

CENTURY CASINOS INC /CO/
Form 10-K/A
May 31, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 2**

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

For the fiscal year ended December 31, 2004.

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)

Securities Registered Pursuant to Section 12(b) of the Act: None.

Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, \$.01 Par Value
(Title of class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No X

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2004, based upon the average bid and asked price of \$5.51 for the Common Stock on the NASDAQ Stock Market on that date, was \$55,179,489.

As of May 26, 2005, the Registrant had 13,754,900 shares of Common Stock outstanding.

EXPLANATORY NOTE

The Annual Report on Form 10-K of Century Casinos, Inc. (the "Company") filed with the Commission on April 15, 2005 included as exhibits the forms of certification required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the "Certifications"). The Company collected and retained manually signed versions of the Certifications on the date of filing of the Form 10-K; however, the forms of the Certifications filed as exhibits inadvertently omitted the signatures in typed form required by Item 302 of Commission Regulation S-T. This Amendment No. 2 to Form 10-K is being filed solely to re-file the Certifications with the typed signature required by Item 302. None of the information disclosed in the Company's previously filed Forms 10-K or 10-K/A is modified by this Form 10-K/A Amendment No 2.

INDEX

Part I	Page
Item 1. Business	4
Item 2. Properties	19
Item 3. Legal Proceedings	20
Item 4. Submission of Matters to a Vote of Security Holders	20
Part II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
Item 6. Selected Financial Data	23
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	48
Item 8. Financial Statements and Supplementary Data	48
Report of Independent Registered Public Accounting Firm - Grant Thornton LLP	F1
Report of Independent Certified Public Accountants - PricewaterhouseCoopers Inc.	F2
Consolidated Balance Sheets as of December 31, 2004 and 2003	F3
Consolidated Statements of Earnings for the Years Ended December 31, 2004, 2003 and 2002	F4

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the Years Ended December 31, 2004, 2003, and 2002	F5
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Consolidated Statements of Cash Flows for the Years Ended December 31, 2004, 2003 and 2002	F6
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Notes to Consolidated Financial Statements	F8
---	-----------

Item 9A. Controls and Procedures	48
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Part III

Item 10.	Directors and Executive Officers of the Registrant	50
Item 11.	Executive Compensation	52
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	55
Item 13.	Certain Relationships and Related Transactions	57
Item 14.	Principal Accountant Fees and Services	57

Part IV

Item 15.	Exhibits and Financial Statement Schedules	58
SIGNATURES		66

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, and, as such, may involve risks and uncertainties. All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “could,” “potential” “continue,” or similar. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

The forward-looking statements in the Annual Report on Form 10-K are subject to additional risks and uncertainties further discussed under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Affect Future Results” and are based on information available to us on the filing date of this Annual Report on Form 10-K. We assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Readers should also consult the forward-looking statements and risk factors listed from time to time in our Reports on Forms 10-Q, 8-K, 10-K and in our Annual Report to Stockholders.

As used in this report, the terms “CCI,” the “Company,” “we,” “our,” or “us” refer to Century Casinos, Inc., and each of its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates.

PART I

The following information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in “Item 8 - Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Item 1. Business.

General

Century Casinos, Inc. is an international gaming company involved in developing and operating gaming establishments and related lodging and restaurant facilities. CCI is a Delaware corporation and was founded in 1992 to acquire ownership interests in, and to obtain management contracts with, gaming establishments.

We currently own and operate two gaming facilities and manage and facilitate nine other casino establishments. Our owner/operator facilities include Womacks Casino and Hotel (Womacks) in Cripple Creek, Colorado and the Caledon Hotel, Spa and Casino (Caledon) in Caledon, South Africa. We also own 50% of Casino Millennium, which is located within the Marriott Hotel in Prague, Czech Republic, and we provide technical casino services to the casino for a fixed monthly fee. We also provide gaming services and equipment to eight luxury cruise vessels on three cruise lines that include the six-star Silversea Cruises, The World of ResidenSea and Oceania Cruises.

On December 30, 2004 we acquired a 65% interest in CC Tollgate LLC which was formed to develop and operate a casino and hotel in Central City, Colorado and is in the process of securing project financing and obtaining licensing from the Colorado Division of Gaming. We have also entered into a long-term agreement to manage the facility if a

gaming license is awarded. The project is planned to include a 60,000 square foot limited stakes casino with 625 gaming machines, six gaming tables, 25 hotel rooms, retail, food and beverage amenities and a 500 space on-site covered parking facility. Construction is expected to take approximately 14 months from finalization of funding arrangements.

Effective February 24, 2005, we also own a 56.4% interest in Century Resorts Alberta, Inc. ("CRA") which plans to develop the Celebrations Casino and Hotel in Edmonton, Canada. We had subscribed to 55% of the shares of CRA in September 2003 but subsequently increased our participation in the project. The project is planned to include a casino with 600 gaming machines, 31 gaming tables, food and beverage amenities, a dinner theater, a 300 space underground parking facility, approximately 600 surface parking spaces and a 40-room hotel. The project is expected to cost approximately \$22.8 million (\$27.5 million Canadian dollars) excluding the value of the contributed land and hotel. Construction is expected to take approximately 14 months from finalization of funding arrangements. Upon completion of construction, Century Resorts Alberta, Inc. expects to receive its gaming license from the Alberta Gaming and Liquor Commission (AGLC). On December 17, 2004, the AGLC granted approval to begin construction of the casino property. As is customary, the issuance of the license does not occur until completion of construction and after all federal and provincial legislation, regulation and policies, and municipal requirements, permits, licenses and/or authorizations have been met. We have also entered into a long-term agreement to manage the facility if a gaming license is awarded.

In November 2004, we joined with Landmark Gaming LC of Franklin County, Iowa, in submitting, as co-applicant with the Franklin County Development Association (FCDA), an application to the Iowa Racing and Gaming Commission (IRGC) to develop and operate a moored barge casino, hotel and entertainment facility in Franklin County, Iowa.

In December of 2004, we entered into agreements to sell a portion of our interest in the Gauteng, South Africa, project we had previously been pursuing jointly with Silverstar Development Ltd. and granted options to Silverstar and a group led by Akani Leisure Investments, Ltd. to purchase our remaining interests in the Gauteng project. We received an initial payment of approximately \$1.7 million, or 10.0 million Rand, for the sale of 100% of the outstanding common stock of Verkrans Ontwikkelings Maatskappy (Pty) Ltd., a wholly owned subsidiary of CCA, whose only asset was land related to this project, and for funds previously advanced to Silverstar. Also in conjunction with the agreements, we loaned Silverstar \$0.5 million, 3.0 million Rand repayable in six equal installments with interest. We have, therefore, only recognized net proceeds of 7.0 million Rand in the transaction. The exercise price of the purchase owe granted to Silverstar and the Akani group totals approximately \$6.8 million, or 40.3 million Rand. Exercisability of the purchase option is contingent on regulatory and related approvals being secured by Silverstar and the Akani group. The outcome of these approvals is unknown at this time.

For more information about Century Casinos, Inc. please visit us on the Internet at <http://www.cnty.com>. Our most recent annual report on Form 10-K and certain of our other filings with the Securities and Exchange Commission (SEC) are available free of charge through our Investor Relations website at <http://www.cnty.com/index.php?id=28>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are also available on the SEC website at <http://www.sec.gov>. None of the information posted to the Company's website is incorporated by reference into this Annual Report.

Overview of Business Segments

Our operations are conducted through five business segments: Cripple Creek, Colorado (formerly Colorado segment); Central City, Colorado; South Africa; Cruise Ship Operations; and Corporate and Other operations. As of December 31, 2004, we owned, operated or managed the properties noted in the table below.

Summary of Property Information

Property	Casino Space Sq Ft (1)	Acreage	Number of Slot Machines	Number of Table Games	Number of Hotel Rooms	Number of Restaurants
Womacks	23,000	2.7	640	6	21	2
Caledon	12,260	600	300	10	92	4
Casino Millennium ⁽²⁾	6,200	-	38	16	-	-
Cruise Ships (total of eight) ⁽³⁾	6,460	-	208	30	-	-

(1)

Approximate.

(2) Operated under a casino services agreement. In January 2004, we purchased 40% of the operation, bringing our ownership interest to 50% as of that date.

(3) Operated under concession agreements. Seven vessels were actually in service as of December 31, 2004.

Womacks Casino and Hotel - Cripple Creek, Colorado

Since 1996 we have owned and operated Womacks Casino and Hotel in Cripple Creek, Colorado through our wholly owned subsidiary WMCK Venture Corporation. Womacks currently has approximately 640 slot machines, six limited stakes gaming tables, 21 hotel rooms, and two restaurants. It has 150 feet of frontage on Bennett Avenue, the main gaming thoroughfare in Cripple Creek, and 125 feet of frontage on Second Street, also known as Highway 67, with approximately 23,000 square feet of floor space. Gaming in Colorado is "limited stakes"; which restricts any single wager to a maximum of \$5.00. While this limits the revenue potential of table games, management believes that slot machine play, which accounts for over 98% of total gaming revenues at Womacks and over 96% in Cripple Creek, is currently impacted only marginally by the \$5.00 limitation.

Management believes that an integral component in attracting gaming patrons to Cripple Creek is the availability of adequate, nearby parking spaces. We presently own approximately 310 parking spaces and lease an additional 90 spaces for a total of 400 spaces. An agreement with the City of Cripple Creek for the leased parking spaces includes annual lease payments of approximately \$90 thousand, expires on May 31, 2010 and includes a purchase option, whereby we may purchase the property for \$3.25 million less cumulative lease payments, at any time during the remainder of the lease term. We believe we have sufficient close proximity parking, but covered parking garages maintained by two of our competitors provide them with an advantage during inclement weather.

Expansion projects at Womacks in 2002 and 2003 increased gaming space by approximately 5,000 square feet. Most importantly, because the construction spanned an alley behind the existing property, Womacks will be able to continue a single level expansion of the casino to the rear of the property, if desired, at a later date. The total construction cost, excluding new slot machines, was approximately \$2.3 million.

Caledon Hotel, Spa and Casino - Caledon, South Africa

The Caledon Hotel, Spa and Casino currently has approximately 300 slot machines, 10 unlimited stakes gaming tables, 92 hotel rooms, and four restaurants. Casino gaming in South Africa is “unlimited wagering” where each casino can set its own limits. As a result, the relationship between table games revenue and slot revenue (9% from tables and 91% from slots) resembles more traditional gaming markets, unlike Cripple Creek, where over 96% of gaming revenue is derived from slot machines.

Caledon lies on the N-2 highway - the main thoroughfare between Cape Town and Durban - and is known for its wild flower shows, wineries and the natural historic hot springs located on the Caledon Hotel, Spa and Casino site. Caledon experiences its heaviest traffic during the December holiday season (summer in South Africa), which offers us some protection from seasonality because Womack’s revenues are higher during summer.

