

CENTURY CASINOS INC /CO/
Form 10-Q
August 12, 2011

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

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from _____ to _____

Commission file number

0-22900

CENTURY CASINOS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

84-1271317

(State or other jurisdiction of (I.R.S. Employer Identification
incorporation or organization) No.)

2860 South Circle Drive, Suite 350, Colorado Springs, Colorado 80906
(Address of principal executive offices, including 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 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 (§232.405 of this chapter) 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, a non-accelerated filer or a smaller reporting company. See the definitions 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

(Do not check if a
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

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

23,877,362 shares of common stock, \$0.01 par value per share, were outstanding as of August 1, 2011.

CENTURY CASINOS, INC.

FORM 10-Q INDEX

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PART I – FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| Amounts in thousands, except for share and per share information | June 30, 2011 (unaudited) | December 31, 2010 ** |
|---|---------------------------------|-------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$19,757 | \$21,461 |
| Receivables, net | 712 | 1,088 |
| Prepaid expenses | 713 | 413 |
| Inventories | 315 | 305 |
| Other current assets | 1 | 3 |
| Deferred income taxes | 483 | 197 |
| Total Current Assets | 21,981 | 23,467 |
| Property and equipment, net | 103,669 | 103,956 |
| Goodwill | 5,098 | 4,942 |
| Equity investment | 3,337 | 2,806 |
| Deferred income taxes | 1,127 | 1,219 |
| Other assets | 346 | 336 |
| Total Assets | \$135,558 | \$136,726 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current portion of long-term debt | \$2,279 | \$4,203 |
| Accounts payable and accrued liabilities | 5,364 | 5,151 |
| Accrued payroll | 1,890 | 2,329 |
| Taxes payable | 1,170 | 2,277 |
| Deferred income taxes | 100 | 97 |
| Total Current Liabilities | 10,803 | 14,057 |
| Long-term debt, less current portion | 8,480 | 9,305 |
| Deferred income taxes | 2,188 | 1,866 |
| Total Liabilities | 21,471 | 25,228 |
| Commitments and Contingencies | | |
| Shareholders' Equity: | | |
| Preferred stock; \$0.01 par value; 20,000,000 shares authorized; no shares issued or outstanding | 0 | 0 |
| Common stock; \$0.01 par value; 50,000,000 shares authorized; 23,993,174 and 23,977,061 shares issued, respectively; 23,877,362 and 23,861,249 shares outstanding, respectively | 240 | 240 |

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| | | |
|--|------------|------------|
| Additional paid-in capital | 75,137 | 74,930 |
| Accumulated other comprehensive earnings | 6,356 | 4,982 |
| Retained earnings | 32,636 | 31,628 |
| | 114,369 | 111,780 |
| Treasury stock – 115,812 shares at cost | (282) | (282) |
| Total Shareholders' Equity | 114,087 | 111,498 |
| Total Liabilities and Shareholders' Equity | \$ 135,558 | \$ 136,726 |

** Derived from the Company's audited consolidated balance sheet at December 31, 2010.

See notes to condensed consolidated financial statements.

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

| Amounts in thousands, except for share and per share information | For the three months ended June 30, | | For the six months ended June 30, | |
|---|--|------------|--------------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Operating revenue: | | | | |
| Gaming | \$ 15,928 | \$ 13,239 | \$ 30,753 | \$ 25,821 |
| Hotel, bowling, food and beverage | 3,141 | 2,756 | 6,384 | 5,521 |
| Other | 1,004 | 770 | 1,939 | 1,349 |
| Gross revenue | 20,073 | 16,765 | 39,076 | 32,691 |
| Less: Promotional allowances | (2,071) | (1,825) | (3,959) | (3,614) |
| Net operating revenue | 18,002 | 14,940 | 35,117 | 29,077 |
| Operating costs and expenses: | | | | |
| Gaming | 7,341 | 5,854 | 14,272 | 11,287 |
| Hotel, bowling, food and beverage | 2,553 | 2,228 | 5,064 | 4,338 |
| General and administrative | 5,848 | 5,150 | 11,216 | 10,093 |
| Depreciation | 1,665 | 1,524 | 3,306 | 3,013 |
| Total operating costs and expenses | 17,407 | 14,756 | 33,858 | 28,731 |
| Earnings from equity investment | 382 | 160 | 474 | 348 |
| Earnings from operations | 977 | 344 | 1,733 | 694 |
| Non-operating income (expense): | | | | |
| Interest income | 5 | 14 | 7 | 22 |
| Interest expense | (197) | (281) | (443) | (572) |
| Gains (losses) on foreign currency transactions & other | 114 | (244) | 189 | (1) |
| Non-operating income (expense), net | (78) | (511) | (247) | (551) |
| Earnings (loss) before income taxes | 899 | (167) | 1,486 | 143 |
| Income tax provision | 255 | 92 | 478 | 272 |
| Net earnings (loss) | \$ 644 | \$ (259) | \$ 1,008 | \$ (129) |
| Earnings per share: | | | | |
| Basic | \$ 0.03 | \$ (0.01) | \$ 0.04 | \$ (0.01) |
| Diluted | \$ 0.03 | \$ (0.01) | \$ 0.04 | \$ (0.01) |

See notes to condensed consolidated financial statements.

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

| Amounts in thousands | For the three months ended June 30, | | For the six months ended June 30, | |
|--|--|------------|--------------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Net earnings (loss) | \$644 | \$(259) | \$1,008 | \$(129) |
| Foreign currency translation adjustments | 80 | (1,550) | 1,374 | (920) |
| Comprehensive earnings (loss) | \$724 | \$(1,809) | \$2,382 | \$(1,049) |

See notes to condensed consolidated financial statements.

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

| Amounts in thousands | For the six months ended June 30, | |
|--|--------------------------------------|-------------|
| | 2011 | 2010 |
| Cash Flows from Operating Activities: | | |
| Net earnings (loss) | \$ 1,008 | \$ (129) |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: | | |
| Depreciation | 3,306 | 3,013 |
| Loss on disposition of fixed assets | 53 | 7 |
| Amortization of stock-based compensation | 192 | 288 |
| Amortization of deferred financing costs | 45 | 18 |
| Deferred tax expense | 119 | 325 |
| Earnings from equity investment | (474) | (348) |
| Changes in operating assets and liabilities: | | |
| Receivables | \$ 384 | \$ 97 |
| Prepaid expenses and other assets | (288) | 75 |
| Accounts payable and accrued liabilities | (114) | (417) |
| Inventories | (2) | (4) |
| Other operating assets | (50) | (45) |
| Accrued payroll | (479) | 200 |
| Taxes payable | (1,093) | (1,406) |
| Net cash provided by operating activities | 2,607 | 1,674 |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | \$ (1,683) | \$ (4,001) |
| Proceeds from disposition of Century Casino Millennium | 0 | 200 |
| Acquisition of Century Casino Calgary, net of \$1,193 cash acquired | 0 | (9,301) |
| Proceeds from disposition of assets | 16 | 45 |
| Net cash used in investing activities | (1,667) | (13,057) |
| Cash Flows from Financing Activities: | | |
| Principal repayments | \$ (3,103) | \$ (861) |
| Repurchase of common stock | 0 | (141) |
| Proceeds from equity investment dividend | 163 | 0 |
| Proceeds from exercise of options | 15 | 0 |
| Net cash used in financing activities | (2,925) | (1,002) |

- Continued -

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

| | | |
|---|----------|-----------|
| Effect of Exchange Rate Changes on Cash | 281 | (104) |
| (Decrease) in Cash and Cash Equivalents | (1,704) | (12,489) |
| Cash and Cash Equivalents at Beginning of Period | 21,461 | 36,992 |
| Cash and Cash Equivalents at End of Period | \$19,757 | \$24,503 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Interest paid | \$429 | \$557 |
| Income taxes paid | \$149 | \$187 |

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Please refer to Note 2 of the Company's condensed consolidated financial statements for details of the Company's acquisition of the Century Casino Calgary in Alberta, Canada in 2010.

