

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

Commission file number 1-6659

A. Full title of the Plan:

Aqua America, Inc.
401(k) and Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the Plan
and the address of its principal executive office:

AQUA AMERICA, INC.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

AQUA AMERICA, INC.
401(K) AND PROFIT SHARING PLAN

The following audited financial statements are included with this report:

Exhibit:	Page
23.1 Consent of Beard Miller Company LLP	4
99.1 Financial Statements and Supplementary Schedules as of December 31, 2004 and 2003	5

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Aqua
America, Inc. has duly caused this annual report to be signed by the undersigned
thereunto duly authorized.

AQUA AMERICA, INC.
401(K) AND PROFIT SHARING PLAN

Plan Sponsor:

Date

/s/ Roy H. Stahl

6/27/05

Roy H. Stahl
Executive Vice President and General Counsel
Aqua America, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-107673) of Aqua America, Inc. of our report dated May 13, 2005 relating to the financial statements of the Aqua America, Inc. 401(k) and Profit Sharing Plan included in this annual report on Form 11-K for the year ended December 31, 2004.

/s/ BEARD MILLER COMPANY LLP

Reading, Pennsylvania
June 23, 2005

AQUA AMERICA, INC.
401(K) AND PROFIT SHARING PLAN

Financial Report

December 31, 2004

(With Report of Independent Registered Public Accounting Firm Thereon)

AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

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DECEMBER 31, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Administrators

Aqua America, Inc. 401(k) and Profit
Sharing Plan

We have audited the accompanying statements of net assets available for benefits of the Aqua America, Inc. 401(k) and Profit Sharing Plan as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the year ended December 31, 2004 and for the period beginning August 1, 2003 (date of inception) through December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Aqua America, Inc. 401(k) and Profit Sharing Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 and for the period beginning August 1, 2003 (date of inception) through December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules of assets (held at end of year) as of December 31, 2004, and reportable transactions, nonexempt transactions, and delinquent participant contributions for the year ended December 31, 2004 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplementary schedules are the responsibility of the Plan's management. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/BEARD MILLER COMPANY LLP

Reading, Pennsylvania
May 13, 2005

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2004 AND 2003

	2004	2003
	-----	-----
ASSETS		
Investments, at fair value	\$5,023,229	\$515,995
Employer contributions receivable	284,530	81,216
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$5,307,759	\$597,211

See notes to financial statements.

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2004 AND THE PERIOD FROM
AUGUST 1, 2003 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2003

	2004	2003
INVESTMENT INCOME		
Interest and dividends	\$ 177,214	\$ 2,540
Net appreciation in fair value of investments	294,013	21,668
TOTAL INVESTMENT INCOME	471,227	24,208
CONTRIBUTIONS		
Employer	475,958	121,403
Participants	580,772	111,713
Participant rollovers	3,281,522	340,041
TOTAL CONTRIBUTIONS	4,338,252	573,157
BENEFITS PAID TO PARTICIPANTS	(96,221)	(4)
ADMINISTRATIVE EXPENSES	(2,710)	(150)
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	4,710,548	597,211
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR	597,211	0
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	\$5,307,759	\$597,211

See notes to financial statements.

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Aqua America, Inc. 401(k) and Profit Sharing Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

GENERAL

The Plan, established August 1, 2003 (date of inception), is a defined contribution plan sponsored by Aqua America, Inc. Direct and indirect subsidiaries of Aqua America, Inc. that adopt the Plan are participating employers. All participating employers are referred to herein as the ("Company"). The Plan is designed to conform to all the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and with the applicable provisions of the Internal Revenue Code and the regulations thereunder. Generally, employees of the Company who were hired on or after April 1, 2003 are eligible to participate in the Plan. Notwithstanding the foregoing, the following are excluded: (i) bargaining unit employees unless their union contract provides for participation in the Plan, (ii) leased employees, (iii) nonresident aliens and (iv) persons performing services who are classified by the Company as other common law employees. If eligible, employees become participants in the Plan on the January 1, April 1, July 1, or October 1 coinciding with or next following the later of the completion of six months of service or the date the employee becomes a member of an eligible class of employees.

