492,646	4,991	(4,650)	493,278
Operating expenses:					
Casino	—	81,905	—	—	81,905
Gaming taxes	—	122,481	—	—	122,481
Other operating expenses	21,836	187,670	4,407	(4,650)	209,263
Management fee expense (revenue)	(17,331)	17,331	—	—	—
Depreciation and amortization	1,002	42,056	276	—	43,334
Total operating expenses	5,507	451,443	4,683	(4,650)	456,983
Operating income (loss)	(5,216)	41,203	308	—	36,295
Interest expense, net	(12,828)	(30,148)	(287)	—	(43,263)
Derivative income	29	—	—	—	29
Equity in income (loss) of subsidiaries	5,129	(389)	—	(4,740)	—
Income (loss) from continiuing operations before income taxes	(12,886)	10,666	21	(4,740)	(6,939)
Income tax (provision) benefit	9,106	(3,905)	(2,042)	—	3,159
Income (loss) from continuing operations	(3,780)	6,761	(2,021)	(4,740)	(3,780)
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	$ (3,780)	$ 6,761	$ (2,021)	$ (4,740)	$ (3,780)

	For the Six Months Ended October 24, 2010				
	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	$ —	$ 513,802	$ —	$ —	$ 513,802
Rooms, food, beverage, pari-mutuel and other	1,308	88,255	4,957	(4,908)	89,612
Gross revenues	1,308	602,057	4,957	(4,908)	603,414
Less promotional allowances	—	(104,842)	—	—	(104,842)
Net revenues	1,308	497,215	4,957	(4,908)	498,572
Operating expenses:					
Casino	—	79,588	—	—	79,588
Gaming taxes	—	124,620	—	—	124,620
Other operating expenses	22,501	185,175	5,862	(4,908)	208,630
Management fee expense (revenue)	(17,612)	17,612	—	—	—
Depreciation and amortization	1,031	43,785	296	—	45,112
Total operating expenses	5,920	450,780	6,158	(4,908)	457,950
Operating income (loss)	(4,612)	46,435	(1,201)	—	40,622
Interest expense, net	(15,501)	(30,668)	(95)	—	(46,264)
Derivative expense	(2,230)	—	—	—	(2,230)
Equity in income (loss) of subsidiaries	9,717	(1,284)	—	(8,433)	—
Income (loss) from continiuing operations before income taxes	(12,626)	14,483	(1,296)	(8,433)	(7,872)
Income tax (provision) benefit	8,158	(5,101)	347	—	3,404
Income (loss) from continuing operations	(4,468)	9,382	(949)	(8,433)	(4,468)
Income (loss) from discontinued operations, net of tax	794	—	—	—	794
Net income (loss)	$ (3,674)	$ 9,382	$ (949)	$ (8,433)	$ (3,674)

Consolidating condensed statements of cash flows for the six months ended October 23, 2011 and October 24, 2010 are as follows (in thousands):

	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
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (13,036)	$ 45,046	$ 1,195	$ —	$ 33,205
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	(7,677)	(21,106)	(4,083)	24,909	(7,957)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	—	—	—
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

	Six Months Ended October 24, 2010				
	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	$ (22,393)	$ 61,833	$ 9,292	$ —	$ 48,732
Net cash provided by (used in) investing activities	(38,874)	(98,302)	(9,942)	35,465	(111,653)
Net cash provided by (used in) financing activities	59,306	43,109	(7,911)	(35,465)	59,039
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(54)	—	(54)
Net increase (decrease) in cash and cash equivalents	(1,961)	6,640	(8,615)	—	(3,936)
Cash and cash equivalents at beginning of the period	6,506	46,994	14,569	—	68,069
Cash and cash equivalents at end of the period	$ 4,545	$ 53,634	$ 5,954	$ —	$ 64,133

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 fiscal year ended April 24, 2011.

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 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 facility in Florida.

Our operating results for the periods presented have been affected, both positively and negatively, by fluctuating 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 fiscal year ended April 24, 2011 and by giving consideration to the following:

Flooding—Flooding along the Mississippi River caused five of our properties to close for portions of the six months ended October 23, 2011. We maintain insurance coverage subject to various deductibles for both property damage and business interruption. Recognition of business interruption recoveries is contingent upon filing and settlement of our insurance claims. A summary of the closure dates and subsequent reopening dates 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.
(B) The second casino barge reopened on September 2, 2011 after flood damage was remediated.

Florida Gaming Law Changes — Effective July 1, 2010, legislative changes became effective in Florida which lowered the state portion of gaming taxes applicable to our Pompano property from 50% to 35% of gaming revenues. Additionally, this legislation allows our poker operations to remain open for the same hours as the slot floor and removes the poker betting limits. Our casino revenues and gaming taxes reflect the favorable impact of these changes in state gaming laws.

Acquisition of Rainbow Casino - We completed the acquisition of Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The acquisition was funded by borrowings from our Credit Facility.

Discontinued Operations — During the three months ended October 24, 2010, we recognized a tax benefit in discontinued operations of $0.8 million related to the resolution of previously unrecognized tax positions related to our discontinued former UK operations.

Revenues

Revenues for the three and six month periods ended October 23, 2011 and October 24, 2010 are as follows:

	Three Months Ended			
(in thousands)	October 23, 2011	October 24, 2010	Variance	Percentage Variance
Revenues:				
Casino	$ 256,021	$ 254,640	$ 1,381	0.5%
Rooms	10,460	10,643	(183)	-1.7%
Food, beverage, pari-mutuel and other	33,715	33,997	(282)	-0.8%
Insurance recoveries	111		111	100.0%
Gross revenues	300,307	299,280	1,027	0.3%
Less promotional allowances	(52,836)	(52,629)	(207)	0.4%
Net revenues	$ 247,471	$ 246,651	820	0.3%

	Six Months Ended			
(in thousands)	October 23, 2011	October 24, 2010	Variance	Percentage Variance
Revenues:				
Casino	$ 509,057	$ 513,802	$ (4,745)	-0.9%
Rooms	21,404	21,524	(120)	-0.6%
Food, beverage, pari-mutuel and other	66,853	68,088	(1,235)	-1.8%
Insurance recoveries	111		111	100.0%
Gross revenues	597,425	603,414	(5,989)	-1.0%
Less promotional allowances	(104,147)	(104,842)	695	-0.7%
Net revenues	$ 493,278	$ 498,572	(5,294)	-1.1%

Casino Revenues - Casino revenues increased $1.4 million, or 0.5%, and decreased $4.7 million, or 0.9% for the three and six months ended October 23, 2011, as compared to the same period in fiscal 2011.

For the three months ended October 23, 2011, casino revenues increased at our Pompano and Lake Charles properties by $3.6 million and $1.1 million, respectively, reflecting increased marketing activities. Casino revenues increased at our Black Hawk properties by $1.8 million in response to renovations to our casino floor, poker room and additional amenities. These increases were partially offset by decreases of $1.7 million at our Lula property due to slow recovery from flooding and general market conditions, $2.1 million at our Quad Cities properties reflecting increased competition and limited property access due to road construction in Davenport and $1.1 million at our Biloxi property primarily due to current economic conditions.

For the six months ended October 23, 2011, casino revenues for our properties not closed due to flooding increased $9.6 million, or 2.4%, as compared to the same period in fiscal 2011. This included increased casino revenues of $5.5 million at our Pompano property, $3.9 million at our Black Hawk properties and $2.7 at our Lake Charles property partially offset by decreases of $1.8 million at our Bettendorf property and $1.3 million at our Biloxi property.

Rooms Revenue - Rooms revenue remained flat for the three and six months ended October 23, 2011, as compared to the same period in the prior fiscal year. Rooms revenue for our properties not closed due to flooding increased $0.4 million, or 2.2% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011.

Food, Beverage, Pari-Mutuel and Other Revenues — Food, beverage, pari-mutuel and other revenues decreased $0.3 million, or 0.8%, and $1.2 million, or 1.8% for the three and six months ended October 23, 2011, as compared to the same period in the fiscal 2011. Food, beverage, pari-mutuel and other revenue for our properties not closed due to flooding decreased $0.2 million, or 0.4% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011 reflecting reductions in complimentary food and beverage offerings to our customers.

Promotional Allowances - Promotional allowances decreased $0.2 million, or 0.4%, and increased $0.7 million, or 0.7% for the three and six months ended October 23, 2011, as compared to the same period in fiscal 2011. Promotional allowances for our properties not closed due to flooding increased $1.2 million, or 1.5% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011. Changes in our promotional allowances reflect revisions to our marketing plans as a result of changes in competition, economic conditions and regulations.

Operating Expenses

Operating expenses for the three and six month periods ended October 23, 2011 and October 24, 2010 are as follows:

(in thousands)	Three Months Ended October 23, 2011	Three Months Ended October 24, 2010	Variance	Percentage Variance
Operating expenses:				
Casino	$ 41,869	$ 39,979	$ 1,890	4.7%
Gaming taxes	61,097	60,214	883	1.5%
Rooms	2,470	2,725	(255)	-9.4%
Food, beverage, pari-mutuel and other	10,559	11,123	(564)	-5.1%
Marine and facilities	16,211	15,347	864	5.6%
Marketing and administrative	64,966	63,808	1,158	1.8%
Corporate and development	9,355	10,940	(1,585)	-14.5%
Depreciation and amortization	21,867	22,179	(312)	-1.4%
Total operating expenses	$ 228,394	$ 226,315	2,079	0.9%

(in thousands)	Six Months Ended October 23, 2011	Six Months Ended October 24, 2010	Variance	Percentage Variance
Operating expenses:				
Casino	$ 81,905	$ 79,588	$ 2,317	2.9%
Gaming taxes	122,481	124,620	(2,139)	-1.7%
Rooms	5,025	5,494	(469)	-8.5%
Food, beverage, pari-mutuel and other	21,727	22,291	(564)	-2.5%
Marine and facilities	31,725	29,956	1,769	5.9%
Marketing and administrative	129,130	127,428	1,702	1.3%
Corporate and development	21,656	23,461	(1,805)	-7.7%
Depreciation and amortization	43,334	45,112	(1,778)	-3.9%
Total operating expenses	$ 456,983	$ 457,950	(967)	-0.2%

Casino - Casino operating expenses increased $1.9 million, or 4.7%, and $2.3 million, or 2.9% for the three and six months ended October 23, 2011, as compared to the same period in fiscal 2011. Casino operating expense for our properties not closed due to flooding increased $2.4 million, or 3.8% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011. Net increases in casino expenses reflect increased casino revenues at our properties not impacted by flooding.

Gaming Taxes — State and local gaming taxes increased $0.9 million, or 1.5%, and decreased $2.1 million, or 1.7% for the three and six months ended October 23, 2011, as compared to the same period in fiscal 2011. Changes in our overall gaming taxes reflect our overall gaming revenues and changes in the mix of our gaming revenues derived from states with differing gaming tax rates.

Rooms - Rooms expense decreased $0.3 million, or 9.4%, and $0.5 million, or 8.5% for the three and six ended October 23, 2011, as compared to the same periods in fiscal 2011. Rooms expense for our properties not closed due to flooding decreased $0.3 million, or 6.3% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011.

Food, Beverage, Pari-Mutuel and Other — Food, beverage, pari-mutuel and other expenses decreased $0.6 million, or 5.1%, and $0.6 million, or 2.5% for the three and six months ended October 23, 2011, as compared to the same periods in fiscal 2011. Food, beverage, pari-mutuel and other expenses for our properties not closed due to flooding decreased $0.3 million, or 1.5% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011.

Marine and Facilities - Marine and facility expenses increased $0.9 million, or 5.6%, and $1.8 million, or 5.9% for the three and six months ended October 23, 2011, as compared to the same periods in fiscal 2011. Marine and facility expenses for our properties not closed due to flooding increased $1.8 million, or 7.8% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011. The overall increase in marine and facilities reflect increased spending for repairs and maintenance.

