

CONSOLIDATED WATER CO LTD
Form 10-Q
November 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 September 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 November 4, 2011, 14,561,082 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

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49,045,925	\$ 46,130,237
Accounts receivable, net	8,182,226	12,132,730
Inventory	1,501,981	1,434,811
Prepaid expenses and other current assets	3,268,685	2,294,747
Current portion of loans receivable	1,815,512	1,733,799
Total current assets	63,814,329	63,726,324
Property, plant and equipment, net		
Construction in progress	9,743,726	249,300
Inventory non-current	3,649,879	3,538,912
Loans receivable	11,230,442	12,602,419
Investment in OC-BVI	6,701,293	7,812,523
Intangible assets, net	1,554,048	1,710,737
Goodwill	3,587,754	3,587,754
Other assets	2,928,671	3,049,866
Total assets	\$ 155,588,975	\$ 152,201,566
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 6,052,461	\$ 4,316,125
Dividends payable	1,155,458	1,152,614
Current portion of long term debt	1,503,351	1,422,991
Total current liabilities	8,711,270	6,891,730
Long term debt	15,746,022	16,883,794
Other liabilities	426,052	442,919
Total liabilities	24,883,344	24,218,443
Equity		
Consolidated Water Co. Ltd. stockholders' equity		
Redeemable preferred stock, \$0.60 par value. Authorized 200,000 shares;		
issued and outstanding 22,427 and 16,784 shares, respectively	13,456	10,070
Class A common stock, \$0.60 par value. Authorized 24,655,000 shares;		
issued and outstanding 14,561,082 and 14,555,393 shares, respectively	8,736,649	8,733,236
Class B common stock, \$0.60 par value. Authorized 145,000 shares;		
none issued or outstanding	0	0
Additional paid-in capital	81,772,103	81,349,944
Retained earnings	38,220,199	36,289,706

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Total Consolidated Water Co. Ltd. stockholders' equity	128,742,407	126,382,956
Non-controlling interests	1,963,224	1,600,167
Total equity	130,705,631	127,983,123
Total liabilities and equity	\$ 155,588,975	\$ 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		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Retail water revenues	\$5,283,676	\$4,631,368	\$18,212,067	\$17,056,601
Bulk water revenues	7,452,759	6,312,326	22,394,239	18,766,546
Services revenues	70,217	756,108	942,838	3,253,451
Total revenues	12,806,652	11,699,802		