

Edgar Filing: CONSOLIDATED WATER CO LTD - Form 10-Q/A

CONSOLIDATED WATER CO LTD
Form 10-Q/A
June 26, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q/A
(AMENDMENT NO. 2)

(MARK ONE)

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

For the quarterly period ended MARCH 31, 2003

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: 0-25248

CONSOLIDATED WATER CO. LTD.

(Exact name of Registrant as specified in its charter)

CAYMAN ISLANDS

N/A

(State or other jurisdiction of incorporation
or organization)

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

TRAFALGAR PLACE, WEST BAY ROAD, P.O. BOX
1114 GT, GRAND CAYMAN, B.W.I.

N/A

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (345) 945-4277

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As at June 25, 2003, there were 4,275,568 of the registrant's ordinary shares of common stock, with CI\$ 1.00 par value, outstanding.

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EXPLANATORY NOTE

This quarterly report on Form 10-Q/A is being filed to amend Item 1. "Financial Statements." Accordingly, pursuant to Rule 12b-15 under the Securities Act of 1934, as amended, this Form 10-Q/A contains the complete text of Item 1. "Financial Statements."

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in United States Dollars)

	MAR 31, 2003	DEC 31, 2002
	(UNAUDITED)	(AUDITED)

	ASSETS	
CURRENT ASSETS		
Cash and cash equivalents	3,723	3,723
Accounts receivable	2,770	2,770
Inventory	946	946
Prepaid expenses and other assets	448	448
Deferred expenditures	1,300	1,300
Current portion of loans receivable	1,080	1,080

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TOTAL CURRENT ASSETS	10,270
Loans receivable	4,045
Property, plant and equipment, net	21,062
Investments in affiliates (Note 4)	13,349
Intangible assets (Note 6)	6,301
Goodwill	2,673
TOTAL ASSETS	\$57,702
	=====
	LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT LIABILITIES	
Dividends payable	469
Accounts payable and other liabilities	1,949
Current portion of long term debt (Note 7)	12,298
TOTAL CURRENT LIABILITIES	14,717
Long term debt (Note 7)	18,322
Security deposits and other liabilities	136
TOTAL LIABILITIES	33,176

STOCKHOLDERS' EQUITY	
Redeemable preferred stock, \$1.20 par value. Authorized 100,000 shares; issued and outstanding 18,914 shares as at March 31, 2003 and 19,740 shares at as December 31, 2002	22
Class A common stock, \$1.20 par value. Authorized 9,870,000 shares; issued and outstanding 4,239,959 shares as at March 31, 2003 and 3,993,419 shares at as December 31, 2002	5,087
Class B common stock, \$1.20 par value. Authorized 30,000 shares; issued and outstanding nil shares as at March 31, 2003 and nil shares as at December 31, 2002	
Stock and options earned but not issued	60
Additional paid-in capital	10,253
Retained earnings	9,102
TOTAL STOCKHOLDERS' EQUITY	24,526

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$57,702
	=====

The accompanying information and notes are an integral part of these condensed consolidated financial statements.

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CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Expressed in United States Dollars)

THREE MONTHS
ENDED MARCH 31,
2003

THREE
ENDED MAR

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Retail water sales	2,818,953	2,8
Bulk water sales	1,005,140	3
Service revenue	194,632	
TOTAL REVENUE	4,018,725	3,1
Retail cost of sales	(1,219,878)	(1,4
Bulk cost of sales	(736,469)	(2
Service cost of sales	(117,692)	
TOTAL COST OF SALES	(2,074,039)	(1,6
GROSS PROFIT	1,944,686	1,5
General and administrative expenses	(926,635)	(5
INCOME FROM OPERATIONS	1,018,051	9
Other income (expenses):		
Interest income	5,522	
Interest expense	(293,383)	(
Other income	101,372	
Equity in earnings of affiliates	192,429	
	5,940	(
NET INCOME BEFORE INCOME TAXES	1,023,991	9
Income taxes	(5,993)	
NET INCOME	\$ 1,017,998	\$ 9
BASIC EARNINGS PER SHARE	\$ 0.25	\$
DILUTED EARNINGS PER SHARE	\$ 0.24	\$
DIVIDENDS DECLARED PER SHARE	\$ 0.105	\$
WEIGHTED AVERAGE NUMBER OF COMMON STOCK USED IN THE DETERMINATION OF:		
Basic earnings per share	4,121,698	3,9
Diluted earnings per share	4,251,195	4,0

The accompanying information and notes are an

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integral part of these condensed consolidated financial statements.

