

CENTURY CASINOS INC /CO/
Form 10-Q
August 09, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from to

Commission file number 0-22290

CENTURY CASINOS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

84-1271317

(I.R.S. Employer Identification No.)

1263 Lake Plaza Drive Suite A, Colorado Springs, Colorado 80906

(Address of principal executive offices)

(Zip Code)

(719) 527-8300

(Registrant's telephone number, including area code)

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 X No

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

Large accelerated filer Accelerated filer X Non-accelerated filer

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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Common stock, \$0.01 par value per share, 23,451,067 shares outstanding as of August 8, 2007.

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CENTURY CASINOS, INC.

FORM 10-Q INDEX

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CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

<i>Amounts in thousands, except for share information</i>	<u>June 30, 2007</u>	<u>December 31, 2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 14,193	\$ 34,969
Restricted cash	2,155	2,352
Receivables, net	847	934
Prepaid expenses	1,353	1,183
Inventories	461	445
Other current assets	480	1,091
Deferred income taxes – foreign	263	193
Total current assets	19,752	41,167
Property and Equipment, net	129,177	124,638
Goodwill	12,667	12,262
Investment in Unconsolidated Subsidiary	9,797	-
Casino Licenses and Other Intangible Assets	10,482	9,341
Deferred Income Taxes – domestic	1,968	1,763
– foreign	2,231	2,143
Note Receivable (see Note 2)	-	5,170
Other Assets	1,926	1,376
Total	\$ 188,000	\$ 197,860
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 10,829	\$ 20,669
Accounts payable and accrued liabilities	7,328	10,625
Accrued payroll	1,958	2,172
Taxes payable	2,162	2,509
Deferred income taxes – domestic	16	16
Total current liabilities	22,293	35,991
Long-Term Debt, less current portion	55,192	56,036
Other Long-Term Accrued Liabilities	1,518	-
Minority Interest	4,759	5,406
Commitments and Contingencies		
Shareholders' Equity:		
Preferred stock; \$.01 par value; 20,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; \$.01 par value; 50,000,000 shares authorized; 23,168,443 shares issued; 23,051,067 and 23,004,067 shares outstanding, respectively	232	232
Additional paid-in capital	69,870	69,779
Accumulated other comprehensive earnings	3,931	2,768
Retained earnings (see Note 5)	30,470	28,020

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		104,503		100,799
Treasury stock – 117,376 and 164,376 shares at cost, respectively		(265)		(372)
Total shareholders' equity		104,238		100,427
Total	\$	188,000	\$	197,860

See notes to condensed consolidated financial statements.

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CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands, except for share information</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating revenue:				
Casino	\$ 21,489	\$ 11,260	\$ 41,378	\$ 20,406
Hotel, food and beverage	2,979	1,272	5,846	2,354
Other	446	321	939	470
	24,914	12,853	48,163	23,230
Less promotional allowances	2,241	984	4,429	1,885
Net operating revenue	22,673	11,869	43,734	21,345
Operating costs and expenses:				
Casino	8,473	4,357	16,568	7,654
Hotel, food and beverage	2,542	1,000	5,125	1,830
General and administrative	6,984	4,516	12,785	7,559
Impairments and other write-offs, net of recoveries	40	7	25	15
Depreciation	2,304	933	4,323	1,705
Total operating costs and expenses	20,343	10,813	38,826	18,763
Earnings from unconsolidated subsidiary	54	-	54	-
Earnings from operations	2,384	1,056	4,962	2,582
Non-operating income (expense):				
Interest income	443	319	717	597
Interest expense	(1,699)	(411)	(3,631)	(615)
Other (expense) income, net	(41)	225	787	319
Non-operating (expense) income, net	(1,297)	133	(2,127)	301
Earnings before income taxes, minority interest and preferred dividends	1,087	1,189	2,835	2,883
Provision for income taxes	304	105	628	461
Earnings before minority interest and preferred dividends	783	1,084	2,207	2,422
Minority interest in subsidiary losses, net	315	247	652	599
Preferred dividends issued by subsidiary	(57)	-	(276)	-
Net earnings	\$ 1,041	\$ 1,331	\$ 2,583	\$ 3,021
Earnings per share:				
Basic	\$ 0.05	\$ 0.06	\$ 0.11	\$ 0.13
Diluted	\$ 0.04	\$ 0.06	\$ 0.11	\$ 0.13

See notes to condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)**

	For the three months ended <u>June 30,</u>		For the six months ended <u>June 30,</u>	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net earnings	\$ 1,041	\$ 1,331	\$ 2,583	\$ 3,021
Foreign currency translation adjustments	2,677	(1,397)	1,163	(409)
Comprehensive earnings (loss)	\$ 3,718	\$ (66)	\$ 3,746	\$ 2,612

See notes to condensed consolidated financial statements.

