Consolidated Water Co. Ltd. Reports Second Quarter Earnings; Water Sales to Domestic Customers More Than Offset Weakness in Tourism

GEORGE TOWN, Cayman Islands, B.W.I., Aug. 13, 2002 /PRNewswire-FirstCall/ -- Consolidated Water Co. Ltd. (Nasdaq: CWCO), which develops and operates seawater conversion plants and water distribution systems in areas where natural supplies of drinking (i.e., potable) water are scarce, today reported its operating results for the second quarter and first half of 2002.

For the three months ended June 30, 2002, the Company's water sales increased 7.8% to a record $3.2 million, compared with $3.0 million in the second quarter of 2001. Net income declined slightly to $811,259 in the most recent quarter, when compared with net income of $875,332 in the prior-year period. The Company earned $0.20 per diluted share in the most recent quarter, compared with $0.22 per diluted share in the quarter ended June 30, 2001. The weighted average number of diluted shares outstanding totaled 4,097,902 in the second quarter of 2002, versus 3,993,668 average diluted shares outstanding in the year-earlier quarter.

For the six months ended June 30, 2002, water sales rose 8.3% to a record $6.3 million, versus $5.9 million in the corresponding period of the previous year. The Company reported net income of $1,737,760, or $0.43 per diluted share, in the first half of 2002, compared with net income of $1,706,222, or $0.43 per diluted share, in the year-earlier period. The weighted average number of diluted shares outstanding totaled 4,077,390 in the six months ended June 30, 2002, compared with 3,978,420 average diluted shares outstanding in the six months ended June 30, 2001.

"We are generally quite pleased with our Company's operating results during the second quarter of 2002," stated Rick McTaggart, President of Consolidated Water Co. Ltd. "Revenue growth in our primary market, the Cayman Islands, was maintained and in line with management's expectations during the most recent quarter, despite a reduction in tourist arrivals that we attribute to the softness in the U.S. economy. Water consumption by new customers that were connected pursuant to the Britannia water plant purchase more than offset reduced demand from hotels and other tourist-oriented businesses. Meanwhile, water sales and net income in Belize were up 14% and 11%, respectively, in the second quarter."

"Net income for the second quarter was 7% below prior-year levels, primarily due to early-stage losses at our Bahamas operations, slightly lower gross operating margins at our Britannia water plant when compared with our other, more fully-utilized plants, higher audit fees, increased insurance costs and additional expenses related to the printing and mailing to investors of our annual report and other financial information," continued McTaggart.

"The purchase of the Britannia reverse osmosis plant in February expanded our water production capacity on Grand Cayman by 440,000 U.S. gallons per day (gpd)," commented Jeffrey Parker, Chairman and Chief Executive Officer of Consolidated Water Co. Ltd. "During the most recent quarter, the plant delivered approximately 170,000 gpd to the Hyatt Hotel and golf course at concessionary rates, and another 130,000 gpd to other customers at listed selling prices. This leaves an additional 140,000 gpd of available capacity at the Britannia plant to satisfy future demand, and we are confident that the profitability of the plant will expand significantly as capacity utilization increases."

"Water sales and net income set new records for the first half of 2002, and our expectations are that new records will also be established for the year ending December 31, 2002," continued Parker. "We continue to believe that Consolidated Water can 'export' its operating expertise in water desalination to a number of other countries in the Caribbean and in other parts of the world where naturally occurring supplies of potable water are scarce."

The Company has paid cash dividends consistently since 1985. A quarterly cash dividend of $0.105 per share was paid on July 31, 2002 in respect of the quarter ended June 30, 2002, and the Company's Board has declared a similar dividend, payable October 31, 2002, in respect of the quarter ending September 30, 2002. This is equivalent to an annualized cash dividend rate of $0.42 per share.

The Company will host an investor conference call at 11:30 am EDT today, August 13, 2002, to discuss its operating results. To participate in the conference call, please dial 800-360-9865, or 973-694-6836 for international callers, a few minutes before 11:30 a.m. EDT. A replay of the conference call will be available until August 20, 2002, by dialing 800-428-6051 or 973-709-2089 for international callers. The Access Code is 255047 for the replay.