Marketing and Administrative - Marketing and administrative expenses increased $1.2 million, or 1.8%, and $1.7 million, or 1.3% for the three and six monthsended October 23, 2011, as compared to the same period in fiscal 2011. Marketing and administrative expenses for our properties not closed due to flooding increased $2.0 million, or 2.0% for the six months ended October 23, 2011, as compared to the same period in fiscal 2011. These increases reflect additional marketing expenditures designed to increase market share and customer visits.

Corporate and Development — During the three months ended October 23, 2011, our corporate and development expenses were $9.4 million compared to $10.9 million for the three months ended October 24, 2010, primarily as a result of the timing of long-term incentive compensation awards and development costs in the prior year. During the six months ended October 23, 2011, our corporate and development expenses were $21.7 million compared to $23.5 million for the six months ended October 24, 2010, primarily as a result of acquisition, refinancing and development costs in the prior year.

Depreciation and Amortization - Depreciation and amortization expense for the three and six months ended October 23, 2011 decreased $0.3 million and $1.8 million, respectively, as compared to the same periods in the prior fiscal year, primarily due to certain assets becoming fully depreciated.

Other Income (Expense) and Income Taxes

Interest expense, interest income, derivative expense and income tax (provision) benefit for the three and six month periods ended October 23, 2011 and October 24, 2010 are as follows:

	Three Months Ended			
(in thousands)	October 23, 2011	October 24, 2010	Variance	Percentage Variance
Interest expense	$ (21,877)	$ (23,410)	$ 1,533	6.5%
Interest income	193	467	(274)	-58.7%
Derivative income (expense)	260	(743)	1,003	135.0%
Income tax benefit	890	1,537	(647)	-42.1%
Income from discontinued operations, net of income taxes		794	(794)	N/M

	Six Months Ended			
(in thousands)	October 23, 2011	October 24, 2010	Variance	Percentage Variance
Interest expense	$ (43,702)	$ (47,205)	$ 3,503	7.4%
Interest income	439	941	(502)	-53.3%
Derivative income (expense)	29	(2,230)	2,259	101.3%
Income tax benefit	3,159	3,404	(245)	-7.2%
Income from discontinued operations, net of income taxes		794	(794)	N/M

Interest Expense - Interest expense decreased $3.5 million for the six months ended October 23, 2011, as compared to the same period in the prior fiscal year. This decrease primarily reflects the expiration of several interest rate swap agreements during fiscal 2011, which had notional rates above current market rates.

Derivative Expense — This includes expenses related to the change in fair value of our ineffective interest rate swaps and amortization of the cumulative loss in other comprehensive income at the date of ineffectivess. Our interest rate swaps became ineffective following the amendment of our senior secured credit facility during the fourth quarter of fiscal year 2010. The increase for the six months ended October 23, 2011 compared to the same period in the prior fiscal year reflects the maturity of certain interest rate swap agreements.

Income Tax Benefit (Provision) — Our income tax benefit (provision) from continuing operations and our effective income tax rate has been impacted our estimate of annual taxable income for financial statement purposes, our percentage of permanent and other items in relation to such estimated income or loss, as well as the expiration of federal statute of limitations on open tax years ending in April 2006 and April 2007.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 23, 2011, we generated $33.2 million in cash flows from operating activities compared to generating $48.7 million during the six months ended October 24, 2010. The year over year decrease in cash flows from operating activities is primarily the result of cash payments for flood related costs, which will be reimbursed in future periods and $4.9 million increase in purchases of trading securities during fiscal 2012.

Cash Flows used in Investing Activities - During the six months ended October 23, 2011, we used $34.2 million for investing activities compared to using $111.7 million during the six months ended October 24, 2010. Significant investing activities for the six months ended October 23, 2011 included capital expenditures of $34.3 million, including $12.4 million relating to Cape Girardeau and Nemacolin. Significant investing activities for the six months ended October 24, 2010 included the purchase of the Rainbow casino in Vicksburg, Mississippi for $76.2 million, net of cash acquired and purchase price adjustments, purchases of property and equipment of $25.7 million and increases in restricted cash at our captive insurance company by $9.8 million to fund insurance reserves in lieu of providing letters of credit.

Cash Flows used in Financing Activities — 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 $7.6 million. During the six months ended October 24, 2010, we had net borrowings under our line of credit of $63.5 million which included the borrowing of $80 million to fund our acquisition of the Rainbow casino in Vicksburg, Mississippi, and also used $4.5 million to repay other outstanding long-term debt.

Availability of Cash and Additional Capital - At October 23, 2011, we had cash and cash equivalents of $66.2 million and marketable securities of $27.1 million. As of October 23, 2011, we had $28 million in revolving credit and $497.5 million in term loans outstanding under the senior secured credit facility. Our line of credit availability at October 23, 2011 was approximately $145 million as limited by our leverage ratio.

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.

Construction is proceeding on time and on budget for our $125 million Isle Casino Cape Girardeau development. We continue to anticipate opening by December 2012 and expect to include 1,000 slot machines; 28 table games, three restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event center. At October 23, 2011, we have incurred capital expenditures, including capitalized interest, of $26.8 million including current year capital expenditures of $11.8 million. We estimate additional capital expenditures of approximately $30 million in Cape Girardeau during the balance of the current fiscal year.

On April 14, 2011, our proposed casino in Nemacolin, Pennsylvania was selected by the Pennsylvania Gaming Control Board to receive the final resort gaming license in Pennsylvania. We have entered into a development and management agreement with Nemacolin Woodlands Resort to build and operate a casino which is expected to include approximately 600 slot machines and 28 table games. We currently estimate the project cost at approximately $50 million. The award of the Pennsylvania license to Nemacolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction. The timing of additional significant expenditures is dependent upon resolution of the items discussed above.

We have identified several capital projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Lake Charles and Black Hawk properties, and further Lady Luck conversions. 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.

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 23, 2011, we have incurred capital expenditures at our existing properties of $22.5 million. For the balance of the current fiscal year, we estimate maintenance capital expenditures at our existing properties to be approximately $30 million.

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, proceeds from our equity offering completed in the fourth quarter of fiscal 2011, 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 2011 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the second quarter of fiscal year 2012, nor were there any material changes to the critical accounting policies and estimates set forth in our 2011 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 entered into interest rate swap and cap arrangements with aggregate notional value of $320.0 million as of October 23, 2011. The swap agreements effectively convert portions of the Credit Facility variable debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2012, 2013 and 2014.

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"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of October 23, 2011.

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.

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 23, 2011, 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 13 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 24, 2011.

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 23, 2011.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. [REMOVED AND RESERVED]

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 1, 2011

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

EXHIBIT NUMBER	DESCRIPTION
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 for the quarter ended October 23, 2011, filed on December 1, 2011, formatted in XBRL: (i) Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Stockholders' Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

EXHIBIT 31.1

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 1, 2011

/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 1, 2011

/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 23, 2011, 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 1, 2011

/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 23, 2011 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 1, 2011

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

ISLE OF CAPRI CASINOS INC (ISLE)

10-Q

Quarterly report pursuant to sections 13 or 15(d)
Filed on 02/24/2012
Filed Period 01/22/2012

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 22, 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 February 22, 2012, the Company had a total of 38,982,281 shares of Common Stock outstanding (which excludes 3,083,867 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)

	January 22, 2012 (unaudited)	April 24, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,426	$ 75,178
Marketable securities	25,650	22,173
Accounts receivable, net	7,903	9,367
Insurance receivable	3,705	234
Income taxes receivable	3,972	3,866
Deferred income taxes	7,826	12,097
Prepaid expenses and other assets	26,620	25,444
Total current assets	148,102	148,359
Property and equipment, net	1,102,991	1,113,549
Other assets:		
Goodwill	345,303	345,303
Other intangible assets, net	78,616	82,207
Deferred financing costs, net	14,865	18,911
Restricted cash and investments	12,492	12,810
Prepaid deposits and other	9,566	12,749
Total assets	$ 1,711,935	$ 1,733,888
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 5,389	$ 5,373
Accounts payable	32,773	26,013
Accrued liabilities:		
Payroll and related	39,009	44,187
Property and other taxes	17,879	19,891
Interest	20,118	10,802
Progressive jackpots and slot club awards	16,531	15,280
Other	31,209	32,332
Total current liabilities	162,908	153,878
Long-term debt, less current maturities	1,160,283	1,187,221
Deferred income taxes	23,937	30,762
Other accrued liabilities	36,318	36,305
Other long-term liabilities	16,870	16,694
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 January 22, 2012 and 42,063,569 at April 24, 2011	421	421
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	251,220	254,013
Retained earnings	98,133	103,095
Accumulated other comprehensive (loss) income	(1,012)	(2,235)
	348,762	355,294
Treasury stock 3,083,867 shares at January 22, 2012 and 3,841,283 at April 24, 2011	(37,143)	(46,266)
Total stockholders' equity	311,619	309,028
Total liabilities and stockholders' equity	$ 1,711,935	$ 1,733,888

See notes to the condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Revenues:				
Casino	$ 251,371	$ 240,205	$ 760,428	$ 754,007
Rooms	8,464	8,400	29,868	29,924
Food, beverage, pari-mutuel and other	33,672	31,082	100,525	99,170
Insurance recoveries	1,867	—	1,978	—
Gross revenues	295,374	279,687	892,799	883,101
Less promotional allowances	(53,126)	(47,680)	(157,273)	(152,522)
Net revenues	242,248	232,007	735,526	730,579
Operating expenses:				
Casino	41,385	38,529	123,290	118,117
Gaming taxes	61,069	58,331	183,550	182,951
Rooms	1,893	2,002	6,918	7,496
Food, beverage, pari-mutuel and other	10,386	10,557	32,113	32,848
Marine and facilities	14,956	14,602	46,681	44,558
Marketing and administrative	63,863	61,152	192,993	188,580
Corporate and development	7,892	8,719	29,548	32,180
Depreciation and amortization	21,405	21,822	64,739	66,934
Total operating expenses	222,849	215,714	679,832	673,664
Operating income	19,399	16,293	55,694	56,915
Interest expense	(21,737)	(21,506)	(65,439)	(68,711)
Interest income	185	431	624	1,372
Derivative income (expense)	223	974	252	(1,256)
Loss from continuing operations before income taxes	(1,930)	(3,808)	(8,869)	(11,680)
Income tax benefit	748	1,151	3,907	4,555
Loss from continuing operations	(1,182)	(2,657)	(4,962)	(7,125)
Income from discontinued operations, net of income taxes	—	—	—	794
Net loss	$ (1,182)	$ (2,657)	$ (4,962)	$ (6,331)
Loss per common share-basic and dilutive:				
Loss from continuing operations	$ (0.03)	$ (0.08)	$ (0.13)	$ (0.22)
Income from discontinued operations, net of income taxes	—	—	—	0.03
Net loss	$ (0.03)	$ (0.08)	$ (0.13)	$ (0.19)
Weighted average basic shares	38,982,281	32,929,965	38,670,827	32,720,532
Weighted average diluted shares	38,982,281	32,929,965	38,670,827	32,720,532

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(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 24, 2011	42,063,569	$421	$254,013	$103,095	$(2,235)	$(46,266)	$309,028
Net loss	—	—	—	(4,962)	—	—	(4,962)
Deferred hedge adjustment net of income tax provision of $700	—	—	—	—	1,164	—	1,164
Unrealized gain on interest rate cap contracts net of income tax provision of $36	—	—	—	—	59	—	59
Comprehensive loss							(3,739)
Exercise of stock options	2,000	—	13	—	—	—	13
Issuance of restricted stock from common stock	579	—	—	—	—	—	—
Issuance of restricted stock from treasury stock	—	—	(9,123)	—	—	9,123	—
Stock compensation expense	—	—	6,317	—	—	—	6,317
Balance, January 22, 2012	42,066,148	$421	$251,220	$98,133	$(1,012)	$(37,143)	$311,619

See notes to the condensed consolidated financial statements.

