Jersey Electricity plc
Preliminary Announcement of Annual Results
Year Ended 30 September 2012

At a meeting of the Board of Directors held on 20 December 2012, the final accounts for the Group for the year to 30 September 2012 were approved, details of which are attached.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the year ended 30 September 2012 or 2011, but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Jersey Registrar of Companies and those for 2012 will be delivered in early 2013. The auditor has reported on those accounts and their reports were unmodified.

A final dividend of 6.50p on the Ordinary and 'A' Ordinary shares in respect of the year ended 30 September 2012 was recommended to be maintained at the same level as in 2011. Together with the interim dividend of 4.50p the proposed total dividend declared for the year was 11.00p on each share.

The final dividend will be paid on 4 April 2013 to those shareholders registered in the books of the Company on 22 February 2013. A dividend on the 5% cumulative participating preference shares of 1.5% (2011:1.5%) payable on 1 July 2013 was also recommended.

The Annual General Meeting of the Company will be held on 4 March 2013.

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20 December 2012

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JERSEY ELECTRICITY plc
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The Chairman, Geoffrey Grime, comments :

"At the beginning of the year, we would never have predicted the extraordinary events facing the business during 2011/12. On 29 April we experienced our first ever submarine cable fault on the Channel Islands Electricity Grid (CIEG), resulting in the temporary loss of the Jersey-Guernsey link. Less than two months later, on 17 June, both interconnectors to France failed within an hour of each other, resulting in only the second Island-wide power failure in six years. Then on 25 September, Jersey Electricity faced its most difficult restoration ever following the failure of the sole remaining submarine cable connecting Jersey to France and a third instance of loss of power to the Island. The pressure on staff during this period has been huge and their response exceptional but as you would expect our financial performance has naturally been impacted by the consequences of such events."

Financial Summary	2012	2011	% change
Turnover	**£97.2m**	£100.5m	(3)%
Profit before tax	**£ 5.7m**	£ 11.1m	(48)%
Profit in Energy business	**£ 4.2m**	£ 7.7m	(45)%
Earnings per share	**12.55p**	28.05p	(55)%
Dividends paid per ordinary share	**11.00p**	13.70p	(20)%

Group turnover for the year to 30 September 2012 at £97.2m was 3% lower than in the year ended 30 September 2011. Unit sales volumes were 2% lower than last year and consequently revenues in our Energy business fell to £72.7m. Turnover in our Retail business decreased by 6%, from £16.5m to £15.5m, with around half this shortfall being in our e-retailing internet business, daytodayshop.com which we closed in August 2012. Turnover in the Property business, including internal revenues, fell by £0.1m to £2.8m due to loss of a commercial tenant. Turnover in Building Services fell 11% from levels experienced in 2011 to £4.2m. Turnover in our Other Businesses rose from £2.6m to £2.7m with increased revenues in both Jendev and Jersey Energy.

Profit before tax for the year to 30 September 2012 fell to £5.7m from £11.1m. Our Energy business accounted for most of this reduction with mild weather, and issues directly and indirectly associated with interconnector failures during the year, being the primary drivers. In addition, the non-cash, £1.1m impairment of our investment in Foreshore Ltd was the other material reason for reduced year-on-year group profit.

Profits in our Energy business fell £3.5m from £7.7m to £4.2m. Unit sales of electricity were 2% behind those in 2011, due to a particularly mild winter period, and contributed to a £1.9m reduction in gross margin. In addition, the uninsured element of £0.9m from the £9m repair of the Guernsey-Jersey subsea cable and the decommissioning of our irreparable 28 year old cable to France, at £0.7m, including accelerated depreciation, were unexpected costs.

Tariffs to our customers were increased by 2.9% in May 2012 and the average customer will unfortunately see a rise of around 9% from 1 January 2013 as we will be generating more heavily during the coming year due to the aforementioned issues associated with the loss of the interconnector to France. The forthcoming tariff rise is primarily a result of the differential price between generating using oil against importing from France. These additional costs are forecast to remain until the planned replacement interconnector to France is delivered in 2015.

We have materially hedged our imported power and foreign exchange requirements for 2013 and 2014 and 75% of our expected oil requirements for the 2012/13 financial year. We again imported most of our power requirements from France (92% against 96% in the previous year) but this will fall in the next financial year to an expected level of around 80%.

Profits in our Property division, excluding the impact of investment property revaluation, were at a similar level to 2011 at £1.6m. Our investment property portfolio was revalued downwards 2% by £0.3m to £14.9m this year due mainly to a change in yield assumptions.

