

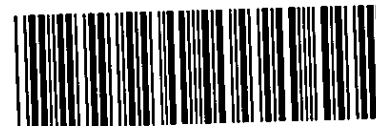
The Isle Casinos Limited

FINANCIAL STATEMENTS

for the period ended

27 April 2008

WEDNESDAY



PC06SB64

PC3

01/07/2009

217

COMPANIES HOUSE

Company Registration No. 4584366

The Isle Casinos Limited

CONTENTS

	Page
Officers and Advisors	1
Directors' Report	2 - 3
Directors' Responsibilities	4
Profit and Loss Account	5
Balance Sheet	6
Accounting Policies	7 - 8
Notes to the Financial Statements	9 - 15

The Isle Casinos Limited

OFFICERS AND ADVISORS

COMPANY NUMBER

04584366

DIRECTORS

J Brackenbury

B Goldstein

D R Mitchell - appointed 31/10/08

AB Solomon - resigned 31/10/08

REGISTERED OFFICE

Ricoh Arena

Phoenix Way

Foleshill

Coventry

CV6 6GE

BANKERS

Bank of Scotland

4th Floor

New Uberior House

11 Earl Grey Street

Edinburgh

EH3 9BN

The Isle Casinos Limited

DIRECTORS' REPORT (continued)

The Directors present their report and the financial statements for the 52 week period ended 27 April 2008.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a casino operator.

On 8 March 2007 the company changed its name from Isle of Capri Casinos Limited to The Isle Casinos Limited.

REVIEW OF THE BUSINESS, FUTURE OUTLOOK AND STRATEGY

The Isle Casino at the Ricoh Arena premises opened for business on 4th July 2007.

Trading activity was significantly lower than anticipated, and whilst focus was place on marketing to promote the facility, trading levels continued to be below the level necessary to generate positive cash flows.

The commencement of a programme of rationalisation of the cost base including the review of staffing levels, helped significantly to minimise the trading losses during the year.

It has been recognised that the carrying value of the Fixed Assets was overstated relative to their realisable value, and, in accordance with stated accounting policies, valuations were undertaken in December 2007. The resulting impairment provisions have been recorded in the 2008 profit and loss account.

Revised levels of trading activity were budgeted for the 2009 trading year, with the expectation of reducing losses to a manageable level and aiming for profitability in the longer term as the facility became established.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company included the possibility that the company would be unable to improve the operating results of the casino property to an acceptable level. In this event, the company could pursue a possible sale or closure of the casino property.

GOING CONCERN

Although the company is trading at a cash loss, it has had continued financial support from it's parent company, Isle of Capri Casinos, Inc. The company expects to continue to receive the necessary support from its parent company until the company can support itself or is fully liquidated.

POST BALANCE SHEET EVENT

On 23rd April 2009 the Isle Casinos Ltd casino operation was sold to Grosvenor Casinos, Rank Group, for £650,000, and all trading assets were transferred out of The Isle Casinos Ltd ownership. The long term lease on the premises at the Ricoh Arena was fully settled and terminated on that same date, through a payment to the landlord of £7,740,000 including VAT.

The Isle Casinos Limited

DIRECTORS' REPORT (continued)

KEY PERFORMANCE INDICATORS

The company's revenue levels were stabilised and costs were significantly reduced over the fiscal year ended April 2008, however the casino property continued to operate at a cash loss. Given the post balance sheet sale of the operating assets and lease termination, the directors believe a further discussion of KPI's is inappropriate.

DONATIONS

During the period the group donated £ 5,000 (2007: £5,000) to charitable organisations, all of which were in the UK. There were no political donations made in the period.

DIRECTORS

The directors who served during the period and subsequently are as stated below:

J Brackenbury
B Goldstein
A B Solomon (resigned 31 October 2008)
D R Mitchell (appointed 31 October 2008)

AUDITORS

No resolution to reappoint the company's auditors will be put to the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no material relevant information excluded from these reports. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that it has been properly reported.