At December 31, 2000, we held a 65% ownership position in Caledon Hotel, Spa and Casino which we acquired through a series of transactions for a total of \$5.6 million, consisting of the purchase of \$2.7 million of common stock and the issuance of debt totaling \$2.9 million. In January 2003, we acquired the remaining 35% interest for 21.5 million Rand, or \$2.6 million, becoming the sole owner of the Caledon Hotel, Spa and Casino property. We currently operate the Caledon Hotel, Spa and Casino through our subsidiary Century Resorts Ltd.

Casino Millennium - Prague, Czech Republic

In January 1999, we, through our wholly owned subsidiary Century Casinos Management, Inc., entered into a 20-year agreement with Casino Millennium a.s., a Czech company, and with B.H. Centrum a.s., a Czech subsidiary of Bau Holding AG, one of the largest construction and development companies in Europe, to operate a casino in the five star Marriott Hotel in Prague, Czech Republic. During 2001, Bau Holding AG changed its name to Strabag AG. We agreed to provide technical casino services in exchange for 10% of the casino’s gross revenue, and provide gaming equipment for 45% of the casino’s net profit. The hotel and casino opened in July 1999.

In January 2000, we entered into a memorandum of agreement to either acquire a 50% ownership interest in Casino Millennium a.s. or to form a new joint venture with B.H. Centrum a.s., which joint venture would acquire all of the assets of Casino Millennium a.s. We and Strabag AG each agreed to purchase a 50% ownership interest. Approval for this transaction was obtained, as required, from the Ministry of Finance of the Czech Republic. The first step in acquiring the 50% ownership interest was taken in December 2002 with the payment of approximately \$0.24 million in cash in exchange for a 10% ownership in Casino Millennium a.s. Effective January 3, 2004, we, through our wholly-owned Austrian subsidiary, Century Management u. Beteiligungs GmbH, acquired an additional 40% of Casino Millennium a.s. by contributing gaming equipment, advances and receivables valued at approximately \$0.60 million. We account for the 50% investment in Casino Millennium on the equity method. In addition to the 50% ownership, we retain our rights under the 1999 casino services agreement, as amended.

Cruise Ships

Silversea Cruises

On May 27, 2000, we signed a casino concession agreement with Silversea Cruises, a world-renowned, six-star cruise line based in Fort Lauderdale, Florida. The agreement gives us the exclusive right to install and operate casinos aboard four Silversea vessels for a term of five years on each vessel. We operate each shipboard casino for our own account and pay concession fees based on gross gaming revenue.

Starting in late September 2000 with the new, 388-passenger Silver Shadow, we began our shipboard casino operations. Within 60 days thereafter, we installed casinos on the 296-passenger vessels Silver Wind and Silver Cloud. In June 2001, we installed our fourth casino aboard the new, 388-passenger Silver Whisper.

The Silver Cloud resumed operations in March 2004 after completing six months of routine maintenance. The Silver Wind was taken out of service following the events of September 11, 2001 and resumed operations on May 23, 2003. We have a total of 74 slot machines and 14 tables on the four Silverseas shipboard casinos.

The World of ResidenSea

On August 30, 2000, we signed a casino concession agreement with ResidenSea Ltd., the operator of The World of ResidenSea, which is the world's first luxury residential resort community at sea continuously circumnavigating the globe.

We have equipped the casino with 20 slot machines and three gaming tables and operate the casino aboard the vessel for a five-year term, which commenced with the vessel's maiden voyage in March 2002. We operate the casino for our own account and pay concession fees based on gross gaming revenue. In addition, we have a right of first refusal to install casinos aboard any new ships built or acquired by ResidenSea during the term of the agreement.

Oceania Cruises

On March 28, 2003, we signed a casino concession agreement with Oceania Cruises, Inc., a Miami-based operator in the upper premium segment of the cruise industry. The agreement gives us the exclusive right to install and operate casinos aboard three 684-passenger cruise vessels, the Insignia, the Regatta and the Nautica, for a term of five years on each vessel, as well as the exclusive right to become Oceania's exclusive casino concessionaire for any new ships that Oceania might bring into service.

In April 2003, we successfully opened a casino aboard the Insignia. The opening of the casino aboard the Regatta followed in June 2003. Each of the casinos is equipped with 36 slot machines and five gaming tables. The Insignia resumed operations in late March 2004 following six months of routine maintenance after its first season.

In April 2004, we opened a casino aboard the Nautica, equipped with 42 slot machines and three gaming tables. In November 2004, the Nautica was taken out of service following completion of its 2004 cruise schedule and will return to service chartered to a third party for the 2005 season. As a result we are not currently operating the casino aboard the Nautica.

Additional Company Projects

In addition to the operations described above, we have a number of potential gaming projects in various stages of development. Along with the capital needs of these potential projects, there are various other risks which, if they materialize, could have a materially adverse effect on a proposed project or eliminate its feasibility altogether. For example, in order to conduct gaming operations in most jurisdictions, we must first obtain gaming licenses or receive regulatory clearances. To date, we have obtained gaming licenses or approval to operate gaming facilities in Colorado, Louisiana, on an American Indian reservation in California, the Czech Republic, the Western Cape province of South Africa and in

Alberta, Canada. While management believes that we are licensable in any jurisdiction, each licensing process is unique and requires a significant amount of funds and management time. The licensing process in any particular jurisdiction can take significant time and expense through licensing fees, background investigation costs, fees of counsel and other associated preparation costs. Moreover, should we proceed with a licensing approval process with industry partners, such industry partners would be subject to regulatory review as well. We seek to satisfy ourselves that industry partners are licensable, but cannot assure that such partners will, in fact, be licensable. Additional risks before commencing operations include the time and expense incurred and unforeseen difficulties in obtaining suitable sites, liquor licenses, building permits, materials, competent and able contractors, supplies, employees, gaming devices and related matters. In addition, certain licenses include competitive situations where, even if we are licensable, other factors such as the economic impact of gaming, financial and operational capabilities of competitors must be analyzed by regulatory authorities. All of these risks should be viewed in light of our limited staff and limited capital.

Also, our ability to expand to additional locations will depend upon a number of factors, including, but not limited to: (i) the identification and availability of suitable locations, and the negotiation of acceptable purchase, lease, joint venture or other terms; (ii) the securing of required state and local licenses, permits and approvals, which in some jurisdictions are limited in number; (iii) political factors; (iv) the risks typically associated with any new construction project; (v) the availability of adequate financing on acceptable terms; and (vi) for locations outside the United States, all the risks of foreign operations, including currency controls, unforeseen local regulations, political instability and other related risks. Certain jurisdictions issue licenses or approval for gaming operations by inviting proposals from all interested parties, which may increase competition for such licenses or approvals. The development of dockside and riverboat casinos in the United States of America may require approval from the Army Corps of Engineers and will be subject to significant Coast Guard regulations governing design and operation. Most of these factors are beyond the control of the Company. As a result, there can be no assurance that we will be able to expand to additional locations or, if such expansion occurs, that it will be successful. Further we anticipate that we will continue to expense certain costs, which have been substantial in the past and may continue to be substantial in the future, in connection with the pursuit of expansion projects.

Central City, Colorado - On October 13, 2004, our wholly owned subsidiary, Century Casinos Tollgate, Inc., entered into an agreement with Tollgate Venture LLC to develop and operate a proposed casino and hotel in Central City, Colorado. The \$40.0 million development is planned to include a 60,000 square foot casino and back of house with 625 slot machines, six table games, 25 hotel rooms, retail, food and beverage amenities and a 500-space on-site covered parking garage. We contributed \$3.5 million to the project through Century Casinos Tollgate, Inc., in exchange for a controlling 65% interest, and Tollgate Venture LLC contributed three existing non-operating casino buildings, land and land options for a 35% interest. The newly formed entity, CC Tollgate LLC, is in the process of securing acceptable financing and obtaining licensing from the Colorado Division of Gaming. Another of our wholly owned subsidiaries, Century Casinos Management, Inc., has entered into a Casino Services Agreement to manage the property once the project is operational. Completion of the project is subject to various conditions and approvals, including, but not limited to securing acceptable financing, satisfactory environmental studies, licensing by the Colorado Division of Gaming, and other due diligence. Casino licenses in Colorado are not limited in number by state gaming laws and are primarily subject to successful background investigations by the Colorado Division of Gaming. We currently are licensed in Colorado for gaming at Womacks Casino and Hotel in Cripple Creek. The principals of Tollgate Venture LLC currently have gaming licenses for other projects in the State of Colorado as well. Construction is expected to be completed approximately 14 months after funding arrangements have been finalized.

Central City and Black Hawk are historical mining towns situated adjacent to each other and located in the Rocky Mountains approximately 35 miles west of Denver. Each city offers limited stakes gaming, and the first casinos opened in both cities in 1991. On November 19, 2004, a new \$45.2 million four lane highway (Central City Parkway) opened to the public. We believe this road offers a safer and faster alternative route from the greater Denver area to Central City and Black Hawk, Colorado. The Central City Parkway is entirely new construction and connects I-70, the main east/west interstate highway in Colorado, first to Central City and then on to Black Hawk. We believe that the alternate route, which is a narrow two lane highway that enters these cities first at Black Hawk, is a more dangerous drive than the Central City Parkway. We believe Central City is now a prime location for limited stakes gambling establishments because the new parkway provides easy access from I-70 and because the parkway goes through Central City before going on to Black Hawk. All traffic entering Central City via this parkway must go directly past our proposed casino's main entrance and parking structure. The Colorado Division of Gaming reports an increase in Adjusted Gross Proceeds (AGP) of 44.18% for Central City casinos and a 3.7% increase for Black Hawk for the month of February 2005 as compared to February 2004. We believe the substantial increase in AGP for Central City is attributable to the Central City Parkway.

Edmonton, Canada - On February 24, 2005, through our wholly owned subsidiary, Century Resorts International, we acquired a 56.4% interest in Century Resorts Alberta, Inc. for approximately \$2.4 million (\$3.0 million Canadian dollars). We had subscribed to 55% of the shares of CRA in September 2003 but, prior to settlement, increased our participation in the project. Our local partner, 746306 Alberta, Ltd., contributed a 7.25 acre parcel of land and an existing 40 room hotel for the remaining 43.6% interest. Century Resorts Alberta, Inc. plans to develop the Celebrations Casino and Hotel in Edmonton, Alberta, Canada. The project is expected to include a casino with 600 gaming machines, 31 gaming tables, food and beverage amenities, a dinner theater, a 300 space underground parking facility, approximately 600 surface parking spaces and a 40-room hotel. The project is expected to cost approximately \$22.8 million (\$27.5 million Canadian dollars). Completion of this project is subject to obtaining acceptable project financing. Construction is expected to take approximately 14 months from finalization of funding arrangements. Upon completion of construction, Century Resorts Alberta, Inc. expects to receive its gaming license from the Alberta Gaming and Liquor Commission (AGLC). On December 17, 2004, the AGLC granted approval to begin construction of the casino property. As is customary, the issuance of the license does not occur until completion of construction and after all federal and provincial legislation, regulation and policies, and municipal requirements, permits, licenses and/or authorizations have been met. We have also entered into a long-term agreement to manage the facility if a gaming license is awarded.