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. As of June 30, 2011, the Company owned casino operations in North America; managed cruise ship-based casinos on international waters; and owned the management agreement to manage the casino in the Radisson Aruba Resort, Casino & Spa. The Company also owns a 33.3% ownership interest in Casinos Poland Ltd (“CPL”), the owner and operator of seven casinos in Poland. The Company continues to pursue other projects in various stages of development. See Note 2 for a discussion of the Company’s acquisition of the Century Casino in Calgary, Alberta, Canada in January 2010.

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. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

In the opinion of management, all adjustments considered necessary for fair presentation of financial position, results of operations and cash flows of the Company 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, 2010. The results of operations for the period ended June 30, 2011 are not necessarily indicative of the operating results for the full year.

Presentation of Foreign Currency Amounts

Transactions that are denominated in a foreign currency are translated and recorded at the 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 U.S. 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 U.S. exchange rate for the period in which they are incurred.

The exchange rates to the U.S. dollar used to translate balances at the end of the reported periods are as follows:

| Ending Rates | June 30, 2011 | December 31, 2010 |
|-----------------------|------------------|-------------------------|
| Canadian dollar (CAD) | 0.9643 | 0.9946 |
| Euros (€) | 0.6885 | 0.7468 |
| Polish zloty (PLN) | 2.7517 | 2.9641 |

Source: Pacific Exchange Rate Service

The average exchange rates to the U.S. dollar used to translate balances during each reported period are as follows:

| Average Rates | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------------|--|--------|--------------------------------------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| Canadian dollar (CAD) | 0.9678 | 1.0279 | 0.9769 | 1.0345 |
| Euros (€) | 0.6947 | 0.7859 | 0.7130 | 0.7548 |
| Polish zloty (PLN) | 2.7495 | 3.1575 | 2.8180 | 3.022 |

Source: Pacific Exchange Rate Service

2. ACQUISITIONS

Century Casino in Calgary

On January 13, 2010, the Company, through Century Casinos Europe (“CCE”), acquired 100% of the issued and outstanding shares of Frank Sisson's Silver Dollar Ltd. (“FSSD”) and 100% of the issued and outstanding shares of EGC Properties Ltd. (“EGC”). FSSD and EGC collectively owned and operated the Silver Dollar Casino and related land in Calgary, Alberta, Canada. In November 2010, we rebranded the casino under the name Century Casino in Calgary.

The total consideration for the transaction was \$11.5 million, which consisted of a \$10.7 million purchase price plus a net working capital adjustment of \$0.8 million. CCE paid \$1.0 million on the acquisition on November 6, 2009. On January 13, 2010, CCE paid the remaining \$10.5 million. The purchase price was paid from cash on hand. There was no contingent consideration for the transaction.

The Company incurred acquisition costs of approximately \$0.3 million. The majority of these costs, which include legal, accounting and valuation fees, were recorded as general and administrative expenses during the fourth quarter of 2009.

The following table presents the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values on January 13, 2010, the date of acquisition:

| Amounts in thousands | January 13, 2010 |
|---|---------------------|
| Acquisition Date | 2010 |
| Cash | \$ 1,193 |
| Accounts receivable | 202 |
| Prepaid expenses | 207 |
| Inventory | 56 |
| Property and equipment | 10,977 |
| Deferred tax asset, net | 690 |
| Total assets acquired | 13,325 |
| Accounts payable and accrued liabilities | 429 |
| Accrued payroll | 222 |
| Total liabilities assumed | 651 |
| Net assets | 12,674 |
| Excess of net assets over purchase consideration (bargain purchase) | 1,180 |
| Purchase consideration | 11,494 |
| Cash acquired | (1,193) |
| Cash deposit made in 2009 | (1,000) |
| Net cash paid in 2010 | \$ 9,301 |

During the year ended December 31, 2010, the Company recognized a \$1.2 million gain on the bargain purchase associated with the Century Casino in Calgary acquisition. The bargain purchase was the result of the fair market value of the assets acquired exceeding the purchase price. Pro forma results of operations for 2010 have not been presented, as the impact on consolidated financial results would not have been material.

3. EQUITY INVESTMENT IN UNCONSOLIDATED SUBSIDIARY

Following is the summarized financial information of CPL as of June 30, 2011 and December 31, 2010 and the three and six months ended June 30, 2011 and 2010:

| Amounts in thousands (in USD): | June 30, 2011 | December 31, 2010 |
|--------------------------------|------------------|-------------------------|
| Balance Sheet: | | |
| Current assets | \$ 5,352 | \$ 4,197 |
| Noncurrent assets | \$ 12,923 | \$ 10,927 |
| Current liabilities | \$ 7,184 | \$ 5,503 |
| Noncurrent liabilities | \$ 3,923 | \$ 3,842 |

| | For the three months ended June 30, | | For the six months ended June 30, | |
|--------------------------|--|-----------|--------------------------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Operating Results | | | | |
| Net operating revenue | \$ 13,663 | \$ 10,973 | \$ 25,199 | \$ 24,727 |
| Net earnings | \$ 1,147 | \$ 480 | \$ 1,422 | \$ 1,044 |

The Company's maximum exposure to losses in CPL at June 30, 2011 was \$3.3 million, the value of its equity investment in CPL.

Changes in the carrying amount of the investment in CPL during the six months ended June 30, 2011 are as follows:

| Amounts in thousands (in USD) | Total |
|--|----------|
| Balance – December 31, 2010 | \$ 2,806 |
| Equity Earnings | 474 |
| Effect of foreign currency translation | 220 |
| Dividend | (163) |
| Balance – June 30, 2011 | \$ 3,337 |

4. GOODWILL

Changes in the carrying amount of goodwill for the six months ended June 30, 2011 are as follows:

| Amounts in thousands | |
|--|----------|
| Balance – December 31, 2010 | \$ 4,942 |
| Effect of foreign currency translation | \$ 156 |
| Balance – June 30, 2011 | \$ 5,098 |

5. PROMOTIONAL ALLOWANCES

Hotel accommodations and food and beverage furnished without charge to customers are included in gross revenue at a value which approximates retail and are then deducted as complimentary services to arrive at net operating revenue.