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CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Net earnings	\$ 2,583	\$ 3,021
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	4,323	1,705
Imputed interest	88	-
Amortization of share-based compensation	28	201
Amortization of deferred financing costs	236	30
Deferred tax expense	(301)	(257)
Minority interest in subsidiary losses	(652)	(599)
Earnings from unconsolidated subsidiary	(54)	-
Other	-	11
Excess tax benefits from stock-based payment arrangements	(62)	(376)
Changes in operating assets and liabilities:		
Receivables	127	(400)
Prepaid expenses and other assets	(697)	211
Accounts payable and accrued liabilities	(3,795)	(2,454)
Accrued payroll	(249)	57
Taxes payable	(307)	(230)
Net cash provided by operating activities	1,268	920
Cash Flows from Investing Activities:		
Purchases of property and equipment	(6,014)	(25,476)
Note receivable	-	(4,751)
Acquisition of remaining interest in Century Resorts Alberta, Inc.	-	(5,135)
Cash contribution of \$0.7 million towards interest in Century Casino Millennium, plus net cash acquired of \$0.4 million	-	(278)
Cash contribution of \$6.7 million towards interest in Newcastle, less net cash acquired of \$1.6 million	-	(5,068)
Cash contribution of \$2.0 million towards interest in G5 Sp. z o.o.	(2,016)	-
Proceeds from disposition of assets	13	86
Net cash used in investing activities	(8,017)	(40,622)

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CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>
Cash Flows from Financing Activities:		
Proceeds from borrowings	\$ 12,988	\$ 44,630
Principal repayments	(26,606)	(16,049)
Excess tax benefits from stock-based payment arrangements	62	376
Deferred financing charges	(40)	(10)
Decrease in restricted cash	202	-
Proceeds from exercise of options	106	450
Other	-	(47)
Net cash (used in) provided by financing activities	(13,288)	29,350
Effect of Exchange Rate Changes on Cash	(739)	700
Decrease in Cash and Cash Equivalents	(20,776)	(9,652)
Cash and Cash Equivalents at Beginning of Period	34,969	37,167
Cash and Cash Equivalents at End of Period	\$ 14,193	\$ 27,515

Supplemental Disclosure of Non-cash Financing Activities:

The Company had approximately \$7.6 million of accrued construction liabilities relating to its projects in Central City, Colorado and Edmonton, Alberta, Canada as of June 30, 2006. The Company offset the total purchases of property and equipment for the six months ended June 30, 2006 by this amount.

On January 12, 2006, Century Resorts International Ltd. ("CRI") purchased the remaining 43.6% equity interest in Century Resorts Alberta, Inc. ("CRA"). In conjunction with this acquisition, CRI assumed the following assets and liabilities:

<i>Amounts in thousands</i>		
Fair value of minority interest acquired	\$	1,818
Goodwill		4,342
Long-term debt		(1,025)
Cash paid	\$	5,135

The assets acquired and liabilities assumed are reported in the condensed consolidated balance sheets. CRA is a new entity and pro forma information is not applicable.

On April 13, 2006, Century Casinos Europe GmbH ("CCE") purchased the remaining 50% interest in Century Casino Millennium ("CM") for approximately \$0.7 million. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

<i>Amounts in thousands</i>		
Cash	\$	402

Restricted cash	845
Accounts receivable	153
Property and equipment, net	594
Goodwill	(345)
Other assets, including intercompany debt assumed	196
Accounts payable and accrued liabilities	(132)
Accrued payroll	(9)
Taxes payable	(343)
Long-term debt	(681)
Cash paid	\$ 680

The purchase price allocation for CM was completed in June 2006. The final allocation of the purchase price increased goodwill and reduced the value of the Company's tangible assets by an immaterial amount. The assets acquired and liabilities assumed are reported in the condensed consolidated balance sheet.

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Century Casinos Africa completed the purchase of a 60% controlling interest in Century Casino Newcastle (“CNEW”) on April 1, 2006 for approximately \$7.4 million (45.5 million Rand). To date, the Company has paid \$6.7 million (40.5 million Rand) towards the purchase. The remaining \$0.7 million (5.0 million Rand) has been accrued as a current liability on the condensed consolidated balance sheet as of June 30, 2007. The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

<i>Amounts in thousands</i>	
Cash	\$ 1,530
Accounts receivable	35
Prepaid expenses	91
Inventory	74
Property and equipment, net	3,009
Casino licenses	8,911
Deferred income taxes – foreign	1,314
Accounts payable and accrued liabilities	(801)
Accrued payroll	(183)
Taxes payable	(446)
Long-term debt	(1,965)
Amount credited to minority partner	(4,917)
Cash paid	\$ 6,652

The assets acquired and liabilities assumed are reported in the condensed consolidated balance sheet.

On March 12, 2007, CCE purchased G5 Sp. z o.o, a Polish entity that owns a 33.3% interest in Casinos Poland Ltd (“CPL”). The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

<i>Amounts in thousands</i>	
Investment in Casinos Poland Ltd.	\$ 8,944
Accounts payable and accrued liabilities	(277)
Long-term debt, including intercompany debt assumed	(6,651)
Cash paid	\$ 2,016

The assets acquired and liabilities assumed, other than intercompany debt, are reported in the condensed consolidated balance sheet.

Supplemental Disclosure of Cash Flow Information:

<i>Amounts in Thousands</i>	For the six months ended June 30,	
	2007	2006
Interest paid	\$ 4,005	\$ 1,564
Income taxes paid	\$ 1,390	\$ 84

See notes to condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Century Casinos, Inc. (“CCI” or the “Company”) is an international casino entertainment company. The Company owns and/or manages casino operations in North America, South Africa, the Czech Republic and international waters through various entities that are wholly owned or in which we have a majority ownership position. In addition, the Company holds a 33.3% ownership interest in CPL, the owner and operator of seven casinos and one slot arcade in Poland. The Company continues to pursue other international projects in various stages of development.

