

ISLE OF CAPRI CASINOS INC
Form 10-Q
August 29, 2014

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 27, 2014

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 filer

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 26, 2014, the Company had a total of 39,909,916 shares of Common Stock outstanding (which excludes 2,156,232 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 27, 2014 (unaudited)	April 27 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 68,330	\$ 69,830
Marketable securities	27,566	27,289
Accounts receivable, net	10,806	12,615
Income taxes receivable	243	73
Deferred income taxes	4,106	4,106
Prepaid expenses and other assets	28,535	18,526
Total current assets	139,586	132,439
Property and equipment, net	946,193	955,604
Other assets:		
Goodwill	108,970	108,970
Other intangible assets, net	54,701	54,911
Deferred financing costs, net	22,320	23,439
Restricted cash and investments	9,125	9,807
Prepaid deposits and other	4,865	4,904
Total assets	\$ 1,285,760	\$ 1,290,074
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Current maturities of long-term debt	\$ 231	\$ 230
Accounts payable	19,196	20,869
Accrued liabilities:		
Payroll and related	35,384	34,700
Property and other taxes	22,274	20,360
Interest	20,020	16,920
Progressive jackpots and slot club awards	16,526	16,306
Other	19,746	18,478
Total current liabilities	133,377	127,863
Long-term debt, less current maturities	1,056,377	1,066,071
Deferred income taxes	36,852	35,870
Other accrued liabilities	18,575	18,495
Other long-term liabilities	22,629	22,391
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 27, 2014 and April 27, 2014	421	421
Class B common stock, \$.01 par value; 3,000,000 shares authorized; none issued		
Additional paid-in capital	248,785	247,819

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Retained earnings (deficit)	(204,230)	(201,913)
	44,976	46,327
Treasury stock, 2,243,789 shares at July 27, 2014 and 2,236,971 at April 27, 2014	(27,026)	(26,943)
Total stockholders' equity	17,950	19,384
Total liabilities and stockholders' equity	\$ 1,285,760	\$ 1,290,074

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 27, 2014	July 28, 2013
Revenues:		
Casino	\$ 255,072	\$ 250,834
Rooms	8,312	8,915
Food, beverage, pari-mutuel and other	34,123	34,122
Gross revenues	297,507	293,871
Less promotional allowances	(55,858)	(55,858)
Net revenues	241,649	238,013
Operating expenses:		
Casino	40,128	40,268
Gaming taxes	64,467	62,678
Rooms	1,903	1,901
Food, beverage, pari-mutuel and other	11,372	10,802
Marine and facilities	14,719	14,619
Marketing and administrative	60,361	59,250
Corporate and development	9,148	6,698
Preopening expense		3,898
Depreciation and amortization	19,643	19,802
Total operating expenses	221,741	219,916
Operating income	19,908	18,097
Interest expense	(21,329)	(22,654)
Interest income	87	90
Derivative income		230
Loss from continuing operations before income taxes	(1,334)	(4,237)
Income tax provision	(983)	(1,411)
Loss from continuing operations	(2,317)	(5,648)
Income from discontinued operations, net of income tax provision of \$- for the three months ended July 28, 2013		786
Net loss	\$ (2,317)	\$ (4,862)
Income (loss) per common share-basic and dilutive:		
Loss from continuing operations	\$ (0.06)	\$ (0.14)
Income from discontinued operations, net of income taxes		0.02
Net loss	\$ (0.06)	\$ (0.12)
Weighted average basic shares	39,827,889	39,582,928
Weighted average diluted shares	39,827,889	39,582,928

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 27, 2014	July 28, 2013
Net loss	\$ (2,317)	\$ (4,862)
Other comprehensive income, net of tax:		
Deferred hedge adjustment, net of income tax provision of \$90 for the three months ended July 28, 2013		148
Comprehensive loss	\$ (2,317)	\$ (4,714)

