

**CONSOLIDATED WATER CO. LTD.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in United States dollars)

**Footnotes to the consolidated statements of cash flows:**

	For the year ended December 31,		
	2000	1999	1998
<b>Reconciliation of net cash from operating activities to net income from operations:</b>			
Net income	2,404,820	1,569,717	1,451,933
<b>Adjustments to reconcile net income to net cash from operating activities</b>			
Depreciation (Notes 5 and 9)	1,071,455	816,960	768,745
Gain on sale of fixed assets	-	( 1,920)	( 20,000)
Amortization of intangible asset (Note 3)	64,979	-	-
Amortization of deferred costs	-	-	1,688
Share issue costs deferred	-	89,145	-
Stock compensation (Note 21)	51,579	377,260	49,606
Cumulative effect of a change in accounting principle	-	117,576	-
<b>Change in assets and liabilities</b>			
Decrease/(increase) in spares inventory	25,278	( 25,662)	( 60,176)
(Increase)/decrease in inventory of water	( 5,235)	1,677	( 14,352)
Increase in accounts receivable	( 56,259)	( 401,926)	( 13,578)
Decrease/(increase) in prepaid expenses and other assets	1,647	( 111,213)	13,137
Increase in accounts payable and other liabilities	368,442	101,807	179,907
Decrease in advances in aid of construction	( 3,994)	( 4,500)	( 36,168)
<b>Net cash from operating activities</b>	<u>\$ 3,922,712</u>	<u>\$ 2,528,921</u>	<u>\$ 2,320,742</u>

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