The accompanying condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial reporting and the instructions to Form 10-Q and

Rule 10-01 of Regulation S-X. The accompanying condensed consolidated financial statements include the accounts of CCI and its majority-owned subsidiaries. All intercompany transactions and balances have been eliminated. The financial statements of all foreign subsidiaries consolidated herein have been converted to US GAAP for financial statement presentation purposes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. Certain reclassifications have been made to the 2006 financial information in order to conform to the 2007 presentation.

In the opinion of management, all adjustments considered necessary for fair presentation of financial position, results of operations and cash flows have been included. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006. The results of operations for the period ended June 30, 2007 are not necessarily indicative of the operating results for the full year.

Presentation of Foreign Currency Amounts - Historical transactions that are denominated in a foreign currency are translated and presented at the United States exchange rate in effect on the date of the transaction. Commitments that are denominated in a foreign currency and all balance sheet accounts other than shareholders’ equity are translated and presented based on the exchange rate at the end of the reported periods. Current period transactions affecting the profit and loss of operations conducted in foreign currencies are valued at the average exchange rate for the period in which they are incurred. The exchange rates used to translate balances at the end of the reported periods are as follows:

	<u>June 30, 2007</u>	<u>December 31, 2006</u>	<u>June 30, 2006</u>
Canadian Dollars (CAD)	1.0634	1.1653	1.1150
Czech Koruna (CZK)	21.2340	20.8500	22.3270
Euros (€)	0.73971	0.7578	0.7827
Polish Zloty (PLN)	2.7852	2.9016	N/A
South African Rand (ZAR)	7.0471	7.0496	7.1704
Source: Pacific Exchange Rate Service			

2. ACQUISITIONS

Century Casino Newcastle: On April 1, 2006, the Company acquired a 60.0% ownership in CNEW for approximately \$7.4 million (ZAR 45.5 million). To date, the Company has paid \$6.7 million (ZAR 40.5 million) towards the purchase. The remaining \$0.7 million (ZAR 5.0 million) is payable on the one year anniversary of the opening of a new casino (December 2, 2007) and is classified as a current liability on the June 30, 2007 and December 31, 2006 condensed consolidated balance sheets. Pro forma results of operations have not been presented as they would not have been materially different from previously reported amounts.

An additional \$0.4 million (ZAR 2.5 million) will be payable to the minority shareholders if casino revenue during the first 12 months of operations at the new casino exceeds \$13.5 million (ZAR 95.0 million). As of June 30, 2007, the Company does not deem it probable that casino revenue will exceed the required amount.

The final purchase price allocation resulted in the recognition of \$8.9 million (ZAR 54.3 million) of indefinite lived intangible assets. Intangible assets acquired represent casino licenses.

G5 Sp. z o.o.: On March 12, 2007, the Company completed the acquisition of G5 Sp. z o.o. ("G5") for approximately \$2.8 million (€2.2 million). To date, the Company has paid \$2.0 million (€1.6 million). The remaining \$0.8 million (€0.6 million) is payable on September 12, 2007 and is classified as a current liability on the June 30, 2007 condensed consolidated balance sheet. In connection with the purchase, the Company loaned G5 approximately \$6.2 million (PLN 18.0 million) to repay existing loans between G5 and its creditors. The loan is secured by the outstanding shares of G5. Interest payments, calculated at the 1-month LIBOR rate plus 2% per annum, are payable annually. The loan matures on June 21, 2011. The loan and related interest are eliminated in consolidation subsequent to the acquisition. G5 owns 33.3% of all shares issued by CPL. CPL owns and operates seven casinos and one slot arcade in Poland (See Note 3).

3. EQUITY INVESTMENT IN UNCONSOLIDATED SUBSIDIARY

The Company has a 33.3% ownership interest in CPL, and we account for this investment under the equity method.

The Company records its share of CPL's earnings on a one-month lag. Following is the summarized unaudited financial information of CPL as of May 31, 2007:

<i>Amounts in thousands</i>	As of
	<u>May 31, 2007</u>
Balance Sheet:	
Current assets	\$ 5,416
Noncurrent assets	\$ 11,382
Current liabilities	\$ 11,651
Noncurrent liabilities	\$ 4,743
<u>March 12, 2007</u>	
<u>through</u>	
<u>May 31, 2007</u>	
Operating Results:	
Net operating revenue	\$ 14,132
Net earnings	\$ 164

The Company's maximum exposure to losses at June 30, 2007 is \$9.8 million, the value of its equity investment in CPL.

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4. SHAREHOLDERS' EQUITY

Subsidiary Preference Shares - In connection with the granting of a gaming license to Century Casinos Caledon (Pty) Ltd. ("CCAL") by the Western Cape Gambling and Racing Board in April 2000, CCAL issued a total of 200 preference shares, 100 shares each to two minority shareholders, each of whom has one seat on the board of directors of CCAL, neither of whom is an officer, director or affiliate of CCI. In January 2006, 200 preference shares of a new class ("Class A shares") were authorized for issuance. The Class A shares are neither cumulative nor redeemable. Each Class A share entitles the holder to dividends of 0.009% of the annual gross gambling revenue of the Caledon Hotel, Spa and Casino after the deduction of gaming taxes and value added tax. Furthermore, if the casino business is sold or otherwise dissolved, for each Class A share held, the shareholder would be entitled to 0.009% of any surplus directly attributable to the casino business, net of all liabilities attributable to the casino business. In March 2007, the second of the two preference shareholders accepted the offer to transfer all 100 of its original preference shares for 100 Class A shares and was paid ZAR 5,000 per share as an incentive to exchange their original preference shares for Class A shares.