The Company issues coupons for the purpose of generating future revenue. The cost of the coupons redeemed is applied against the revenue generated on the day of the redemption. In addition, members of the Company's casinos' player clubs earn points based on, among other things, their volume of play at the Company's casinos. Players can accumulate points over time that they may redeem at their discretion under the terms of the program. Points can be redeemed for cash and/or various amenities at the casino, such as meals, hotel stays and gift shop items. The cost of the points is offset against the revenue in the period in which the revenue generated the points. The value of unused or unredeemed points is included in accounts payable and accrued liabilities on the Company's consolidated balance sheets. The expiration of unused points results in a reduction of the liability.

Promotional allowances presented in the condensed consolidated statement of earnings include the following:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---------------------------------|--|----------|--------------------------------------|----------|
| | 2011 | 2010 | 2011 | 2010 |
| Amounts in thousands | | | | |
| Hotel, Bowling, Food & Beverage | \$ 909 | \$ 764 | \$ 1,741 | \$ 1,495 |
| Free Plays or Coupons | 502 | 539 | 947 | 1,108 |
| Player Points | 660 | 522 | 1,271 | 1,011 |
| Total Promotional Allowances | \$ 2,071 | \$ 1,825 | \$ 3,959 | \$ 3,614 |

6. INCOME TAXES

The Company records deferred tax assets and liabilities based on the difference between the financial statement and income tax basis of assets and liabilities using the enacted statutory tax rate in effect for the year these differences are expected to be taxable or reversed. Deferred income tax expenses or credits are based on the changes in the asset or liability from period to period. The recorded deferred tax assets are reviewed for impairment on a quarterly basis by reviewing the Company's internal estimates for future net income.

As of June 30, 2011, the Company has established a valuation allowance for its U.S. deferred tax assets of \$5.5 million and a valuation allowance for its foreign deferred tax assets of \$0.9 million. The Company assesses the continuing need for a valuation allowance that results from uncertainty regarding its ability to realize the benefits of the Company's deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. If the Company concludes that its prospects for the realization of its deferred tax assets are more likely than not, the Company will then reduce its valuation allowance as appropriate and credit income tax expense after considering the following factors:

- The level of historical taxable income and projections for future taxable income over periods in which the deferred tax assets would be deductible,
 - Accumulation of net income before tax utilizing a look-back period of three years, and
 - Tax planning strategies.

The income tax provisions are based on estimated full-year earnings for financial reporting purposes adjusted for permanent differences. The Company's provision for income taxes from operations consists of the following:

| Amounts in thousands | For the six months ended June 30, | |
|---|--------------------------------------|--------|
| | 2011 | 2010 |
| U.S. Federal - Current | \$ 52 | \$ 31 |
| U.S. Federal - Deferred | - | - |
| Provision for U.S. federal income taxes | 52 | 31 |
| Foreign - Current | \$ 307 | \$ 29 |
| Foreign - Deferred | 119 | 212 |
| Provision for foreign income taxes | 426 | 241 |
| Total provision for income taxes | \$ 478 | \$ 272 |

The Company's income tax expense by jurisdiction is summarized in the table below:

| Amounts in thousands | For the six months ended June 30, 2011 | | | For the six months ended June 30, 2010 | | |
|-------------------------|---|---------------|-----------------------|---|---------------|-----------------------|
| | Pre-tax income | Income tax | Effective tax rate | Pre-tax income | Income tax | Effective tax rate |
| | (loss) | | % | (loss) | | % |
| Canada | \$ 1,258 | \$ 403 | 32.0 % | \$ 967 | \$ 234 | 24.2 % |
| United States | (1,056) | 52 | (4.9 %) | (708) | 31 | (4.4 %) |

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| | | | | | | | | |
|-----------|----------|--------|------|----|--------|--------|-------|----|
| Mauritius | 1,133 | 22 | 1.9 | % | 205 | 6 | 2.9 | % |
| Austria | (222) | 1 | (0.5 | %) | (654) | 1 | (0.2 | %) |
| Poland* | 373 | - | - | | 333 | - | - | |
| Total | \$ 1,486 | \$ 478 | 32.1 | % | \$ 143 | \$ 272 | 190.2 | % |

*Poland includes earnings from the equity investment in CPL.

7. EARNINGS PER SHARE

Basic earnings (loss) per share considers only weighted average outstanding common shares in the computation. Diluted earnings (loss) per share give effect to all potentially dilutive securities. Diluted earnings (loss) per share is based upon the weighted average number of common shares outstanding during the period, plus, if dilutive, the assumed exercise of stock options using the treasury stock method and the assumed conversion of other convertible securities (using the “if converted” method) at the beginning of the year, or for the period outstanding during the year for current year issuances. Weighted average shares outstanding for the three and six months ended June 30, 2011 and 2010 were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|--|------------|--------------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Weighted average common shares, basic | 23,717,165 | 23,815,936 | 23,714,215 | 23,815,936 |
| Dilutive effect of stock options | 308,930 | 0 | 301,732 | 0 |
| Weighted average common shares, diluted | 24,026,095 | 23,815,936 | 24,015,947 | 23,815,936 |

The following shares of restricted stock and stock options are anti-dilutive and have not been included in the weighted average shares outstanding calculation:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---------------------------|--|-----------|--------------------------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Unvested restricted stock | 160,000 | 280,000 | 160,000 | 280,000 |
| Stock options | 886,710 | 1,278,594 | 886,710 | 1,278,594 |

8. SEGMENT INFORMATION

The following summary provides information concerning the Company's principal geographic areas:

| Amounts in thousands | Long Lived Assets | |
|------------------------------|-------------------|-------------------------|
| | June 30, 2011 | December 31, 2010 |
| United States | \$ 56,885 | \$ 57,904 |
| International: | | |
| Canada | \$ 51,467 | \$ 50,474 |
| Europe | 3,617 | 3,102 |
| International waters & other | 1,608 | 1,779 |
| Total international | 56,692 | 55,355 |
| Total | \$ 113,577 | \$ 113,259 |

| Amounts in thousands | Net Operating Revenue For the three months ended June 30, | | Net Operating Revenue For the six months ended June 30, | |
|------------------------------|---|-----------|---|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| United States | \$ 7,731 | \$ 6,826 | \$ 14,969 | \$ 13,263 |
| International: | | | | |
| Canada | \$ 8,652 | \$ 7,596 | \$ 16,994 | \$ 14,698 |
| International waters & other | 1,619 | 518 | 3,154 | 1,116 |
| Total international | 10,271 | 8,114 | 20,148 | 15,814 |
| Total | \$ 18,002 | \$ 14,940 | \$ 35,117 | \$ 29,077 |

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 omissions. 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 for the year ended December 31, 2010. 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.

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.

Amounts presented in this Item 2 are rounded. As such, rounding differences could occur in period over period changes and percentages reported throughout this Item 2.

OVERVIEW

Since our inception in 1992, we have been primarily engaged in developing and operating gaming establishments and related lodging, restaurant and entertainment facilities. Our primary source of revenue is from the net proceeds of our gaming machines and tables, with ancillary revenue generated from the hotel, restaurant, bowling and entertainment facilities that are a part of the casinos.