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)	Treasury Stock	Total Stockholders Equity
Balance, April 27, 2014	42,066,148	\$ 421	\$ 247,819	\$ (201,913)	\$ (26,943)	\$ 19,384
Net loss				(2,317)		(2,317)
Issuance of restricted stock from treasury stock, net of forfeitures			83		(83)	
Stock compensation expense			883			883
Balance, July 27, 2014	42,066,148	\$ 421	\$ 248,785	\$ (204,230)	\$ (27,026)	\$ 17,950

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended	
	July 27, 2014	July 28, 2013
Operating activities:		
Net loss	\$ (2,317)	\$ (4,862)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	19,643	20,395
Amortization and write-off of deferred financing costs	1,119	1,105
Amortization of debt discount	63	59
Deferred income taxes	982	662
Stock compensation expense	883	1,134
Gain on derivative instruments		(230)
Loss (gain) on disposal of assets	30	(1,027)
Changes in operating assets and liabilities:		
Marketable securities	(277)	(1,800)
Accounts receivable	1,809	390
Income tax receivable	(170)	526
Prepaid expenses and other assets	(9,880)	(9,758)
Accounts payable and accrued liabilities	4,736	4,289
Net cash provided by operating activities	16,621	10,883
Investing activities:		
Purchase of property and equipment	(8,979)	(22,271)
Proceeds from sale of property and equipment	22	1,145
Payments towards gaming license		(7,500)
Restricted cash and investments	592	1,846
Net cash used in investing activities	(8,365)	(26,780)
Financing activities:		
Principal payments on debt	(56)	(253)
Net (repayments) borrowings on line of credit	(9,700)	14,900
Payment of deferred financing costs		(659)
Net cash (used in) provided by financing activities	(9,756)	13,988
Net decrease in cash and cash equivalents	(1,500)	(1,909)
Cash and cash equivalents, beginning of period	69,830	68,469
Cash and cash equivalents, end of the period	\$ 68,330	\$ 66,560

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 or operate fifteen casino gaming facilities in the United States located in Black Hawk, Colorado; Pompano Beach, Florida; Bettendorf, Marquette and Waterloo, Iowa; Lake Charles, Louisiana; Lula, Natchez and Vicksburg, Mississippi; Boonville, Cape Girardeau, Caruthersville and Kansas City, Missouri; and Nemaocolin, Pennsylvania.

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 management's 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 27, 2014 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 2015 and 2014 are both 52-week years, which commenced on April 28, 2014 and April 29, 2013, respectively.

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

Discontinued operations include our former Davenport, Iowa casino operations sold in February 2014. The results of our discontinued operations for the three months ended July 28, 2013 are summarized as follows:

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Net revenues	\$	9,716
Pretax income from discontinued operations		786
Income tax provision from discontinued operations		
Income from discontinued operations		786

3. Long-Term Debt

Long-term debt consists of the following:

	July 27, 2014	April 27, 2014
Senior Secured Credit Facility:		
Revolving line of credit, expires April 19, 2018, interest payable at least quarterly at either LIBOR and/or prime plus a margin	\$ 55,000	\$ 64,700
5.875% Senior Notes, interest payable semi-annually March 15 and September 15	350,000	350,000
7.75% Senior Notes, interest payable semi-annually March 15 and September 15, net of discount	298,551	298,488
8.875% Senior Subordinated Notes, interest payable Semi-annually June 15 and December 15	350,000	350,000
Other	3,057	3,113
	1,056,608	1,066,301
Less current maturities	231	230
Long-term debt	\$ 1,056,377	\$ 1,066,071

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

Our net revolving line of credit availability at July 27, 2014, as limited by our maximum consolidated total leverage ratio, was approximately \$125,000, after consideration of approximately \$33,000 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the Credit Facility of up to 0.55% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rates of the Credit Facility for the three months ended July 27, 2014 was 3.66%.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a total leverage ratio, senior secured 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 the covenants as of July 27, 2014.