CCAL paid \$0.3 million (ZAR 2.0 million) of preference dividends for the six months ended June 30, 2007, which includes a one time dividend payment of \$0.2 million (ZAR 1.2 million) to the preference shareholder that exchanged its shares.

2007 Equity Grant – On July 3, 2007, the Company issued 200,000 shares of restricted common stock to each of its Co Chief Executive Officers. The Company also granted an aggregate of 60,000 stock options with an exercise price of \$9.00 per share to employees of the Company. The restricted common stock and stock options vest ratably over a four-year period.

In addition, on July 3, 2007, the Company granted an aggregate of 25,000 stock options with an exercise price of \$9.00 per share to independent directors of the Company. These stock options vest one year from grant date.

Subsequent to the issuance of this grant, there is \$4.0 million of total unrecognized compensation expense related to unvested stock options and unvested restricted common stock remaining to be recognized. Of this total, \$0.9 million will be recognized over the remainder of 2007 and \$3.1 million will be recognized in subsequent years through 2011.

5. PROMOTIONAL ALLOWANCES

Promotional allowances presented in the condensed consolidated statements of earnings for the three- and six-month periods ended June 30, 2007 and 2006 include the following:

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Food & Beverage and Hotel	\$ 772	\$ 284	\$ 1,461	\$ 571
Free Plays or Coupons	823	323	1,611	658
Player Points	646	377	1,357	656
Total Promotional Allowances	\$ 2,241	\$ 984	\$ 4,429	\$ 1,885

6. INCOME TAXES

The Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"), on January 1, 2007. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company has analyzed filing positions in all of the federal, state and foreign jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company has identified its U.S. federal tax return, its state tax return in Colorado and its foreign tax returns in South Africa as "major" tax jurisdictions, as defined. The only periods subject to examination for the Company's federal return are the 2005 and 2006 tax years. The periods subject to examination for the Company's state returns in Colorado are years 2003 through 2006. The periods subject to examination for the Company's statutory income tax returns in South Africa are years 2002 through 2006. As a result of the implementation of FIN 48, we recognized a \$0.1 million liability for unrecognized tax liabilities related to tax positions taken in prior periods, which is recorded as a component of other long-term accrued liabilities. This increase was accounted for as an adjustment to the opening balance of retained earnings on January 1, 2007.

We may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. The Company's policy for recording interest and penalties associated with audits is to record such items as a component of earnings before income taxes. Penalties are recorded in general and administrative expenses and interest paid or received is recorded in interest expense or interest income, respectively, in the condensed consolidated statement of earnings.

The income tax provisions are based on estimated full-year earnings for financial reporting purposes adjusted for permanent differences. The provision for income tax expense consists of the following:

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Provision for federal income taxes	\$ (89)	\$ (242)	\$ (151)	\$ (211)
Provision for state income taxes	(11)	(34)	(20)	(30)
Provision for foreign income taxes	404	381	799	702
Total provision for income taxes	\$ 304	\$ 105	\$ 628	\$ 461

Reconciliation of federal income tax statutory rate to the Company's effective tax rate is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Federal income tax statutory rate	34.0%	34.0%	34.0%	34.0%
Foreign income taxes	(51.0%)	(57.1%)	(47.9%)	(47.5%)
State income tax (net of federal benefit)	0.8%	0.2%	2.2%	1.3%
Losses assigned to minority partner	14.1%	11.5%	11.1%	9.5%
Permanent and other items	30.1%	20.2%	22.8%	18.7%
Total provision for income taxes	28.0%	8.8%	22.2%	16.0%

The Company consolidates the results of CC Tollgate LLC ("CTL") in which it holds a 65% majority interest. No provision for income tax on the losses allocated to the minority partner are included in the condensed consolidated statements of earnings for the three and six months ended June 30, 2007 and 2006.

7. EARNINGS PER SHARE

Basic and diluted earnings per share for the three and six months ended June 30, 2007 and 2006 were computed as follows:

<i>Amounts in thousands, except for share information</i>	For the three months ended June 30,		For the six months ended June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Basic Earnings Per Share:				
Net earnings	\$ 1,041	\$ 1,331	\$ 2,583	\$ 3,021
Weighted average common shares	23,051,067	22,749,798	23,039,429	22,565,182
Basic earnings per share	\$ 0.05	\$ 0.06	\$ 0.11	\$ 0.13
Diluted Earnings Per Share:				
Net earnings	\$ 1,041	\$ 1,331	\$ 2,583	\$ 3,021
Weighted average common shares	23,051,067	22,749,798	23,039,429	22,565,182
Effect of dilutive securities:				
Stock options and warrants	836,855	1,265,966	895,974	1,399,652
Dilutive potential common shares	23,887,922	24,015,764	23,935,403	23,964,834
Diluted earnings per share	\$ 0.04	\$ 0.06	\$ 0.11	\$ 0.13

8. SEGMENT INFORMATION

We are managed in seven segments, based primarily on our casino properties. Each casino property derives its revenues primarily from casino operations, room rentals and/or food and beverage sales.