We currently own, operate and manage the following casinos through wholly-owned subsidiaries:

- The Century Casino & Hotel in Edmonton, Alberta, Canada;
- The Century Casino in Calgary, Alberta, Canada;
- The Century Casino & Hotel in Cripple Creek, Colorado; and
- The Century Casino & Hotel in Central City, Colorado.

We also manage ship-based casinos on international waters aboard several cruise ships. The following table summarizes the cruise lines for which we have entered into agreements and the associated ships on which we currently operate ship-based casinos.

| Cruise Line | Ship |
|---------------------------|----------------------|
| Oceania Cruises | Regatta |
| Oceania Cruises | Nautica |
| Oceania Cruises | Insignia |
| Oceania Cruises | Marina |
| TUI Cruises | Mein Schiff 1 |
| TUI Cruises | Mein Schiff 2 * |
| Windstar Cruises | Wind Surf |
| Windstar Cruises | Wind Star |
| Windstar Cruises | Wind Spirit |
| Regent Seven Seas Cruises | Seven Seas Voyager |
| Regent Seven Seas Cruises | Seven Seas Mariner |
| Regent Seven Seas Cruises | Seven Seas Navigator |

* The Mein Schiff 2 began operations on May 15, 2011.

We hold a 33.3% ownership interest in and actively participate in the management of CPL, the owner and operator of seven full casinos in Poland and account for this investment under the equity method.

In April 2011, CPL was granted a license for a new casino in Sosnowiec, Poland. Sosnowiec is a city of more than 200,000 inhabitants located nearby Katowice, the capital of the province Silesia, which we believe is one of the strongest economic regions in Poland. CPL will rent approximately 5,000 square feet for the new casino in a small, fully refurbished city center shopping/entertainment mall. The planned investment for the new casino is \$1.5 million, which will be funded by CPL. We will not be required to invest any amounts. CPL expects to begin operations in this new casino during the fourth quarter of 2011. In addition, the license for the existing CPL casino in Wroclav was renewed on June 7, 2011.

In December 2010, we entered into a long-term management agreement to assist in the operation of a casino at the Radisson Aruba Resort, Casino & Spa. We receive a management fee consisting of a fixed fee, plus a percentage of the casino's gross revenue and a percentage of the casino's earnings before interest, taxes, depreciation and amortization. We were not required to invest any amounts under the management agreement.

Presentation of Foreign Currency Amounts - The average exchange rates to the U.S. dollar used to translate balances during each reported period are as follows:

| Average Rates | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------------|--|--------|--------------------------------------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| Canadian dollar (CAD) | 0.9678 | 1.0279 | 0.9769 | 1.0345 |
| Euros (€) | 0.6947 | 0.7859 | 0.7130 | 0.7548 |
| Polish zloty (PLN) | 2.7495 | 3.1575 | 2.8180 | 3.022 |

Source: Pacific Exchange Rate Service

RECENT DEVELOPMENTS

Developments that we believe have impacted or will impact our results of operations going forward are discussed below.

Century Casino & Hotel (Edmonton, Alberta, Canada)

During the second quarter of 2011, the Alberta Gaming and Liquor Commission (“AGLC”) continued conversion or replacement of old slot machines by installing four new slot machines and converting 39 slot machines. In addition, the AGLC added one video lottery terminal to the floor bringing the total on the floor to five.

The AGLC has approved the addition of 16 slot machines to the gaming floor. The additional machines will be added during the third quarter of 2011 and bring the total slot machine count to 700 at our property in Edmonton.

Century Casino in Calgary (Calgary, Alberta, Canada)

During the second quarter of 2011, the AGLC continued conversion or replacement of old slot machines by installing 16 new slot machines and converting 19 slot machines.

Century Casino & Hotel (Central City, Colorado)

In December 2010, new owners purchased the Fortune Valley Casino in Central City. Management believes the new Fortune Valley owner will add additional competition to the already very competitive Black Hawk and Central City market. However, our Central City property saw an increase in market share during the second quarter of 2011, which we believe was partly due to the disruption at the Fortune Valley Casino during the transition of ownership.

In addition, the Johnny Z Casino in Central City is undergoing an expansion project to be completed in August 2011 with 50 additional slot machines and a VIP lounge. Management believes the expansion will add competition to the Black Hawk and Central City market.

Century Casino & Hotel (Cripple Creek, Colorado)

A remodeling project at J.P. McGills Casino in Cripple Creek was completed in May 2011. Our Cripple Creek property continued to see an increase in market share during the second quarter of 2011, which we believe was partly due to the disruption at the J.P. McGills Casino during the remodel project.

Cruise Ships

During the second quarter of 2011, we began operating a new ship-based casino aboard the Mein Schiff 2 with TUI Cruises.

Other

On March 7, 2011, we announced that we applied for a casino license in the Canton of Neuchatel, Switzerland. We were one of four companies applying for the license. On June 22, 2011, we announced that Swiss authorities decided to award the casino license to a different project.

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DISCUSSION OF RESULTS

Century Casinos, Inc. and Subsidiaries

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|---|-------------------------------------|------------|----------|-------------|-----------------------------------|------------|----------|-------------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming Revenue | \$ 15,928 | \$ 13,239 | \$ 2,689 | 20.3 % | \$ 30,753 | \$ 25,821 | \$ 4,932 | 19.1 % |
| Hotel, Bowling, Food and Beverage Revenue | 3,141 | 2,756 | 385 | 14.0 % | 6,384 | 5,521 | 863 | 15.6 % |
| Other Revenue | 1,004 | 770 | 234 | 30.4 % | 1,939 | 1,349 | 590 | 43.7 % |
| Gross Revenue | 20,073 | 16,765 | 3,308 | 19.7 % | 39,076 | 32,691 | 6,385 | 19.5 % |
| Less Promotional Allowances | (2,071) | (1,825) | (246) | 13.5 % | (3,959) | (3,614) | (345) | 9.5 % |
| Net Operating Revenue | 18,002 | 14,940 | 3,062 | 20.5 % | 35,117 | 29,077 | 6,040 | 20.8 % |
| Gaming Expenses | (7,341) | (5,854) | (1,487) | 25.4 % | (14,272) | (11,287) | (2,985) | 26.4 % |
| Hotel, Bowling, Food and Beverage Expenses | (2,553) | (2,228) | (325) | 14.6 % | (5,064) | (4,338) | (726) | 16.7 % |
| General and Administrative Expenses | (5,848) | (5,150) | (698) | 13.6 % | (11,216) | (10,093) | (1,123) | 11.1 % |
| Total Operating Costs and Expenses | (17,407) | (14,756) | (2,651) | 18.0 % | (33,858) | (28,731) | (5,127) | 17.8 % |
| Earnings from Equity Investment | 382 | 160 | 222 | 138.8 % | 474 | 348 | 126 | 36.2 % |
| Earnings from Operations | 977 | 344 | 633 | 184.0 % | 1,733 | 694 | 1,039 | 149.7 % |
| Net Earnings (Loss) | \$ 644 | \$ (259) | \$ 903 | 348.6 % | \$ 1,008 | \$ (129) | \$ 1,137 | 881.4 % |
| Earnings Per Share | | | | | | | | |
| Basic | \$ 0.03 | \$ (0.01) | \$ 0.04 | 400.0 % | \$ 0.04 | \$ (0.01) | \$ 0.05 | 500.0 % |
| Diluted | \$ 0.03 | \$ (0.01) | \$ 0.04 | 400.0 % | \$ 0.04 | \$ (0.01) | \$ 0.05 | 500.0 % |

Net operating revenue increased by \$3.1 million or 20.5% and \$6.0 million or 20.8% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively, due to increased revenue from all properties. The increase in net operating revenue at our Canadian properties is due in part to higher customer volumes and an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30,

2010, respectively.