5.875% Senior Notes In March 2013, we issued \$350,000 of 5.875% Senior Notes due 2021 (5.875% Senior Notes). The net proceeds from the issuance were used to repay term loans under our Credit Facility. The 5.875% Senior Notes are general unsecured obligations and rank junior to all of our senior secured indebtedness and senior to our senior subordinated indebtedness. The 5.875% Senior Notes are redeemable, in whole or in part, at our option at any time on or after March 15, 2016, with call premiums as defined in the indenture governing the 5.875% Senior Notes.

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 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 7.75% Senior Notes.

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8.875% Senior Subordinated Notes In August 2012, we issued \$350,000 of 8.875% Senior Subordinated Notes due 2020 (*8.875% Senior Subordinated Notes*). The 8.875% Senior Subordinated Notes are general unsecured obligations and rank junior to all of our senior indebtedness. The 8.875% Senior Subordinated Notes are

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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 8.875% Senior Subordinated Notes.

The 5.875% Senior Notes, 7.75% Senior Notes and 8.875% Senior Subordinated Notes are guaranteed, on a joint and several basis, by substantially all of our significant subsidiaries and certain other subsidiaries as described in Note 9. All of the guarantor subsidiaries are wholly owned by us.

The indentures governing the 5.875% Senior Notes, 7.75% Senior Notes and 8.875% Senior Subordinated Notes limit, 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 indentures also limit our ability to issue and sell capital stock of subsidiaries, sell assets in excess of specified amounts or merge with or into other companies.

4. Earnings Per Share

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

Numerator:			
Income (loss) applicable to common shares:			
Loss from continuing operations	\$	(2,317)	\$ (5,648)
Income from discontinued operations			786
Net loss	\$	(2,317)	\$ (4,862)
Denominator:			
Denominator for basic earnings (loss) per share - weighted average shares		39,827,889	39,582,928
Effect of dilutive securities	Employee stock options		
Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed conversions		39,827,889	39,582,928
Basic and Diluted earnings (loss) per share:			
Loss from continuing operations	\$	(0.06)	\$ (0.14)
Income from discontinued operations			0.02
Net loss	\$	(0.06)	\$ (0.12)

Due to the loss from continuing operations, stock options representing 44,418 shares, which are potentially dilutive, and 746,110 shares, which were anti-dilutive, were excluded from the calculation of common shares for diluted earnings per share for the three months ended July 27, 2014. Due to the loss from continuing operations, stock options representing 66,145 shares, which are potentially dilutive, and 961,710 shares, which were anti-dilutive, were excluded from the calculation of common shares for diluted earnings per share for the three months ended July 28, 2013. As the minimum market performance conditions related to our restricted stock units have not been achieved as of July 27, 2014 or July 28, 2013, 1,656,943 and 1,714,286 units have been excluded from the calculation of diluted earnings per share for the respective periods.

5. Stock Based Compensation

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

Restricted Stock Units During fiscal 2013, 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 1,656,943 shares. Any RSUs earned will vest 50% on April 26, 2015 and 50% on April 26, 2016. The fair value of these RSUs was determined utilizing a lattice pricing model which considered a range of assumptions including volatility and risk-free interest rates. The aggregate compensation cost related to these RSUs is \$4,405 to be recognized over the vesting periods. As of July 27, 2014, our unrecognized compensation cost for these RSUs was \$1,609.

Restricted Stock Restricted stock awards are made to employees and directors under annual long-term incentive grants which primarily vest one-third on each anniversary of the grant date. Our aggregate estimate of forfeitures for restricted stock for employees and directors is 15% and 0%, respectively. As of July 27, 2014, our unrecognized compensation cost for unvested restricted stock was \$679 with a remaining weighted average vesting period of 0.92 years. Subsequent to quarter end, on July 31, 2014, we issued 107,214 shares of restricted stock with a weighted average grant-date fair value of \$7.92 to employees.