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

	Nine Months Ended	
	January 22, 2012	January 23, 2011
Operating activities:		
Net loss	$ (4,962)	$ (6,331)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	64,739	66,934
Amortization of deferred financing costs	4,439	2,463
Amortization of debt discount	(155)	—
Deferred income taxes	(3,290)	(3,513)
Stock compensation expense	6,317	6,024
(Gain) loss on derivative instruments	(252)	1,256
Loss (gain) on disposal of assets	18	(267)
Changes in operating assets and liabilities, net of acquisition:		
(Purchases) sales of trading securities	(3,477)	1,159
Accounts receivable	2,014	1,024
Insurance receivable	(3,471)	—
Income tax receivable	(106)	3,620
Prepaid expenses and other assets	2,258	2,000
Accounts payable and accrued liabilities	6,126	8,415
Net cash provided by operating activities	70,198	82,784
Investing activities:		
Purchase of property and equipment	(45,965)	(46,124)
Net cash paid for acquisition, net of cash acquired	—	(76,167)
Restricted cash and investments	163	(9,942)
Net cash used in investing activities	(45,802)	(132,233)
Financing activities:		
Principal payments on debt	(3,768)	(6,606)
Net (repayments) borrowings on line of credit	(23,000)	58,000
Payment of deferred financing costs	(393)	—
Proceeds from exercise of stock options	13	3
Net cash (used in) provided by financing activities	(27,148)	51,397
Effect of foreign currency exchange rates on cash	—	(51)
Net increase (decrease) in cash and cash equivalents	(2,752)	1,897
Cash and cash equivalents, beginning of period	75,178	68,069
Cash and cash equivalents, end of the period	$ 72,426	$ 69,966

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Condensed 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, Biloxi, Natchez and Vicksburg, Mississippi; Kansas City, Boonville and Caruthersville, Missouri; Bettendorf, Davenport, Marquette and Waterloo, Iowa; and Pompano Beach, Florida. We are currently constructing a new gaming facility in Cape Girardeau, Missouri, which we expect to open by Thanksgiving 2012, subject to regulatory approval.

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 24, 2011 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 2012 is a 53-week year, which commenced on April 25, 2011, with the fourth quarter having 14 weeks. Fiscal 2011 was a 52-week year, which commenced on April 26, 2010.

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.

3. New Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board, ("FASB") issued Update No. 2011-08, "Testing Goodwill for Impairment," which amends Accounting Standards Codification 350 "Intangibles — Goodwill and Other." This update permits entities to make a qualitative assessment of whether a reporting unit's fair value is, more likely than not, less than its carrying amount. If an entity concludes it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the entity is not required to perform the two-step impairment test for that reporting unit. The update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. We do not expect the adoption to materially affect our consolidated financial statements.

In June 2011, the FASB issued Update No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which allows for the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the guidance eliminates the option of presenting the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. While the adoption will impact where we disclose the components of other comprehensive income in our consolidated financial statements, we do not expect the adoption to have a material impact on those consolidated financial statements.

4. Flooding

Flooding along the Mississippi River caused five of our properties to close for portions of the nine months ended January 22, 2012. A summary of the closure dates and subsequent reopening is as follows:

	Closing Date	Reopening Date	Number Days Closed
Caruthersville, Missouri	April 15, 2011	May 1, 2011	15(A)
Davenport, Iowa	May 1, 2011	May 13, 2011	12
Caruthersville, Missouri	May 3, 2011	June 3, 2011	31
Lula, Mississippi		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.

Operations were impacted beyond the number of days closed as business levels fluctuated before actual closure and for extended periods of time after reopening. We maintain insurance coverage, subject to various deductibles, for both property damage and business interruption. We have a receivable of $2,711 at January 22, 2012 representing the unreimbursed portion of allowable direct reimbursable costs and property damage net of the insurance policy deductibles. During the three and nine months ended January 22, 2012, we recognized $872 and $983, respectively, of revenue, included in insurance recoveries in the consolidated statement of operations, as partial settlement of our business interruption claims related to our Caruthersville, Davenport, Natchez and Vicksburg properties. Any additional business interruption claims will be recognized in the periods settled.

5. Long-Term Debt

Long-term debt consists of the following:

6. Earnings Per Share

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

	Three Months Ended		Nine Months Ended	
	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Numerator:				
Income (loss) applicable to common shares:				
Loss from continuing operations	$ (1,182)	$ (2,657)	$ (4,962)	$ (7,125)
Income from discontinued operations	—	—	—	794
Net loss	$ (1,182)	$ (2,657)	$ (4,962)	$ (6,331)
Denominator:				
Denominator for basic loss per share - weighted average shares	38,982,281	32,929,965	38,670,827	32,720,532
Effect of dilutive securities Employee stock options	—	—	—	—
Denominator for diluted loss per share - adjusted weighted average shares and assumed conversions	38,982,281	32,929,965	38,670,827	32,720,532
Basic and Diluted loss per share:				
Loss from continuing operations	$ (0.03)	$ (0.08)	$ (0.13)	$ (0.22)
Income from discontinued operations				0.03
Net loss	$ (0.03)	$ (0.08)	$ (0.13)	$ (0.19)

Our basic earnings (loss) per share are computed by dividing net loss by the weighted average number of shares outstanding for the period. Due to the loss from continuing operations, stock options representing zero and 21,655 shares, which are potentially dilutive, and 1,279,710 and 1,169,710 shares which are anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and nine months ended January 22, 2012. Due to the loss from continuing operations, stock options representing 144,909 and 95,615 shares, which are potentially dilutive, and 475,210 and 475,210 shares which are anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and nine months ended January 23, 2011.

7. Stock Based Compensation

Under our amended and restated Long Term Incentive Plans we have issued restricted stock and stock options.

Restricted Stock —During the nine months ended January 22, 2012, we issued 500,992 shares of restricted stock with a weighted average grant-date fair value of $8.73 to employees and 257,003 shares of restricted stock with a weighted average grant-date fair value of $5.37 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. Restricted stock awarded under our October 2008 tender offer vested in October 2011. Our estimate of forfeitures for restricted stock for employees is 5%. No forfeiture rate is estimated for directors. As of January 22, 2012, our unrecognized compensation cost for unvested restricted stock is $3,961 with a remaining weighted average vesting period of 1.1 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 13%. As of January 22, 2012, our unrecognized compensation cost for unvested stock options was $327 with a weighted average vesting period of 1.4 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 fiscal 2014. We have also entered into interest rate cap contracts with an aggregate notional value of $200,000 having maturity dates in fiscal 2012 and 2013 and paid premiums of $203 at inception.

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

Type of Derivative Instrument	Balance Sheet Location	January 22, 2012	April 24, 2011
Interest rate cap contracts	Prepaid deposits and other	$	$ 29
Interest rate swap contracts	Accrued interest	—	1,439
Interest rate swap contracts	Other long-term liabilities	2,917	3,594

The interest rate cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 22, 2012, as being fully effective. As a result, there is 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 $13 and $49 as of January 22, 2012 and April 24, 2011, respectively. The change in unrealized loss on our derivatives qualifying for hedge accounting was $3 and $29 for the three and nine months ended January 22, 2012, respectively. The change in unrealized gain (loss) on our derivatives qualifying for hedge accounting was $63 and $67 for the three and nine months ended January 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 (expense) 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 January 22, 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 $595 and $1,295, as of January 22, 2012 and April 24, 2011, respectively.

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

	Three Months Ended		Nine Months Ended	
	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Derivative income (expense)	$ 749	$ 2,344	$ 2,116	$ 7,207

Derivative income (expense) 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		Nine Months Ended	
	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Accumulated OCI amortization	$ 328	$ 858	$ 1,164	$ 5,299
Change in deferred taxes	198	512	700	3,164
Derivative income (expense)	(526)	(1,370)	(1,864)	(8,463)

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 $616, net of tax of $371, as of January 22, 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 and nine months ended January 22, 2012 and January 23, 2011:

	Three Months Ended		Nine Months Ended	
Interest Rate Hedges	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Beginning Balance	$ (3,663)	$ (8,060)	$ (5,004)	$ (12,927)
Realized gains/(losses)	749	2,345	2,116	7,208
Unrealized gains/(losses)	(3)	63	(29)	67
Ending Balance	$ (2,917)	$ (5,652)	$ (2,917)	$ (5,652)

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

	January 22, 2012		April 24, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 72,426	$ 72,426	$ 75,178	$ 75,178
Marketable securities	25,650	25,650	22,173	22,173
Restricted cash and investments	12,492	12,492	12,810	12,810
Notes receivable	1,923	1,923	3,788	3,788
Financial liabilities:				
Revolving line of credit	$ 10,000	$ 8,550	$ 33,000	$ 31,350
Variable rate term loans	496,500	498,111	500,000	505,000
7% Senior subordinated notes	357,275	351,916	357,275	358,615
7.75% Senior notes	297,970	277,857	297,815	305,055
Other long-term debt	3,927	3,927	4,504	4,504
Other long-term obligations	16,870	16,870	16,694	16,694

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 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. 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:

	January 22, 2012	April 24, 2011
Interest rate cap contracts	$ (23)	$ (82)
Interest rate swap contracts	(989)	(2,153)
[illegible]	$ (1,012)	$ (2,235)

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		Nine Months Ended	
Type of Derivative Instrument	January 22, 2012	January 23, 2011	January 22, 2012	January 23, 2011
Interest rate cap contract	$ 20	$ 21	$ 59	$ (5)
Interest rate swap contracts	328	858	1,164	5,299
[illegible]	$ 348	$ 879	$ 1,223	$ 5,294

11. Income Taxes

Our effective income tax rates from continuing operations for the three and nine months ended January 22, 2012 were 38.8% and 44.1%, respectively. Our effective income tax rates from continuing operations for the three and nine months ended January 23, 2011 were 30.2% and 39.0%, respectively. Our effective rate is based on statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit. During the nine months ended January 22, 2012, the federal statute of limitations expired for the open tax years ending April 2006 and April 2007.

During fiscal 2010, the IRS completed its examination of our federal income tax returns which relate to our fiscal years 2007 and 2008. The income tax examination changes were subject to review by the U.S. Congress Joint Committee on Taxation and on August 20, 2010 we received notification that the review had been completed with no exception to the examination. As a result, during the nine months ended January 23, 2011, we recognized a tax benefit in discontinued operations of $794 related to the resolution of previously unrecognized tax positions related to our former UK operations.

12. Supplemental Disclosures

Cash Flow — For the nine months ended January 22, 2012 and January 23, 2011, we made net cash payments for interest of $50,820 and $61,210, respectively. Additionally, we made net income tax payments of $947 during the nine months ended January 22, 2012 and received net income tax refunds of $5,733 during the nine months ended January 23, 2011.

For the nine months ended January 22, 2012 and January 23, 2011, the change in accrued purchases of property and equipment in accounts payable increased by $5,194 and $859, respectively.