The increase in net operating revenue at our Central City property is due in part to increased table games revenue generated from craps and player banked poker, increased customer volumes, increased revenue from slot machines that were moved from the lower level to the main level and increased video poker play. The increase in net operating revenue at our Cripple Creek property is due in part to increased slot revenue from new slot machines, additional table games revenue generated after moving the table games pit from the back of the casino to the front, improved customer service and new marketing strategies aimed at improving the gaming floor atmosphere and differentiating our casino from competitors.

The increase in net operating revenue from our ship-based casinos and other is primarily due to additional ship-based casinos placed into operation during the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010.

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Total operating costs and expenses increased by \$2.7 million or 18.0% and \$5.1 million or 17.8% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively, due to increased operating costs at all of our properties. Total operating costs and expenses at our property in Edmonton increased primarily due to the increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Total operating costs and expenses at our property in Calgary increased due to the addition of a player's club point redemption program and additional staffing costs incurred in order to provide improved customer service for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010. The increase is also attributable to an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Total operating costs and expenses at our Colorado properties increased due to increased marketing costs from more aggressive marketing campaigns, increased gaming taxes as a result of higher gaming revenue and increased staffing costs in order to provide improved customer service for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010.

Total operating costs and expenses from our ship-based casinos increased for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010 as a result of increased concession and annual fees paid to cruise ship operators for the ability to operate ship-based casinos.

Net earnings increased by \$0.9 million and \$1.1 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is due to increased earnings from operations at our Edmonton, Central City and Cripple Creek properties offset by losses from operations at our Calgary property. In addition, the increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively, contributed to the increase in net earnings.

Casinos

Edmonton

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|--|-------------------------------------|----------|--------|-------------|-----------------------------------|----------|--------|-------------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming | \$ 4,452 | \$ 3,880 | \$ 572 | 14.7 % | \$ 8,536 | \$ 7,665 | \$ 871 | 11.4 % |
| Hotel, Food and Beverage | 1,449 | 1,284 | 165 | 12.9 % | 2,871 | 2,592 | 279 | 10.8 % |
| Other | 533 | 515 | 18 | 3.5 % | 997 | 934 | 63 | 6.7 % |
| Gross Revenue | 6,434 | 5,679 | 755 | 13.3 % | 12,404 | 11,191 | 1,213 | 10.8 % |
| Less Promotional Allowances | (249) | (182) | (67) | 36.8 % | (466) | (334) | (132) | 39.5 % |
| Net Operating Revenue | 6,185 | 5,497 | 688 | 12.5 % | 11,938 | 10,857 | 1,081 | 10.0 % |
| Gaming Expenses | (1,681) | (1,600) | (81) | 5.1 % | (3,293) | (3,109) | (184) | 5.9 % |
| Hotel, Food and Beverage Expenses | (959) | (857) | (102) | 11.9 % | (1,882) | (1,711) | (171) | 10.0 % |
| General & Administrative Expenses | (1,382) | (1,274) | (108) | 8.5 % | (2,760) | (2,625) | (135) | 5.1 % |
| Total Operating Costs and Expenses | (4,399) | (4,087) | (312) | 7.6 % | (8,676) | (8,141) | (535) | 6.6 % |
| Earnings from Operations | 1,786 | 1,410 | 376 | 26.7 % | 3,262 | 2,716 | 546 | 20.1 % |
| Net Earnings | \$ 1,182 | \$ 855 | \$ 327 | 38.2 % | \$ 2,080 | \$ 1,574 | \$ 506 | 32.1 % |

Net operating revenue at our property in Edmonton increased by \$0.7 million or 12.5% and \$1.1 million or 10.0% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is primarily due to an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010, respectively. In Canadian dollars, net operating revenue increased \$0.3 million or 6.0% and \$0.4 million or 3.8% for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010, respectively. The increase in net operating revenue is also due to an increase in gaming revenue of \$0.6 million or 14.7% and \$0.9 million or 11.4% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in gaming revenue is due to increased customer volumes and an increase in table games hold percentage.

Net operating revenue also increased due to higher hotel, food and beverage revenue of \$0.2 million or 12.9% and \$0.3 million or 10.8% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in hotel, food and beverage revenue is primarily the result of increased food and beverage revenue from the Yuk Yuk's Comedy Club, which we began operating without a third party provider in September 2010. The increase is also due to an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010, respectively. In Canadian dollars, hotel, food and beverage revenue increased \$0.1 million for both the three and six months ended June 30, 2011 as compared to the three and six months ended June 30,

2010, respectively.

Promotional allowances increased by \$0.1 million or 36.8% and \$0.1 million or 39.5% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increases are primarily due to increased player's club point redemptions. Total operating costs and expenses increased by \$0.3 million or 7.6% and \$0.5 million or 6.6% at our property in Edmonton due to an increase in the average exchange rate between the U.S. dollar and Canadian dollar for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010 of 5.8% and 5.6%, respectively. In Canadian dollars, total operating costs and expenses in Edmonton increased by \$0.1 million for both the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Net earnings increased by \$0.3 million and \$0.5 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. In Canadian dollars, net earnings increased by \$0.3 million and \$0.4 million for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010, respectively.

Calgary

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|---|-------------------------------------|----------|----------|----------|-----------------------------------|----------|-----------|-----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming | \$ 1,646 | \$ 1,452 | \$ 194 | 13.4 % | \$ 3,163 | \$ 2,505 | \$ 658 | 26.3 % |
| Bowling, Food and Beverage | 747 | 600 | 147 | 24.5 % | 1,711 | 1,237 | 474 | 38.3 % |
| Other | 211 | 133 | 78 | 58.6 % | 436 | 235 | 201 | 85.5 % |
| Gross Revenue | 2,604 | 2,185 | 419 | 19.2 % | 5,310 | 3,977 | 1,333 | 33.5 % |
| Less Promotional Allowances | (137) | (87) | (50) | 57.5 % | (254) | (136) | (118) | 86.8 % |
| Net Operating Revenue | 2,467 | 2,098 | 369 | 17.6 % | 5,056 | 3,841 | 1,215 | 31.6 % |
| Gaming Expenses | (912) | (846) | (66) | 7.8 % | (1,859) | (1,373) | (486) | 35.4 % |
| Bowling, Food and Beverage Expenses | (666) | (526) | (140) | 26.6 % | (1,383) | (1,011) | (372) | 36.8 % |
| General & Administrative Expenses | (769) | (752) | (17) | 2.3 % | (1,595) | (1,304) | (291) | 22.3 % |
| Total Operating Costs and Expenses (Losses) | (2,541) | (2,191) | (350) | 16.0 % | (5,220) | (3,796) | (1,424) | 37.5 % |
| Earnings from Operations | (74) | (93) | 19 | 20.4 % | (164) | 45 | (209) | (464.4 %) |
| Net (Loss) Earnings | \$ (73) | \$ (62) | \$ (11) | (17.7 %) | \$ (236) | \$ 32 | \$ (268) | (837.5 %) |

