

Directors' Report

The Directors of the Company present the financial statements for the year ended 31 December 2008.

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 22. 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 7 to 12.

Dividends

Ordinary and A Ordinary shares <i>Amounts are shown net of 20% tax</i>	2008	2007
	£'000	£'000
Interim dividend for the year ended 31 December 2008 of £0.96 (2007: £0.88) paid on 1 October 2008.	464	425
Proposed final dividend for the year ended 31 December 2008 of £1.94 (2007: £1.64).	937	792
	£1,401	£1,217

Preference shares

In 2008 the Company paid dividends on preference shares totalling £381,000 (2007: £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 except for Richard Pirouet, Tony Cooke and Mary Curtis were Directors of the Company throughout the year ended 31 December 2008. On 12 June 2008, Richard Pirouet retired from the Board and Tony Cooke and Mary Curtis were appointed to the Board.

In accordance with the provisions of Article 74, David Norman and Carl Hinault will retire at the forthcoming annual general meeting. Mr Hinault, being eligible, offers himself for re-election. Mr Norman will not seek re-election.

The Directors recommend the election of Mr Peter Yates as a Non-Executive Director of the Company to fill the vacancy left by the retirement at the AGM of David Norman. Mr Yates, a Chartered Accountant and former President of the Jersey Society of Chartered and Certified Accountants, was previously a partner of PricewaterhouseCoopers working in the United Kingdom and Jersey for a total of 31 years.

As described on page 14, the Company 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 Deputy Chairman. Following this review, the Chairman has confirmed that the Director standing for re-election at the Annual General Meeting continues to perform effectively and demonstrates commitment to his role.

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 2008 are:

	Tony Cooke	Mary Curtis	Carl Hinault	Kevin Keen	Stephen Marie	David Norman	Howard Snowden	Helier Smith
Ordinary shares	-	-	100	-	100	8,680	200	146
Preference shares	-	-	-	3,972	-	-	95	3,235

Of the many business interests of David Norman, he is a Director of Petroleum Distributors (Jersey) Limited a Company with which Jersey Water trades on an arms length basis.

Stephen Marie was, during the year up to July 2008, the Property Director of Sandpiper CI, a Group with which the Company transacts on an arms length basis.

Kevin Keen is a Non-Executive Director of BG Romeril and Co Limited and an employee of Voisin & Co, companies with which Jersey Water transacts on an arms length basis.

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 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 3 April 2009.

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	6%								
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%	
BF Foster				23%					
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%								
HJB Smith					6%				
UBS Jersey Nominees Limited			24%			11%		3%	
The States of Jersey	50%	100%							100%

Directors' Report (continued)

The Company enters into normal commercial transactions with the States of Jersey and entities controlled by the States, in that it pays income tax, telephone, electricity and various other charges. Conversely, the Company levies charges at its usual rates for the supply of water and the connection of services to States owned properties.

Auditors

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

By Order of the Board

Helier Smith

Company Secretary

3 April 2009