Edmonton is one of the fastest growing cities in Canada, with a strong economic climate. Tourism is a significant part of the economy, and Edmonton offers a wide range of activities, including sports and outdoor activities, sightseeing, and nightlife/casinos. Edmonton is also home of the world's largest shopping mall. (Source: Tourism in Canadian Cities - A Statistical Outlook 2001.) There are currently six casinos in the Edmonton area, including one racino. The Innovation Group, Littleton, Colorado, estimates that by combining the local and tourist markets, 2005 gaming revenues for the greater Edmonton area are projected to be \$376 million Canadian dollars, an average annual increase of 13.3% over 2002/2001.

Franklin County, Iowa - On October 18, 2004, we entered into an agreement with the owners of Landmark Gaming LC of Franklin County, Iowa, to jointly submit as co-applicant with the Franklin County Development Association (FCDA) an application to the Iowa Racing and Gaming Commission (IRGC) to develop and operate a moored barge casino, hotel and entertainment facility in Franklin County, Iowa. The application was submitted on November 11, 2004.

If a license is granted, we will contribute \$1.25 million in cash through Century Casinos Iowa, Inc., our wholly owned subsidiary, to Landmark Gaming LC, in exchange for a 40% ownership interest. The current owners of Landmark Gaming LC will contribute the land to be used for the project and certain land options in return for a 60% ownership interest.

Century Casinos Management, Inc. has entered into a long term agreement to manage the casino once the project is operational in return for a share in gross revenues plus a share in EBITDA. Our cash contribution and the beginning of construction are subject to various conditions and approvals, including but not limited to awarding of a license by the IRGC, securing acceptable financing and other due diligence. We anticipate that the IRGC will notify us on May 11, 2005 whether a license has been granted to us.

If a casino license is awarded to Landmark Gaming LC, the Landmark Hotel and Casino is projected to be open within 15 months of license award and finalization of funding arrangements. The proposal includes a casino with up to 1,200 slot machines, 34 tables, 120 hotel rooms, 1,500 parking spaces and will employ approximately 600 people. A study completed by independent casino and lodging industry consultants, Gaming & Resort Development, Inc., estimates total development costs to be \$67.0 million and projected first year net revenue of \$72.0 million.

There are currently ten river boats, three racetrack slot machine operations, and three Class III Indian gaming venues in the state of Iowa. According to information provided by the IRGC, the ten river boat casinos have generated approximately \$715 million in gross gaming revenues from July 2003 to June 2004. Licensing requires sponsorship by an approved charitable organization that receives a percentage of the gaming revenues. The FCDA is the sponsoring charitable organization for this project. Casino licenses are awarded based on the merit of the project. The number of licenses awarded is determined by the IRGC. The site of the proposed project is located approximately 80 miles north of Des Moines, Iowa and 52 miles south of the Iowa-Minnesota border. The proposed project will be located on a manmade body of water adjacent to, and with a clear view for travelers on Interstate 35, Iowa's primary north-south link between Minneapolis and Des Moines, along Iowa Highway 3. We believe that the proposed casino's proximity to major roadways and its location in a county that is very supportive of the project and proactive in seeking large businesses such as this to provide employment opportunities for the residents of Franklin and surrounding counties could give the county an edge over others competing for a license.

Gauteng, South Africa - In 1997, together with Silverstar Development Ltd, we applied to the Gauteng Gambling Board (GGB) for a casino license in Gauteng, South Africa. After a preliminary determination to award a license to the project and a subsequent series of legal challenges and lawsuits, the license has still not been issued, resulting in Silverstar not being able to commence with the casino development. On March 29, 2005, the Supreme Court of Appeal upheld an earlier High Court decision to award the license to Silverstar, but the project remains subject to uncertainty.

In December of 2004, we entered into agreements to sell a portion of our interest in the Gauteng, South Africa, project we had previously been pursuing jointly with Silverstar Development Ltd. and granted options to Silverstar and a group led by Akani Leisure Investments, Ltd. to purchase our remaining interests in the Gauteng project. We received an initial payment of approximately \$1.7 million, or 10.0 million Rand, for the sale of 100% of the outstanding common stock of Verkrans Ontwikkelings Maatskappy (Pty) Ltd., a wholly owned subsidiary of CCA, whose only asset was land related to this project, and for funds previously advanced to Silverstar. Also in conjunction with the agreements, we loaned Silverstar \$0.5 million, 3.0 million Rand repayable in six equal installments with interest. We have, therefore, only recognized net proceeds of \$1.2 million, 7.0 million Rand in the transaction.

The exercise price of the purchase options totals approximately \$6.8 million, or 40.3 million Rand. Exercisability of the purchase options is contingent on regulatory and related approvals being secured by Silverstar and the Akani Group. Notwithstanding the decision by the Supreme Court of Appeal on March 29, 2005, the outcome of these approvals is unknown at this time.

Pending the exercise of the purchase options, a resort management agreement that we executed to manage the project once it becomes operational remains in effect. We also have retained an option granted to us by Silverstar to purchase a minority equity interest in the project. In the event Silverstar or the Akani group exercise the options we granted them to purchase our remaining interest in the project, the management agreement and equity options we own would be terminated.

The Akani group has agreed to provide the funds necessary for Silverstar to complete the project in the event the license is ultimately issued. With the financial backing of the Akani group, we believe funding is now available for Silverstar to complete its tasks and provide a higher level of assurance that we will ultimately get a return, via the exercise of the option, on our efforts to date. Pursuant to its 1997 application, the Silverstar project provides for up to 1,350 slot machines and 50 gaming tables in a phased development that includes a hotel and other entertainment, dining, and recreational activities with a first phase of 950 slot machines and 30 gaming tables. Should the option not be exercised, CCI's involvement in the project will be restored to the previous level of ownership and management.

Marketing Strategy

Our marketing strategy centers around rewarding repeat customers through our players' club programs. We maintain a proprietary database of primarily slot machine customers that allows us to create effective targeted marketing and promotional programs, cash and merchandise giveaways, coupons, preferred parking, food, lodging, game tournaments and other special events. These programs are designed to reward customer loyalty and attract new customers to our properties through a multi-tiered reward program that rewards players based on total amount wagered and frequency of visits. Currently, our players' club cards allow us to update our database and track member gaming preferences, maximum, minimum, and total amount wagered and frequency of visits. All visitors to our properties are offered an opportunity to join our players' club. Our Womacks players' club database contains profiles on over 100,000 members.

We place significant emphasis on attracting local and surrounding community residents and seek to maintain a strong local identity in each market in which we operate. We use broadcast media, including outdoor, radio and television advertising, and print media and direct mail advertising to promote our properties.

Competition

The Cripple Creek, Colorado Market - Cripple Creek, located approximately 45 miles southwest of Colorado Springs, Colorado, is a historic mining town dating back to the late 1800's that has developed into a tourist stop. Traffic generally is heaviest in the summer months and decreases to its low point in the winter months.

Cripple Creek is one of only three Colorado cities, exclusive of Indian gaming operations, where casino gaming is legal, the others being Central City and Black Hawk. As of December 31, 2004, there were 19 casinos operating in Cripple Creek, which represented 27% of the gaming devices and generated 20% of gaming revenues from these three cities for the year then ended.

The tables below set forth information obtained from the Colorado Division of Gaming regarding gaming revenue by market and slot machine data for Cripple Creek from calendar year 2001 through 2004. Adjusted Gross Proceeds ("AGP") is the net win from gaming activities reported to the licensing jurisdiction. We use AGP to measure performance relative to competitors within our respective markets. This data is not intended by us to imply, nor should the reader infer, that it is any indication of future Colorado or Company gaming revenue.

ANNUAL GAMING REVENUE BY MARKET*Amounts shown in thousands*

		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year
	2004		2003		2002		2001	
CRIPPLE CREEK	\$148,689	4.3%	\$142,525	0.0%	\$142,436	2.8%	\$138,618	3.0%
Black Hawk	\$524,035	3.6%	\$505,851	-3.5%	\$524,465	9.6%	\$478,326	10.3%
Central City	\$ 53,179	6.6%	\$ 49,909	-5.5%	\$ 52,800	-11.6%	\$ 59,730	-5.9%
COLORADO TOTAL	\$725,903	4.0%	\$698,285	-3.0%	\$719,701	6.4%	\$676,674	7.1%

ANNUAL CRIPPLE CREEK SLOT DATA*Amounts shown in thousands, except slot data*

		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year
	2004		2003		2002		2001	
Total Slot Revenue	\$ 143,802	3.8%	\$ 138,560	0.0%	\$ 138,645	3.2%	\$ 134,330	3.7%
Average Number Of Slots	4,618	9.2%	4,228	1.0%	4,187	0.4%	4,170	0.5%
Average Win Per Slot Per Day	85 dollars	-5.6%	90 dollars	-1.1%	91 dollars	3.4%	88 dollars	3.5%

ANNUAL WOMACKS CASINO SLOT DATA*Amounts shown in thousands except slot data*

		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year		% change Over Prior Year
	2004		2003		2002		2001	
Total Slot Revenue	\$ 19,262	-6.6%	\$ 20,625	-12.5%	\$ 23,563	1.8%	\$ 23,142	-2.2%
Average Number Of Slots	649	4.3%	622	-2.8%	640	7.9%	593	-5.4%

Average Win Per

	81	91	101	107
Slot Per Day	dollars -11.0%	dollars -9.9%	dollars -5.6%	dollars 3.6%

Market Share of
Cripple Creek

AGP	13.4% -10.1%	14.9% -12.4%	17.0% -1.3%	17.2% -5.7%
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Gaming in Colorado is “limited stakes,” which restricts any single wager to a maximum of five dollars. While this limits the revenue potential of table games, management believes that slot machine play, which accounts for over 98% of total gaming revenues at Womacks and 96% in Cripple Creek, is currently impacted only marginally by the five dollar limitation.

We face intense competition from other casinos in Cripple Creek, including a handful of casinos of similar size and many other smaller casinos. There can be no assurance that other casinos in Cripple Creek will not undertake expansion efforts similar to or more substantial than those recently undertaken by us, thereby further increasing competition, or that large, established gaming operators will not enter the Cripple Creek market. We seek to compete against these casinos through promotion of Womacks Gold Club and other marketing efforts. We believe that the casinos likely to be more successful and best able to take advantage of the market potential of Cripple Creek will be the larger casinos, such as Womacks, that have reached a certain critical mass.