Acquisition — We completed the acquisition of Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The pro forma results of operations, as if the acquisition of Rainbow had occurred on the first day of fiscal 2011, is as follows:

	January 23, 2011 Nine Months Ended
Pro forma	
Net revenues	$ 734,395
Loss from continuing operations before income taxes	(11,564)
Net loss from continuing operations	(7,053)
Basic and diluted loss per share from continuing operations	(0.22)

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 7% 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 7% Senior Subordinated Notes: Black Hawk Holdings, L.L.C.; Casino America of Colorado, Inc.; CCSC/Blackhawk, Inc.; Grand Palais Riverboat, 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 January 22, 2012 and April 24, 2011 are as follows (in thousands):

	As of January 22, 2012				
	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	$ 31,172	$ 90,873	$ 28,884	$ (2,827)	$ 148,102
Intercompany receivables	991,046	(178,826)	(49,452)	(762,768)	—
Investments in subsidiaries	427,654	(66,190)	(37)	(361,427)	—
Property and equipment, net	9,592	1,061,090	32,309	—	1,102,991
Other assets	68,143	435,960	16,759	(60,020)	460,842
Total assets	$ 1,527,607	$ 1,342,907	$ 28,463	$ (1,187,042)	$ 1,711,935
Current liabilities	$ 50,713	$ 83,769	$ 31,253	$ (2,827)	$ 162,908
Intercompany payables	—	762,768	—	(762,768)	—
Long-term debt, less current maturities	1,156,495	3,279	509	—	1,160,283
Other accrued liabilities	8,780	114,194	14,171	(60,020)	77,125
Stockholders' equity	311,619	378,897	(17,470)	(361,427)	311,619
Total liabilities and stockholders' equity	$ 1,527,607	$ 1,342,907	$ 28,463	$ (1,187,042)	$ 1,711,935

	As of April 24, 2011				
	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	$ 28,886	$ 87,650	$ 32,274	$ (451)	$ 148,359
Intercompany receivables	1,020,593	(226,226)	(56,599)	(737,768)	—
Investments in subsidiaries	418,767	(65,229)	(37)	(353,501)	—
Property and equipment, net	10,215	1,071,415	31,919	—	1,113,549
Other assets	63,889	441,794	20,002	(53,705)	471,980
Total assets	$ 1,542,350	$ 1,309,404	$ 27,559	$ (1,145,425)	$ 1,733,888
Current liabilities	$ 40,714	$ 84,565	$ 29,050	$ (451)	$ 153,878
Intercompany payables	—	737,768	—	(737,768)	—
Long-term debt, less current maturities	1,183,091	3,517	613	—	1,187,221
Other accrued liabilities	9,517	114,205	13,744	(53,705)	83,761
Stockholders' equity	309,028	369,349	(15,848)	(353,501)	309,028
Total liabilities and stockholders' equity	$ 1,542,350	$ 1,309,404	$ 27,559	$ (1,145,425)	$ 1,733,888

Consolidating condensed statements of operations for the three and nine month periods ended January 22, 2012 and January 23, 2011 are as follows (in thousands):

	For the Three Months Ended January 22, 2012				
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	$ —	$ 251,371	$ —	$ —	$ 251,371
Rooms, food, beverage, pari-mutuel and other	479	43,516	2,254	(2,246)	44,003
Gross revenues	479	294,887	2,254	(2,246)	295,374
Less promotional allowances	—	(53,126)	—	—	(53,126)
Net revenues	479	241,761	2,254	(2,246)	242,248
Operating expenses:					
Casino	—	41,385	—	—	41,385
Gaming taxes	—	61,069	—	—	61,069
Other operating expenses	8,744	91,165	1,327	(2,246)	98,990
Management fee expense (revenue)	(8,350)	8,350	—	—	—
Depreciation and amortization	489	20,778	138	—	21,405
Total operating expenses	883	222,747	1,465	(2,246)	222,849
Operating income (loss)	(404)	19,014	789	—	19,399
Interest expense, net	(6,022)	(15,365)	(165)	—	(21,552)
Derivative income	223	—	—	—	223
Equity in income (loss) of subsidiaries	3,386	(586)	—	(2,800)	—
Income (loss) from continuing operations before income taxes	(2,817)	3,063	624	(2,800)	(1,930)
Income tax (provision) benefit	1,635	(663)	(224)	—	748
Income (loss) from continuing operations	(1,182)	2,400	400	(2,800)	(1,182)
Income (loss) from discontinued operations, net of tax					
Net income (loss)	$ (1,182)	$ 2,400	$ 400	$ (2,800)	$ (1,182)

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 January 23, 2011				
Revenues:					
Casino	$ —	$ 240,205	$ —	$ —	$ 240,205
Rooms, food, beverage, pari-mutuel and other	162	39,295	2,413	(2,388)	39,482
Gross revenues	162	279,500	2,413	(2,388)	279,687
Less promotional allowances	—	(47,680)	—	—	(47,680)
Net revenues	162	231,820	2,413	(2,388)	232,007
Operating expenses:					
Casino	—	38,529	—	—	38,529
Gaming taxes	—	58,331	—	—	58,331
Other operating expenses	9,150	88,311	1,959	(2,388)	97,032
Management fee expense (revenue)	(7,947)	7,947	—	—	—
Depreciation and amortization	461	21,223	138	—	21,822
Total operating expenses	1,664	214,341	2,097	(2,388)	215,714
Operating income (loss)	(1,502)	17,479	316	—	16,293
Interest expense, net	(5,665)	(15,318)	(92)	—	(21,075)
Derivative expense	974	—	—	—	974
Equity in income (loss) of subsidiaries	(748)	(463)	—	1,211	—
Income (loss) from continuing operations before income taxes	(6,941)	1,698	224	1,211	(3,808)
Income tax (provision) benefit	4,284	(3,364)	231	—	1,151
Income (loss) from continuing operations	(2,657)	(1,666)	455	1,211	(2,657)
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	$ (2,657)	$ (1,666)	$ 455	$ 1,211	$ (2,657)

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 Nine Months Ended January 22, 2012				
Revenues:					
Casino	$ —	$ 760,428	$ —	$ —	$ 760,428
Rooms, food, beverage, pari-mutuel and other	769	131,253	7,245	(6,896)	132,371
Gross revenues	769	891,681	7,245	(6,896)	892,799
Less promotional allowances	—	(157,273)	—	—	(157,273)
Net revenues	769	734,408	7,245	(6,896)	735,526
Operating expenses:					
Casino	—	123,290	—	—	123,290
Gaming taxes	—	183,550	—	—	183,550
Other operating expenses	30,579	278,836	5,734	(6,896)	308,253
Management fee expense (revenue)	(25,681)	25,681	—	—	—
Depreciation and amortization	1,491	62,834	414	—	64,739
Total operating expenses	6,389	674,191	6,148	(6,896)	679,832
Operating income (loss)	(5,620)	60,217	1,097	—	55,694
Interest expense, net	(18,849)	(45,514)	(452)	—	(64,815)
Derivative income	252	—	—	—	252
Equity in income (loss) of subsidiaries	8,514	(975)	—	(7,539)	—
Income (loss) from continuing operations before income taxes	(15,703)	13,728	645	(7,539)	(8,869)
Income tax (provision) benefit	10,741	(4,568)	(2,266)	—	3,907
Income (loss) from continuing operations	(4,962)	9,160	(1,621)	(7,539)	(4,962)
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	$ (4,962)	$ 9,160	$ (1,621)	$ (7,539)	$ (4,962)

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 Nine Months Ended January 23, 2011				
Revenues:					
Casino	$ —	$ 754,007	$ —	$ —	$ 754,007
Rooms, food, beverage, pari-mutuel and other	1,469	127,551	7,370	(7,296)	129,094
Gross revenues	1,469	881,558	7,370	(7,296)	883,101
Less promotional allowances	—	(152,522)	—	—	(152,522)
Net revenues	1,469	729,036	7,370	(7,296)	730,579
Operating expenses:					
Casino	—	118,117	—	—	118,117
Gaming taxes	—	182,951	—	—	182,951
Other operating expenses	31,649	273,488	7,821	(7,296)	305,662
Management fee expense (revenue)	(25,560)	25,560	—	—	—
Depreciation and amortization	1,492	65,008	434	—	66,934
Total operating expenses	7,581	665,124	8,255	(7,296)	673,664
Operating income (loss)	(6,112)	63,912	(885)	—	56,915
Interest expense, net	(21,167)	(45,985)	(187)	—	(67,339)
Derivative expense	(1,256)	—	—	—	(1,256)
Equity in income (loss) of subsidiaries	8,969	(1,747)	—	(7,222)	—
Income (loss) from continuing operations before income taxes	(19,566)	16,180	(1,072)	(7,222)	(11,680)
Income tax (provision) benefit	12,441	(8,465)	579	—	4,555
Income (loss) from continuing operations	(7,125)	7,715	(493)	(7,222)	(7,125)
Income (loss) from discontinued operations, net of tax	794	—	—	—	794
Net income (loss)	$ (6,331)	$ 7,715	$ (493)	$ (7,222)	$ (6,331)

Consolidating condensed statements of cash flows for the nine months ended January 22, 2012 and January 23, 2011 are as follows (in thousands):

	Nine Months Ended January 22, 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	$ 2,930	$ 65,531	$ 1,737	$ —	$ 70,198
Net cash provided by (used in) investing activities	28,588	(43,876)	(969)	(29,545)	(45,802)
Net cash provided by (used in) financing activities	(26,821)	(22,628)	(7,244)	29,545	(27,148)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	—	—	—
Net increase (decrease) in cash and cash equivalents	4,697	(973)	(6,476)	—	(2,752)
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	$ 8,649	$ 61,132	$ 2,645	$ —	$ 72,426

	Nine Months Ended January 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	$ (3,753)	$ 77,073	$ 9,464	$ —	$ 82,784
Net cash provided by (used in) investing activities	(47,466)	(109,374)	(17,838)	42,445	(132,233)
Net cash provided by (used in) financing activities	51,707	39,746	2,389	(42,445)	51,397
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(51)	—	(51)
Net increase (decrease) in cash and cash equivalents	488	7,445	(6,036)	—	1,897
Cash and cash equivalents at beginning of the period	6,506	46,994	14,569	—	68,069
Cash and cash equivalents at end of the period	$ 6,994	$ 54,439	$ 8,533	$ —	$ 69,966

14. Commitments and Contingencies

Development Projects—Construction is proceeding on time and on budget for our $125,000 Isle Casino Cape Girardeau development. To date we have spent approximately $31,300 in capital expenditures, including capitalized interest, and expect the facility to be completed by Thanksgiving 2012.

On April 14, 2011, the Nemacolin Woodlands Resort ("Nemacolin") in Farmington, Pennsylvania was selected by the Pennsylvania Gaming Control Board for the final Category 3 resort gaming license. We had previously entered into 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 at approximately $50,000. The award of the Pennsylvania license to Nemacolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction.

Legal and Regulatory Proceedings—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 has tentatively been scheduled for October 2012.

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 January 22, 2012, we have accrued an estimated liability including interest of $12,538. 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 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. 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 by Silver Land 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.

Settlement of Biloxi Claim—In January 2012, we reached a settlement relating to lost profits and business interruption related to the oil spill in the Gulf of Mexico during fiscal year 2011. Our settlement resulted in an insurance receivable of $995 which has been included in revenues as insurance recoveries in our statement of operations for the three and nine months ended January 22, 2012.

15. Subsequent Event

Sale of Lake Charles Assets—On February 9, 2012, we completed the sale of Grand Palais Riverboat, Inc., including the smaller of our two riverboats in Lake Charles, Louisiana, to Bossier Casino Venture LLC for $15,000. Management determined the impending sale, and therefore resulting impairment, probable on February 7, 2012 upon the exercise of the purchase option by the purchaser. We will record a noncash pretax charge of approximately $15,000 related to this transaction during our fiscal year ending April 29, 2012. We will continue to operate our Lake Charles hotel and land-based operations and consolidate our gaming operations onto one gaming vessel.

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 fiscal year ended April 24, 2011.

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 sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Colorado, Florida, Iowa, Louisiana, Mississippi and Missouri. We also operate a harness racing track at our facility in Florida.