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CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Expressed in United States Dollars)

	THREE MONTHS ENDED MARCH 31, 2003 -----	THREE ENDED MA -----
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	\$ 1,166,841 -----	\$
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(241,663)	(1,
Business combinations, net of cash acquired	(11,885,839)	
Investment in affiliate	(12,069,998)	
Collections from loans receivable	178,759 -----	
Net cash used in investing activities	(24,018,741) -----	(1,
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from new credit facility	28,056,126	1,
Deferred expenditures	(412,545)	
Dividends paid	(486,111)	
Proceeds from issuance of common stock	537,600	
Principal payments of long term debt	(1,687,500)	
Proceeds from bank loans	-- -----	
Net cash provided by financing activities	26,007,570 -----	1,
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,155,670	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	568,304 -----	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 3,723,974 =====	\$ 1, =====
Interest paid in cash	\$ 230,321	\$
Interest received in cash	\$ 5,522	\$

The accompanying information and notes are an integral part of these condensed consolidated financial statements.

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CONSOLIDATED WATER CO. LTD. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. PRESENTATION OF FINANCIAL INFORMATION

The accompanying unaudited Condensed Consolidated Financial Statements were prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. All adjustments that are, in the opinion of management, of a normal recurring nature and are necessary for a fair presentation of the interim financial statements, have been included. The results of operations for the period ended March 31, 2003 are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period.

The accompanying consolidated financial statements of the Company should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

2. PRINCIPLES OF CONSOLIDATION

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Belize Water Limited, DesalCo Limited, its wholly owned subsidiary DesalCo (Barbados) Limited, and Ocean Conversion (Cayman) Limited. All significant intercompany balances and transactions have been eliminated in consolidation.

3. ACQUISITIONS

Effective February 1, 2003, the Company acquired 100% of the outstanding voting common shares of DesalCo Limited, its wholly owned subsidiary DesalCo (Barbados) Limited and Ocean Conversion (Cayman) Limited. The total consideration paid was \$28,298,555, comprised of \$25,500,000 in cash and 185,714 ordinary shares of the Company and \$506,122 in cost related to the acquisitions.

These acquisitions provide the Company with a reverse osmosis plant design, construction and facility management and engineering services firm, as well as facilities and contracts to supply additional potable water services in the Cayman Islands, Bahamas and Barbados and investments in desalination companies in the British Virgin Islands.

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CONSOLIDATED WATER CO. LTD. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. ACQUISITIONS (CONTINUED)

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at February 1, 2003. The Company is in the process of finalizing the allocations of purchase price and is subject to refinement:

Current assets	4,940,343
Property, plant and equipment	949,800

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Investments in affiliates	13,023,539
Intangible assets	4,868,861
Goodwill	2,673,733
Other assets	4,224,145

Total assets acquired	30,680,421

Current liabilities	1,201,870
Long term debt and liabilities	1,179,996

Total liabilities assumed	2,381,866

Net assets acquired	\$28,298,555
	=====

The goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and any intangible assets acquired in a business combination accounted for using the purchase method and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. Intangible assets with useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets".

The results of operations of the acquired companies are included in the consolidated statements of operations from February 1, 2003. Unaudited pro forma consolidated results of operations of Consolidated Water Co. Ltd., DesalCo Limited, DesalCo (Barbados) Limited, Ocean Conversion (Cayman) Limited, and an equity interest in Ocean Conversion (BVI) Ltd., had the companies been acquired at January 1, 2003 would be as follows:

	THREE MONTHS ENDED MARCH 31, 2003	THREE MONTHS ENDED MARCH 31, 2002
	-----	-----
Pro forma revenue	\$ 4,450,629	\$ 4,591,160
Pro forma net income	\$ 1,185,041	\$ 1,147,888
Pro forma earnings per share		
Basic	\$ 0.29	\$ 0.28
Diluted	\$ 0.28	\$ 0.27

CONSOLIDATED WATER CO. LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

4. INVESTMENTS IN AFFILIATES

As part of the acquisition described in Note 3, the Company also acquired 50% of the outstanding voting common shares of Ocean Conversion (BVI) Ltd, 12.7% of the outstanding voting common shares of Waterfields Company Limited ("Waterfields")

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and 100% of the non-voting shares of Ocean Conversion (BVI) Ltd.

The Company's investment in Ocean Conversion (BVI) Ltd. is accounted for by the equity method. The investment in Waterfields has been recorded at cost.

On May 9, 2003, the Company sold 100% of its non-voting shares in Ocean Conversion (BVI) Ltd., to Sage Water Holdings (BVI), Ltd. for approximately \$2.1 million. The Company acquired these shares as part of the transactions described above.

The following table compares the carrying values and equity in net assets of our investments in affiliates at March 31, 2003:

Investment	Carrying Value As at March 31, 2003	Equity in Net Assets at 31 March 2003	Diff
-----	-----	-----	-----
Ocean Conversion (BVI) Ltd.	12,324,761	2,608,074	9,716,687
Waterfields Company Limited	1,012,501	972,631	39,870
Belize Water Services Ltd.	12,450	12,450	-

Management believes that the difference between the carrying value and our interests in the net assets of affiliates represents goodwill. The Company will periodically evaluate the carrying value of its investment in Ocean Conversion (BVI) Ltd. by comparing it to the investment's fair value. If the carrying amount of the equity investment exceeds its fair value, an impairment charge is recognized by the difference by which the carrying amount exceeds the fair value of the asset.