Womacks competes, to a far lesser extent, with 22 casinos in Black Hawk and five casinos in Central City. Black Hawk and Central City are also small mountain tourist towns, which adjoin each other and are approximately 35 miles from Denver and a two and one-half hour drive from Cripple Creek. The primary market for Cripple Creek is the Colorado Springs metropolitan area, and the primary market for Black Hawk and Central City is the Denver metropolitan area. Subsequent to December 31, 2004, two additional casinos have opened in Central City.

There can be no assurance that the number of casino and hotel operations will not exceed market demand or that additional hotel rooms or casino capacity will not adversely affect the operations of the Company.

The Caledon, South Africa Market - Caledon is a small agricultural community located approximately 60 miles east of Cape Town. It lies on the N-2 highway - the main thoroughfare between Cape Town and Durban - and is known for its wild flower shows, wineries and the natural historic hot springs located on the Caledon Hotel, Spa and Casino site. Caledon experiences its heaviest traffic during the December holiday season (summer in South Africa).

The Caledon Hotel, Spa and Casino operates its casino under one of only four licenses awarded in the Western Cape Province, which has a population of approximately four million. Although the competition is limited by the number of casino licenses and the casinos are geographically distributed, management believes that the Caledon Hotel, Spa and Casino faces intense competition from a large casino located in Cape Town approximately one hour from Caledon and, to a much lesser degree, two other casinos. We compete against these casinos by emphasizing Caledon's destination resort appeal in its marketing campaign, by promotion of its players club and by superior service to its players. Construction by a competitor of a casino in Worcester, the fifth and last one permitted in the Western Cape under the Gaming act, is expected to begin in November 2005 with an opening projected by the second quarter of 2006.

We believe we have fewer financial, operational and personnel resources than many of our competitors in the Western Cape. There can be no assurance that the number of casino and hotel operations will not exceed market demand or that additional hotel rooms or casino capacity will not adversely affect the operations of the Company.

The National Gambling Board has approved the introduction of Limited Payout Machines (LPM) and has approved 105 such devices for the Overberg region of the Western Cape, the market in which we operate. An approved operator, which can have a maximum of five devices, will be permitted to operate the devices without the overhead of a typical casino. They will, however, be subject to central monitoring. Currently 110 LPM sites are approved in Cape Town, and 45 sites are operational. The roll out in the Western Cape will continue in April 2005 in the Southern Cape (Mosselbay). There is no indication when the roll out in the Overberg Region will start and we believe it is most likely that this will not happen in 2005.

Casino gaming in South Africa operates on an “unlimited wagering” basis where each casino sets its own limits. As a result, the relationship between table game revenue and slot revenue (9% from tables and 91% from slots) resembles more traditional gaming markets (unlike Cripple Creek where over 96% of gaming revenues are derived from the slot machines). Caledon has 300 slot machines and 10 table games including blackjack, roulette and poker.

The tables below set forth information obtained from the Western Cape Gambling and Racing Board regarding gaming revenue by market and slot machine data for the Western Cape market from calendar year 2002 through 2004. AGP is the net win from gaming activities reported to the licensing jurisdiction. We use AGP to measure performance relative to competitors within this market. This data is not intended by us to imply, nor should the reader infer, that it is any indication of future South African or Company gaming revenue.

ANNUAL GAMING REVENUE BY MARKET

Amounts shown in thousands

		% change Over Prior Year (1)		% change Over Prior Year (1)		% change Over Prior Year (1)	
		2004	2003	2002	2002	2002	2002
CALEDON CASINO							
	Rand	R80,088	17.8%	R67,976	11.3%	R61,100	21.3%
	USD equivalent	\$12,540	\$9,211	\$5,899			
Other three casinos							
	Rand	R1,279,219	20.8%	R1,058,619	12.2%	R943,346	26.5%
	USD equivalent	\$200,346	\$143,298	\$91,162			
WESTERN CAPE TOTAL(1)							
	Rand	R1,359,307	20.7%	R1,126,595	12.2%	R1,004,446	26.1%
	USD equivalent	\$212,886	\$152,509	\$97,061			

(1) Excluding effects of fluctuations in foreign exchange rate.

THE CALEDON HOTEL SPA AND CASINO ANNUAL DATA*Amounts shown in thousands, except slot data*

	% change Over		% change Over		% change Over	
	2004	Prior Year	2003	Prior Year	2002	Prior Year
Total Slot Revenue	R73,066	17.2%	R62,345	12.8%	R55,276	26.3%
	\$11,440	35.5%	\$8,443	58.0%	\$5,343	4.7%
Market Share in % (1)	5.9%	-1.7%	6.0%	-1.6%	6.1%	-3.2%
Average Number Of Slots	288	5.1%	274	7.9%	254	1.6%
Average Win Per Slot Per Day	693 rand	11.3%	623 rand	4.5%	596 rand	24.4%
	109 dollars	29.8%	84 dollars	44.8%	58 dollars	3.6%
# of Slot Machines % of Total						
Western Cape Market	11.3%	3.7%	10.9%	-2.7%	11.2%	0.9%
Average Number Of Tables	9	12.5%	8	0.0%	8	-42.9%
# of Tables % of Total						
Western Cape Market	9.8%	11.4%	8.8%	-11.1 %	9.9%	-34.9%

(1) Based on the total Adjusted Gaming Revenue of Western Cape.

Employees

Womacks Casino and Hotel - We employ approximately 215 persons in Cripple Creek, Colorado on a full-time equivalent basis, including cashiers, dealers, food and beverage service personnel, facilities maintenance staff, security, accounting and marketing personnel. No labor unions represent any employee group. A standard package of employee benefits is provided to full-time employees along with training and job advancement opportunities.

Caledon Hotel, Spa and Casino - The Caledon Hotel, Spa and Casino employs approximately 320 persons on a full-time equivalent basis, including cashiers, dealers, room service, food and beverage service personnel, facilities maintenance staff, security, accounting and marketing personnel. A standard package of employee benefits is provided to full-time employees along with training and job advancement opportunities.

Casino and hotel employees were represented by the T.E.U.S.A. (Technical Employee Union of South Africa). Membership in the union is not mandatory and less than 50% of eligible employees are currently members. On November 24, 2001, the T.E.U.S.A. initiated a strike action against the hotel and casino. An application for a temporary interdict was granted by the Labor Court with cost to the union and union officials. Employees returned to work on December 15, 2001 and on January 29, 2002 the temporary interdict was made final. There was no further industrial action and there have been no strikes since that time. We notified T.E.U.S.A. on January 27, 2004 that it was no longer representative of the employees of the casino and hotel. A new union, the SACCAWU, has started recruiting members, but has not recruited the 50% necessary to represent them as a union. We do not believe there is a risk of a strike in the near term.

Cruise Ships - We employ approximately 32 employees onboard the cruise ships. Employees are hired on a short-term contract basis. No labor unions represent the group. Training and supervision is provided by management at Casino Millennium.

Seasonality

Womacks Casino and Hotel - Our business in Cripple Creek, Colorado is at its highest levels during the tourist season (i.e., from May through September). Its base level (i.e., October through April) is expected to remain fairly constant although weather conditions during this period could have a significant impact on business levels in Colorado.

Caledon Hotel, Spa and Casino - Our business in Caledon is at its highest levels of business during the holiday season in December. Caledon has a comparatively mild climate.

Cruise Ships - Our business on the ships is generally not impacted by the time of year.

Governmental Regulation and Licensing

The ownership and operation of casino gaming facilities are subject to extensive state and local regulations. We are required to obtain and maintain gaming licenses in each of the jurisdictions in which we conduct gaming. The limitation, conditioning, suspension, revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions would materially adversely affect our gaming operation in that jurisdiction. In addition, changes in law that restrict or prohibit gaming operations in any jurisdiction could have a material adverse effect on our financial position, results of operations and cash flows.

Statutes and regulations can require us to meet various standards relating to, among other matters, business licenses, registration of employees, floor plans, background investigations of licensees and employees, historic preservation, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants, and ownership interests. Civil and criminal penalties can be assessed against us and/or our officers or shareholders to the extent of their individual participation in, or association with, a violation of any of the state and local gaming statutes or regulations. Such laws and regulations apply in all jurisdictions within the United States in which we may do business. Management believes that we are in compliance with applicable gaming regulations.

Colorado, United States

The Colorado Limited Gaming Control Commission (Commission) has adopted regulations regarding the ownership of gaming establishments by publicly held companies (the Regulations). The Regulations require the prior clearance of, or notification to, the Commission before any public offering of any securities of any gaming licensee or any affiliated company. The Regulations require all publicly traded or publicly owned gaming licensees to comply with numerous regulatory gaming requirements including, but not limited to, notifying/filing with the Colorado Division of Gaming any proxy statements, lists of shareholders, new officers and directors of the Company, any shareholders obtaining 5% or more of the Company's common stock and any issuance of new voting securities. We believe that the Company is in compliance with applicable gaming regulations.

Other state regulatory agencies also impact the Company's operations, particularly its license to serve alcoholic beverages. Rules and regulations in this regard are strict, and loss or suspension of a liquor license could significantly impair, if not ruin, a licensee's operation. Local building, parking and fire codes and similar regulations could also impact the Company's operations and proposed development of its properties.

Caledon, South Africa

Caledon's gaming operations are subject to strict regulations by the Western Cape Gambling and Racing Board under national and provincial legislation. Statutes and regulations require us to meet various standards relating to, among other matters, business licenses, licensing of employees, historic preservation, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants, and ownership interests. Civil and criminal penalties can be assessed against us and/or our officers to the extent of their individual participation in, or association with, a violation of any of these gaming statutes or regulations. We believe that we are in compliance with applicable gaming regulations.

Prague, Czech Republic

Casino Millennium's gaming operations are subject to strict regulations by the Czech Republic under national legislation. Statutes and regulations require us to meet various standards relating to, among other matters, business licenses, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, tokens, gaming participants, and ownership interests. Civil and criminal penalties can be assessed against us and/or our officers to the extent of their individual participation in, or association with, a violation of any of these gaming statutes or regulations. We believe that we are in compliance with applicable gaming regulations.

Cruise Ships

The casinos onboard the cruise ships only operate when they are in international waters. Therefore, the gaming operations are not regulated by any national or local regulatory body. However, we follow standardized rules and practices in the daily operation of the casinos. This segment of our operations accounted for almost 8% of our total net operating revenue for 2004, compared to 6% for 2003 and less than 3% for 2002.

