

# Director's Report

The Directors of the Company present the financial statements for the year ended 31 December 2006.

## 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. With effect from 8 November 2004 the Company 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>	<b>2006</b>	2005
	<b>£'000</b>	£'000
Interim dividend for the year ended 31 December 2006 of 84 pence net of income tax (2005: 80 pence net of income tax) paid on 22 September 2006.	<b>405</b>	386
Proposed final dividend for the year ended 31 December 2006 of 144.8 pence net of income tax (2005: 137.6 pence net of income tax).	<b>699</b>	665
	<b>£1,104</b>	£1,051

## Preference shares

In 2006 the Company paid dividends on preference shares totalling £381,000 net of income tax (2005: £381,000 net of income tax).

## Directors

### Changes in Directors

The Directors of the Company on the date the financial statements were approved and throughout the year ended 31 December 2006 were as detailed on page 2.

In accordance with the provisions of Article 74(b), Senator Leonard Norman and Stephen Marie will retire at the forthcoming annual general meeting. Mr Marie, being eligible, offers himself for re-election. Senator Norman will not seek re-election.

The Directors recommend the election of Mr Kevin Keen as Director of the Company to fill the vacancy left by the retirement at the AGM of Senator Norman. Mr Keen is currently Managing Director of Jersey Dairy and has previously been Divisional Managing Director as well as Finance Director of Le Riche Stores. Mr Keen is also President of the Jersey Chamber of Commerce and a Fellow of both the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants.

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 Director being assessed, the Chairman and the Senior Independent Director. 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.

## Director's Report (continued)

### Directors' interests

Particulars of the holdings of Directors, including family interests, in the share capital of the Company as at 31 December 2006 are:

	Carlyle Hinault	Stephen Marie	David Norman	Leonard Norman	Howard Snowden	Helier Smith
Ordinary shares	100	100	8,680	-	200	146
Preference shares	-	-	-	65	95	212

Of the many business interests of David Norman, he is a Director of CI Traders Limited and Petroleum Distributors (Jersey) Limited. During the year ended 31 December 2006 he was also a Director of Norman Limited and Iron Stores Jersey Limited. These are all companies with which the Company trades on a regular arms length basis.

Stephen Marie is the Managing Director of CIT Estates, a division of CI Traders Limited, a Group with which the Company transacts on an arms length basis.

### Insurance of Directors and Officers of the Company

The Company maintains an insurance policy on behalf of all its 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 28 March 2007.

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%								
PJ Amy				3%					
BE Anderson							4%		
PJ Audrain						3%	4%		
PG Blampied	7%		19%	31%	7%	23%	26%	10%	
RM Clarke	3%								
Deenbee Limited			11%	13%	7%	15%	11%	10%	
Forest Nominees Limited								11%	
BF Foster				23%	6%				
JMS Hobbs					4%		4%		
James Capel (Channel Islands) Nominees Limited			25%			11%		4%	
PE Le Couteur			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%								
The States of Jersey	50%	100%							100%

## Director's 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

28 March 2007