The total assets, total liabilities and net income of investments accounted for by the equity method at March 31, 2003 and for the three months ended are \$7,219,047, \$2,600,585 and \$340,760, respectively.

5. SEGMENT INFORMATION

Due to the recent acquisitions, management changed the Company's internal organizational structure to effectively assimilate the business activities of the acquired companies. Consequently, management no longer considers it appropriate to report separate business segments based on geographical location. Under the Statements of Financial Accounting Standards 131, "Disclosure about Segments of an Enterprise and Related Information", management now considers; (i) the operations to supply water to retail customers, (ii) the operations to supply water to bulk customers, and (iii) the provision of engineering and management services as separate business segments. Segmented financial information that was reported in previous periods for the Cayman Islands and the Bahamas has been reclassified to Retail Water, and financial information for Belize has been reclassified to Bulk Water. Services is a new business segment created as a result of the recent acquisition.

For purposes of segment information the accounts of Ocean Conversion (BVI) Ltd. have been proportionally consolidated into the Bulk water segment. An adjustment has been made in reconciling items to account for the investment under the equity method. Also included in reconciling items are corporate expenses including interest expense that do not relate to any specific operating segment.

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CONSOLIDATED WATER CO. LTD. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. SEGMENT INFORMATION (CONTINUED)

As at March 31 and for the three months then ended

	Retail Water		Bulk Water		Services		Reconciling
	2003	2002	2003	2002	2003	2002	2003
Revenue	2,818,953	2,858,899	1,491,926	325,906	194,632	--	(486,786)
Cost of sales	1,219,878	1,421,687	914,628	244,765	117,692	--	(178,159)
Net income (loss)	1,010,119	880,694	84,667	45,806	(27,581)	--	(49,207)
Property, plant and equipment	18,663,008	18,289,008	4,402,610	1,500,375	32,917	--	(2,036,361)

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CONSOLIDATED WATER CO. LTD. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

6. INTANGIBLE ASSETS

Effective February 1, 2003, the Company completed acquisitions of interests in companies described in Note 3 of these consolidated financial statements. The Company acquired the following identifiable intangible assets as part of these acquisitions:

(a) As part of the acquisition of DesalCo Limited the Company attributed \$650,978 to intangible assets which represents the fair value of a Management Service Agreement dated December 4, 2000, under which DesalCo Limited provides management and engineering services to Ocean Conversion (BVI) Ltd. Management of the Company has determined the intangible has an indefinite life, and therefore is not being amortized.

(b) As part of the acquisition of DesalCo Limited the Company attributed \$239,263 to intangible assets which represents the fair value of the DWEER(TM) Distribution Agreement between DesalCo Limited and DWEER Technology Limited dated September 24, 2002. Under this agreement DesalCo Limited was granted an exclusive right, within certain countries in the Caribbean, Central and South America, to distribute certain patented equipment, which can enhance the operational efficiency of reverse osmosis seawater desalination plants. The carrying amount of the DWEER(TM) Distribution Agreement is being amortized over the remaining term of the seven year agreement.

(c) As part of the acquisition of Ocean Conversion (Cayman) Limited the Company attributed \$3,978,620 to intangible assets which represent the fair value of two Water Production and Supply Agreements between Ocean Conversion (Cayman) Limited and the Government of the Cayman Islands, dated April 25, 1994 and dated December 31, 2001. Under these agreements, Ocean Conversion (Cayman)

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Limited built reverse osmosis seawater desalination plants for the Government of the Cayman Islands. Ocean Conversion (Cayman) Limited operates the plants until the expiration of the agreement term, as extended, at which time the plant operations will be transferred to the Government of the Cayman Islands for no consideration. The carrying amount of the Water Production and Supply Agreements are being amortized over the remaining term of the agreements which are approximately 5 and 13 years, respectively.

7. LONG TERM DEBT

As of March 31, 2003, the Company has drawn down \$28,056,126 from the following Scotiabank facilities:

\$20,000,000 seven-year term loan bearing interest at an annually adjusted floating rate of LIBOR plus 1.5% to 3%, depending on the ratio of the Company's consolidated debt to its consolidated earnings before interest, taxes and depreciation. The average interest rate for the three months ended March 31, 2003 was 4.08%. The current interest rate is 4.06%.

\$8,056,126 six-month bridge term loan bearing interest on the same basis as the seven-year term loan. The average interest rate for the three months ended March 31, 2003 was 4.08%. The present interest rate is 4.06%.