On behalf of the board



Donn Mitchell
Director

30th June 2009

The Isle Casinos Limited

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Isle Casinos Limited
PROFIT AND LOSS ACCOUNT
for the period ended 27 April 2008 – *(Unaudited)*

	<i>Notes</i>	52 weeks 2008 £'000	52 weeks 2007 £'000
Turnover	1	4,290	-
Cost of goods sold		(8,058)	-
Gross Loss		(3,768)	-
Administrative expenses		(8,854)	(3,212)
Impairment	2	(39,325)	-
OPERATING LOSS	2	(51,947)	(3,212)
Interest payable	3	(3,187)	(646)
Interest receivable		652	75
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(54,482)	(3,783)
Taxation	5	-	-
RETAINED LOSS FOR THE PERIOD AFTER TAX	13	(54,482)	(3,783)

The operating loss for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The Isle Casinos Limited

BALANCE SHEET

27 April 2008 (*Unaudited*)

	Notes	27 April 2008 £'000	29 April 2007 £'000
FIXED ASSETS			
Tangible assets	6	2,623	34,817
Investments	7	-	-
		<u>2,623</u>	<u>34,817</u>
CURRENT ASSETS			
Debtors	8	6,539	10,481
Cash at bank and in hand		934	775
		<u>7,473</u>	<u>11,256</u>
CREDITORS: Amounts falling due within one year	9	(8,630)	(33,741)
		<u>(1,157)</u>	<u>(22,485)</u>
NET CURRENT (LIABILITIES)/ASSETS			
		1,466	12,332
CREDITORS: Amounts falling due after more than one year	10	(74,726)	(31,110)
		<u>(73,260)</u>	<u>(18,778)</u>
NET LIABILITIES			
		<u>(73,260)</u>	<u>(18,778)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	(73,260)	(18,778)
		<u>(73,260)</u>	<u>(18,778)</u>
SHAREHOLDERS' DEFICIT	13	(73,260)	(18,778)
		<u>(73,260)</u>	<u>(18,778)</u>

Debtors include £4,518,000, (2007: £4,782,000) which fall due after more than one year.

The financial statements on pages 5 to 15 were approved by the board of directors and authorised for issue on 30th June 2009 and are signed on its behalf by:



Donn Mitchell
Director

The Isle Casinos Limited

ACCOUNTING POLICIES

FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements have been prepared under the going concern concept because the parent undertaking has agreed to provide adequate funds for the company to meet its liabilities as they fall due for a period of at least one year from the date of approval of these accounts.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

GROUP FINANCIAL STATEMENTS

The company has claimed the exemption conferred by section 228A of the Companies Act 1985, as a wholly owned subsidiary of Isle of Capri Casinos, Inc., which prepares group financial statements. Accordingly, these financial statements present information about the company and not its group.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition and construction of site development assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

TURNOVER

Turnover represents the net gaming win together with income from bar and restaurants net of value added tax.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. The company capitalises the cost of purchases of property and equipment and capitalises the cost of improvements to property and equipment that increases the value or extends the useful lives of the assets. Costs of normal repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Years
Slot machines, software and computers	3-4
Furniture, fixtures and equipment	5-10
Leasehold improvements	Life of lease, from date of completion

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

LEASES

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

The Isle Casinos Limited

ACCOUNTING POLICIES (continued)

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

CASH FLOWS

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

ACCOUNTING PERIOD

The financial statements for the current period cover the 52 weeks to 27 April 2008. The comparatives cover the 52 weeks ended 29 April 2007. The facility opened for trading on 4th July 2007.

GOING CONCERN

Although the company is trading at a cash loss, it has had continued financial support from its parent company, Isle of Capri Casinos, Inc. The company expects to continue to receive the necessary support from its parent company until the company can support itself or is fully liquidated.

POST BALANCE SHEET EVENT

On 23rd April 2009 the Isle Casinos Ltd casino operation was sold to Grosvenor Casinos, Rank Group, for £650,000, and all trading assets were transferred out of The Isle Casinos Ltd ownership. The long term lease on the premises at the Ricoh Arena was fully settled and terminated on that same date, through a payment to the landlord of £7,740,000 including VAT.