Consolidated Water Co. Ltd. is engaged in the development and operation of seawater conversion plants and water distribution systems in areas of the world where naturally occurring supplies of potable water are scarce or nonexistent. It currently operates a public water utility in certain areas of the Cayman Islands under a 20-year exclusive license from the Government of the Cayman Islands. The Company also operates reverse osmosis seawater conversion facilities on Ambergris Caye off the mainland of Belize, and in the Commonwealth of the

Bahamas.

The common stock of Consolidated Water Co. Ltd. is traded on the Nasdaq National Market under the symbol "CWCO".

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "intend," "expect" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products and services in the marketplace, changes in its relationship with the Governments of the jurisdictions in which it operates, the ability to successfully secure contracts for water projects in other countries, the ability to develop and operate such projects profitably, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.

Note: Investors should note that the Chief Executive Officer and Chief Financial Officer of Consolidated Water Co. Ltd. have certified the attached financial statements in accordance with S906 of the Sarbanes-Oxley Act of 2002. Investors should also note that the Company has always expensed stock option costs in accordance with the methodology outlined in APB Opinion No. 25.

Consolidated Water Co. Ltd.

SELECTED FINANCIAL HIGHLIGHTS
(All figures in U.S. Dollars and determined in accordance with
U.S. Generally Accepted Accounting Principles)

	Three Months Ended	
	June 30, 2002	June 30, 2001
Income		
Water sales	$3,234,023	$3,000,866
Cost of water sales	1,797,134	1,614,969
Gross profit	1,436,889	1,385,897
Indirect expenses	689,034	614,468
Income from operations	747,855	771,429
Other income (net)	63,404	103,903
Net Income	$811,259	$875,332
BASIC EARNINGS PER COMMON SHARE		
Net income	$0.20	$0.22
DILUTED EARNINGS PER COMMON SHARE		
Net income	$0.20	$0.22
Weighted number of common shares used in the determination of earnings per common share		
Basic	3,978,827	3,879,646
Diluted	4,097,902	3,993,668

Consolidated Water Co. Ltd.

SELECTED FINANCIAL HIGHLIGHTS
(All figures in U.S. Dollars and determined in accordance with
U.S. Generally Accepted Accounting Principles)

	Six Months Ended	
	June 30, 2002	June 30, 2001
Income		
Water sales	$6,341,520	$5,858,071
Cost of water sales	3,463,586	3,098,358
Gross profit	2,877,934	2,759,713
Indirect expenses	1,289,257	1,261,828
Income from operations	1,588,677	1,497,885
Other income (net)	149,083	208,337
Net Income	$1,737,760	$1,706,222
BASIC EARNINGS PER COMMON SHARE		
Net income	$0.44	$0.44
DILUTED EARNINGS PER COMMON SHARE		
Net income	$0.43	$0.43
Weighted number of common shares used in the determination of earnings per common share		
Basic	3,951,172	3,871,343
Diluted	4,077,390	3,978,420

CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in United States Dollars and determined in accordance with USGAAP)

	June 30, 2002	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	1,965,652	516,446
Accounts receivable	1,309,474	1,323,156
Spares inventory	350,076	271,134
Inventory of water	50,043	48,377
Prepaid expenses and other assets	377,465	319,900
Total current assets	4,052,710	2,479,013
Property, plant and equipment	19,767,352	18,414,935
Intangible asset	1,717,326	1,814,780
Investment	12,450	12,450
Total assets	$ 25,549,838	$ 22,721,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	500,000	--
Dividends payable	473,626	499,383
Accounts payable and other liabilities	815,743	1,087,470

Stock compensation liability	106,112	210,324
Current portion of long term debt	511,670	355,840
Total current liabilities	2,407,151	2,153,017
Long term debt	2,331.504	1,213,804
Security deposit	102,763	52,763
Advances in aid of construction	35,387	37,494
Total liabilities	4,876,805	3,457,078
Stockholders' equity		
Common stock	4,777,759	4,704,077
Additional paid-in capital	7,327,112	6,896,753
Vested redeemable preferred stock	13,051	2,841
Non-vested redeemable preferred stock	20,337	27,393
Retained earnings	8,534,774	7,633,036
Total stockholders' equity	20,673,033	19,264,100
Total liabilities and stockholders' equity	$25,549,838	$22,721,178

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