<i>Amounts in thousands</i>	Long-Lived Assets*		Total Assets	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Cripple Creek (Colorado, USA)	\$ 29,165	\$ 29,324	\$ 31,585	\$ 31,465
Central City (Colorado, USA)	43,392	43,952	47,076	48,661
Edmonton (Alberta, Canada)	35,063	31,927	41,107	39,305
Caledon (South Africa)	18,594	17,188	20,480	19,134
Newcastle (South Africa)	23,080	21,499	25,060	24,535
Other operating:				
Casino Millennium (Czech Republic)	551	496	2,095	2,166
Cruise Ships (International)	1,072	1,032	1,697	1,839
Corporate	1,409	823	18,900	30,755
Total	\$ 152,326	\$ 146,241	\$ 188,000	\$ 197,860

* Long-lived assets consist of property and equipment, goodwill, casino licenses and other long-lived intangible assets.

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Net Operating Revenue				
	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	2007	2006	2007	2006
Cripple Creek (Colorado, USA)	\$ 4,440	\$ 3,968	\$ 8,499	\$ 7,804
Central City (Colorado, USA)	5,060	-	9,575	-
Edmonton (Alberta, Canada)	4,480	1	8,632	2
Caledon (South Africa)	4,414	4,662	8,798	9,433
Newcastle (South Africa)	3,057	2,050	5,710	2,050
Other operating:				
Casino Millennium (Czech Republic)	557	395	1,143	395
Cruise Ships (International)	664	780	1,370	1,639
Corporate	1	13	7	22
Total	\$ 22,673	\$ 11,869	\$ 43,734	\$ 21,345

Net Earnings				
	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	2007	2006	2007	2006
Cripple Creek (Colorado, USA)	\$ 793	\$ 616	\$ 1,347	\$ 1,169
Central City (Colorado, USA)	50	(367)	(5)	(367)
Edmonton (Alberta, Canada)	298	(75)	604	(64)
Caledon (South Africa)	844	736	1,509	1,882
Newcastle (South Africa)	276	270	537	270
Other operating:				
Casino Millennium (Czech Republic)	(35)	(81)	47	(81)
Cruise Ships (International)	(98)	119	(16)	287
Corporate	(1,087)	113	(1,440)	(75)
Total	\$ 1,041	\$ 1,331	\$ 2,583	\$ 3,021

9. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

Hermanus Road Construction– On March 27, 2007, CCAL and the Provincial Government of the Western Cape entered into an agreement whereby CCAL committed \$1.1 million (ZAR 8.0 million) towards the construction of a highway between Caledon and Hermanus, South Africa. CCAL will be billed by the Provincial Government in increments of 16% of the value of work completed by the contractor. Construction of the road is expected to begin by April 1, 2008 and be completed by April 1, 2009. CCAL will not be responsible for any amounts in excess of \$1.1 million (ZAR 8.0 million) or for any construction costs subsequent to April 1, 2009. Any excess costs will be borne by the Provincial Government. The Company has recorded \$1.1 million (ZAR 8.0 million) as a component of other long-term accrued liabilities and casino licenses and other intangible assets on the June 30, 2007 condensed consolidated balance sheet.

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

Forward-Looking Statements, Business Environment and Risk Factors

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, Century Casinos, Inc. (the "Company") may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends and future expectations of the Company and other matters that do not relate strictly to historical facts and are based on certain assumptions by management. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of the management of the Company based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled "Risk Factors" under Item 1A in our Annual Report on Form 10-K filed on March 16, 2007. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

This report includes amounts translated into U.S. dollars from certain foreign currencies. For a description of the currency conversion methodology and exchange rates used for certain transactions, see Note 1 to the condensed consolidated financial statements included elsewhere in this report.

References in this item to "we," "our," or "us" are to the Company and its subsidiaries on a consolidated basis unless the context otherwise requires.

OVERVIEW

Our executive officers review operating results, assess performance and make decisions related to the allocation of resources on a property-by-property basis. We, therefore, believe that each property is an operating segment. In order to provide more detail than would be possible on a consolidated basis, our properties have been grouped as follows to facilitate discussion of our operating results:

Cripple Creek, Colorado includes the operating results of WMCK Venture Corp. ("WMCK") and subsidiaries, which own Womacks Casino and Hotel ("Womacks") in Cripple Creek, Colorado.

Edmonton, Canada includes the operating results of Century Resorts Alberta, Inc. (and its sister company 1214741 Alberta Ltd.), which owns and operates the Century Casino & Hotel in Edmonton, Alberta, Canada.

Caledon, South Africa includes the operating results of Century Casinos Caledon (Pty) Ltd. ("CCAL"), which operates the Caledon Hotel, Spa and Casino, and its related food service operation.

Newcastle, South Africa includes the operating results of Century Casino Newcastle (Pty) Ltd. ("CNEW"), which owns and operates Century Casino Newcastle in Newcastle, South Africa and its related food service operation.

Central City, Colorado includes the operating results of Century Casinos Tollgate, Inc., which owns a majority interest in and operates a casino and hotel in Central City, Colorado.

All Other Operating Segments includes the operating results of the shipboard operations for which the Company has casino concession agreements and, subsequent to April 13, 2006, the operating results of Century Casino Millennium (“CM”) located in Prague, Czech Republic.