CONTRIBUTIONS

Participants may elect to contribute from 1% to 25% of their pretax compensation pursuant to a salary deferral election, up to a maximum of \$13,000 in 2004 and \$12,000 in 2003, which are partially matched by the Company. Participants may also invest from 1% to 10% of their after-tax compensation, which is not matched by the Company. Additionally, participants who are age 50 or who will attain age 50 prior to the end of the plan year may make an additional deferral contribution ("Catch-Up"), provided the participant made the maximum amount of deferral contributions permitted under the Plan. The maximum amount of allowable catch-up contribution for 2004 and 2003 is \$3,000 and \$2,000, respectively. Participants may also make transfers between funds or suspend their contributions at any time.

The Plan provides for employer contributions as follows:

Employer Matching Contributions

The Company will make a matching contribution equal to 50% of the first 6% of a participant's compensation which is contributed to the Plan on a pre-tax basis. Matching contributions will be made to the Plan in the form of cash that is used for the purchase of Aqua America, Inc. common stock.

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

CONTRIBUTIONS (CONTINUED)

Discretionary Contributions

The Company may make additional discretionary contributions to the Plan for the benefit of active participants. Discretionary

contributions will be allocated to active participant accounts on a pro-rated basis based on each participant's compensation compared to the compensation of all active participants. This discretionary contribution will be made to the Plan in the form of cash that is used for the purchase of Aqua America, Inc. common stock. The Company did not make any discretionary contributions for 2004 or 2003.

Employer Profit Sharing Contributions

The Company may, at its discretion, make a profit sharing contribution to the Plan to benefit all eligible employees as of the last date of the Plan year. The profit sharing contribution will be made in the form of cash. The Company made profit sharing contributions during 2004 and 2003 of \$284,530 and \$81,216, respectively.

Employer Performance Contributions

The Company may, at its discretion, make an employer performance contribution on behalf of eligible participants if certain established performance goals are achieved. Performance contributions are to be made to the Plan in the form of cash, Company stock, or any combination thereof. The Company did not make any performance contributions during 2004 and 2003.

VESTING

Each participant will always be 100% vested in their pre-tax contribution, after-tax contribution, rollover contribution and performance contribution accounts. Participants become 100% vested in their matching contribution account after three years of service and in their profit sharing contribution account after five years of service. A "year of service" for vesting purposes means each plan year (the calendar year) in which the participant is credited with 1,000 or more hours of service.

COMMON STOCK FUND

Matching contributions and discretionary contributions may be made in cash or invested in Aqua America, Inc. common stock. Participants who are 100% vested in this fund have an opportunity to elect that any dividends with respect to Aqua America, Inc. common stock held be paid in cash rather than being allocated to their account to be invested in additional shares of Aqua America, Inc. common stock.

AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

INVESTMENT OPTIONS

Participants can direct, at the time they enroll in the Plan, that their salary deferral and voluntary contributions be invested entirely in one of the funds offered by the Plan or divided among the funds. The Plan currently offers nine mutual funds and one common/collective trust fund. Subject to compliance with applicable state and federal securities laws, the Plan also permits participants to acquire an interest in Aqua America, Inc. common stock. Participants may change their investment instructions and reinvest their contributions in a different fund or funds at any time.

PAYMENT OF BENEFITS

Distributions from the Plan are normally made shortly after the participant's retirement, death or disability. If the participant's account balance does not exceed \$5,000, the participant will receive a lump-sum distribution as soon as practicable following termination of employment. Withdrawals will be made in cash or shares of Aqua America, Inc. common stock, to the extent permitted by law. Under certain circumstances, a participant may withdraw all or a portion of the employee contributions while still employed.

LOANS DUE FROM PARTICIPANTS

Participants may borrow funds from their account balance equal to the lesser of \$50,000 or 50% of their vested account balance for a period not to exceed five years, unless the loan is used to purchase the participant's principal residence. Repayment is made through payroll deductions. All new loans are issued at an interest rate of prime plus 1%.

PLAN FORFEITURES

Forfeited non-vested accounts are used first to restore any non-vested amounts (if a participant received a distribution and forfeited his non-vested account and resumed employment as a covered employee and repays the full amount of the distribution) then shall be applied as promptly as practicable to reduce employer contributions. Contributions made by the Company are netted against forfeited, non-vested amounts that accumulate during the year. Employer contributions were reduced by \$1,778 and \$-0- during 2004 and 2003, respectively, as a result of forfeited nonvested accounts. The balance in the forfeiture account was \$186 and \$-0- as of December 31, 2004 and 2003, respectively.