The Isle Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 27 April 2008 (*Unaudited*)

1	TURNOVER		
	The total turnover of the company for the period has been derived from its principal activity, wholly undertaken in the UK.		
2	OPERATING LOSS	52 weeks 2008	52 weeks 2007
	Operating loss is stated after charging:	£'000	£'000
	Impairment of fixed assets	39,175	-
	Impairment of other assets	150	-
	Depreciation	2,296	5
	Operating lease	895	889
	Auditors' remuneration - audit services (the company)	10	25
	- non audit services	8	3
		<u> </u>	<u> </u>
3	INTEREST PAYABLE	52 weeks 2008	52 weeks 2007
		£'000	£'000
	Total interest charged by the parent company	3,659	2,603
	Interest capitalised (note 6)	(472)	(1,957)
		<u> </u>	<u> </u>
	Interest charged to profit and loss account	3,187	646
		<u> </u>	<u> </u>
4	EMPLOYEES	52 weeks 2008	52 weeks 2007
		Number	Number
	The average monthly number of employees (FTE's) during the period was as follows:		
	Directors and Management	30	14
	Bar and Restaurant	73	-
	Facilities and Security	33	-
	Gaming	83	-
		<u> </u>	<u> </u>
		52 weeks 2008	52 weeks 2007
		£'000	£'000
	EMPLOYEE COSTS		
	Wages and salaries	3,486	316
	Social security costs	267	56
		<u> </u>	<u> </u>
		3,753	372
		<u> </u>	<u> </u>

The Isle Casinos Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 27 April 2008 (*Unaudited*)

5	TAXATION	52 weeks 2008 £'000	52 weeks 2007 £'000
	Adjustment to group relief receivable in respect of previous period	-	-
	Deferred tax:		
	Origination and reversal of timing differences	-	-
	Total tax charge	-	-
	Factors affecting tax charge/(credit) for the year:		
	The tax assessed for the year is lower than the standard rate of corporation tax for companies 29.85% (2007: 30%). The differences are explained below:		
	Loss on ordinary activities before tax	(54,482)	(3,783)
	Loss on ordinary activities multiplied by the standard rate of corporation tax 29.85 (2007: 30%)	(16,263)	(1,135)
	Effects of:		
	Expenses not deductible for tax purposes	12424	338
	Other timing differences	951	-
	Taxation losses carried forward to future periods	2,888	797
	Adjustment to tax charge in respect of previous period	-	-
	Current tax charge for the period	-	-

The Isle Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 27 April 2008 (*Unaudited*)

Deferred taxation

A deferred taxation asset of £Nil (2007: £Nil) has been recognised by the company in respect of short term timing differences.

The company has gross losses available for offset against future taxable profits of £17,655,000 (2007: £7,722,000). The company has not recognised these as a deferred tax asset as there is not sufficient certainty that the company will have enough suitable taxable profits to offset these losses. (See note 11).

Factors affecting future tax charges

Corporation tax charges will be reduced to the extent that the company is able to utilise the losses set out above. With effect from 1 April 2008 the main rate of corporation tax in the UK has reduced from 30% to 28%.

The Isle Casinos Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 27 April 2008 (*Unaudited*)

6	TANGIBLE FIXED ASSETS	Short leasehold improvements site development £'000	Fixtures, fittings and equipment £'000	Gaming Equipment £'000	Total £'000
	Cost:				
	At 29 April 2007	34,788	34	-	34,822
	Additions	6,392	1,257	1,628	9,277
	Impairment	(40,583)	(408)	(481)	(41,472)
	At 27 April 2008	597	883	1,147	2,627
	Depreciation:				
	At 29 April 2007	-	5	-	5
	Charge in the period	1,460	403	433	2,296
	Impairment	(1,456)	(408)	(433)	(2,297)
	At 27 April 2008	4	-	-	4
	Net book value 27 April 2008	593	883	1147	2,623
	29 April 2007	34,788	29	-	34,817

The cost of site development includes capitalised interest of £472,000, (2007: £2,310,000). This has been capitalised at an annual rate of 10%, as charged by the parent undertaking (see note 11).

The carrying values of the tangible fixed assets were evaluated for impairment in December 2007 and the resulting diminution in asset value has been written off in the profit and loss account in year ended 27 April 2008.

The Isle Casinos Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 27 April 2008 (*Unaudited*)

7	FIXED ASSET INVESTMENTS	Subsidiary undertakings £'000
	Cost:	
	At 29 April 2007 and 27 April 2008	5,342
	Provision for diminution in value:	
	At 29 April 2007 and 27 April 2008	(5,342)
	Net book value:	
	At 29 April 2007 and 27 April 2008	-

The company owns 66.67% of the ordinary share capital of Blue Chip Casinos Ltd, a company incorporated in England and Wales. The activity of Blue Chip Casinos Ltd is that of a casino group. Blue Chip Casinos Ltd owns 100% of the issued share capital of Casino Investments Limited, which owns properties, Casinos Management Limited, which operates casinos and Casinos Projects Limited, which organises new product development. These companies are registered in England and Wales. The aggregate share capital and reserves of Blue Chip Casinos Ltd at the period end amounted to a liability of £ 7,962,000 (2007: £3,042,000) and the loss for the period amounted to £4,920,000 (2007: £2,015,000).