Corporate operations include, among other items, the expenses associated with being a public company, including Sarbanes-Oxley Act compliance, the results of our equity investment in Casinos Poland and general corporate overhead expenses. In addition, reclassification and eliminating entries are recorded in this segment.

ADJUSTED EBITDA

The following discussion includes a pro forma measurement of net earnings that we define as earnings before interest, taxes, depreciation, amortization and minority interest (“Adjusted EBITDA”). Adjusted EBITDA is not considered a measure of performance recognized under US GAAP. Management believes that Adjusted EBITDA is a valuable measure of the relative non-US GAAP performance among our operating segments. The gaming industry commonly uses Adjusted EBITDA as a method of arriving at the economic value of a casino operation. Management uses Adjusted EBITDA to compare the relative operating performance of separate operating units by eliminating the interest income, interest expense, income tax expense, depreciation expense, amortization expense and minority interest associated with the varying levels of capital expenditures for infrastructure required to generate revenue, and the often high cost of acquiring existing operations. Our lending institutions use EBITDA (Earnings before interest, taxes, depreciation and amortization) to gauge operating performance. Other companies may not define, calculate or use Adjusted EBITDA in the same manner as we do.

The following table shows Adjusted EBITDA by property. For a reconciliation of net earnings to Adjusted EBITDA, please refer to the individual segment’s discussion in the following Management’s Discussion and Analysis.

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Adjusted EBITDA				
Cripple Creek, Colorado	\$ 1,678	\$ 1,494	\$ 2,971	\$ 2,880
Central City, Colorado	1,078	(730)	2,133	(926)
Edmonton, Canada	1,162	(106)	2,145	(97)
Caledon, South Africa	1,797	1,665	3,409	3,808
Newcastle, South Africa	1,087	686	1,978	686
All other operating segments	(35)	145	223	375
Corporate	(2,177)	(940)	(3,063)	(2,120)
Total Adjusted EBITDA	\$ 4,590	\$ 2,214	\$ 9,796	\$ 4,606

CONSOLIDATED RESULTS OF OPERATIONS

We reported net operating revenue of \$22.7 million and \$11.9 million for the three months ended June 30, 2007 and 2006, respectively, and \$43.7 million and \$21.3 million for the six months ended June 30, 2007 and 2006, respectively. Casino revenue was \$21.5 million and \$11.3 million for the three months ended June 30, 2007 and 2006, respectively, and was \$41.4 million and \$20.4 million for the six months ended June 30, 2007 and 2006, respectively. Casino expense was \$8.5 million and \$4.4 million for the three months ended June 30, 2007 and 2006, respectively, and \$16.6 million and \$7.7 million for the six months ended June 30, 2007 and 2006, respectively. General and administrative expense was \$7.0 million and \$4.5 million for the three months ended June 30, 2007 and 2006, respectively. General and administrative expense was \$12.8 million and \$7.6 million for the six months ended June 30, 2007 and 2006, respectively. Depreciation expense was \$2.3 million and \$0.9 million for the three months ended June 30, 2007 and 2006, respectively, and \$4.3 million and \$1.7 million for the six months ended June 30, 2007 and 2006, respectively.

Total earnings from operations were \$2.4 million and \$1.1 million for the three months ended June 30, 2007 and 2006, respectively, and \$5.0 million and \$2.6 million for the six months ended June 30, 2007 and 2006, respectively.

We recorded income tax expense of \$0.3 million and \$0.1 million for the three months ended June 30, 2007 and 2006, respectively. Income tax expense was \$0.6 million and \$0.5 million for the six months ended June 30, 2007 and 2006, respectively.

Our net earnings were \$1.0 million, or \$0.05 per basic share, and \$1.3 million, or \$0.06 per basic share, for the three months ended June 30, 2007 and 2006, respectively. Net earnings were \$2.6 million, or \$0.11 per basic share, and \$3.0 million, or \$0.13 per basic share, for the six months ended June 30, 2007 and 2006, respectively.

The most significant impacts on reported earnings for the three months ended June 30, 2007 were:

- Our new casinos in Central City, Colorado, Newcastle, South Africa and Edmonton, Canada contributed \$10.5 million towards the total increase of \$10.8 million in net operating revenue and contributed \$8.4 million towards the total increase of \$9.5 million in net operating expenses;
- Net interest charges increased \$1.2 million primarily due to the interest charges on bank debt that funded the construction of the three new casinos; and
- Foreign currency gains decreased \$0.4 million primarily due to the recognition of approximately \$0.3 million in foreign currency gains on the exchange of currency for the three month period ended June 30, 2006.

The most significant impacts on reported earnings for the six months ended June 30, 2007 were:

- Our new casinos in Central City, Colorado, Newcastle, South Africa and Edmonton, Canada contributed \$21.9 million towards the total increase of \$22.4 million in net operating revenue and contributed \$17.77 million towards the total increase of \$20.1 million in net operating expenses;
- Net interest charges increased \$2.9 million primarily due to the interest charges on bank debt that funded the construction of the three new casinos.
- Foreign currency gains increased \$0.4 million, principally due to the recognition of a foreign currency gain of approximately \$0.8 million on cash used towards the purchase of a casino holding company in Poland; and

A discussion by segment follows below.

