

CONSOLIDATED WATER CO LTD
Form 10-Q
August 09, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

OR

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

For the transaction period from _____ to _____

Commission File Number: 0-25248

CONSOLIDATED WATER CO. LTD.
(Exact name of Registrant as specified in its charter)

CAYMAN ISLANDS
(State or other jurisdiction of
incorporation or organization)

98-0619652
(I.R.S. Employer Identification No.)

Regatta Office Park
Windward Three, 4th Floor, West Bay Road
P.O. Box 1114
Grand Cayman KY1-1102
Cayman Islands
(Address of principal executive offices)

N/A
(Zip Code)

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

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

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the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes " No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer Non-accelerated filer " Smaller reporting company "
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
" No

As of August 4, 2011, 14,561,084 shares of the registrant's common stock, with US\$0.60 par value, were outstanding.

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NOTE REGARDING CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, all references to “\$” or “US\$” are to United States dollars.

The exchange rate for conversion of Cayman Island dollars (CI\$) into US\$, as determined by the Cayman Islands Monetary Authority, has been fixed since April 1974 at US\$1.20 per CI\$1.00.

The exchange rate for conversion of Belize dollars (BZE\$) into US\$, as determined by the Central Bank of Belize, has been fixed since 1976 at US \$0.50 per BZE\$1.00.

The exchange rate for conversion of Bahamas dollars (B\$) into US\$, as determined by the Central Bank of The Bahamas, has been fixed since 1973 at US\$1.00 per B\$1.00.

The official currency of the British Virgin Islands is the United States dollar.

The exchange rate for conversion of Bermuda dollars (BMD\$) into US\$ as determined by the Bermuda Monetary Authority, has been fixed since 1970 at US\$1.00 per BMD\$1.00.

Our Netherlands subsidiary conducts business in United States dollars and our Mexico affiliate conducts business in United States dollars and Mexican pesos.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 50,840,459	\$ 46,130,237
Accounts receivable, net	10,273,385	12,132,730
Inventory	1,421,005	1,434,811
Prepaid expenses and other current assets	3,468,655	2,294,747
Current portion of loans receivable	1,787,843	1,733,799
Total current assets	67,791,347	63,726,324
Property, plant and equipment, net		
Construction in progress	53,382,795	55,923,731
Inventory non-current	2,252,854	249,300
Loans receivable	3,644,504	3,538,912
Investment in OC-BVI	11,694,778	12,602,419
Intangible assets, net	6,902,311	7,812,523
Goodwill	1,606,278	1,710,737
Other assets	3,587,754	3,587,754
Total assets	\$ 153,798,352	\$ 152,201,566
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 4,266,602	\$ 4,316,125
Dividends payable	1,153,328	1,152,614
Current portion of long term debt	1,476,072	1,422,991
Total current liabilities	6,896,002	6,891,730
Long term debt	16,132,245	16,883,794
Other liabilities	431,674	442,919
Total liabilities	23,459,921	24,218,443
Equity		
Consolidated Water Co. Ltd. stockholders' equity		
Redeemable preferred stock, \$0.60 par value. Authorized 200,000 shares; issued and outstanding 23,787 and 16,784 shares, respectively	14,272	10,070
Class A common stock, \$0.60 par value. Authorized 24,655,000 shares; issued and outstanding 14,558,937 and 14,555,393 shares, respectively	8,735,362	8,733,236
Class B common stock, \$0.60 par value. Authorized 145,000 shares; none issued or outstanding	-	-
Additional paid-in capital	81,613,859	81,349,944
Retained earnings	38,027,294	36,289,706
Total Consolidated Water Co. Ltd. stockholders' equity	128,390,787	126,382,956

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Non-controlling interests	1,947,644	1,600,167
Total equity	130,338,431	127,983,123
Total liabilities and equity	\$ 153,798,352	\$ 152,201,566

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

CONSOLIDATED WATER CO. LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)

	Three Months Ended June		Six Months Ended June 30,	
	2011	30, 2010	2011	2010
Retail water revenues	\$6,554,876	\$6,039,827	\$12,928,391	\$12,425,233
Bulk water revenues	7,774,643	6,196,278	14,941,480	12,454,220
Services revenues	506,353	463,380	872,621	2,497,344
Total revenues	14,835,872	12,699,485	28,742,492	27,376,797
Cost of retail revenues	3,072,727			