Our operating results for the periods presented have been affected, both positively and negatively, by fluctuating 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 fiscal year ended April 24, 2011 and by giving consideration to the following:

Flooding and Insurance Advances—Flooding along the Mississippi River caused five of our properties to close for portions of the nine months ended January 22, 2012. We maintain insurance coverage, subject to various deductibles, for both property damage and business interruption. Recognition of business interruption recoveries is contingent upon filing and settlement of our insurance claims. Through February 22, 2012, we have received advances from our insurance carriers totaling $10.1 million representing paritial reimbursement of costs and business interruption proceeds. We have recognized insurance recoveries from business interruption insurance proceeds of $0.9 million and $1.0 million during the three and nine months ended January 22, 2012. We continue to work with our insurance carriers and their adjusters to finalize our claim. We expect to be fully reimbursed for our insurance receivable of $2.7 million as of January 22, 2012, representing expenses reimburseable under our insurance policies, and have claims pending for additional business interruption amounts.

A summary of the closure dates and subsequent reopening dates 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.

Settlement of Biloxi Claim — In January 2012, we reached a settlement relating to lost profits and business interruption related to the oil spill in the Gulf of Mexico during fiscal 2011. Our settlement resulted in an insurance receivable of approximately $1.0 million which has been included in revenues as insurance recoveries in our statement of operations for the three and nine months ended January 22, 2012.

Florida Gaming Law Changes — Effective July 1, 2010, legislative changes became effective in Florida which lowered the state portion of gaming taxes applicable to our Pompano property from 50% to 35% of gaming revenues. Additionally, this legislation allows our poker operations to remain open for the same hours as the slot floor and removes the poker betting limits. Our casino revenues and gaming taxes reflect the favorable impact of these changes in state gaming laws.

Acquisition of Rainbow Casino - We completed the acquisition of Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The acquisition was funded by borrowings from our Credit Facility.

Discontinued Operations — During the nine months ended January 23, 2011, we recognized a tax benefit in discontinued operations of $0.8 million related to the resolution of previously unrecognized tax positions related to our discontinued former UK operations.

Revenues

Revenues for the three and nine month periods ended January 22, 2012 and January 23, 2011 are as follows:

	Three Months Ended						
(in thousands)		January 22, 2012		January 23, 2011		Variance	Percentage Variance
Revenues:							
Casino	$	251,371	$	240,205	$	11,166	4.6%
Rooms		8,464		8,400		64	0.8%
Food, beverage, pari-mutuel and other		33,672		31,082		2,590	8.3%
Insurance recoveries		1,867				1,867	100.0%
Gross revenues		295,374		279,687		15,687	5.6%
Less promotional allowances		(53,126)		(47,680)		(5,446)	11.4%
Net revenues	$	242,248	$	232,007		10,241	4.4%

	Nine Months Ended						
(in thousands)		January 22, 2012		January 23, 2011		Variance	Percentage Variance
Revenues:							
Casino	$	760,428	$	754,007	$	6,421	0.9%
Rooms		29,868		29,924		(56)	0.2%
Food, beverage, pari-mutuel and other		100,525		99,170		1,355	1.4%
Insurance recoveries		1,978				1,978	100.0%
Gross revenues		892,799		883,101		9,698	1.1%
Less promotional allowances		(157,273)		(152,522)		(4,751)	3.1%
Net revenues	$	735,526	$	730,579		4,947	0.7%

Casino Revenues - Casino revenues increased $11.2 million, or 4.6%, and $6.4 million, or 0.9%, for the three and nine months ended January 22, 2012, as compared to the same period in fiscal 2011.

For the three months ended January 22, 2012, casino revenue increases primarily included $5.0 million at our Pompano property, $2.4 million at our Lake Charles properties, $1.5 million at our Waterloo property and $1.5 million at our Kansas City property. Casino revenue increases reflect changes to our marketing as well as response to our Lake Charles property renovations to our primary gaming vessel's interior. These increases were partially offset by decreases of $1.1 million at our Lula property due to slow recovery from flooding and general market conditions.

For the nine months ended January 22, 2012, casino revenues for our properties not closed due to flooding increased $21.5 million, or 2.9%, as compared to the same period in fiscal 2011. This included increased casino revenues of $10.6 million at our Pompano property, $5.0 million at our Lake Charles property, $4.7 million at our Black Hawk properties, $2.3 million at our Kansas City property and $1.6 million at our Waterloo property, partially offset by decreases of $1.7 million at our Bettendorf property and $1.6 million at our Biloxi property.

Rooms Revenue - Rooms revenue remained flat for the three and nine months ended January 22, 2012, as compared to the same periods in the prior fiscal year. Rooms revenue for our properties not closed due to flooding increased $0.6 million, or 2.2%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011.

Food, Beverage, Pari-Mutuel and Other Revenues — Food, beverage, pari-mutuel and other revenues increased $2.6 million, or 8.3%, and $1.4 million, or 1.4%, for the three and nine months ended January 22, 2012, as compared to the same period in the fiscal 2011. Food, beverage, pari-mutuel and other revenue for our properties not closed due to flooding increased $1.8 million, or 2.2%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011, reflecting changes in complimentary food and beverage offerings to our customers.

Promotional Allowances - Promotional allowances increased $5.4 million, or 11.4%, and increased $4.8 million, or 3.1%, for the three and nine months ended January 22, 2012, as compared to the same period in fiscal 2011. Promotional allowances for our properties not closed due to flooding increased $6.5 million, or 5.6%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011. This included increases at Pompano of $3.6 million and Lake Charles of $2.6 million, corresponding to their increases in gross revenues of $12.7 million and $6.0 million, respectively, for the nine months ended January 22, 2012. Changes in our promotional allowances reflect revisions to our marketing plans as a result of changes in competition, economic conditions and regulations.

Operating Expenses

Operating expenses for the three and nine month periods ended January 22, 2012 and January 23, 2011 are as follows:

(in thousands)	Three Months Ended January 22, 2012	Three Months Ended January 23, 2011	Variance	Percentage Variance
Operating expenses:				
Casino	$ 41,385	$ 38,529	$ 2,856	7.4%
Gaming taxes	61,069	58,331	2,738	4.7%
Rooms	1,893	2,002	(109)	-5.4%
Food, beverage, pari-mutuel and other	10,386	10,557	(171)	-1.6%
Marine and facilities	14,956	14,602	354	2.4%
Marketing and administrative	63,863	61,152	2,711	4.4%
Corporate and development	7,892	8,719	(827)	-9.5%
Depreciation and amortization	21,405	21,822	(417)	-1.9%
Total operating expenses	$ 222,849	$ 215,714	7,135	3.3%

(in thousands)	Nine Months Ended January 22, 2012	Nine Months Ended January 23, 2011	Variance	Percentage Variance
Operating expenses:				
Casino	$ 123,290	$ 118,117	$ 5,173	4.4%
Gaming taxes	183,550	182,951	599	0.3%
Rooms	6,918	7,496	(578)	-7.7%
Food, beverage, pari-mutuel and other	32,113	32,848	(735)	-2.2%
Marine and facilities	46,681	44,558	2,123	4.8%
Marketing and administrative	192,993	188,580	4,413	2.3%
Corporate and development	29,548	32,180	(2,632)	-8.2%
Depreciation and amortization	64,739	66,934	(2,195)	-3.3%
Total operating expenses	$ 679,832	$ 673,664	6,168	0.9%

Casino - Casino operating expenses increased $2.9 million, or 7.4%, and $5.2 million, or 4.4%, for the three and nine months ended January 22, 2012, as compared to the same period in fiscal 2011. Casino operating expense for our properties not closed due to flooding increased $4.8 million, or 5.1%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011. Net increases in casino expenses reflect increased casino revenues at our properties not impacted by flooding, primarily increased salaries and wages due to expanded hours of operation at Pompano and a new poker room at our Black Hawk property.

Gaming Taxes — State and local gaming taxes increased $2.7 million, or 4.7%, and $0.6 million, or 0.3%, for the three and nine months ended January 22, 2012, as compared to the same period in fiscal 2011 consistent with the increases in casino revenues.

Rooms - Rooms expense decreased \$0.1 million, or 5.4%, and \$0.6 million, or 7.7%, for the three and nine months ended January 22, 2012, as compared to the same periods in fiscal 2011. Rooms expense for our properties not closed due to flooding increased \$0.4 million, or 6.1%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011.

Food, Beverage, Pari-Mutuel and Other — Food, beverage, pari-mutuel and other expenses decreased \$0.2 million, or 1.6%, and \$0.7 million, or 2.2% for the three and nine months ended January 22, 2012, as compared to the same periods in fiscal 2011. Food, beverage, pari-mutuel and other expenses for our properties not closed due to flooding decreased \$0.5 million, or 1.9%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011.

Marine and Facilities - Marine and facility expenses increased \$0.4 million, or 2.4%, and \$2.1 million, or 4.8%, for the three and nine months ended January 22, 2012, as compared to the same periods in fiscal 2011. The overall increase in marine and facilities reflect increased spending for repairs and maintenance.

Marketing and Administrative - Marketing and administrative expenses increased \$2.7 million, or 4.4%, and \$4.4 million, or 2.3%, for the three and nine months ended January 22, 2012, as compared to the same period in fiscal 2011. Marketing and administrative expenses for our properties not closed due to flooding increased \$3.4 million, or 2.3%, for the nine months ended January 22, 2012, as compared to the same period in fiscal 2011. These increases reflect additional marketing expenditures designed to increase market share and customer visits.

Corporate and Development — During the three months ended January 22, 2012, our corporate and development expenses were \$7.9 million compared to \$8.7 million for the three months ended January 23, 2011, primarily as a result of development costs in the prior year. During the nine months ended January 22, 2012, our corporate and development expenses were \$29.5 million compared to \$32.2 million for the nine months ended January 23, 2011, primarily as a result of acquisition, refinancing and development costs in the prior year.

Depreciation and Amortization - Depreciation and amortization expense for the three and nine months ended January 22, 2012 decreased \$0.4 million and \$2.2 million, respectively, as compared to the same periods in the prior fiscal year, primarily due to certain assets becoming fully depreciated.

Other Income (Expense) and Income Taxes

Interest expense, interest income, derivative expense and income tax (provision) benefit for the three and nine month periods ended January 22, 2012 and January 23, 2011 are as follows:

	Three Months Ended			
(in thousands)	**January 22, 2012**	**January 23, 2011**	**Variance**	**Percentage Variance**
Interest expense	\$ (21,737)	\$ (21,506)	\$ (231)	-1.1%
Interest income	185	431	(246)	-57.1%
Derivative income (expense)	223	974	(751)	-77.1%
Income tax benefit	748	1,151	(403)	-35.0%
Income from discontinued operations, net of income taxes	—	—	—	N/M

	Nine Months Ended			
(in thousands)	**January 22 2012**	**January 23 2011**	**Variance**	**Percentage Variance**
Interest expense	\$ (65,439)	\$ (68,711)	\$ 3,272	-4.8%
Interest income	624	1,372	(748)	-54.5%
Derivative income (expense)	252	(1,256)	1,508	-120.1%
Income tax benefit	3,907	4,555	(648)	-14.2%
Income from discontinued operations, net of income taxes	—	794	(794)	N/M

Interest Expense - Interest expense decreased $3.3 million for the nine months ended January 22, 2012, as compared to the same period in the prior fiscal year. This decrease primarily reflects the expiration of several interest rate swap agreements during fiscal 2011, which had notional rates above current market rates. During the nine months ended January 22, 2012, we capitalized approximately $0.6 million in interest expense related to our contruction project in Cape Girardeau, Missouri.

Derivative Expense — This includes expenses related to the change in fair value of our ineffective interest rate swaps and amortization of the cumulative loss in other comprehensive income at the date of ineffectivess. Our interest rate swaps became ineffective following the amendment of our senior secured credit facility during the fourth quarter of fiscal year 2010. The increase for the nine months ended January 22, 2012 compared to the same period in the prior fiscal year reflects the maturity of certain interest rate swap agreements.