PLAN AMENDMENT OR TERMINATION

Although Aqua America, Inc. hopes to continue the Plan indefinitely, it reserves the right to amend or terminate the Plan at its discretion, subject to the provisions of ERISA. All interests of the participants would be distributed to them in accordance with applicable provisions of the Internal Revenue Code.

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

ADMINISTRATION

The Plan is administered by a committee (the "Committee") consisting of three or more individuals selected by and who may be removed at any time by the Board of Directors of Aqua America, Inc. The Committee members may be employees of Aqua America, Inc. and may be participants in the Plan. The Committee members receive no compensation from the Plan for their services in such capacity. The Committee has extensive administrative powers in connection with the Plan, including authority to interpret the provisions of the Plan, to adopt rules for its administration and to make other decisions with respect to the Plan.

The trustee for the Plan's funds invests the funds as directed by the participants. The principal duties of the trustee are to receive all contributions made to the Plan and to make investments and pay benefits.

Substantially all of the administrative expenses of the Plan are paid by the Company.

INVESTMENT VALUATION

The Plan's investments are stated at fair value. Mutual funds are valued at quoted market prices which represents the net asset value of shares held by the Plan. Common/ collective trust funds are valued at unit value, which represents the fair value of the underlying assets. Aqua America, Inc. stock is valued at its quoted market price. Loans to participants, short-term investments and cash are valued at cost, which approximates fair value.

Investments of the Plan are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the statement of net assets available for benefits and the statements of changes in net assets available for benefits.

AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

Dividend income is recorded on the ex-dividend date and interest income is recorded when earned. Realized gains and losses on the sale of the Aqua America, Inc. stock are based on average cost of the securities sold. Purchases and sales are recorded on a trade date basis.

NOTE 3 - INVESTMENTS

The fair market values of individual assets that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2004 and 2003 are as follows:

INVESTMENTS	2004	2003
Mutual funds:		
American Century Balanced Fund	\$313,012	*
American Century Diversified Bond Fund	281,165	\$54,777
American Century Equity Index Fund	373,284	33,101

American Century Select Fund	407,178	*
American Century Strat. Alloc. Mod. Fund	417,056	*
American Century Value Fund	589,651	*
American Century Vista Fund	448,775	*
JP Morgan U.S. Small Company	393,158	*
Common/Collective Funds		
American Century Stable Asset Fund	423,845	72,233
Stock		
Aqua America, Inc. Common Stock	882,082	149,280
Loans		
Loans due from participants	271,722	55,382

* Investment did not represent 5% or more of the Plan's net assets available for benefits as of December 31, 2003.

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value during the year ended December 31, 2004 and for the period from the date of inception through December 31, 2003 as follows:

	2004	2003
	-----	-----
Common stock	\$126,318	\$14,280
Mutual funds	167,695	7,388
	-----	-----
TOTAL	\$294,013	\$21,668
	=====	=====

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 4 - NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets available for benefits as of December 31, 2004 and 2003 and the significant components of the changes in net assets relating to the nonparticipant-directed investments for the year ended December 31, 2004 and the period from the date of inception through December 31, 2003 is as follows:

	2004	2003
	-----	-----
Net assets:		
Aqua America, Inc. common stock	\$264,274	\$39,543
Uninvested cash	0	4,330
	-----	-----
TOTAL	\$264,274	\$43,873
	=====	=====
Changes in net assets:		
Contributions	\$191,428	\$40,187
Interest and dividends	2,674	85
Net appreciation	32,306	3,605
Benefits paid to participants	(6,007)	(4)
	-----	-----
TOTAL	\$220,401	\$43,873
	=====	=====

NOTE 5 - RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by J.P. Morgan Retirement Plan Services. J.P. Morgan Retirement Plan Services is the

trustee as defined by the Plan and, therefore, these transactions qualify as party-in interest transactions.