6. Fair Value

Items Measured at Fair Value on a Recurring Basis The following table sets forth the assets measured at fair value on a recurring basis, by input level, in the consolidated balance sheets at July 27, 2014 and April 27, 2014:

	July 27, 2014		
	Level 1	Level 2	Total
Assets:			
Marketable securities	\$ 9,657	\$ 17,909	\$ 27,566
Restricted cash and investments	4,392	4,733	9,125

	April 27, 2014		
	Level 1	Level 2	Total
Assets:			
Marketable securities	\$ 10,074	\$ 17,215	\$ 27,289
Restricted cash and investments	4,459	5,348	9,807

Marketable securities The estimated fair values of our marketable securities are determined on an individual asset basis based upon quoted prices of identical assets available in active markets (Level 1), quoted prices of identical assets in inactive markets, or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold these marketable securities.

Restricted cash and investments The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets (Level 1), or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold our restricted cash and investments.

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

	July 27, 2014		April 27, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Revolving line of credit	\$ 55,000	\$ 53,350	\$ 64,700	\$ 63,083
5.875% Senior notes	350,000	364,000	350,000	351,750
7.75% Senior notes	298,551	316,839	298,488	318,576
8.875% Senior subordinated notes	350,000	379,750	350,000	373,520
Other long-term debt	3,057	3,057	3,113	3,113
Other long-term obligations	22,629	22,629	22,391	22,391

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 have a carrying amount that approximates fair value.

7. Income Taxes

Income tax expense of \$983 and \$1,411 was recognized from continuing operations during the three months ended July 27, 2014 and July 28, 2013, respectively. We recorded a valuation allowance against the tax benefit recognized during the three months ended July 27, 2014, as we do not currently expect to be able to utilize our interim period tax benefit. Our income tax provision consists of changes in the deferred tax liability attributable to indefinite lived intangibles and expense for state jurisdictions where taxable income is generated without net operating loss carryforwards available.

A summary of our effective income tax rate is as follows:

	Three Months Ended	
	July 27, 2014	July 28, 2013
Federal taxes at the statutory rate	\$ (467)	\$ (1,208)
State taxes	(340)	283
Permanent differences	540	259
Tax credits	(112)	(262)
Other		52
Valuation allowance	1,362	2,287
Income tax provision	\$ 983	\$ 1,411

As of July 27, 2014, we have a full valuation allowance on our federal and state deferred tax assets and have concluded that the valuation allowance was still needed due to our history of cumulative losses. During fiscal 2014, our Florida operations experienced their second consecutive year of substantive pretax income. We continue to evaluate our cumulative income position and income trend, as well as our future projections of sustained profitability for our Florida operations. We will continue to evaluate whether this profitability trend constitutes sufficient positive evidence to support a full, or partial, reversal of our Florida state valuation allowance of approximately \$3,300.

8. Supplemental Disclosures

Cash Flow For the three months ended July 27, 2014 and July 28, 2013, we made net cash interest payments of \$15,887 and \$18,253, respectively. Additionally, we made income tax payments of \$171 and \$106 during the three months ended July 27, 2014 and July 28, 2013, respectively.

The change in accrued purchases of property and equipment in accounts payable was an increase of \$1,096 and a decrease of \$2,590, for the three months ended July 27, 2014 and July 28, 2013, respectively.

9. 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 5.875% Senior Notes, 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 5.875% Senior Notes, 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-Vicksburg, Inc.; IOC-Vicksburg, LLC; Rainbow Casino- Vicksburg Partnership, L.P.; IOC Cape Girardeau, LLC; Isle of Capri Bettendorf, L.C; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Marquette, Inc.; PPI, Inc.; and St. Charles Gaming Company, L.L.C. Each of the subsidiaries guarantees is joint and several with the guarantees of the other subsidiaries.

During fiscal 2014, the IOC-PA, L.L.C. subsidiary changed designations from a Guarantor Subsidiary to a Non-Guarantor Subsidiary. All periods presented below reflect the operations of IOC-PA, L.L.C as a Non-Guarantor Subsidiary.