Income Tax Benefit (Provision) — Our income tax benefit (provision) from continuing operations and our effective income tax rate has been impacted by our estimate of annual taxable income for financial statement purposes, our percentage of permanent and other items in relation to such estimated income or loss, as well as the expiration of federal statute of limitations on open tax years ending in April 2006 and April 2007.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the nine months ended January 22, 2012, we generated $70.2 million in cash flows from operating activities compared to generating $82.8 million during the nine months ended January 23, 2011. The year over year decrease in cash flows from operating activities is primarily the result of cash payments for flood related costs, which will be reimbursed in future periods and $4.6 million increase in purchases of trading securities during fiscal 2012.

Cash Flows used in Investing Activities - During the nine months ended January 22, 2012, we used $45.8 million for investing activities compared to using $132.2 million during the nine months ended January 23, 2011. Significant investing activities for the nine months ended January 22, 2012 included capital expenditures of $46.0 million, including $17.0 million relating to Cape Girardeau and Nemacolin. Significant investing activities for the nine months ended January 23, 2011 included the purchase of the Rainbow casino in Vicksburg, Mississippi for $76.2 million, purchases of property and equipment of $46.1 million and increases in restricted cash at our captive insurance company of $9.5 million to fund insurance reserves in lieu of providing letters of credit.

Cash Flows used in Financing Activities — During the nine months ended January 22, 2012, our net cash flows used in financing activities were used primarily to repay our outstanding long-term debt of $26.8 million. During the nine months ended January 23, 2011, we had net borrowings under our line of credit of $58.0 million which included the borrowing of $80 million to fund our acquisition of the Rainbow casino in Vicksburg, Mississippi, and $6.6 million to repay other outstanding long-term debt.

Availability of Cash and Additional Capital - At January 22, 2012, we had cash and cash equivalents of $72.4 million and marketable securities of $25.7 million. As of January 22, 2012, we had $10 million borrowed under our revolving line of credit and $496.5 million in term loans outstanding under the senior secured credit facility. Our line of credit availability at January 22, 2012 was approximately $177 million as limited by our senior secured leverage ratio.

Capital Expenditures and Development Activities—As part of our business development activities, we historically 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.

Construction is proceeding on time and on budget for our $125 million Isle Casino Cape Girardeau development. We anticipate opening by Thanksgiving 2012, subject to regulatory approval. At January 22, 2012, we have spent $31.3 million related to capital for the Cape Girardeau project, including current year capital expenditures of $16.3 million. We estimate additional capital expenditures of approximately $20 million in Cape Girardeau during the balance of the current fiscal year.

On April 14, 2011, our proposed casino in Nemacolin, Pennsylvania was selected by the Pennsylvania Gaming Control Board to receive the final resort gaming license in Pennsylvania. We have entered into a development and management agreement with Nemacolin Woodlands Resort to build and operate a casino which is expected to include approximately 600 slot machines and 28 table games. We currently estimate the project cost at approximately $50 million. The award of the Pennsylvania license to Nemacolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction. The timing of additional significant expenditures is dependent upon resolution of the items discussed above.

We have identified several capital projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Lake Charles and Black Hawk properties, and further Lady Luck conversions. Commencing in the fourth quarter, we expect to begin improvements to the hotel at our Lake Charles property and begin rebranding our Vicksburg property to a Lady Luck. We expect these projects will cost approximately $20 million; of which approximately $5 million will be incurred in the balance of fiscal 2012 and the remainder in fiscal 2013. 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.

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 nine months ended January 22, 2012, we have incurred capital expenditures at our existing properties of $29.7 million. For the balance of the current fiscal year, we estimate maintenance capital expenditures at our existing properties to be approximately $20 million.

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, proceeds from our equity offering completed in the fourth quarter of fiscal 2011, 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 2011 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the third quarter of fiscal year 2012, nor were there any material changes to the critical accounting policies and estimates set forth in our 2011 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 entered into interest rate swap and cap arrangements with aggregate notional value of $250.0 million as of January 22, 2012. The swap agreement effectively converts a portion of the Credit Facility variable debt to a fixed-rate basis until the respective swap agreement terminates, which occurs during fiscal year 2014.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"), 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"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of January 22, 2012.

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.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended January 22, 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 13 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 24, 2011.

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 nine months ended January 22, 2012.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

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: February 24, 2012

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

EXHIBIT NUMBER	DESCRIPTION
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 for the quarter ended January 22, 2012, filed on February 24, 2012, formatted in XBRL: (i) Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Stockholders' Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed 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: February 24, 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: February 24, 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 January 22, 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: February 24, 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 January 22, 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: February 24, 2012

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

ISLE OF CAPRI CASINOS INC (ISLE)

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 08/31/2012
Filed Period 07/29/2012

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, 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 August 29, 2012, the Company had a total of 39,312,915 shares of Common Stock outstanding (which excludes 2,753,233 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)

	July 29, 2012 (unaudited)	April 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 89,409	$ 94,461
Marketable securities	24,575	24,943
Accounts receivable, net	5,659	6,941
Insurance receivable	80	7,497
Income taxes receivable	4,811	2,161
Deferred income taxes	615	627
Prepaid expenses and other assets	30,606	18,950
Assets held for sale	47,445	46,703
Total current assets	203,200	202,283
Property and equipment, net	980,966	950,014
Other assets:		
Goodwill	330,903	330,903
Other intangible assets, net	56,376	56,586
Deferred financing costs, net	11,936	13,205
Restricted cash and investments	12,895	12,551
Prepaid deposits and other	9,481	9,428
Total assets	$1,605,757	$1,574,970
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 5,402	$ 5,393
Accounts payable	28,806	23,536
Accrued liabilities:		
Payroll and related	36,324	38,566
Property and other taxes	24,629	19,522
Interest	21,209	19,296
Progressive jackpots and slot club awards	15,025	14,892
Liabilities related to assets held for sale	4,587	4,362
Other	42,674	40,549
Total current liabilities	178,656	156,116
Long-term debt, less current maturities	1,147,589	1,149,038
Deferred income taxes	37,103	36,057
Other accrued liabilities	33,844	33,583
Other long-term liabilities	16,799	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 July 29, 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	245,196	247,855
Retained earnings (deficit)	(19,997)	(26,658)
Accumulated other comprehensive (loss) income	(693)	(855)
	224,927	220,763
Treasury stock, 2,753,233 shares at July 29, 2012 and 3,083,867 at April 29, 2012	(33,161)	(37,143)
Total stockholders' equity	191,766	183,620
Total liabilities and stockholders' equity	$1,605,757	$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	
	July 29, 2012	July 24, 2011
Revenues:		
Casino	$ 250,269	$ 235,227
Rooms	8,630	8,472
Food, beverage, pari-mutuel and other	32,806	29,627
Gross revenues	291,705	273,326
Less promotional allowances	(55,882)	(45,722)
Net revenues	235,823	227,604
Operating expenses:		
Casino	38,496	35,971
Gaming taxes	61,628	59,517
Rooms	1,773	1,919
Food, beverage, pari-mutuel and other	10,104	9,953
Marine and facilities	13,700	14,126
Marketing and administrative	57,956	56,947
Corporate and development	8,473	12,266
Preopening expense	687	36
Depreciation and amortization	16,822	19,176
Total operating expenses	209,639	209,911
Operating income	26,184	17,693
Interest expense	(20,431)	(21,825)
Interest income	175	243
Derivative income (expense)	134	(231)
Income (loss) from continuing operations before income taxes	6,062	(4,120)
Income tax (provision) benefit	(1,318)	1,561
Income (loss) from continuing operations	4,744	(2,559)
Income from discontinued operations, net of income taxes	1,917	236
Net income (loss)	$ 6,661	$ (2,323)
Income (loss) per common share-basic and dilutive:		
Income (loss) from continuing operations	$ 0.12	$ (0.07)
Income from discontinued operations, net of income taxes	0.05	0.01
Net income (loss)	$ 0.17	$ (0.06)
Weighted average basic shares	39,018,281	38,277,150
Weighted average diluted shares	39,035,280	38,277,150

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	
	July 29, 2012	July 24, 2011
Net income (loss)	$ 6,661	$ (2,323)
Other comprehensive income, net of tax:		
Deferred hedge adjustment, net of income tax provision of $89 and $251 for the three months ended July 29, 2012 and July 24, 2011, respectively	148	418
Unrealized gain on interest rate cap contracts, net of income tax provision of $8 and $3 for the three months ended July 29, 2012 and July 24, 2011, respectively	14	5
Other comprehensive income	162	423
Comprehensive income (loss)	$ 6,823	$ (1,900)

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	—	—	—	6,661	—	—	6,661
Other comprehensive income (loss), net of tax	—	—	—	—	162	—	162
Issuance of restricted stock from treasury stock	—	—	(3,982)	—	—	3,982	—
Stock compensation expense	—	—	1,323	—	—	—	1,323
Balance, July 29, 2012	42,066,148	$ 421	$ 245,196	$ (19,997)	$ (693)	$ (33,161)	$ 191,766

See notes to the consolidated financial statements.

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

	Three Months Ended	
	July 29, 2012	July 24, 2011
Operating activities:		
Net income (loss)	$ 6,661	$ (2,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,822	21,467
Amortization of deferred financing costs	1,492	1,381
Amortization of debt discount	52	51
Deferred income taxes	960	(1,428)
Stock compensation expense	1,323	1,980
(Gain) loss on derivative instruments	(134)	231
(Gain) loss on disposal of assets	(46)	86
Changes in operating assets and liabilities:		
Sales (purchases) of trading securities	368	(4,311)
Accounts receivable	1,173	(5,032)
Insurance receivable	7,417	—
Income tax receivable	(2,650)	933
Prepaid expenses and other assets	(12,143)	(5,635)
Accounts payable and accrued liabilities	18,848	15,100
Net cash provided by operating activities	40,143	22,500
Investing activities:		
Purchase of property and equipment	(42,955)	(14,572)
Restricted cash and investments	(524)	(509)
Net cash used in investing activities	(43,479)	(15,081)
Financing activities:		
Principal payments on debt	(1,493)	(1,484)
Net (repayments) borrowings on line of credit	—	(13,000)
Payment of deferred financing costs	(223)	(272)
Proceeds from exercise of stock options	—	13
Net cash used in financing activities	(1,716)	(14,743)
Net decrease in cash and cash equivalents	(5,052)	(7,324)
Cash and cash equivalents, beginning of period	94,461	75,178
Cash and cash equivalents, end of the period	$ 89,409	$ 67,854

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, Biloxi, Natchez and Vicksburg, Mississippi; Kansas City, Boonville and Caruthersville, Missouri; Bettendorf, Davenport, Marquette and Waterloo, Iowa; and Pompano Beach, Florida. Our Biloxi casino is currently under contract for sale which we expect to close before the end of calendar 2012, subject to regulatory approval. We are currently constructing a new gaming facility in Cape Girardeau, Missouri, which we expect to open by November 1, 2012, subject to regulatory approval.

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. 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. As a result, the balance sheet items related to Biloxi have been classified as held for sale and the results of operations are presented as discontinued operations.

The results of our discontinued operations are summarized as follows:

	Discontinued Operatons Three Months Ended	
	July 29, 2012	July 24, 2011
Net revenues	$ 17,567	$ 18,203
Pretax income (loss) from discontinued operations	1,917	(472)
Income tax (provision) benefit from discontinued operations		708
Income from discontinued operations	1,917	236

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

	July 29, 2012
Current assets:	
Accounts receivable, net	$ 522
Prepaid expenses and other assets	1,923
Total current assets	2,445
Property and equipment, net	45,000
Total assets	47,445
Current liabilities	
Accounts payable	1,686
Other accrued liabilities	2,901
Total current liabilities	4,587
Net assets	$ 42,858

4. Flooding

Flooding along the Mississippi River caused five of our properties to close for portions of the three months ended July 24, 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.