Non-Gaming Regulation

We are subject to certain federal, state and local safety and health, employment and environmental laws, regulations and ordinances that apply to our non-gaming operations. We have not made, and do not anticipate making material expenditures with respect to such employment and environmental laws and regulations. However, the coverage and attendant compliance costs associated with such laws, regulations and ordinances may result in future additional costs to our operations.

A minimum of 80% of the labor force in Caledon must be comprised of designated persons. A designated person is any person of color plus white females. Currently, 93% of the labor force in Caledon is comprised of designated persons. The license holder must undertake to allocate 20% of net profit of the casino, as defined in the casino license agreement, to Black Empowerment Partners. Caledon is obliged to allocate at least 50% of its procurement costs to Black Empowerment companies by 2006.

Financial Information By Segment

See "Item 8 - Financial Statements and Supplementary Data" - Note 7 of the Notes to Consolidated Financial Statements for certain financial information concerning each of the Company's operating segments.

Item 2. Properties.

Colorado, United States

Cripple Creek

We own approximately 2.7 acres in Cripple Creek, Colorado used in connection with the operations of Womacks Casino and Hotel which includes buildings and parking spaces related to our casino and hotel operations. This property is collateralized by a first mortgage held by Wells Fargo Bank in connection with our credit agreement. See Note 5, "Long-Term Debt", to the Consolidated Financial Statements for further information.

In addition, we hold a subleasehold interest in real property and improvements on approximately 0.8 acres of property in Cripple Creek, Colorado that expires on June 20, 2005. We have given notice that we will exercise an option to acquire the property at the expiration of the sublease at the exercise price of \$1.5 million.

We lease 10 city lots from the City of Cripple Creek, Colorado for parking. The lease terms include annual rental payments of \$90 thousand and an expiration date of May 31, 2010. The agreement contains a purchase option for us to purchase the property for \$3.25 million, less cumulative lease payments, at any time during the remainder of the lease term.

We lease 2,847 square feet of office space in Colorado Springs, Colorado that houses our corporate administrative personnel. The lease will expire in July 2005. We do not expect any problems in extending the term.

Central City

We own a 65% interest in a venture that owns approximately 1.10 acres in Central City, Colorado to be used for the development of a casino, hotel and parking garage. All together, the new development is expected to contain approximately 60,000 square feet of casino and back of house and 500 parking spaces within a 155,000 square feet, four story, parking structure.

Caledon, South Africa

We own approximately 600 acres in Caledon, South Africa. This property contains a 180,000 square foot building for our casino, hotel and spa operations and is collateralized by a first mortgage bond over land, buildings and equipment held by ABSA Bank Limited of South Africa. Approximately 500 acres of this property is undeveloped at this time.

Alberta, Canada

Effective February 24, 2005, we own a 56.4% interest in a project in Edmonton, Alberta, Canada. We had subscribed to 55% of the shares of CRA in September 2003 but subsequently increased our participation in the project. The project is on a 7.25 acre facility site and when completed is expected to include a casino with 600 slot machines and approximately 31 table games, food and beverage amenities, a dinner theatre, a 300 space underground parking garage and an existing 40-room hotel.

Item 3. Legal Proceedings.

We are not a party to, nor are we aware of, any pending or threatened litigation which, in management's opinion, could have a material adverse effect on our financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year ended December 31, 2004.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock began trading in the NASDAQ SmallCap Market on November 10, 1993. The following table sets forth the low and high sale price per share quotations of the common stock as reported on the NASDAQ Stock Market for the periods indicated. These quotations reflect inter-dealer prices, without retail markup, markdown or commission and may not necessarily represent actual transactions. Actual prices may vary.

Quarter Ended	Low	High
March 31, 2003	\$ 1.85	\$ 2.50
June 30, 2003	\$ 1.88	\$ 2.49
September 30, 2003	\$ 2.11	\$ 3.00
December 31, 2003	\$ 2.20	\$ 3.93
March 31, 2004	\$ 2.76	\$ 3.50
June 30, 2004	\$ 3.26	\$ 6.30
September 30, 2004	\$ 3.75	\$ 6.20
December 31, 2004	\$ 5.27	\$ 9.77

At December 31, 2004, we had approximately 90 holders of record of our common stock. We estimate that the number of beneficial owners is approximately 3,000.

At the present time, we intend to use any earnings that may be generated to finance the growth of the Company's business. Our credit facility with Wells Fargo Bank currently limits the payment of dividends. No dividends have been declared or paid by the Company, and we do not presently intend to pay dividends.

The following table provides the information as of December 31, 2004 relating to securities authorized for issuance under equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities underlying outstanding options, warrants and rights)
Equity compensation plans approved by security holders	3,464,210	\$1.92	-
Equity compensation plans not approved by security holders	-	-	-
Total	3,464,210	\$1.92	-

We had an Employees' Equity Incentive Plan (the Plan) that provided for the grant of awards to eligible employees in the form of stock, restricted stock, stock options, stock appreciation rights, performance shares or performance units, all as defined in the Plan. The Plan expired in April 2004. The Plan provided for the issuance of up to 4,500,000 shares of common stock to eligible employees through the various forms of awards permitted. Only incentive stock option awards, for which the option price was not less than fair market value at the date of grant, or non-statutory options, which were granted at any option price, could have been granted under the Plan. All options had to have an exercise period not to exceed ten years. Options granted have one-year, two-year or four-year vesting periods. The Company's Incentive Plan Committee has the power and discretion to, among other things, prescribe the terms and conditions for the exercise of, or modification of, any outstanding awards in the event of merger, acquisition or any other form of acquisition other than a reorganization of the Company under United States Bankruptcy Code or liquidation of the Company. The Plan also allowed limited transferability of any non-statutory stock options to legal entities that are 100% - owned or controlled by the optionee or to the optionee's family trust. The Company last granted options to any officers in March 2004. As of December 31, 2004 there were 3,464,210 options outstanding under the Plan. We believe an equity compensation plan will help us to remain competitive and to retain the services of key employees and accordingly, we plan to ask our stockholders to approve a new plan at the 2005 annual stockholders meeting.

Item 6. Selected Financial Data**For the Year Ended December 31,**

<i>Amounts shown in thousands except for share information</i>	2004	2003	2002	2001	2000
		(1)			(1)
Results of Operations:					
Net Operating Revenue	\$ 35,765	\$ 31,402	\$ 29,337	\$ 29,456	\$ 26,232
Net Earnings (2) (3) (7)	4,738	3,246	3,079	2,455	3,253
Net Earnings per Share:					
Basic	\$ 0.35	\$ 0.24	\$ 0.23	\$ 0.18	\$ 0.23
Diluted	\$ 0.30	\$ 0.22	\$ 0.20	\$ 0.16	\$ 0.22
Balance Sheet:					
Cash and Cash					
Equivalents (6)	\$ 8,411	\$ 4,729	\$ 4,582	\$ 3,031	\$ 9,077
Total Assets (4)	71,204	54,817	51,143	44,819	56,122
Long-Term Debt	17,970	14,913	16,531	15,991	20,314
Total Liabilities (6)	30,825	21,769	24,040	22,641	33,152
Total Shareholders' Equity	40,379	33,048	27,103	22,178	22,970
Cash Dividends Per Common					
Share (5)	\$ --	\$ --	\$ --	\$ --	\$ --

- (1) In April 2000, we, through CCA, purchased a 50% interest in CCAL, which was awarded a casino license in April 2000. The Caledon Hotel, Spa and Casino opened for business in October 2000. In December 2000, we, through CCA, acquired an additional 15% of The Caledon Hotel, Spa and Casino, raising ownership of the project to 65%. In January 2003, we, through CCA, acquired the remaining 35% interest in CCAL.
- (2) Effective 2002, in accordance with SFAS No. 142, we no longer amortize goodwill and other intangible assets with indefinite useful lives. The goodwill amortization expense, net of income taxes, for the years ended December 31, 2001 and 2000 was \$1.2 million and \$1.1 million, respectively.
- (3) In 2002, we wrote down the value of the non-operating casino property and land held for sale in Nevada by approximately \$0.45 million and recorded an approximately \$0.40 million write-off for advances made and pre-construction costs incurred in conjunction with the Gauteng project and an approximately \$0.30 million write-off for unpaid casino technical service fees from Casino Millennium. See Note 12, "Property Write-Down and Other Write-Offs", to the Consolidated Financial Statements.
- (4) In 2004, the increase in total assets is primarily the result of the contribution of \$9.2 million in land and buildings to the Central City project by the minority partner, approximately \$3 million in capital improvements at Womacks, including new slot machines and new slot accounting software and increases in foreign denominated assets resulting from fluctuations in currency exchange rates. In 2001, the reduction in total assets is principally the result of the effects of the change in the exchange rate on assets we held in our South African operations.
- (5) We have not declared any cash dividends on our common stock and do not expect to pay any such dividends in the foreseeable future.

(6) Approximately \$3.5 million was borrowed against the Wells Fargo revolving credit facility on December 30, 2004 to finance our cash contribution to the Central City Project. A \$4.2 million increase in the minority interest liability in 2004 is directly related to the Central City project.

(7) In 2004, we recovered approximately \$0.20 million in receivables that had been written off in 2002.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Item 8. Financial Statements and Supplementary Data" included elsewhere herein. Information contained in the following discussion of results of operations and financial condition of the Company contains forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, and as such, are based on current expectations and are subject to certain risks and uncertainties. The reader should not place undue reliance on these forward-looking statements for many reasons including those risks discussed under "Factors that May Affect Future Results" and elsewhere in this document. Forward-looking statements may be identified by the use of forward-looking words or phrases such as "may," "will," "believe," "expect," "intend," "anticipate," "could," "should," "plan," "estimate," "potential" or "continue", or variations of comparable terminology. In addition, all statements other than statements of historical facts are forward-looking statements.

Critical Accounting Estimates

The preparation of financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate these estimates, including those related to goodwill and other intangible assets and property and equipment. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions. Our significant accounting policies are discussed in Note 2 of the Notes to Consolidated Financial Statements; critical estimates inherent in these accounting policies are discussed in the following paragraphs.

Goodwill and Other Intangible Assets - Our goodwill results from the acquisitions of casino and hotel operations and represents excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired. Goodwill and intangible assets with indefinite lives are required to be tested for impairment at least annually or more frequently if an event occurs or circumstances change that may reduce the fair value of the asset below its carrying value. We have completed our assessment of goodwill and other intangibles with indefinite lives for impairment at December 31, 2004 and determined that there have been no significant changes in the fair value of the assets, no adverse changes in the projected cash flows or any events or circumstances that would lead management to believe that the fair value of the assets are less than the current carrying value of the reporting units. For reporting units with goodwill and/or intangible assets with indefinite lives, this test requires the comparison of the implied fair value of each reporting unit to its carrying value. The implied fair value includes estimates of future cash flows, as well as estimates of critical valuation inputs such as discount rates, terminal values and similar data based on reasonable and supportable assumptions that represent our best estimates. Changes in estimates or application of alternative assumptions and definitions could produce significantly different results. We will continue to assess goodwill and other intangibles with indefinite lives for impairment at least annually hereafter. We will also continue to assess the propriety of our assignment of indefinite useful lives to intangible assets through analysis of all pertinent factors used in making such estimates. Included in assets at December 31, 2004 is goodwill of approximately \$8.8 million and casino licenses of approximately \$2.2 million.