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Consolidating condensed balance sheets as of July 27, 2014 and April 27, 2014 are as follows:

	As of July 27, 2014				
	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	\$ 31,018	\$ 79,733	\$ 35,638	\$ (6,803)	\$ 139,586
Intercompany receivables	499,928		1,288	(501,216)	
Investments in subsidiaries	546,040	3,358		(549,398)	
Property and equipment, net	7,115	898,570	40,508		946,193
Other assets	33,852	150,795	19,554	(4,220)	199,981
Total assets	\$ 1,117,953	\$ 1,132,456	\$ 96,988	\$ (1,061,637)	\$ 1,285,760
Current liabilities	\$ 37,103	\$ 69,577	\$ 33,500	\$ (6,803)	\$ 133,377
Intercompany payables		476,216	25,000	(501,216)	
Long-term debt, less current maturities	1,056,259		118		1,056,377
Other accrued liabilities	6,641	68,299	7,336	(4,220)	78,056
Stockholders equity	17,950	518,364	31,034	(549,398)	17,950
Total liabilities and stockholders equity	\$ 1,117,953	\$ 1,132,456	\$ 96,988	\$ (1,061,637)	\$ 1,285,760

	As of April 27, 2014				
	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	\$ 16,131	\$ 80,918	\$ 35,589	\$ (199)	\$ 132,439
Intercompany receivables	530,886			(530,886)	
Investments in subsidiaries	535,662	3,358		(539,020)	
Property and equipment, net	6,693	907,175	41,736		955,604
Other assets	35,837	151,044	20,236	(5,086)	202,031
Total assets	\$ 1,125,209	\$ 1,142,495	\$ 97,561	\$ (1,075,191)	\$ 1,290,074
Current liabilities	\$ 33,447	\$ 67,899	\$ 26,716	\$ (199)	\$ 127,863
Intercompany payables		495,416	35,470	(530,886)	
Long-term debt, less current maturities	1,065,913		158		1,066,071
Other accrued liabilities	6,465	68,002	7,375	(5,086)	76,756
Stockholders equity	19,384	511,178	27,842	(539,020)	19,384
Total liabilities and stockholders equity	\$ 1,125,209	\$ 1,142,495	\$ 97,561	\$ (1,075,191)	\$ 1,290,074

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Consolidating condensed statements of operations for the three months ended July 27, 2014 and July 28, 2013 are as follows:

	For the Three Months Ended July 27, 2014				
	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	\$	\$ 244,873	\$ 10,199	\$	\$ 255,072
Rooms, food, beverage, pari-mutuel and other	41	41,441	3,257	(2,304)	42,435
Management fee revenue	8,466			(8,466)	
Gross revenues	8,507	286,314	13,456	(10,770)	297,507
Less promotional allowances		(53,368)	(2,490)		(55,858)
Net revenues	8,507	232,946	10,966	(10,770)	241,649
Operating expenses:					
Casino		38,612	1,516		40,128
Gaming taxes		60,533	3,934		64,467
Rooms, food, beverage, pari-mutuel and other	9,409	84,733	5,665	(2,304)	97,503
Management fee expense		8,166	300	(8,466)	
Depreciation and amortization	468	17,817	1,358		19,643
Total operating expenses	9,877	209,861	12,773	(10,770)	221,741
Operating income (loss)	(1,370)	23,085	(1,807)		19,908
Interest expense, net	(11,183)	(9,521)	(538)		(21,242)
Derivative income					
Equity in income (loss) of subsidiaries	5,809			(5,809)	
Income (loss) from continuing operations before income taxes and noncontrolling interest	(6,744)	13,564	(2,345)	(5,809)	(1,334)
Income tax (provision) benefit	4,427	(6,433)	1,023		(983)
Income (loss) from continuing operations	(2,317)	7,131	(1,322)	(5,809)	(2,317)
Income (loss) of discontinued operations					
Net income (loss)	\$ (2,317)	\$ 7,131	\$ (1,322)	\$ (5,809)	\$ (2,317)

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	For the Three Months Ended July 28, 2013				
	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	\$	\$ 248,367	\$ 2,467	\$	\$ 250,834
Rooms, food, beverage, pari-mutuel and other		179	42,539	2,668	(2,349)