CRIPPLE CREEK, COLORADO

The operating results of the Cripple Creek, Colorado segment, includes the operations of Womacks. Intercompany transactions, including fees to its parent, interest and their related tax effects have been eliminated within the segment's results. Operational results for the three and six months ended June 30, 2007 and 2006 are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating Revenue				
Casino	\$ 4,870	\$ 4,371	\$ 9,350	\$ 8,642
Hotel, food and beverage	357	336	660	643
Other (net of promotional allowances)	(787)	(739)	(1,511)	(1,481)
Net operating revenue	4,440	3,968	8,499	7,804
Costs and Expenses				
Casino	1,499	1,161	2,928	2,363
Hotel, food and beverage	413	337	761	661
General and administrative	849	976	1,838	1,900
Depreciation	395	410	784	812
	3,156	2,884	6,311	5,736
Earnings from operations	1,284	1,084	2,188	2,068
Interest income	1	3	5	6
Interest (expense)	(1)	(109)	(18)	(203)
Other (expense), net	(1)	-	(1)	-
Earnings before income taxes	1,283	978	2,174	1,871
Income tax expense	490	362	827	702
Net Earnings	\$ 793	\$ 616	\$ 1,347	\$ 1,169
Reconciliation to Adjusted EBITDA:				
Net earnings	\$ 793	\$ 616	\$ 1,347	\$ 1,169
Minority interest	-	-	-	-
Interest income	(1)	(3)	(5)	(6)
Interest expense	1	109	18	203
Income tax expense	490	362	827	702
Depreciation	395	410	784	812
Adjusted EBITDA	\$ 1,678	\$ 1,494	\$ 2,971	\$ 2,880

Casino Market Data

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Market share of the Cripple Creek gaming revenue*	12.4%	11.3%	12.2%	11.5%
Average number of slot machines	593	582	593	583
Market share of Cripple Creek gaming devices*	12.8%	12.3%	12.7%	12.3%
Average slot machine win per day	\$ 88	\$ 80	\$ 85	\$ 80
Cripple Creek average slot machine win per day*	\$ 90	\$ 85	\$ 87	\$ 85

*Source: Colorado Division of Gaming

Three months ended June 30, 2007 compared to 2006

The Womacks casino is one of the largest gaming facilities in Cripple Creek. Management continues to focus on the marketing of Womacks through the player's club. Womacks has continued the effort to improve the customer experience by converting 436 slot machines, which represent more than 73% of the total machines on the floor, to Ticket in/Ticket Out ("TITO") devices at June 30, 2007, compared to 59% at June 30, 2006. Management uses points and coupons to attract customers with the expectation of increasing gaming revenue, while monitoring and adjusting the programs as necessary. Based on management's ongoing evaluation of the comp policies at the casino, the cost of points and coupons is in line with management's expectations and prior year results. There were a number of changes made in key management positions at Womacks during the third quarter of 2006, which have contributed to improved results at the property.

In early 2008, a larger casino is expected to open in Cripple Creek. Management believes this casino will have approximately 700 slot machines and 14 table games and will introduce further competition to our casino.

Casino revenue for the three months ended June 30, 2007 was 11.4% higher than during the same period last year, and net operating revenue increased 11.9% as a result of improved management and increased marketing efforts which contributed to a 10.0% increase in average slot machine win per day. Womacks' market share of gaming devices increased 4.1%. For the entire Cripple Creek market, gaming revenue increased during the three months ended June 30, 2007, closing 1.7% higher than the same period last year.

Casino expense increased by 29.1%, or \$0.3 million, for the three months ended June 30, 2007 as compared to the three months ended June 30, 2006, primarily the result of increased gaming taxes resulting from the increase in casino revenue for the period, increased participation fees and increased marketing expenditures.

General and administrative expense for the three months ended June 30, 2007 decreased 13.0%, or \$0.1 million, when compared to general and administrative expense for the three months ended June 30, 2006, primarily due to a decrease in workers compensation insurance charges.

Interest expense decreased \$0.1 million as the average debt balance for the casino was less than \$0.1 million. The majority of the amount outstanding under the casino's revolving credit facility relates to funding provided to the Corporate segment.

Cripple Creek's effective tax rate has remained stable at approximately 38.2% for the three months ended June 30, 2007 as compared to 37.0% for the three months ended June 30, 2006.

Six months ended June 30, 2007 compared to 2006

Management believes that January 2007 revenues in Cripple Creek were negatively impacted by a series of winter storms that occurred during the month. Strong revenue growth since that time has offset the January results. Casino revenue for the six months ended June 30, 2007 was 8.2% higher than during the same period last year and net operating revenue increased 8.9%, the result of successful marketing efforts which contributed to a 6.3% increase in average win per day. Womacks' market share of gaming devices increased 3.3%. For the entire Cripple Creek market, gaming revenue increased less than 1% for the six months ended June 30, 2007 as compared to the six months ended June 30, 2006.

Casino expense increased by 23.9%, or \$0.6 million, for the six months ended June 30, 2007 as compared to the six months ended June 30, 2006, primarily the result of increased gaming taxes resulting from the increase in casino revenue for the period, increased participation fees and increased marketing expenditures.

General and administrative expense remained flat period over period as decreases in insurance charges were offset by increases in repairs and maintenance expenditures. The casino is currently undergoing a renovation project estimated to cost the Company approximately \$1.4 million. The Company expects to be able to capitalize a majority of this cost.