Property and Equipment - At December 31, 2004, we had property and equipment totaling \$48.6 million, representing 68% of total assets. We capitalize the cost of property and equipment. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. We depreciate property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets and our current operating expectations. Future events such as property expansions, new competition and new regulations could result in a change in the manner in which we are using certain

assets requiring a

24

change in the estimated useful lives of such assets. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that such carrying values may not be recoverable. Under current standards, the assets must be carried at historical cost if the projected cash flows from their use will recover their carrying amounts on an undiscounted basis and without considering interest. However, if projected cash flows are less than their carrying value, the long-lived assets must be reduced to their estimated fair value. Considerable judgment is required to project such cash flows and, if required, estimate the fair value of the impaired long-lived asset. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. There can be no assurance that future long-lived asset impairments will not occur. We capitalize the cost of property and equipment that is contributed in a business combination at the fair value of the assets that are contributed. Capital assets contributed by our minority interest partner in CC Tollgate LLC were recorded at estimated fair value based on an appraisal at the time of the contribution. Appraisals, by their nature, involve estimations and judgment.

Results of Operations

Overview

Since our inception, we have been primarily engaged in developing and operating gaming establishments and the related lodging and restaurant facilities. We derive revenue from the net proceeds of our gaming machines and tables, and from hotel and restaurant facilities.

We are managed in five segments: (i) Cripple Creek, Colorado (formerly Colorado segment), the operations of Womacks Casino and Hotel; (ii) Central City, Colorado, the development of a new casino, (iii) South Africa, primarily related to the operations of the Caledon Hotel, Spa and Casino; (iv) cruise ship casino operations for eight vessels; and (v) Corporate and other operations including corporate gaming projects for which we have long-term service contracts.

Our total net operating revenue was \$35.8 million, \$31.4 million and \$29.3 million for 2004, 2003 and 2002, respectively. For 2004, 2003 and 2002 Womacks represented 49%, 59% and 72% of total net operating revenue, respectively, while Caledon represented 42%, 36% and 24% for the same periods.

Earnings from operations were \$7.0 million, \$6.8 million and \$7.3 million for 2004, 2003 and 2002, respectively. The Womacks and Caledon casino and hotel operations had operating earnings of \$5.0 million and \$3.81 million, respectively, for the year ended December 31, 2004, \$6.3 million and \$2.5 million, respectively, for the year ended December 31, 2003 and \$9.09 million and \$1.45 million, respectively, for the year ended December 31, 2002. Cruise ship operations had earnings from operations of \$0.82 million, \$0.49 million and \$0.24 million in 2004, 2003 and 2002, respectively. Corporate operations incurred losses from operations of \$1.6 million, \$2.2 million and \$2.9 million in 2004, 2003 and 2002, respectively.

We continue to experience strong competition in both our Cripple Creek, Colorado and South African segments. We face competition in both segments from larger casinos in the area. In our Cripple Creek, Colorado segment two of our competitors provide covered parking garages adjacent to their facilities which provide them with an advantage during inclement weather and peak tourist season. We continue to aggressively market in both Cripple Creek, Colorado and South Africa, primarily through the use of our players' club programs.

Results of Operations for the Years ended December 31, 2004, 2003 and 2002

We reported net operating revenue of \$35.8 million for the year ended December 31, 2004, compared to \$31.4 million in 2003 and \$29.3 million in 2002.

Casino revenue increased \$2.8 million, or 8.7%, to \$34.6 million in 2004 as compared to 2003. Casino revenue in 2003 increased \$1.3 million, or 4.1%, to \$31.9 million as compared to 2002. These increases are primarily the result of gains made in the South African Market. Hotel, food and beverage revenue increased \$0.75 million, or 21.1%, to \$4.3 million during 2004 as compared to 2003. Hotel, food and beverage revenue increased \$0.94 million or 35.7% in 2003 as compared to 2002. The increases in hotel, food and beverage revenue during the three year period is primarily attributable to renovating and relocating certain restaurant facilities in Cripple Creek, Colorado and increased theme dinners and banquets at our South Africa property. Other revenue increased by \$0.47 million or 75.6% to \$1.1 million in 2004 as compared to 2003, primarily as the result of the foreign currency gain of \$0.38 million recognized on the disposition of Verkrans. Promotional allowances, which are made up of complimentary revenue, cash points and coupons, are rewards we give our loyal customers to encourage them to continue to patronize our properties. Such awards reduced gross revenues by approximately 11% in 2004 and 13% in 2003 and 2002.

Casino operating expenses were \$13.8 million, \$11.7 million and \$9.9 million for 2004, 2003 and 2002, respectively. 2004 casino operating expenses increased \$2.1 million, or 17.9%, as compared to 2003 primarily due to growth in the South African and ship segments and fluctuation in the currency exchange rate. The increase of \$1.8 million, or 18%, from 2002 to 2003 is primarily the result of revenue volume increases and a 29% negative change in currency exchange rates in the South African segment.

Hotel, food and beverage expenses were \$3.1 million in 2004, \$2.6 million in 2003 and \$1.5 million in 2002. Hotel, food and beverage expenses increased \$0.6 million, or 22.8%, from 2003 to 2004 because of the corresponding increase in food and beverage revenues generated at additional outlets opened or expanded between 2003 and 2004. The increase of \$1.1 million from 2002 to 2003 resulted from a 40% increase in repair costs related to improvements we are making at our South African property and the effects of inflation and currency exchange rate fluctuations during the period.

General and administrative expenses were \$9.1 million in 2004 compared to \$7.7 million in 2003 and \$7.2 million in 2002. General and administrative expenses increased \$1.4 million in 2004 over 2003 primarily as a result of staff increases at the corporate level to support the expansion efforts and compliance requirements, expenditures incurred in conjunction with new Company projects and the effect of foreign currency fluctuations, primarily the Rand. The increase of \$0.6 million from 2002 to 2003 is primarily the result of currency exchange rate fluctuations during the period.

Depreciation expense was \$3.0 million in 2004, \$2.7 million in 2003 and \$2.3 million in 2002. Changes in depreciation expenses during the three year period ended December 31, 2004 relate to on-going property improvement projects.

Our earnings from operations for the year ended December 31, 2004 were \$7.0 million compared to \$6.8 million in 2003 and \$7.3 million in 2002. Earnings from operations increased \$0.2 million, or 2.9% in 2004, primarily as a result of an increase in earnings from operations in Caledon and, the gain recognized on the sale of Verkrans, the recovery of receivables from the sale of our interest in Gauteng, South Africa offset by a decrease in earnings from operations in Cripple Creek, Colorado. The change from 2002 to 2003 is primarily an increase in earnings from operations from Caledon of \$1.1 million, a decrease from Womacks of \$2.8 million, and a charge of \$1.1 million for property write-down and other write-offs in 2002.

Interest expense was \$1.6 million in 2004, \$2.0 million in 2003 and \$1.9 million in 2002 and results primarily from our credit facility with Wells Fargo and the outstanding note to ABSA Bank in South Africa. Please see Note 5, "Long-term Debt" of the Notes to Consolidated Financial Statements for further information.

Income tax expense was \$0.7 million for 2004 compared to \$1.8 million in 2003 and \$2.5 million in 2002. The decrease of \$1.1 million in 2004 as compared to 2003 is primarily related to a reduction in the effective tax rate on fees paid by the South African operations to the Mauritian parent. Approximately \$2.1 million of our pre-tax income totaling \$5.2 million is attributable to our Mauritian subsidiary and is taxed at an effective rate of 3%. The decrease in 2003 when compared to 2002 is mainly attributable to lower pre-tax income and lower effective tax rate in South Africa in 2003.

Our net earnings for 2004 were \$4.7 million, or \$0.35 per share compared to net earnings of \$3.2 million, or \$0.24 per share in 2003 and \$3.1 million, or \$0.23 per share in 2002.

A discussion by business segment follows below.

Cripple Creek, Colorado Segment

The operating results of the Cripple Creek, Colorado segment, primarily the operations of Womacks, for the years ended December 31, 2004, 2003 and 2002 are as follows:

<i>Dollar amounts shown in thousands</i>	2004	2003	2002	% Change 2004 v. 2003	% Change 2003 v. 2002
Operating Revenue					
Casino	\$ 19,486	\$ 20,981	\$ 23,922	-7.1%	-12.3%
Hotel, food and beverage	1,544	1,267	1,193	21.9%	6.2%
Other (including promotional allowances)	(3,469)	(3,846)	(3,855)	-9.8%	-0.2%
Net operating revenue	17,561	18,402	21,260	-4.6%	-13.4%
Costs and Expenses					
Casino	6,828	6,702	7,038	1.9%	-4.8%
Hotel, food and beverage	586	357	277	64.1%	28.9%
General and administrative	3,638	3,686	3,521	-1.3%	4.7%
Property write-down and other write offs net of (recoveries)	3	-	-	100.%	-
Depreciation	1,512	1,349	1,334	12.1%	1.1%
	12,567	12,094	12,170	3.9%	-0.6%
Earnings from operations	4,994	6,308	9,090	-20.8%	-30.6%
Interest (income) expense, net	(123)	1	269	-122.0%	-99.6%
Other income, net	12	42	25	-71.4%	68.0%
Earnings before income taxes	5,129	6,349	8,846	-19.2%	-28.2%
Income tax expense	1,949	2,413	4,069	-19.2%	-40.7%
Net Earnings	\$ 3,180	\$ 3,936	\$ 4,777	-19.2%	-17.6%

Overall operating results for the segment were impacted by the casino results detailed below.

Market Data

	2004	2003	2002
Market share of the Cripple Creek Slot AGP	13.4%	14.9%	17.0%
Average number of slot machines	649	622	640
Market share of Cripple Creek gaming devices	14.1%	14.8%	15.3%
Average slot machine win per day	81 dollars	91 dollars	101 dollars
Cripple Creek average slot machine win per day	85 dollars	90 dollars	91 dollars

When comparing 2004 to 2003, the Cripple Creek market grew by 4.3%. Management continues to focus on the marketing of the Womacks Casino through the expansion of the successful Gold Club. In December 2003 and in June 2004, additional casinos opened in Cripple Creek, bringing the total number of casino licenses to 19 as of December 31, 2004 compared to 17 for the majority of 2003 and reduced Womacks' market share of gaming devices by 5%. We have spent approximately \$3 million in 2004 to upgrade the product mix on the gaming floor, improve the player tracking system and introduce cashless gaming machines. Womacks will convert as many slot machines as possible to cashless gaming machines. These ongoing improvements are expected to add to the customer experience and further improve customer service. Womacks has also implemented an employee training program focused on intensive guest service. During 2004, Womacks replaced approximately 149 slot machines and added 20 slot machines to the floor.