5. Long-Term Debt

Long-term debt consists of the following:

	July 29, 2012	April 29, 2012
Senior Secured Credit Facility:		
Revolving line of credit, expires November 1, 2013, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ —	$ —
Variable rate term loans, mature November 1, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	493,750	495,000
7.75% Senior Notes, interest payable semi-annually March 15 and September 15, net of discount	298,078	298,026
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	3,888	4,130
	1,152,991	1,154,431
Less current maturities	5,402	5,393
Long-term debt	$1,147,589	$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 July 29, 2012, as limited by our maximum leverage covenant, was approximately $277,000, after consideration of $29,000 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 three months ended July 29, 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 July 29, 2012.

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.

7% Senior Subordinated Notes - Our 7% Senior Subordinated Notes are due 2014 ("7% Subordinated Notes") and are guaranteed, on a joint and several basis, by 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% Subordinated Notes are general unsecured obligations and rank junior to all of our senior indebtedness. The 7% Subordinated Notes are redeemable, in whole or in part, at our option at any time with call premiums as defined in the indenture governing the Subordinated Notes.

The indenture governing the 7% 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.

Subsequent Event - 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 discounts. The New Subordinated Notes are guaranteed, on a joint and several basis, by each our domestic 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. We are required to file a registration statement for an exchange offer of these New Subordinated Notes with the Securities and Exchange Commission within 180 days from the date of issuance.

Through August 22, 2012, we have repurchased and retired $338,231 of our $357,275, 7% Subordinated Notes with proceeds from the issuance of the New Subordinated Notes. We intend to use the remaining net proceeds from the issuance of the New Subordinated Notes, together with cash on hand, and if necessary, borrowings under our Credit Facility, to redeem the remainder of our outstanding 7% Subordinated Notes on or before September 7, 2012.

Following completion of the issuance of the New Subordinated Notes and the retirement of the 7% Subordinated Notes, 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 indentures.

As a result of the above transactions, we expect to incur additional expense related to the write-off of deferred financing costs, issuance costs and other related fees of approximately $3,000, including $1,000 in non-cash charges, during the second quarter of fiscal 2013.

6. Earnings Per Share

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

	Three Months Ended	
	July 29, 2012	July 24, 2011
Numerator:		
Income (loss) applicable to common shares:		
Income (loss) from continuing operations	$ 4,744	$ (2,559)
Income from discontinued operations	1,917	236
Net income (loss)	$ 6,661	$ (2,323)
Denominator:		
Denominator for basic earnings (loss) per share - weighted average shares	39,018,281	38,277,150
Effect of dilutive securities Employee stock options	16,999	—
Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed conversions	39,035,280	38,277,150
Basic earnings (loss) per share:		
Income (loss) from continuing operations	$ 0.12	$ (0.07)
Income from discontinued operations	0.05	0.01
Net income (loss)	$ 0.17	$ (0.06)
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	$ 0.12	$ (0.07)
Income from discontinued operations	0.05	0.01
Net income (loss)	$ 0.17	$ (0.06)

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 1,161,710 shares, which are anti-dilutive, were excluded from the calculation of common shares for diluted income per share for the three months ended July 29, 2012. Due to the net loss for the three months ended July 24, 2011, stock options representing 107,549 shares, which are potentially dilutive, and 469,710 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 2009 Long Term Incentive Plan we have issued restricted stock and stock options.

Restricted Stock —During the first quarter ended July 29, 2012, we issued 330,634 shares of restricted stock with a weighted average grant-date fair value of $6.03 to employees. 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 July 29, 2012, our unrecognized compensation cost for unvested restricted stock is $3,462 with a remaining weighted average vesting period of 1.4 years.

Restricted Stock Units—During the first quarter ended July 29, 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 728,570 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 $2,350 to be recognized over the vesting periods. As of July 29, 2012, our unrecognized compensation cost for these RSUs is $2,179.

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 July 29, 2012, our unrecognized compensation cost for unvested stock options was $178 with a weighted average vesting period of 1.1 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 fiscal 2014. We have also entered into interest rate cap contracts with an aggregate notional value of $100,000 having maturity dates in fiscal 2013 and paid premiums of $203 at inception.

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

Type of Derivative Instrument	Balance Sheet Location	July 29, 2012	April 29, 2012
Interest rate swap contracts	Other long-term liabilities	$ 2,121	$ 2,493

The interest rate cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of July 29, 2012, as being fully effective. As a result, there is 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 July 29, 2012 and April 29, 2012, respectively. The change in unrealized loss on our derivatives qualifying for hedge accounting was an immaterial amount and $26 for the three months ended July 29, 2012 and July 24, 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 (expense) 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 July 29, 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 $417 and $506, as of July 29, 2012 and April 29, 2012, respectively.

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

	Three Months Ended	
	July 29, 2012	July 24, 2011
Derivative income (expense)	$ 372	$ 438

Derivative income (expense) 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	
	July 29, 2012	July 24, 2011
Accumulated OCI amortization	$ 148	$ 418
Change in deferred taxes	90	251
Derivative income (expense)	(238)	(669)

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 $594, net of tax of $357, as of July 29, 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 July 29, 2012:

	Interest Rate Hedges
Balance at April 29, 2012	$ (2,493)
Realized gains/(losses)	372
Balance at July 29, 2012	$ (2,121)

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

	July 29, 2012		April 29, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 89,409	$ 89,409	$ 94,461	$ 94,461
Marketable securities	24,575	24,575	24,943	24,943
Restricted cash	12,895	12,895	12,551	12,551
Notes receivable	704	704	1,293	1,293
Financial liabilities:				
Revolving line of credit	$ —	$ —	$ —	$ —
Variable rate term loans	493,750	496,836	495,000	498,713
7.75% Senior notes	298,078	311,864	298,026	308,829
7% Senior subordinated notes	357,275	358,615	357,275	358,168
Other long-term debt	3,888	3,888	4,130	4,130
Other long-term obligations	16,799	16,799	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:

	July 29, 2012	April 29, 2012
Interest rate cap contracts	$ —	$ (14)
Interest rate swap contracts	(693)	(841)
	$ (693)	$ (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	
Type of Derivative Instrument	July 29, 2012	July 24, 2011
Interest rate cap contract	$ 14	$ 5
Interest rate swap contracts	148	418
	$ 162	$ 423

11. Income Taxes

Our effective income tax provision (benefit) from continuing operations for the three months ended July 29, 2012 and July 24, 2011 were 21.7% and 37.9%, respectively, of pretax income. Our income tax provision (benefit) from continuing operations and our effective rate is 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. During the first quarter ended July 24, 2011, the federal statute of limitations expired for the open tax years ending April 2006 and April 2007.

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

	Three Months Ended	
	July 29, 2012	July 24, 2011
Federal taxes	$ 2,122	$ (1,442)
State taxes	247	(288)
Permanent differences	256	230
Tax credits	(355)	(226)
Other	114	165
Valuation allowance	(1,066)	—
Income tax (benefit) provision from continuing operations	$ 1,318	$ (1,561)

12. Supplemental Disclosures

Cash Flow — For the three months ended July 29, 2012 and July 24, 2011, we made net cash payments for interest of $7,796 and $8,916, respectively. Additionally, we (made) received income tax (payments) refunds of ($2,892) and $109 during the three months ended July 29, 2012 and July 24, 2011, respectively.

For the three months ended July 29, 2012 and July 24, 2011, the change in accrued purchases of property and equipment in accounts payable increased by $4,563 and $630, respectively.

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 7% 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 7% 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 July 29, 2012 and April 29, 2012 are as follows (in thousands):

	As of July 29, 2012				
	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	$ 64,530	$ 118,852	$ 27,352	$ (7,534)	$ 203,200
Intercompany receivables	669,933	(182,688)	(41,220)	(446,025)	—
Investments in subsidiaries	656,682	(29,794)	—	(626,888)	—
Property and equipment, net	9,087	939,758	32,121	—	980,966
Other assets	(7,762)	384,224	17,553	27,576	421,591
Total assets	$ 1,392,470	$ 1,230,352	$ 35,806	$ (1,052,871)	$ 1,605,757
Current liabilities	$ 48,675	$ 100,474	$ 37,041	$ (7,534)	$ 178,656
Intercompany payables	—	446,025	—	(446,025)	—
Long-term debt, less current maturities	1,144,103	3,050	436	—	1,147,589
Other accrued liabilities	7,926	37,532	14,712	27,576	87,746
Stockholders' equity	191,766	643,271	(16,383)	(626,888)	191,766
Total liabilities and stockholders' equity	$ 1,392,470	$ 1,230,352	$ 35,806	$ (1,052,871)	$ 1,605,757

	As of April 29, 2012				
	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	$ 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 months ended July 29, 2012 and July 24, 2011 are as follows (in thousands):

	For the Three Months Ended July 29, 2012				
	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	$ —	$ 250,269	$ —	$ —	$ 250,269
Rooms, food, beverage, pari-mutuel and other	176	41,254	2,452	(2,446)	41,436
Gross revenues	176	291,523	2,452	(2,446)	291,705
Less promotional allowances	—	(55,882)	—	—	(55,882)
Net revenues	176	235,641	2,452	(2,446)	235,823
Operating expenses:					
Casino	—	38,496	—	—	38,496
Gaming taxes	—	61,628	—	—	61,628
Rooms, food, beverage, pari-mutuel and other	9,462	84,227	1,450	(2,446)	92,693
Management fee expense (revenue)	(8,437)	8,437	—	—	—
Depreciation and amortization	489	16,195	138	—	16,822
Total operating expenses	1,514	208,983	1,588	(2,446)	209,639
Operating income (loss)	(1,338)	26,658	864	—	26,184
Interest expense, net	(11,071)	(8,971)	(214)	—	(20,256)
Gain on extinguishment of debt	—	—	—	—	—
Derivative income	134	—	—	—	134
Equity in income (loss) of subsidiaries	10,896	—	—	(10,896)	—
Income (loss) from continuing operations before income taxes and noncontolling interest	(1,379)	17,687	650	(10,896)	6,062
Income tax (provision) benefit	6,123	(7,192)	(249)	—	(1,318)
Income (loss) from continuining operations	4,744	10,495	401	(10,896)	4,744
Income (loss) of discontinued operations	1,917	1,292	—	(1,292)	1,917
Net income (loss)	$ 6,661	$ 11,787	$ 401	$ (12,188)	$ 6,661

	For the Three Months Ended July 24, 2011				
	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	$ —	$ 235,227	$ —	$ —	$ 235,227
Rooms, food, beverage, pari-mutuel and other	151	37,931	2,420	(2,403)	38,099
Gross revenues	151	273,158	2,420	(2,403)	273,326
Less promotional allowances	—	(45,722)	—	—	(45,722)
Net revenues	151	227,436	2,420	(2,403)	227,604
Operating expenses:					
Casino	—	35,971	—	—	35,971
Gaming taxes	—	59,517	—	—	59,517
Rooms, food, beverage, pari-mutuel and other	12,889	82,981	1,780	(2,403)	95,247
Management fee expense (revenue)	(8,004)	8,004	—	—	—
Depreciation and amortization	433	18,605	138	—	19,176
Total operating expenses	5,318	205,078	1,918	(2,403)	209,911
Operating income (loss)	(5,167)	22,358	502	—	17,693
Interest expense, net	(6,487)	(14,963)	(132)	—	(21,582)
Gain on extinguishment of debt	—	—	—	—	—
Derivative income	(231)	—	—	—	(231)
Equity in income (loss) of subsidiaries	2,680	—	—	(2,680)	—
Income (loss) from continuing operations before income taxes and noncontolling interest	(9,205)	7,395	370	(2,680)	(4,120)
Income tax (provision) benefit	6,646	(2,912)	(2,173)	—	1,561
Income (loss) from continuining operations	(2,559)	4,483	(1,803)	(2,680)	(2,559)
Income (loss) of discontinued operations	236	(384)	—	384	236
Net income (loss)	$ (2,323)	$ 4,099	$ (1,803)	$ (2,296)	$ (2,323)

Consolidating condensed statements of cash flows for the three months ended July 29, 2012 and July 24, 2011 are as follows (in thousands):

	Three Months Ended July 29, 2012				
	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	$ (12,275)	$ 43,174	$ 9,244	$ —	$ 40,143
Net cash provided by (used in) investing activities	3,660	(42,510)	(712)	(3,917)	(43,479)
Net cash provided by (used in) financing activities	(1,473)	5,597	(9,757)	3,917	(1,716)
Net increase (decrease) in cash and cash equivalents	(10,088)	6,261	(1,225)	—	(5,052)
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	$ 29,277	$ 57,010	$ 3,122	$ —	$ 89,409

	Three Months Ended July 24, 2011				
	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	$ (1,814)	$ 21,226	$ 3,088	$ —	$ 22,500
Net cash provided by (used in) investing activities	22,172	(14,502)	(222)	(22,529)	(15,081)
Net cash provided by (used in) financing activities	(14,509)	(15,996)	(6,767)	22,529	(14,743)
Net increase (decrease) in cash and cash equivalents	5,849	(9,272)	(3,901)	—	(7,324)
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	$ 9,801	$ 52,833	$ 5,220	$ —	$ 67,854

14. Commitments and Contingencies

Development Projects—Construction continues on schedule for our Isle Casino Cape Girardeau development. We currently estimate the cost of the project at approximately $135,000 and anticipate opening by November 1, 2012, subject to regulatory approval. To date, we have incurred capital expenditures, including capitalized interest, of approximately $76,439.