Net operating revenue at our property in Calgary increased by \$0.4 million or 17.6% and \$1.2 million or 31.6% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is primarily due to an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 as compared to the three and six months ended June 30, 2010, respectively. In Canadian dollars, net operating revenue increased \$0.2 million or 10.9% and \$1.0 million or 24.5% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in net operating revenue is also due to increased gaming revenues of \$0.2 million or 13.4% and \$0.7 million or 26.3% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in gaming revenue is due to an increase in slot revenue from higher customer volumes at our property in Calgary.

The increase in net operating revenue is also due to increased bowling, food and beverage revenue of \$0.2 million or 24.5% and \$0.5 million or 38.3% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is due to new bowling lanes, bowling leagues that utilize our facility, additional customer volumes in the casino and improved customer service and food quality at all of our Calgary food and beverage outlets. The increase is also due to an increase in the average exchange rate between the U.S. dollar and Canadian dollar of 5.8% and 5.6% for the three and six months ended June 30, 2011 as compared to

the three and six months ended June 30, 2010, respectively. In Canadian dollars, bowling, food, and beverage revenue increased \$0.1 million or 17.6% and \$0.4 million or 30.7% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Total operating costs and expenses increased by \$0.4 or 16.0% and \$1.4 million or 37.5% at the Century Casino in Calgary during the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in operating costs and expenses is due to the addition of a player's club point redemption program, additional marketing costs and additional staffing costs in order to provide improved customer service. In addition, the increase in total operating costs and expenses is attributable to an increase in the average exchange rate between the U.S. dollar and Canadian dollar for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010 of 5.8% and 5.6%, respectively. In Canadian dollars, total operating costs and expenses in Calgary increased by \$0.2 million and \$1.2 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Net earnings decreased by less than \$0.1 million and \$0.3 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. In Canadian dollars, net earnings increased by \$0.1 million and less than \$0.1 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Central City

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|------------------------------------|-------------------------------------|----------|--------|----------|-----------------------------------|----------|--------|----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming | \$ 4,930 | \$ 4,543 | \$ 387 | 8.5 % | \$ 9,694 | \$ 9,118 | \$ 576 | 6.3 % |
| Hotel, Food and Beverage | 601 | 570 | 31 | 5.4 % | 1,159 | 1,104 | 55 | 5.0 % |
| Other | 40 | 36 | 4 | 11.1 % | 75 | 74 | 1 | 1.4 % |
| Gross Revenue | 5,571 | 5,149 | 422 | 8.2 % | 10,928 | 10,296 | 632 | 6.1 % |
| Less Promotional Allowances | (1,051) | (939) | (112) | 11.9 % | (2,008) | (1,915) | (93) | 4.9 % |
| Net Operating Revenue | 4,520 | 4,210 | 310 | 7.4 % | 8,920 | 8,381 | 539 | 6.4 % |
| Gaming Expenses | (2,157) | (1,928) | (229) | 11.9 % | (4,216) | (3,854) | (362) | 9.4 % |
| Hotel, Food and Beverage Expenses | (540) | (497) | (43) | 8.7 % | (1,038) | (961) | (77) | 8.0 % |
| General & Administrative Expenses | (886) | (838) | (48) | 5.7 % | (1,772) | (1,699) | (73) | 4.3 % |
| Total Operating Costs and Expenses | (4,247) | (3,937) | (310) | 7.9 % | (8,345) | (7,860) | (485) | 6.2 % |
| Earnings from Operations | 273 | 273 | 0 | 0 | 575 | 521 | 54 | 10.4 % |
| Net Earnings | \$ 177 | \$ 176 | \$ 1 | 0.6 % | \$ 372 | \$ 338 | \$ 34 | 10.1 % |

Net operating revenue at our property in Central City increased by \$0.3 million or 7.4% and \$0.5 million or 6.4% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is due to increases in gaming revenue of \$0.4 million or 8.5% and \$0.6 million or 6.3% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in gaming revenue is due to increased table games revenue generated from craps and player banked poker, increased customer volumes that we believe resulted from the disruption at the Fortune Valley Casino in Central City during the transition of ownership, increased revenue from slot machines that were moved from the lower to the main level and increased video poker play.

Total operating costs and expenses increased by \$0.3 million or 7.9% and \$0.5 million or 6.2% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in total operating costs and expenses is due to increased marketing costs for promotional prizes and giveaways as well as player participation in bus ridership rewards in which the casino reimburses a portion of players' bus fare to the casino, increased gaming taxes as a result of higher gaming revenue, and increased staffing costs in order to provide improved customer service.

Net earnings remained flat at \$0.2 million for both the three months ended June 30, 2011 and the three months ended June 30, 2010 and increased less than \$0.1 million for the six months ended June 30, 2011 compared to the six months ended June 30, 2010.

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Cripple Creek

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|------------------------------------|-------------------------------------|----------|--------|----------|-----------------------------------|----------|----------|----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming | \$ 3,474 | \$ 2,901 | \$ 573 | 19.8 % | \$ 6,588 | \$ 5,471 | \$ 1,117 | 20.4 % |
| Hotel, Food and Beverage | 343 | 302 | 41 | 13.6 % | 644 | 589 | 55 | 9.3 % |
| Other | 27 | 31 | (4) | (12.9 %) | 48 | 52 | (4) | (7.7 %) |
| Gross Revenue | 3,844 | 3,234 | 610 | 18.9 % | 7,280 | 6,112 | 1,168 | 19.1 % |
| Less Promotional Allowances | (633) | (617) | (16) | 2.6 % | (1,231) | (1,230) | (1) | 0.1 % |
| Net Operating Revenue | 3,211 | 2,617 | 594 | 22.7 % | 6,049 | 4,882 | 1,167 | 23.9 % |
| Gaming Expenses | (1,364) | (1,094) | (270) | 24.7 % | (2,520) | (2,143) | (377) | 17.6 % |
| Hotel, Food and Beverage Expenses | (388) | (348) | (40) | 11.5 % | (761) | (659) | (102) | 15.5 % |
| General & Administrative Expenses | (769) | (686) | (83) | 12.1 % | (1,547) | (1,399) | (148) | 10.6 % |
| Total Operating Costs and Expenses | (2,779) | (2,422) | (357) | 14.7 % | (5,344) | (4,784) | (560) | 11.7 % |
| Earnings from Operations | 432 | 195 | 237 | 121.5 % | 705 | 98 | 607 | 619.4 % |
| Net Earnings | \$ 268 | \$ 121 | \$ 147 | 121.5 % | \$ 437 | \$ 61 | \$ 376 | 616.4 % |

Net operating revenue at our property in Cripple Creek increased by \$0.6 million or 22.7% and \$1.2 million or 23.9% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increases are due to increases in gaming revenue of \$0.6 million or 19.8% and \$1.1 million or 20.4% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in gaming revenue is due to increased slot revenues from new slot machines, additional table games revenue generated after moving the table games pit from the back of the casino to the front, improved customer service and new marketing strategies aimed at improving the gaming floor atmosphere and differentiating our casino from competitors.