During this period, the relative percentage of personnel cost, device fees and the cost of participation machines to net operating revenue contributed to the erosion in earnings from operations. Management regularly evaluates these overhead costs to maintain a good cost benefit relationship. During the fourth quarter of 2004, changes in management were made to facilitate and manage this relationship.

When comparing 2003 to 2002, there was no growth in the Cripple Creek market. For us, distractions from major construction in the casino, limited access to the casino from the adjoining parking lot during the first four months of the year, and poor weather conditions, particularly in March and April 2003, had an adverse effect on casino revenue and overall operating results. The casino has expanded the use of both radio and TV advertising in its efforts to compete for the pool of entertainment dollars. Management continues to focus on the marketing of the casino through the expansion of the successful Gold Club. However, covered parking garages provided by two of our competitors, completed by September 2002, have impacted the casino, particularly during inclement weather, providing both with a significant number of close proximity parking places, an advantage previously held by Womacks. Both competitors also have a larger number of hotel rooms, providing them with an advantage during inclement weather and the peak tourist season. We have not yet decided on the next phase of expansion, but we own all of the vacant property adjacent to the casino and are able to expand if we conclude that expansion is in our best interest.

In order to outfit Womacks with the most popular gaming machines, Womacks leased approximately 39 slot machines in 2004, compared to 37 in 2003 and an average of 42 in 2002, from manufacturers, on which it pays a fee calculated as a percentage of the net win. All of the leases have short term commitment periods not exceeding three months and are classified as operating leases. The leases can be cancelled with no more than 30 days written notice. On a portion of the leases, the manufacturer is guaranteed a minimum fee per day that can range from 15 dollars to 35

dollars for the duration of the lease. In most instances, the branded games that are being introduced to the market are not available for purchase.

For financial reporting purposes, the net win on the slot machines is included in our revenue and the amount due to the manufacturer is recorded as an expense, in the period during which the revenue is earned, as casino operating cost. Management makes its decisions to introduce these machines based on the consumer demand for the product. The amount paid under these agreements was \$0.46 million, \$0.42 million and \$0.42 million in 2004, 2003 and 2002, respectively.

Hotel, Food and Beverage

When comparing 2004 and 2003, hotel revenue, included in hotel, food and beverage revenue, increased by 21.9%, as a result of an increase in the hotel occupancy rate to 92% in 2004 from 85% in both 2003 and 2002, and the opening of an additional food outlet. All of the revenue generated by the hotel operations is derived from comps to better players, the value of which is included in promotional allowances.

In May 2004, Womacks added an additional restaurant, the “Cut Above Buffet”, on the second floor of the casino. The restaurant operates on a limited schedule and provides an alternative menu for patrons of the casino. Overall cost of operating the “Cut Above Buffet” accounts for the significantly higher percentage increase in the combined cost of hotel, food and beverage when compared to the percentage increase in the corresponding revenue. The “Cut Above Buffet” offers a premium menu, incurring a higher cost of sales, and has fulfilled the intention of attracting new customers to Womacks Gold Club.

When comparing 2003 and 2002, an increase of 7.8% in restaurant revenues is primarily a result of the visibility obtained by opening Bob’s Grill on the gaming floor. In the third quarter of 2002 Womacks introduced Bob’s Grill on the first floor of the casino and operated the Gold Mine restaurant on a limited schedule. Relocation of the restaurant to the first floor increased its visibility. In February 2003, we doubled the capacity of Bob’s Grill and limited the use of the former Gold Mine restaurant, which is located on the second floor, to weekend and holiday buffets.

Other

Comparing 2004 to 2003, we were able to marginally reduce general and administrative costs.

Comparing 2003 to 2002, the increase in general and administrative costs is primarily attributable to Womacks’ contributions to the campaign organized by Colorado’s gaming industry against the proposed introduction of video lottery terminals (VLT’s) (see “Liquidity and Capital Resources”). Womacks’ contribution to the campaign totaled \$0.13 million in 2003.

The \$0.16 million increase in depreciation expense when comparing 2004 to 2003 results from an increase of approximately \$0.19 million in depreciation on new additions less the reduction in depreciation on assets that are fully depreciated. The Company allocated \$1.2 million in interest expense to the Corporate & Other segment during the year ended December 31, 2004. Interest expense on the amounts advanced, but not repaid, to fund the Company’s acquisitions and the repurchase of the Company’s common stock is calculated using the effective rate on all borrowings under the RCF. The Company reduces the interest expense incurred by WMCK under the RCF by the amount of interest allocated to the Corporate & Other segment. The Company has not repaid the funds advanced for the Company’s acquisitions or the repurchase of the Company’s common stock, and therefore the debt and accumulated interest allocated to the Corporate & Other segment exceeded the total outstanding borrowing. As a result, Womacks

reported a net negative \$0.12 million in interest expense and debt issuance cost. During the same period in 2003, Womacks reported interest expense and debt issuance cost, of \$1 thousand, net of \$1.4 million in interest expense allocated to the Corporate & Other segment. Such decrease is attributable to the decrease in the weighted-average interest rate on the borrowings under the RCF, including effects of swap agreements, to 6.30% from 8.06% and a reduction in the average outstanding balance under the RCF to \$11.8 million in 2004 from \$12.6 million in 2003.

The decrease in interest expense, including debt issuance cost, to \$1 thousand in 2003, net of \$1.40 million in interest allocated to the Corporate & Other segment, from \$0.27 million, net of \$1.15 million in interest allocated to the Corporate & Other segment in 2002, is attributable to the decrease in the weighted-average interest rate on the borrowings under our credit facility with Wells Fargo, including effects of the swap agreements, to 8.72% from 9.75%. The average balance of the Wells Fargo credit facility increased to \$12.6 million in 2003 from \$11.7 million in 2002. The major factor for the increase in the average balance was \$2.6 million borrowed in January 2003 to fund the purchase of the remaining 35% interest in Caledon. Since the second quarter of 2000, we have borrowed a total of \$9.5 million under the Wells Fargo credit facility to fund other Company projects and an additional \$3.8 million to fund the repurchase of shares of the Company's common stock. The interest on the combined amount has resulted in a charge of approximately \$1.4 million and \$1.2 million to our Corporate & Other segment and is recognized as a reduction of interest expense in our Cripple Creek, Colorado segment in 2003 and 2002, respectively.

The Cripple Creek, Colorado segment recognized income tax expense of \$1.9 million in 2004 versus \$2.4 million in 2003, and \$4.1 million in 2002, principally the result of a decrease in earnings before income taxes.

Central City, Colorado Segment

We are developing a casino and hotel project in Central City, Colorado. The proposed \$40.0 million development includes a 60,000 square foot casino and back of house with 625 slot machines, six table games, 25 hotel rooms, retail, food and beverage amenities and a 500-space on-site covered parking garage. We have also entered into a long-term agreement to manage the facility upon completion and licensing. Completion of the project is subject to various conditions and approvals, including, but not limited to securing acceptable financing, satisfactory environmental studies and licensing by the Colorado Division of Gaming. Casino licenses in Colorado are not limited in number by state gaming laws and are primarily subject to successful background investigations by the Colorado Division of Gaming. Century currently is licensed in Colorado for gaming at Womacks Casino and Hotel in Cripple Creek. Construction is expected to be completed approximately 14 months after funding arrangements have been finalized.

In conjunction with the settlement of the property on December 30, 2004, we incurred \$8 thousand dollars in expenses that were allocated to the minority partner by agreement and therefore had no impact on the consolidated results.

South African Segment

The operating results of the South African segment are primarily those related to the operations of the Caledon Hotel, Spa and Casino. Inter-company transactions, including fees to its Mauritian parent, shareholder's interest and their related tax effects have been eliminated in the consolidated results. Improvement in the Rand versus the dollar when comparing 2004 to 2003 and 2003 to 2002 has had a positive impact on the reported revenues and a negative impact on expenses. Operational results in US dollars for the years ended December 31, 2004, 2003 and 2002 are as follows: (See next page for results in Rand).

CALEDON

<i>Amounts shown in thousands</i>	2004	2003	2002	% Change 2004 v. 2003	% Change 2003 v. 2002
Operating Revenue					
Casino	\$ 12,540	\$ 9,211	\$ 5,899	36.1%	56.1%
Hotel, food and beverage	2,778	2,301	1,437	20.7%	60.1%
Other (including promotional allowances)	(348)	(363)	(253)	-4.1%	43.5%
Net operating revenue	14,970	11,149	7,083	34.3%	57.4%
Costs and Expenses					
Casino	5,096	3,993	2,322	27.6%	72.0%
Hotel, food and beverage	2,548	1,996	1,232	27.7%	62.0%
General and administrative	2,171	1,552	1,342	39.9%	15.6%
Depreciation	1,343	1,070	734	25.5%	45.8%
	11,158	8,611	5,630	29.6%	52.9%
Earnings from operations	3,812	2,538	1,453	50.2%	74.7%
Interest expense	788	929	804	-15.2%	15.5%
Other income, net	112	154	146	-27.3%	5.5%
Earnings before income taxes	3,136	1,763	795	77.9%	121.8%
Income tax expense	943	581	256	62.3%	127.0%
Net Earnings	\$ 2,193	\$ 1,182	\$ 539	85.5%	119.3%

CENTURY CASINOS AFRICA

Operating Revenue					
Other (including promotional allowances) (1)	\$ 364	\$ -	\$ -	100.0%	-
Net operating revenue	364	-	-	100.0%	-
Costs and Expenses					
General and administrative	1,528	352	155	334.1%	127.1%
Depreciation	-	3	-	-100.0%	100.0%
Property write-down and other write offs, net of (recoveries)	(175)	-	399	100.0%	-100.0%
	1,353	355	554	281.1%	-35.9%
Loss from operations	(989)	(355)	(554)	178.6%	-35.9%
Interest expense, net	597	-	-	100.0%	-
Other income, net	39	28	23	39.3%	21.7%
Loss before income taxes	(1,547)	(327)	(531)	373.1%	-38.4%

Income tax expense (benefit)	(627)	(94)	160	567.0%	-158.8%
Net Loss	\$ (920)	\$ (233)	\$ (691)	294.8%	-66.3%

MINORITY INTEREST
EXPENSE

\$ - \$ (22) \$ (31)-100.0% -29.0%

SOUTH AFRICA NET

EARNINGS (LOSS) \$ **1,273** \$ **927** \$ **(183)** **37.3%** **606.6%**

Average exchange rate (Rand/USD)	6.45	7.43	10.41	-13.2%	-28.6%
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(1) Includes foreign currency translation adjustment for sale of Verkrans, net of cost of disposition.

