

CONSOLIDATED WATER CO. LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

3. Business combination (continued)

The above proforma results of operations are for comparative purposes only and reflect increased amortisation expenses resulting from the acquisition but do not include any potential cost savings from combining the acquired business. Consequently, the proforma results do not reflect the actual results of operations had the acquisition occurred on January 1, 1999 and are not intended to be projections of future results or trends.

4. Accounts receivable

Accounts receivable comprise receivables from customers and are shown net of an allowance for doubtful accounts of \$12,000 (1999: \$12,000). Significant concentrations of credit risk are disclosed in Note 20.

5. Property, plant and equipment

Certain fixed assets are pledged as collateral for certain obligations of the Company, as more fully described in Note 7.

	January 1, 2000	Acquisition of subsidiary	Disposals/ transfers from assets under Additions construction	December 31, 2000
Cost				
Land	475,679		-	475,679
Buildings	1,990,446	110,289	164,290 (150,000)	2,115,025
Plant and equipment	6,227,267	1,540,839	1,200,082 (155,477)	8,812,711
Distribution	10,240,274	-	1,146,603	11,386,877
Office furniture, fixtures and equipment	447,880	1,071	187,563	636,514
Vehicles	588,450	4,818	104,908	698,176
Leasehold improvements	17,658	-	8,374	26,032
Lab equipment	32,218	-	2,106	34,324
Assets under construction	<u>1,179,736</u>	<u>-</u>	<u>1,858,722 (2,337,207)</u>	<u>701,251</u>
	<u>\$21,199,608</u>	<u>\$1,657,017</u>	<u>\$ 4,672,648 \$(2,642,684)</u>	<u>\$24,886,589</u>
Accumulated depreciation		January 1, 2000	Charge for the year	Disposals December 31, 2000
Buildings		685,598	74,579 (150,000)	610,177
Plant and equipment		2,835,964	416,716 (155,477)	3,097,203
Distribution		2,368,084	468,920	2,837,004
Office furniture, fixtures and equipment		240,811	70,402	311,213
Vehicles		266,113	71,022	337,135
Leasehold improvements		17,658	2,442	20,100
Lab equipment		<u>28,810</u>	<u>1,056</u>	<u>29,866</u>
		<u>\$ 6,443,038</u>	<u>\$ 1,105,137 \$(305,477)</u>	<u>\$ 7,242,698</u>
Net book value		<u>\$14,756,570</u>		<u>\$17,643,891</u>