

Directors' Report

The Directors of the Company present the financial statements for the year ended 31 December 2010.

Activities of the Company

The Company was incorporated in 1882. The principal activities of the Company are the collection, treatment and supply of water for commercial and domestic use throughout the Island. The Company has adopted 'Jersey Water' as its trading name.

Review of business and future developments

The results for the year are set out on page 20. A review of the Company's business during the year and an indication of the likely future development of the business are provided in the business review on pages 5 to 11.

Dividends

Ordinary and 'A' ordinary shares				
<i>Amounts are shown net of 20% tax</i>	2010	2009	2010	2009
	£ per share	£ per share	£'000	£'000
Interim dividend	1.16	1.05	560	507
Proposed final dividend	2.24	2.14	1,082	1,034
Special dividend	-	2.28	-	1,101
	<u>£3.40</u>	<u>£5.47</u>	<u>£1,642</u>	<u>£2,642</u>

Preference shares

In 2010 the Company paid dividends on preference shares totalling £381,000 (2009: £381,000).

Directors

Changes in Directors

The Directors of the Company on the date the financial statements were approved are detailed on page 2. All Directors were Directors of the Company throughout the year ended 31 December 2010.

In accordance with the provisions of Article 74 of the Company's Articles of Association, Mr Kevin Keen and Mr Helier Smith will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As described on page 13, the Board has undertaken a formal assessment of its performance and that of the individual Directors, including structured meetings between the Directors being assessed, the Chairman and the Senior Independent Director. Following this review, the Chairman has confirmed that the Directors standing for re-election at the Annual General Meeting continue to perform effectively and demonstrate commitment to their roles.

Directors' Report - continued

Directors' interests

Particulars of the holdings of Directors, including family and beneficial interests, in the share capital of the Company as at 31 December 2010 are:

	Tony Cooke	Mary Curtis	Carl Hinault	Kevin Keen	Stephen Marie	Helier Smith	Howard Snowden	Peter Yates
Ordinary shares	104	-	100	200	100	146	-	-
Preference shares	-	-	-	3,972	-	3,285	95	-

There have been no subsequent changes in Directors' interests up to the date of approval of the financial statements.

Insurance of Directors and Officers of the Company

The Company maintains an insurance policy on behalf of all Directors and Officers of the Company against liability arising from neglect, breach of duty and breach of trust in relation to their activities as Directors & Officers of the Company.

Substantial shareholdings

Set out below are details of significant shareholdings (3% or more) in each class of share of the Company as at 8 April 2011.

Name	Ordinary shares of £1	'A' ordinary shares of £1	5%	3.5% second	3% third	3.75% third	5% third	2% fourth	10% fifth
			Cumulative preference shares of £5 each						
Allied Mutual Insurance Services Limited	4%								
BE Anderson							4%		
PJ Audrain						3%	4%		
PG Blampied	7%		19%	31%	7%	23%	26%	10%	
Capital Estates Limited				3%					
FA Clarke	4%								
Deenbee Limited			11%	13%	7%	15%	11%	10%	
Forest Nominees Limited								11%	
JMS Hobbs					4%		4%		
Keen's Pension Fund Limited				23%					
SA Le Couteur	3%		5%		17%		3%	6%	
JH Le Cras			9%	3%	20%		4%	18%	
EJ Morcombe			10%	12%	7%	24%	23%	13%	
DF Parlett							4%		
Nordar Limited	3%								
BR Querée	4%				3%				
HJB Smith					6%				
UBS Jersey Nominees Limited			24%			11%		3%	
The States of Jersey	50%	100%							100%

Auditors

A resolution to re-appoint PricewaterhouseCoopers CI LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Helier Smith

Company Secretary
8 April 2011