Interest expense decreased \$0.2 million for the six months ended June 30, 2007. The casino has repaid a majority of its outstanding debt on the Womacks credit facility, which reduced the casino's average debt balance for the period. The majority of the amount outstanding under the facility relates to funding provided to the Corporate segment.

Cripple Creek's effective tax rate has remained stable at approximately 38.0% for the six months ended June 30, 2007 compared to 37.5% for the six months ended June 30, 2006.

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CENTRAL CITY, COLORADO

We opened a casino and hotel in Central City, Colorado on July 11, 2006. Prior to July 11, 2006, operating expenses for this segment consisted primarily of pre-opening and non-capitalizable construction expenditures. Intercompany transactions, including fees to its parent, interest and their related tax effects have been eliminated within the segment's results. The operating results of the Central City, Colorado segment for the three and six months ended June 30, 2007 and 2006 are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
<i>Amounts in thousands</i>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating Revenue				
Casino	\$ 5,535	\$ -	\$ 10,586	\$ -
Hotel, food and beverage	605	-	1,171	-
Other (net of promotional allowances)	(1,080)	-	(2,182)	-
Net operating revenue	5,060	-	9,575	-
Costs and Expenses				
Casino	2,055	43	4,089	43
Hotel, food and beverage	554	-	1,112	-
General and administrative	1,372	687	2,240	883
Depreciation	721	-	1,411	-
	4,702	730	8,852	926
Earnings (loss) from operations	358	(730)	723	(926)
Interest income	-	-	-	-
Interest (expense)	(729)	(283)	(1,655)	(485)
Other income, net	(1)	-	(1)	-
Loss before income taxes and minority interest	(372)	(1,013)	(933)	(1,411)
Income tax expense (benefit)	30	(225)	(3)	(225)
Loss before minority interest	(402)	(788)	(930)	(1,186)
Minority Interest	452	421	925	819
Net earnings (loss)	\$ 50	\$ (367)	\$ (5)	\$ (367)
Reconciliation to Adjusted EBITDA:				
Net earnings (loss)	\$ 50	\$ (367)	\$ (5)	\$ (367)
Minority interest	(452)	(421)	(925)	(819)
Interest income	-	-	-	-
Interest expense	729	283	1,655	485
Income tax expense (benefit)	30	(225)	(3)	(225)
Depreciation	721	-	1,411	-
Adjusted EBITDA	\$ 1,078	\$ (730)	\$ 2,133	\$ (926)

	For the three months ended June 30, 2007	For the six months ended June 30, 2007
Market share of the Central City gaming revenue*	27.0%	26.9%
Average number of slot machines	569	568
Market share of Central City gaming devices*	26.1%	26.0%
Average slot machine win per day	\$ 104	\$ 100
Central City average slot machine win per day*	\$ 100	\$ 97

*Source: Colorado Division of Gaming

Three months ended June 30, 2007 compared to 2006

Casino revenue in Central City continued to be below what we initially projected. Although revenue has not yet met our expectations, gaming revenue has grown consistently since opening, with our highest monthly revenue occurring in June 2007. The property is currently operating with 579 slot machines. We are currently reviewing various strategies to increase revenue and adjusted EBITDA at the property, including the addition of more slot machines in the future. Management has focused on the development of player club memberships, with results being better than expected. We now have approximately 63,000 players in our player club database. Management's marketing strategy continues to focus on direct marketing to the players in our database. Management believes that casino costs are currently in line with casino revenue.

General and administrative expense for the three months ended June 30, 2007 was impacted by a \$0.4 million property tax adjustment resulting from a new property assessment, supply purchases of \$0.2 million (a majority of which relate to slot conversions) and routine insurance and maintenance charges. For the three months ended June 30, 2006, we incurred approximately \$0.6 million in pre-opening general and administrative expense, primarily consisting of payroll expenses.

For the three months ended June 30, 2007, the \$0.4 million increase in interest expense relates to interest that we are incurring based on an average debt balance of approximately \$22.5 million. For the three months ended June 30, 2006, a majority of our interest charges were capitalized towards the cost of the construction of the casino and hotel.

In April 2006, we began allocating pre-tax losses to the minority partner in proportion to its ownership percentage. Prior to this date, by agreement all losses were allocated to the minority partner until its capital account balances were in the same proportion as its ownership percentage. The calculation of minority interest is determined prior to the elimination of intercompany management fees and interest.

Because CC Tollgate LLC, the operating company of this segment, is a limited liability company, income taxes are provided for on income that will be distributed to us using an effective tax rate of 38%. Pre-tax income is reduced by the minority interest in determining the income subject to tax.

Six months ended June 30, 2007 compared to 2006

Casino revenue in Central City continued to be below what we initially projected. Management believes that January 2007 revenues in Central City were negatively impacted by a series of winter storms that occurred in January. Although revenue has not yet met our expectations, gaming revenue has grown consistently since opening,

with our highest monthly revenue occurring in June 2007.

After some initially higher than expected costs, casino costs are now in line with management's expectations based on current casino revenue.

General and administrative expense for the six months ended June 30, 2007 was impacted by property taxes of \$0.7 million (which includes the \$0.4 million adjustment described in the three month discussion above), supply purchases of \$0.2 million (a majority of which relate to slot conversions), and \$0.4 million of routine insurance charges. General and administrative expense for the six months ended June 30, 2006 reflect the cumulative pre-opening costs associated with the project.