Total operating costs and expenses increased by \$0.4 million or 14.7% and \$0.6 million or 11.7% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase in total operating costs and expenses is due to increased marketing costs for more aggressive marketing campaigns, increased gaming taxes as a result of higher gaming revenue and increased staffing costs in order to provide improved customer service.

Net earnings increased by \$0.2 million and \$0.4 million for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Cruise Ships and Other

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|------------------------------------|-------------------------------------|---------|--------|----------|-----------------------------------|----------|----------|----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Gaming | \$ 1,426 | \$ 464 | \$ 962 | 207.3 % | \$ 2,772 | \$ 1,062 | \$ 1,710 | 161.0 % |
| Other | 193 | 54 | 139 | 257.4 % | 383 | 54 | 329 | 609.3 % |
| Net Operating Revenue | 1,619 | 518 | 1,101 | 212.5 % | 3,155 | 1,116 | 2,039 | 182.7 % |
| Gaming Expenses | (1,227) | (388) | (839) | 216.2 % | (2,384) | (808) | (1,576) | 195.0 % |
| General & Administrative Expenses | (122) | (51) | (71) | 139.2 % | (268) | (72) | (196) | 272.2 % |
| Total Operating Costs and Expenses | (1,457) | (521) | (936) | 179.7 % | (2,871) | (1,050) | (1,821) | 173.4 % |
| Earnings (Losses) from Operations | 162 | (3) | 165 | 5500.0 % | 284 | 66 | 218 | 330.3 % |
| Net Earnings (Loss) | \$ 160 | \$ (3) | \$ 163 | 5433.3 % | \$ 279 | \$ 64 | \$ 215 | 335.9 % |

Net operating revenue from our ship-based casinos and other increased by \$1.1 million or 212.7% and \$2.0 million or 182.7% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is primarily due to additional ship-based casinos for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010.

Total operating costs and expenses increased by \$0.9 million or 179.7 % and \$1.8 million or 173.4% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is a result of increased concession and annual fees paid to cruise ship operators for the ability to operate ship-based casinos, which increased by \$0.6 million and \$1.1 million during the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

Net earnings increased \$0.2 million for both the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2011, respectively.

Corporate Other

| Amounts in thousands | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|------------------------------------|-------------------------------------|----------|--------|----------|-----------------------------------|----------|--------|----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| General & Administrative Expenses | (1,920) | (1,551) | (369) | (23.8 %) | (3,274) | (2,990) | (284) | (9.5 %) |
| Total Operating Costs and Expenses | (1,984) | (1,603) | (381) | (23.8 %) | (3,402) | (3,100) | (302) | (9.7 %) |
| Losses from Operations | (1,603) | (1,443) | (160) | (11.1 %) | (2,929) | (2,752) | (177) | (6.4 %) |

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| | | | | | | | | |
|----------|-------------|-------------|--------|--------|-------------|-------------|--------|--------|
| Net Loss | \$ (1,070) | \$ (1,346) | \$ 276 | 20.5 % | \$ (1,924) | \$ (2,198) | \$ 274 | 12.5 % |
|----------|-------------|-------------|--------|--------|-------------|-------------|--------|--------|

General and administrative expenses for Corporate Other consist primarily of legal and accounting fees, corporate travel expenses, corporate payroll, amortization of stock based compensation and other expenses not directly related to any of the Company's individual properties. General and administrative expenses increased by \$0.4 million or 23.9% and \$0.3 million or 9.5% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively, primarily due to expenses related to the bid for the Switzerland license and increased expenses for professional tax services. General and administrative expenses were offset by gains on foreign currency of \$0.4 million or 147.1% and \$0.3 million or 402.7% for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively.

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Earnings from Equity Investment

We own 33.3% of all shares issued by CPL. Our portion of CPL's earnings are recorded as earnings from equity investment. We recorded an increase of \$0.2 million and \$0.1 million of earnings from our investment in CPL for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010, respectively. The increase is primarily a result of increased gaming revenues offset by accelerated depreciation of leasehold improvements discussed below for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010.

On March 9, 2011, CPL was informed that the lease agreement for the Krakow casino would not be renewed. The lease expires on December 31, 2011 and CPL intends to relocate this casino. Based on this information, the net book value of leasehold improvements completed at the Krakow casino is being written off during 2011. The estimated amount of the additional write off in 2011 is 2.24 million Polish Zloty or \$0.8 million, for which our 33.3% interest would be \$0.3 million.

On July 29, 2011 our co-shareholders in Casinos Poland (LOT Polish Airlines and PPL Polish Airports) informed us about their intent to sell their shares in Casinos Poland (66,66% of the total shares) to the Totalizator Sportowy Group, the state owned Polish national lottery firm. LOT and PPL requested Century's consent to the respective conditional sales agreement. According to the articles of association of Casinos Poland, such consent is necessary for the legal effectiveness of any share transfer.

Depreciation

Depreciation expense increased \$0.1 million for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 and \$0.3 million for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 due to the addition of furniture and equipment at our property in Calgary.

Non-Operating Income (Expense)

Non-operating income (expense) for the three and six months ended June 30, 2011 and 2010 was as follows (in thousands):

| | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|---|-------------------------------------|-----------|---------|----------|-----------------------------------|-----------|----------|-----------|
| | 2011 | 2010 | Change | % Change | 2011 | 2010 | Change | % Change |
| Interest Income | \$ 5 | \$ 14 | \$ (9) | (64.3 %) | \$ 7 | \$ 22 | \$ (15) | (68.2 %) |
| Interest Expense | (197) | (281) | 84 | (29.9 %) | (443) | (572) | 129 | (22.6 %) |
| Gains (losses) on Foreign Currency Transactions & Other | 114 | (244) | 358 | 146.7 % | 189 | (1) | 190 | 19000.0 % |
| Non-Operating Expense | \$ (78) | \$ (511) | \$ 433 | (84.7 %) | \$ (247) | \$ (551) | \$ 304 | (55.2 %) |

Interest expense

The decrease in interest expense of \$0.1 million for both the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010 is due to lower principal balances on third party debt related to our

Edmonton property.