Operational results in Rand for the years ended December 31, 2004, 2003 and 2002 are as follows:

CALEDON

<i>Amounts shown in thousands</i>	2004		2003		2002		% Change 2004 v. 2003	% Change 2003 v. 2002
Operating Revenue								
Casino	R	80,088	R	67,976	R	61,100	17.8%	11.3%
Hotel, food and beverage		17,753		17,061		14,863	4.1%	14.8%
Other (including promotional allowances)		(2,260)		(2,584)		(2,619)	-12.5%	-1.3%
Net operating revenue		95,581		82,453		73,344	15.9%	12.4%
Costs and Expenses								
Casino		32,555		29,365		24,131	10.9%	21.7%
Hotel, food and beverage		16,247		14,998		12,717	8.3%	17.9%
General and administrative		13,813		11,484		13,847	20.3%	-17.1%
Depreciation		8,595		7,950		7,532	8.1%	5.5%
		71,210		63,797		58,227	11.6%	9.6%
Earnings from operations		24,371		18,656		15,117	30.6%	23.4%
Interest expense		5,072		6,950		8,394	-27.0%	-17.2%
Other income, net		729		1,167		1,495	-37.5%	-21.9%
Earnings before income taxes		20,028		12,873		8,218	55.6%	56.6%
Income tax expense		6,018		4,284		2,618	40.5%	63.6%
Net Earnings	R	14,010	R	8,589	R	5,600	63.1%	53.4%

CENTURY CASINOS AFRICA

Operating Revenue								
Other (including promotional allowances)	R	(86)	R	-	R	--100.0%		-
Net operating revenue (loss)		(86)		-		--100.0%		-
Costs and Expenses								
General and administrative		8,836		2,640		1,677	234.7%	57.4%
Depreciation		-		18		--100.0%		100.0%
Property write-down and other write offs, net of (recoveries)		(1,003)		-		4,182	-100.0%	-100.0%
		7,833		2,658		5,859	194.7%	-54.6%
Loss from operations		(7,919)		(2,658)		(5,859)	197.9%	-54.6%
Interest expense, net		3,749		-		-	100.0%	-
Other income, net		325		215		242	51.2%	-11.2%
Loss before income taxes		(11,343)		(2,443)		(5,617)	364.3%	-56.5%
Income tax expense (benefit)		3,686		(713)		(1,005)	417.0%	-29.1%
Net Loss	R	(7,657)	R	(1,730)	R	(4,612)	342.6%	-62.5%
MINORITY INTEREST EXPENSE	R	-	R	(176)	R	(490)	-100.0%	-64.1%
SOUTH AFRICA NET EARNINGS	R	6,353	R	6,683	R	498	40.0%	1,242.0%

Casino Market Data (in Rand)

	2004	2003	2002
Market share of the Western Cape AGP	5.9%	6.0%	6.1%
Market share of Western Cape gaming devices	11.3%	10.9%	11.2%
Average number of slot machines	288	274	254
Average slot machine win per day	693 Rand	623 Rand	596 Rand
Average number of tables	9	8	8
Average table win per day	2,132 Rand	1,928 Rand	1,995 Rand

The results discussed below are all based on the Rand to eliminate the effect of fluctuations in foreign currency exchange rates.

When comparing 2004 and 2003, the 17.8% increase in gross gaming revenue is attributable to a number of factors including an increase in the number of slot machines to 300 and tables to 10, the continuous marketing of cash coupons and improved management. We market an array of amenities at the resort to our guests as a complement to the gaming experience. These currently include a 92-room hotel, a variety of dining experiences, 3 bars, the historic mineral hot spring and spa, the outdoor experience (a team building facility) and an equestrian center.

When comparing 2003 and 2002, the 11.3% increase in the gross casino revenue is attributable to a number of factors including an increase in the number of slot machines, the introduction of cash couponing and other successful marketing efforts, an expanded smoking section, improved management and employee training. The increase in casino expenses in excess of the increase in the corresponding revenue is attributable to the increased cost of marketing the casino, period cost associated with routine maintenance to the property, and to the effect of inflation. The Caledon Hotel, Spa and Casino competes against a much larger competitor located in a more populous area of the Western Cape.

Hotel, Food and Beverage

When comparing 2004 and 2003, hotel revenue increased 5.6%. Hotel occupancy was 48% for 2004 compared to 57% for 2003. Conference sales decreased 19.4%, while gift and leisure sales improved 110.1%. In June 2004, Caledon added a fourth restaurant to the already varied selection. This restaurant offers patrons Italian cuisine. Food and beverage revenue increased 6.2% in 2004 compared to 2003, as a result of the additional food and beverage facility plus changes to operating hours and a general price increase.

Hotel occupancy was 57% for 2003 compared to 58% in 2002. Conference sales showed a 10% improvement for 2003 compared to 2002, while leisure sales decreased by 6% in the corresponding period. Food and beverage revenue increased by 17.9%, primarily due to the increase in the number of theme dinners and banquets, as well as a general price increase.

We continue to make a number of repairs and improvements to the resort on an ongoing basis. Additionally, continuing inflationary pressures in South Africa have driven up base costs such as labor and supplies. When comparing 2003 and 2002, hotel repair cost increased by 40.1%, accounting for R0.84 million of the increase in expenses. Labor cost, including health insurance and uniforms, increased by 39.4%, accounting for R1.9 million of the increase in expenses.

Other

Other operating revenue principally consists of promotional allowances and revenue generated from the resort's ancillary services, which include the adventure center, spa center, and conference room rental.

The weighted-average interest rate on the borrowings under the ABSA Bank loan agreement is 16.9% in 2004, 2003 and 2002. When comparing 2004 to 2003, interest expense has decreased by 27.0% as the principal balance of the term loans and capitalized lease are repaid. When comparing 2003 and 2002 interest expense has decreased by 17.2%, as the principal balance of the term loans and capitalized leases are repaid.

General and administrative expenses in Century Casinos Africa include R7.8 million in fees paid to CRI for services provided in 2004, which are eliminated in the consolidated results.

The R1.0 million in Property write-down and other write offs, net of (recoveries) is the recovery of the receivables in connection with the sale of our interests in Gauteng, South Africa.

We recognized a foreign currency translation gain on the disposition of Verkrans, resulting from the difference between the exchange rate at the time of purchase in March 2002 and the exchange rate at the time of sale in December 2004. The reported results include a gain of \$0.38 million in US dollars, but no corresponding gain in Rand.

The interest expense at Century Casinos Africa is generated by loan agreements with its Mauritian parent, CRL and is eliminated in the consolidated results.

Cruise Ships Segment

The Cruise ships' segment operating results for the years ended December 31, 2004, 2003 and 2002 are as follows:

<i>Amounts shown in thousands</i>				%	%
	2004	2003	2002	Change 2004 v. 2003	Change 2003 v. 2002
Operating Revenue					
Casino	\$ 2,615	\$ 1,677	\$ 786	55.9%	113.4%
Other (including promotional allowances)	154	60	38	156.7%	57.9%
Net operating revenue	2,769	1,737	824	59.4%	110.8%
Costs and Expenses					
Casino	1,836	1,172	537	56.7%	118.2%
General and administrative	-	3	1	-100.0%	200.0%
Depreciation	110	74	45	48.6%	64.4%
	1,946	1,249	583	55.8%	114.2%
Earnings from operations	823	488	241	68.6%	102.5%
Other income, net	-	17	-	-100.0%	100.0%
Earnings before income taxes	823	505	241	63.0%	109.5%
Income tax expense	25	150	88	-83.3%	70.5%
Net Earnings	\$ 798	\$ 355	\$ 153	124.8%	132.0%

In 2004 we operated casinos on eight ships, four on Silversea, one on the World of ResidenSea and three on Oceania Cruises. In 2003 we operated seven casinos, four aboard Silversea, one on the World of ResidenSea and two on Oceania Cruises. During 2003 the Silversea's Silver Wind ship returned to service in May after periodic maintenance operations. During the same year we opened casinos aboard the Oceania Insignia and Regatta. Following six months of routine maintenance operations, Silversea's Silver Cloud and Oceania's Insignia returned to operations in March 2004. In April 2004, we opened a casino aboard Oceania's Nautica. The Nautica remained in service until November 2004, when it went into dry dock for routine maintenance.

In 2003 we operated casinos on a total of seven ships: four from Silversea, one on the World of ResidenSea and two on Oceania Cruises. In 2002, the Company operated casinos on four ships, three on Silversea and one on the World of ResidenSea. In May 2003, Silversea's Silver Wind ship, which was taken out of service in October 2001 after the events of September 11, 2001, returned to operation. In April 2003, the Company opened a casino aboard Oceania's Insignia and a casino aboard their Regatta ship in June 2003.

Concession fees paid to the ship operators in accordance with the agreements accounted for approximately \$1.0 million, \$0.6 million and \$0.14 million of the total casino expenses incurred in 2004, 2003 and 2002, respectively.

Casino expenses, excluding concession fees, dropped to 30.8% of casino revenue in 2004 compared to 34.8% in 2003, reflecting our ability to leverage cruise ship operations. In 2002, casino expenses, excluding concession fees, constituted 50.8% of casino revenues.

We anticipate we will repeatedly experience severe fluctuations in the revenue generated on each cruise depending on the number of passengers and the quality of the players. This is a condition that is beyond our control.

The cruise ship concession agreements were assigned to our Mauritian subsidiary as of October 1, 2003 and have since been subject to an effective tax rate of 3%.

Corporate & Other Segment

<i>Amounts shown in thousands</i>				% Change 2004 v. 2003	% Change 2003 v. 2002
	2004	2003	2002		
Operating Revenue					
Other	\$ 1,428	\$ 114	\$ 170	1,152.6%	-32.9%
Net operating revenue	1,428	114	170	1,152.6%	-32.9%
Costs and Expenses					
General and administrative	3,085	2,152	2,172	43.4%	-0.9%
Property write-down and other write offs net of (recoveries)	(6)	(35)	746	-82.9%	-104.7%
Depreciation	28	172	191	83.7%	-9.9%
	3,107	2,289	3,109	35.7%	-26.4%
Income from unconsolidated subsidiary	55	-	-	100.0%	-
Loss from operations	(1,624)	(2,175)	(2,939)	-25.3%	-26.0%
Interest expense	1,258	1,422	1,171	-11.5%	21.4%
Other income, net	939	352	323		