NOTE 6 - TAX STATUS

The Internal Revenue Service issued a determination letter dated September 30, 2003, which stated that the Plan and related trust qualified under applicable provisions of the Internal Revenue Code (IRC) and, therefore, are exempt from federal income taxes. The Plan administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 7 - PLAN AMENDMENT

Effective June 1, 2004, as a result of an acquisition, the Plan was amended to allow employees of Heater Utilities to participate in the Plan. As a result of this amendment, funds totaling \$2,849,624 were rolled into the Plan during 2004.

AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 FORM 5500 - SCHEDULE H - LINE 4I
 EIN: 23-1702594
 PN: 005
 DECEMBER 31, 2004

(A)	IDENTITY OF ISSUE (B)	DESCRIPTION OF INVESTMENT (C)	COST (D)	CURRENT VALUE (E)
*	American Century Balanced Fund	Registered Investment Company	N/A	\$ 313,012
*	American Century Diversified Bond Fund	Registered Investment Company	N/A	281,165
*	American Century Equity Index Fund	Registered Investment Company	N/A	373,284
*	American Century International Growth Fund	Registered Investment Company	N/A	222,301
*	American Century Select Fund	Registered Investment Company	N/A	407,178
*	American Century Strategic Allocation Moderate Fund	Registered Investment Company	N/A	417,056
*	American Century Value Fund	Registered Investment Company	N/A	589,651
*	American Century Vista Fund	Registered Investment Company	N/A	448,775
*	JP Morgan U.S. Small Company	Registered Investment Company	N/A	393,158
*	American Century Stable Asset Fund	Common/Collective Fund	N/A	423,845
*	Aqua America, Inc.	Common Stock	\$744,652	882,082
	Participant loans	Participant Loans (interest rate 4.5% to 10.0%)	0	271,722

				\$5,023,229
				=====

* Represents a party-in-interest to the Plan.
 N/A Historical cost has not been presented as investment is participant directed.

AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

SCHEDULE OF REPORTABLE TRANSACTIONS
 FORM 5500 - SCHEDULE H - LINE 4J
 EIN: 23-1702594
 PN: 005
 FOR THE YEAR ENDED DECEMBER 31, 2004

IDENTITY OF PARTY INVOLVED (A)	DESCRIPTION OF ASSET (B)	PURCHASE PRICE (C)	SELLING PRICE (D)	COST (G)	CURRENT VALUE OF ASSET ON TRANSACTION DATE (H)	NET GAIN (I)
Aqua America, Inc.*	Common stock	\$657,934	\$ 0	\$657,934	\$657,934	\$ 0
		0	51,451	48,302	51,451	3,149

* Represents a party-in-interest to the Plan.

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

SCHEDULE OF NONEXEMPT TRANSACTIONS

FORM 5500 - SCHEDULE G - PART III

EIN: 23-1702594

PN: 005

YEAR ENDED DECEMBER 31, 2004

IDENTITY OF PARTY INVOLVED (A)	RELATIONSHIP TO PLAN (B)	DESCRIPTION OF TRANSACTIONS (C)	COST OF ASSET (H)	CURRENT VALUE OF ASSET (I)	NET GAIN OR LOSS ON EACH TRANSACTION (J)
Aqua America, Inc.	Plan Sponsor	Employee contributions not remitted timely to the Plan	\$25,981	\$25,981	\$ 0
Aqua America, Inc.	Plan Sponsor	Related earnings on employee contributions not remitted timely to the Plan	707	0	707

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AQUA AMERICA, INC. 401(K) AND PROFIT SHARING PLAN

SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FORM 5500 - SCHEDULE H - LINE 4A

EIN: 23-1702594

PN: 005

YEAR ENDED DECEMBER 31, 2004

PARTICIPANT CONTRIBUTIONS TRANSFERRED LATE TO THE PLAN	TOTAL THAT CONSTITUTE NONEXEMPT PROHIBITED TRANSACTIONS			TOTAL FULLY CORRECTED UNDER VFCP AND PTE 2002-51
	CONTRIBUTIONS NOT CORRECTED	CONTRIBUTIONS CORRECTED OUTSIDE VFCP	CONTRIBUTIONS PENDING CORRECTION IN VFCP	
\$25,981	\$ 0	\$25,981	\$ 0	\$ 0