On August 20, 2012, the Pennsylvania Supreme Court affirmed the decision of the Pennsylvania Gaming Conrol 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 are currently finalizing our construction plans and preparing to receive formal bids for the construction of the facility, while we work with the Pennsylvania Gaming Control Board through the remainder of the licensing process. We currently estimate the cost of the project to be at least $50,000 and construction is expected to take nine to twelve months once we begin.

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 $2,067. We intend to continue a vigorous and appropriate appeal of this judgment.

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 has tentatively been scheduled for October 2012.

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 July 29, 2012, we have accrued an estimated liability including interest of $13,145. 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 July 29, 2012, and July 24, 2011 are as follows:

Flooding—Due to flooding along the Mississippi River, five of our properties were closed for a portion of our first quarter ended July 24, 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.

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.

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. The impact of reversing approximately $1.1 million of valuation allowance during the first quarter of fiscal 2013 has been to reduce our overall effective tax rate for continuing operations from 37.8% for the quarter ended July 24, 2011 to 21.7% for the quarter ended July 29, 2012.

Discontinued Operations

Agreement to Sell 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. We expect this transaction to close by the end of calendar 2012.

Revenues and Operating Expenses

Revenues and operating expenses for the three months ended July 29, 2012 and July 24, 2011 are as follows:

	Three Months Ended			
(in thousands)	July 29, 2012	July 24, 2011	Variance	Percentage Variance
Revenues:				
Casino	$ 250,269	$ 235,227	$ 15,042	6.4%
Rooms	8,630	8,472	158	1.9%
Food, beverage, pari-mutuel and other	32,806	29,627	3,179	10.7%
Gross revenues	291,705	273,326	18,379	6.7%
Less promotional allowances	(55,882)	(45,722)	(10,160)	22.2%
Net revenues	235,823	227,604	8,219	3.6%
Operating expenses:				
Casino	38,496	35,971	2,525	7.0%
Gaming taxes	61,628	59,517	2,111	3.5%
Rooms	1,773	1,919	(146)	-7.6%
Food, beverage, pari-mutuel and other	10,104	9,953	151	1.5%
Marine and facilities	13,700	14,126	(426)	-3.0%
Marketing and administrative	57,956	56,947	1,009	1.8%
Corporate and development	8,473	12,266	(3,793)	-30.9%
Preopening expense	687	36	651	N/M
Depreciation and amortization	16,822	19,176	(2,354)	-12.3%
Total operating expenses	$ 209,639	$ 209,911	$ (272)	-0.1%

Casino —Casino revenues increased $15.0 million, or 6.4%, for the three months ended July 29, 2012, as compared to the same period in fiscal 2012. Casino revenues for our properties closed due to flooding in fiscal 2012 increased $13.5 million, or 31.8% for the three months ended July 29, 2012, as compared to the same period in fiscal 2012. In addition casino revenues increased $1.2 million at our Pompano property and $1.0 million at our Waterloo property.

Casino operating expenses increased $2.5 million, or 7.0%, for the three months ended July 29, 2012, as compared to the same period in the prior fiscal year. Due to flooding-related closures in the prior year, casino operating expenses for our properties closed in fiscal 2012 increased $1.9 million, or 27.9% for the three months ended July 29, 2012, as compared to the same period in fiscal 2012.

Gaming Taxes —State and local gaming taxes increased $2.1 million, or 3.5%, for the three months ended July 29, 2012, as compared to the same period in the prior fiscal year consistent with the increases in casino revenues.

Rooms —Rooms revenue and expense remained stable for the three months ended July 29, 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 increased $3.2 million, or 10.7%, for the three months ended July 29, 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 $2.0 million, or 45.4% for the three months ended July 29, 2012, as compared to the same period in fiscal 2012.

Food, beverage, pari-mutuel and other expenses increased $0.2 million, or 1.5%, for the three months ended July 29, 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 20.9% for the three months ended July 29, 2012, as compared to the same period in fiscal 2012.

Promotional Allowances —Promotional allowances increased $10.2 million, or 22.2%, for the three months ended July 29, 2012, as compared to the same period in the prior fiscal year. Promotional allowances for our properties closed due to flooding increased $5.0 million, or 50.0% for the three months ended July 29, 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 July 29, 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.

Marine and Facilities — Marine and facilities expenses decreased $0.4 million, or 3.0%, for the three months ended July 29, 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 $1.1 million, or 10.0% for the three months ended July 29, 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 increased $1.0 million, or 1.8%, for the three months ended July 29, 2012 as compared to the same period in the prior fiscal year. Marketing and administrative expenses for our properties not closed due to flooding increased $1.6 million, or 3.2% for the three months ended July 29, 2012, as compared to the same period in fiscal 2011 reflecting increased marketing expenditures designed to increase market share and customer trials.

Corporate and Development — During the three months ended July 29, 2012, our corporate and development expenses were $8.5 million compared to $12.3 million for the three months ended July 24, 2011. The decrease is primarily the result of decreased incentive compensation of $1.8 million and decreased insurance costs of $0.8 million compared to the same period of fiscal 2012.

Depreciation and Amortization —Depreciation and amortization expense for the three months ended July 29, 2012 decreased $2.4 million, 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 expense and income tax (provision) benefit for the three months ended July 29, 2012 and July 24, 2011 are as follows:

	Three Months Ended			
(in thousands)	July 29, 2012	July 24, 2011	Variance	Percentage Variance
Interest expense	$ (20,431)	$ (21,825)	$ 1,394	6.4%
Interest income	175	243	(68)	-28.0%
Derivative income (expense)	134	(231)	365	-158.0%
Income tax (provision) benefit	(1,214)	1,561	(2,775)	-177.8%

Interest Expense — Interest expense decreased $1.4 million for the three months ended July 29, 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 three months ended July 29, 2012, we generated $40.1 million in cash flows from operating activities compared to generating $22.5 million during the three months ended July 24, 2011. The year over year increase in cash flows from operating activities is primarily the result of increased cash flows from operations as five of our properties were closed for a portion of the fiscal 2012 first quarter due to flooding. Additionally, during fiscal 2013 we collected insurance receivables of $7.4 million related to flooding during the first quarter of fiscal 2012.

Cash Flows used in Investing Activities - During the three months ended July 29, 2012, we used $43.5 million for investing activities compared to using $15.1 million during the three months ended July 24, 2011. Significant investing activities for the three months ended July 29, 2012 included capital expenditures of $43.0 million, of which $27.7 million related to Cape Girardeau. Significant investing activities for the three months ended July 24, 2011 included capital expenditures of $14.6 million, of which $4.1 million related to Cape Girardeau and Nemacolin.

Cash Flows used in Financing Activities — During the three months ended July 29, 2012, our net cash flows used in financing activities were used primarily to repay our outstanding long-term debt of $1.5 million. During the three months ended July 24, 2011, our net cash flows used in financing activities were used primarily to repay our outstanding long-term debt of $14.4 million.

Availability of Cash and Additional Capital - At July 29, 2012, we had cash and cash equivalents of $89.4 million and marketable securities of $24.6 million. As of July 29, 2012, we had no outstanding borrowings under our revolving credit and $493.8 million in term loans outstanding under the senior secured credit facility. Our line of credit availability at July 29, 2012 was approximately $277 million as limited by our leverage ratio.

On August 7, 2012, we completed the issuance and sale of $350 million 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 discounts. Through August 22, 2012, we have repurchased and retired $338.2 million of our $357.3 million, 7% Subordinated Notes with proceeds from the issuance of the New Subordinated Notes. We intend to use the remaining net proceeds from the issuance of the New Subordinated Notes, together with cash on hand or borrowings under our Credit Facility, to redeem the remainder of our outstanding 7% Subordinated Notes on or before September 7, 2012.

Following completion of the issuance of our New Subordinated Notes and the retirement of the 7% Subordinated Notes, 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 indenture.

As a result of the above transactions, we expect to incur additional expense related to the write-off of deferred financing costs, issuance costs and other related fees of approximately $3.0 million, including $1.0 million in non-cash charges, during the second quarter of fiscal 2013.

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.

Construction continues to proceed on our Isle Casino Cape Girardeau development. We anticipate opening by November 1, 2012, subject to regulatory approvals. We currently estimate the cost of the project at approximately $135 million and have incurred capital expenditures of $76.4 million, including capitalized interest, through July 29, 2012. We expect to incur the majority of the remaining capital expenditures for our Cape Girardeau casino on or before December 31, 2012.

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 are currently finalizing our construction plans and preparing to receive formal bids for the construction of the facility, while we work with the Pennsylvania Gaming Control Board through the remainder of the licensing process. We currently estimate the cost of the project to be at least $50 million and construction is expected to take approximately nine to twelve months once we begin. To date, we have incurred capital expenditures, including capitalized interest, of $1.2 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 three months ended July 29, 2012, we have incurred capital expenditures at our existing properties of $11 million. For the balance of the current fiscal year, we estimate additional capital expenditures at our existing properties to be approximately $40 million excluding our Cape Girardeau development. 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 first 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 entered into interest rate swap and cap arrangements with aggregate notional value of $150.0 million as of July 29, 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 during fiscal years 2014.

Subsequent to our fiscal quarter ended July 29, 2012, we issued $350.0 million of 8.875% Subordinated Notes and began a process to redeem and tender our $357.3 million 7% Subordinated Notes. When completed, these transactions will increase our fixed interest rate on $350 million of our outstanding debt by 1.875%.

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 July 29, 2012. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of July 29, 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 July 29, 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 12 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 three months ended July 29, 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: August 31, 2012	/s/ DALE R. BLACK
	Dale R. Black Chief Financial Officer (Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
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 for the quarter ended July 29, 2012, filed on August 31, 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.

EXHIBIT 31.1

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: August 31, 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: August 31, 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 July 29, 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: August 31, 2012

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

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 July 29, 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: August 31, 2012

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

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	$ [illegible]
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)
[illegible]	$ (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
[illegible]	$ 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):

	For the Three Months Ended October 28, 2012				
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	$ —	$ 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)

	For the Three Months Ended October 23, 2011				
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	$ —	$ 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)

For the Six Months Ended October 28, 2012

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	$ —	$ 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

For the Six Months Ended October 23, 2011

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	$ —	$ 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 Conrol 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:

(in thousands)	Three Months Ended October 28, 2012	Three Months Ended 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%

	Six Months Ended			
(in thousands)	October 28, 2012	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.

EXHIBIT 31.1

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