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Taxes

Our foreign earnings significantly impact our tax rate. The Company's income tax expense and effective tax rates by jurisdiction are summarized in the tables below:

| Amounts in thousands | For the six months ended June 30, 2011 | | | For the six months ended June 30, 2010 | | |
|----------------------|--|------------|--------------------|--|------------|--------------------|
| | Pre-tax income (loss) | Income tax | Effective tax rate | Pre-tax income (loss) | Income tax | Effective tax rate |
| Canada | \$ 1,258 | \$ 403 | 32.0 % | \$ 967 | \$ 234 | 24.2 % |
| United States | (1,056) | 52 | (4.9 %) | (708) | 31 | (4.4 %) |
| Mauritius | 1,133 | 22 | 1.9 % | 205 | 6 | 2.9 % |
| Austria | (222) | 1 | (0.5 %) | (654) | 1 | (0.2 %) |
| Poland* | 373 | - | - | 333 | - | - |
| Total | \$ 1,486 | \$ 478 | 32.1 % | \$ 143 | \$ 272 | 190.2 % |

*Poland includes earnings from the equity investment in CPL.

We currently have a valuation allowance established for our U.S. deferred tax assets of \$5.5 million and a valuation allowance for our foreign deferred tax assets of \$0.9 million. If we conclude at a later date that the realization of these deferred tax assets is more likely than not, we will reduce the valuation allowance as appropriate.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our business is capital intensive, and we rely heavily on the ability of our casinos to generate operating cash flow to repay debt financing, to fund maintenance and capital expenditures and to provide funds for future development.

Cash and cash equivalents totaled \$19.8 million at June 30, 2011, and we had working capital (current assets minus current liabilities) of \$11.2 million compared to cash and cash equivalents of \$21.5 million and working capital of \$9.4 million at December 31, 2010. The decline in cash is primarily due to \$3.1 million in repayment of third party mortgage debt related to our Edmonton property. In addition, we invested \$1.7 million in various capital expenditure projects at our other properties. These declines were offset by \$2.6 million in cash provided by operating activities, a \$0.2 million cash dividend received from our equity investment in CPL and a \$0.3 million impact on the cash balances due to changes in foreign exchange rates.

We use the cash flows that we generate to maintain operations, fund reinvestment in existing properties for both refurbishment and expansion projects, repay third party debt, and pursue additional growth via new development and acquisition opportunities. When necessary and available, we supplement the cash flows generated by our operations with either cash on hand or funds provided by bank borrowings or other debt or equity financing activities.

Net cash provided by operating activities was \$2.6 million and \$1.7 million for the six months ended June 30, 2011 and 2010, respectively. Our cash flows from operations have historically been positive and sufficient to fund ordinary operations. For a description of our cash from operating activities, please refer to the condensed consolidated statements of cash flows and management's discussion of the results of operations above.

Net cash used in investing activities of \$1.7 million for the six months ended June 30, 2011 consisted of \$0.7 million used to purchase slot machines and a kiosk, replace surveillance cameras, and purchase property in Central City, \$0.5 million used in building renovations and electrical upgrades in Calgary, \$0.2 million used to purchase slot machines and a kiosk in Cripple Creek, \$0.1 million used for gaming equipment additions on cruise ship-based casinos and \$0.2 million used in cumulative additions at our remaining properties.

Net cash used in investing activities of \$13.1 million for the six months ended June 30, 2010 consisted of \$10.5 million used for the acquisition of the Century Casino in Calgary (offset by casino cash acquired of \$1.2 million), \$2.2 million to purchase land in Cripple Creek, \$1.1 million used in the acquisition of property and equipment in Calgary, \$0.2 of additions in Edmonton for signs and computer equipment, \$0.2 million of additions at Central City for gaming equipment, and \$0.3 million of additions at Cripple Creek for gaming equipment. These outflows were offset by \$0.2 million in proceeds received from the sale of the Century Casino Millennium.

Net cash used in financing activities of \$2.9 million for the six months ended June 30, 2011 consisted of \$3.1 million in the repayment and prepayment of our Edmonton Mortgage debt offset by \$0.2 million cash dividend received from our equity investment in CPL. As of June 30, 2011, the remaining balance on our Edmonton Mortgage debt is \$10.8 million. We were in compliance with all covenants of the Edmonton Mortgage loan as of June 30, 2011.

Net cash used in financing activities of \$1.0 million for the six months ended June 30, 2010 consisted of repayment of \$0.9 million of our Edmonton Mortgage debt and \$0.1 million for repurchases of our outstanding common stock pursuant to the publicly announced repurchase program discussed below.

Common Stock Repurchase Program

Since 2000, we have had a discretionary program to repurchase our outstanding common stock. In November 2009, we increased the amount available to be repurchased to \$15.0 million. During the three months ended June 30, 2010, we repurchased 57,330 shares of our common stock for \$0.1 million at a weighted average cost of \$2.46 per share. We did not repurchase any shares of our common stock during the six months ended June 30, 2011. The total amount remaining under the repurchase program was \$14.7 million as of June 30, 2011. The repurchase program has no set expiration or termination date.

Potential Sources of Liquidity, Short-Term Liquidity

Historically, our primary sources of liquidity and capital resources have been cash flow from operations, bank borrowings, sales of existing casino operations and proceeds from the issuance of equity securities.

We expect that the primary source of our future operating cash flows will be from our gaming operations. If necessary, we may seek to obtain term loans, mortgages or lines of credit with commercial banks or other debt or equity financings to supplement our working capital and investing requirements. In addition to the use of cash in operations, expected uses of cash within one year include capital expenditures for our existing properties, interest and principal payments on outstanding debt and potential repurchases of our outstanding common stock.

We believe that our cash at June 30, 2011 as supplemented by cash flows from operations will be sufficient to fund our anticipated operating costs, capital expenditures at existing properties and current debt repayment obligations. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations. From time to time we expect to have cash needs for the development or purchase of new properties that exceed our current borrowing capacity and we may be required to seek additional debt, equity or bank financing.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We had no significant changes in our exposure to market risks from that previously reported in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures – Our management, with the participation of our Co Chief Executive Officers and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report. Based on such evaluation, our Co Chief Executive Officers and Principal Financial Officer have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting – There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

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

In March 2000, our board of directors approved a discretionary program to repurchase up to \$5.0 million of our outstanding common stock. In November 2009, our board of directors approved an increase of the amount available to be repurchased under the program to \$15.0 million. The repurchase program has no set expiration or termination date and had approximately \$14.7 million remaining as of June 30, 2011. There were no repurchases of common stock during the six months ended June 30, 2011.

Item 6. EXHIBITS

(a) Exhibits

- 3.1 Certificate of Incorporation of Century Casinos, Inc. is hereby incorporated by reference to the Company's Proxy Statement for the 1994 Annual Meeting of Stockholders.
- 3.2 Amended and Restated Bylaws of Century Casinos, Inc. is hereby incorporated by reference from Exhibit 11.14 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002.
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Co Chief Executive Officer.
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Co Chief Executive Officer and President.
- 31.3 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Principal Financial Officer.
- 32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Co Chief Executive Officer.
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- 101.INS XBRL Instance Document**
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- 101.LAB XBRL Taxonomy Extension Label Linkbase Document**
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** Pursuant to Rule 406T of Regulation S-T, these Interactive Data Files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to the liability under these sections.

SIGNATURES:

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

CENTURY CASINOS, INC.

/s/ Margaret Stapleton

Margaret Stapleton

Vice President and Principal Financial Officer

Date: August 12, 2011

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CENTURY CASINOS, INC.
INDEX TO EXHIBITS

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