Consolidated Water Co. Ltd. Agrees to Acquire Water Operations in British Virgin Islands, Barbados, Cayman Islands and the Bahamas for Approximately $34 Million

GEORGE TOWN, Cayman Islands, B.W.I., Oct. 10, 2002 /PRNewswire-FirstCall/ -- Consolidated Water Co. Ltd. (Nasdaq: CWCO) ("Consolidated") today announced that it has entered into definitive agreements to acquire interests in several companies that would expand the Company's water operations into the British Virgin Islands and Barbados and increase its presence in the Cayman Islands and the Commonwealth of the Bahamas.

"This series of transactions is consistent with our strategy to expand our operations in the Caribbean basin and in other parts of the world where naturally occurring supplies of drinking water are scarce," commented Jeffrey Parker, Chairman and Chief Executive Officer of Consolidated Water Co. Ltd. "Following completion of the transactions, Consolidated Water will be producing and delivering desalinated water in five countries and will be a supplier of highly efficient energy recovery systems to desalination plant operators throughout the Caribbean basin."

The aggregate purchase price for the proposed acquisitions approximates $34 million. The total production capacity of the water plants being acquired approximates 8.0 million U.S. gallons per day (USGPD), which would bring Consolidated Water's total production capacity to 10.9 million USGPD. Combined revenues of the five companies being acquired, after elimination of inter-company sales, totaled $8.6 million for the year ended December 31, 2001 and $3.7 million for the six months ended June 30, 2002.

On a pro-forma basis, the combined revenues of Consolidated and the companies being acquired would have approximated $19.5 million in the year ended December 31, 2001 and $10.0 million in the first half of 2002. Such combined revenues would represent a 77% increase over Consolidated's reported revenues for 2001 and a 59% increase over Consolidated's reported revenues for the first half of 2002, while increasing the Company's water production capacity by approximately 276%.

Through a series of transactions detailed in the definitive agreements, Consolidated Water has agreed to acquire 100% of the voting stock, non-voting stock and profit sharing rights in Ocean Conversion (Cayman) Ltd., a Cayman Islands company; and 50% of the voting stock and profit sharing rights in Ocean Conversion (BVI) Ltd., a British Virgin Islands Company. Sage Water Holdings (BVI) Ltd. will own the remaining 50% of the voting stock and profit sharing rights and 100% of the non-voting stock in Ocean Conversion (BVI) Ltd.

Ocean Conversion (Cayman) Ltd. produces and sells desalinated seawater to the Water Authority-Cayman (the government-owned water company) and to Consolidated Water under various licenses and agreements. Ocean Conversion (BVI) Ltd. produces and sells desalinated seawater to the Water and Sewage Department of the British Virgin Islands, which in turn distributes the water to customers via pipeline.

As part of the transactions, the Company will also acquire all of the issued and outstanding stock in DesalCo Limited, a management and engineering services company that specializes in desalination projects. Bermuda-based DesalCo owns 100% of DesalCo (Barbados) Ltd., which operates a reverse osmosis seawater desalination plant in Barbados, and has an equity interest in Waterfields Co. Ltd., which operates a desalination plant in Nassau, Bahamas. Consolidated plans to acquire control of Waterfields Co. Ltd. upon completion of its acquisition of DesalCo, which is also the exclusive distributor in the Caribbean basin for the dual work exchanger energy recovery (DWEER(TM)) system developed by DWEER Technology Ltd. for use in reverse osmosis seawater desalination plants. Upon completion of the DesalCo acquisition, the Company will become the exclusive distributor of DWEER(TM) systems in the Caribbean basin for seven years. Based upon its operating specifications, the Company believes that the DWEER(TM) energy recovery system for reverse osmosis seawater desalination plants is one of the most energy efficient available in the market today.

The Company has obtained a commitment from a bank to provide the financing required to complete the proposed acquisitions. Management intends to replace a portion of the bank financing in the future with debt, equity or hybrid financing. The Company presently does not have any agreements for such financing. The completion of the proposed acquisitions is subject to the satisfaction of certain conditions, including the receipt of certain governmental approvals. As a result, the Company can provide no assurances that the proposed acquisitions will be completed.

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." Additional information on the Company is available on its website at http://www.consolidated-water.com .

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, completion of the transactions described in this press release as well as the financing required therefore, the ability to secure replacement financing, the terms of the refinancing, the ability of the Company to repay the debt described in this press release, 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.

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