The Company has used the proceeds from these facilities to refinance its debt with Royal Bank of Canada and to finance its recent acquisitions.

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7. LONG TERM DEBT (CONTINUED)

Also at March 31, 2003 the Company had a \$905,384 loan with the European Investment Bank bearing interest at 3.36%. This loan will be repaid in full on June 20, 2003 and has been classified as a current liability.

The Company is subject to certain restrictive covenants associated with its long term debt and is in compliance with all such covenants at March 31, 2003.

8. EARNINGS PER SHARE

Basic earnings per common share ("EPS") is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. The computation of diluted EPS assumes the issuance of common shares for all dilutive-potential common shares outstanding during the reporting period. The dilutive effect of stock options is considered in earnings per common share calculations, if dilutive, using the treasury stock method.

The following summarizes information related to the computation of basic and diluted earnings per share for the three-month period ended March 31, 2003 and 2002.

	THREE MONTHS ENDED
	MARCH 31
	2003

Net income, as reported	\$ 1,017,99

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Less:

Dividends declared and earnings attributable on preference shares

(2,36

Net income available to holders of ordinary shares in the determination of basic earnings per ordinary share

\$ 1,015,63

Weighted average number of ordinary shares in the determination of basic earnings per ordinary share

4,121,69

Plus:

Weighted average number of preference shares outstanding during the period

19,49

Potential dilutive effect of unexercised options

110,00

Weighted average number of shares used for determining diluted earnings per ordinary share

4,251,19

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9. STOCK BASED COMPENSATION

The Company currently has various stock option plans and an employee stock purchase plans. The Company accounts for stock-based compensation plans for employees and directors using the intrinsic value method. Under this method, the Company records no compensation expense for stock options granted when the exercise price of options granted is equal to or greater than the fair market value of the Company's common stock on the date of grant.

The following table presents the effect on net income and earnings per share if the Company had applied a fair value recognition method:

	THREE MONTHS ENDED MARCH 31, 2003 -----
Net income, as reported	\$ 1,017,998
Add: Stock-based employee compensation expense included in reported net income	27,870
Deduct: Total stock-based compensation expense determined under fair value based method for all awards	(9,369) -----
Pro forma net income	\$ 1,036,499 =====
Earnings per share	
Basic - as reported	\$ 0.25 =====
Basic - pro forma	\$ 0.25

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	=====
Diluted - as reported	\$ 0.24
	=====
Diluted - pro forma	\$ 0.24
	=====

10. IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The Company also records a corresponding asset that is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company was required to adopt SFAS No. 143 on January 1, 2003. The Company adopted SFAS No. 143 early during the year ended December 31, 2002. The adoption did not have a material effect on the Company's consolidated financial statements.

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10. IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statements No. 123". This Statement amends FASB Statement No. 123 "Accounting for Stock-Based Compensation", to provide alternative methods of transition for voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition the Statement amends the disclosure requirements of Statement No. 123 to require prominent disclosures in both annual and interim financial statements. All of the disclosure modifications required for interim financial statements have been included in the notes to these condensed consolidated financial statements.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities". This interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interest in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. For public enterprises with a variable interest entity created before February 1, 2003 the Interpretation applies to that enterprise no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003. The interpretation requires certain disclosures in financial statements issued after January 31, 2003 if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities when the Interpretation becomes effective. The application of this Interpretation is not expected to have a material effect on the Company's financial statements.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number -----	Exhibit Description -----
99.1	Section 906 Certification of Chief Executive Officer of the Company
99.2	Section 906 Certification of Chief Financial Officer of the Company

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed with the Securities and Exchange Commission ("SEC") on February 13, 2003 by the Company reporting the recent acquisitions described herein under Item 2. Acquisition or Disposition of Assets. The financial statements and pro forma financial information relating thereto were filed with the SEC by the Company on April 25, 2003 in an amendment to the Form 8-K under Item 7. Financial Statements and Exhibits.

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SIGNATURE

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

CONSOLIDATED WATER CO. LTD.

By: /s/ Frederick McTaggart

Frederick McTaggart
President, Chief Operating Officer and
Chief Financial Officer

Dated: June 26, 2003

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Consolidated Water Co. Ltd. (the "Company") on Form 10-Q/A for the quarter ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof, I, Jeffrey M. Parker, the Chief Executive Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this quarterly report on Form 10-Q/A of the

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Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 26, 2003

By: /s/ Jeffrey M. Parker
Name: Jeffrey M. Parker
Title: Chief Executive Officer

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Consolidated Water Co. Ltd. (the "Company") on Form 10-Q/A for the quarter ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof, I, Frederick McTaggart, the Chief Financial Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this quarterly report on Form 10-Q/A of the Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the

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registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 26, 2003

By:/s/ Frederick McTaggart
Name: Frederick McTaggart
Title: Chief Financial Officer