The company has the option to require the minority shareholders to sell their shares to the company at fair value or at a price to be agreed upon. This option is available for a period of two years from the later of November 2008 or three years after the introduction of new gaming laws. If the company does not exercise its option, the minority shareholders have the right, during the one year period after the option expiration date, to require the company to purchase the minority shares at a fair value or at a price to be agreed upon.

Subsequent to the Balance Sheet date, Blue Chip Casinos Ltd and all related companies filed for administration. The ultimate wind up of the administration process is uncertain at this time but could result in the eventual sale of the operating assets to settle the outstanding debts of Blue Chip Casinos Ltd.

8	DEBTORS	2008 £'000	2007 £'000
	Prepayments and accrued income	5,359	5,181
	VAT recoverable	1,180	5,300
		6,539	10,481

Included in prepayments is an amount of £4,518,000 (2007: £4,782,000) in respect of rent for Coventry Arena, which will be expensed in the profit and loss account after more than one year. These prepaid rents were recovered on a net basis through the post balance sheet settlement and termination of the operating lease agreement.

The Isle Casinos Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 27 April 2008 (*Unaudited*)

9	CREDITORS: Amounts falling due within one year	2008 £'000	2007 £'000
	Trade creditors	281	1,875
	Amount owed to parent undertaking	6,554	31,295
	Accruals and deferred income	1,795	571
		<u>8,630</u>	<u>33,741</u>

10	CREDITORS: Amounts falling due after more than one year	2008 £'000	2007 £'000
	Amounts owed to parent company	<u>74,726</u>	<u>31,110</u>

Of the amounts owed to the parent company, £ 5,000,000 (2007: £5,000,000) represent non-interest bearing unsecured loans which are repayable after five years. The remaining £ 69,726,000 (2007: £26,110,000) represents an intercompany note payable, which is repayable after more than 5 years. Interest on the note began accruing as of the last fiscal quarter of 2006 and is charged at an annual rate of 10%.

11 DEFERRED TAXATION

	Provided 27 April 2008 £'000	Provided 29 April 2007 £'000	Not provided 27 April 2008 £'000	Not provided 29 April 2007 £'000
Short term timing differences	-	-	(1,800)	(1,009)
Tax losses	-	-	(4,943)	(2,162)
	<u>-</u>	<u>-</u>	<u>(6,743)</u>	<u>(3,171)</u>

12	SHARE CAPITAL	2008 £	2007 £
	Authorised: Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid: Ordinary shares of £1 each	<u>1</u>	<u>1</u>

The Isle Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 27 April 2008 (*Unaudited*)

13	RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' DEFICIT	Share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
	At beginning of period	-	(18,778)	(18,778)
	Loss for the period	-	(54,482)	(54,482)
	At 27 April 2008	-	73,260	73,260

14 OPERATING LEASES

As set out in note 8 the company has prepaid rent for Coventry Arena. The commencement of the lease was 25 December 2005, with average annual rent expense over the first five years of the lease being approximately £895,000. The period of lease is 25 years with the company having an option to break after 15 years. Rent payable is subject to five yearly review. The rentals payable in the year ending 27 April 2008 are £546,000, with annual rent payable of £623,000, until the first rent review in December 2010.

The lease was terminated on 23rd April 2009, when the business was sold by Isle Casinos Ltd to Rank Group.

15 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

As the company is a wholly owned subsidiary undertaking of Isle of Capri Casinos Inc., a company incorporated in the United States of America, which prepares published consolidated financial statements, the company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries or investees of the group.

There were no material transactions with Directors of The Isle Casinos Limited or other related parties during the period, which would require disclosure in these financial statements.

16	CAPITAL COMMITMENTS	2008 £'000	2007 £'000
	Capital expenditure contracted for but not provided in the financial statements	896	4,267

17 ULTIMATE CONTROLLING PARTY

The group is controlled by Isle of Capri Casinos, Inc.

The parent undertaking of the only group for which consolidated accounts are prepared is Isle of Capri Casinos Inc., a company incorporated in the United States of America. Consolidated accounts are available from 600 Emerson Road, Suite 300, Saint Louis, Missouri, 63141, USA.