Our Retailing business had a challenging year with turnover falling from £16.5m to £15.5m. Profitability was impacted by reduced margins and the closure of our internet retailer, daytodayshop.com, due to the ending of the Low Value Consignment Relief (LVCR) tax concession by the UK Government.

The Building Services business produced a £0.3m profit, being £0.1m ahead of last year despite pressure on margins in a very competitive marketplace.

Our other business units - Jersey Energy, Jendev and Jersey Deep Freeze all had a profitable year. Foreshore, our data centre joint venture, had a turnover of £4.9m being at the same level as 2011 with profitability remaining around the breakeven level. However an impairment review of our investment resulted in the writing off of £1.1m. Future forecast returns have been impacted by changing circumstances, including the impending loss of its largest customer, who was also impacted by the abolition of the LVCR tax concession that previously existed between Jersey and the UK.

Interest received on deposits in 2012 at £0.3m was at the same level as in the previous year with a lower cash level offset by marginally better achieved returns. The taxation charge at £1.8m was lower than in 2011 because of reduced profits. Group earnings per share fell 55% to 12.55p compared to 28.05p in 2011 primarily due to lower profits.

Dividends paid in the year, net of tax, fell by 19.7%, from 13.70p in 2011 to 11.00p in 2012. However the underlying increase was 5.3% as a special dividend of 3.25p per share was paid last year. The proposed final dividend for 2012 is maintained at 6.50p, resulting in a total proposed dividend for the year of 11.00p, being an underlying rise of 2.3% on the previous year. Dividend cover fell from 2.1 times in 2011 to 1.1 times due primarily to the lower level of profit. The aim going forward is to maintain our previously published declared ambition for sustained real growth in dividends over the medium-term.

Net cash inflow from operating activities at £11.9m was £8.9m lower than 2011 with lower profits and a large insurance debtor for the Guernsey to Jersey cable repair being the main reasons. Capital expenditure, at £18.8m rose from £15.0m last year with the £8.5m spend on diesel engines, which are due to be commissioned before the end of 2012 being the most material project spend. Cash and cash equivalents, including short-term investments, at the year-end were £14.3m being £10.3m lower than last year.

Our defined benefits pension scheme, which had a £3.5m deficit, net of deferred tax, at the 2011 year end showed a £4.9m deficit as at 30 September 2012. This movement was due mainly to the increase in liabilities, associated with lower discount rates in financial markets.

Consolidated Income Statement
for the year ended 30 September 2012

	2012	2011
	£000	£000
Revenue	**97,182**	100,494
Cost of sales	**(69,346)**	(69,989)
Gross profit	**27,836**	30,505
Revaluation of investment properties	**(325)**	(115)
Operating expenses	**(20,900)**	(19,553)
Group operating profit before joint venture	**6,611**	10,837
Share of loss of joint venture	**(15)**	(86)
Exceptional item – impairment of investment	**(1,137)**	-
Group operating profit	**5,459**	10,751
Interest receivable	**287**	327
Finance costs	**(11)**	(11)
Profit from operations before taxation	**5,735**	11,067
Taxation	**(1,796)**	(2,423)
Profit from operations after taxation	**3,939**	8,644
Attributable to:		
Owners of the Company	**3,846**	8,593
Non-controlling interests	**93**	51
	3,939	8,644
Earnings per share		
- basic and diluted	**12.55p**	28.05p

Consolidated Statement of Comprehensive Income
for the year ended 30 September 2012

	2012	2011
	£000	£000
Profit for the year	**3,939**	8,644
Other comprehensive income		
Actuarial loss on defined benefit scheme	**(2,278)**	(6,640)
Fair value (loss)/gain on cash flow hedges	**(4,021)**	100
Tax related components relating to other comprehensive income	**1,227**	1,308
Total comprehensive income for the year	**(1,133)**	3,412
Attributable to:		
Owners of the Company	**(1,226)**	3,361
Non-controlling interests	**93**	51
	(1,133)	3,412

Balance Sheets at 30 September 2012	Group		Company	
	2012	2011	**2012**	2011
	£ 000	£ 000	**£ 000**	£ 000
NON-CURRENT ASSETS				
Intangible assets	**51**	60	**51**	60
Property, plant and equipment	**138,125**	128,330	**138,120**	128,327
Investment properties	**14,865**	14,813	**14,865**	14,813
Other investments	**5**	1,557	**482**	2,291
Long-term loans	**400**	-	**400**	400
Total non-current assets	**153,446**	144,760	**153,918**	145,891
CURRENT ASSETS				
Inventories	**7,245**	6,451	**7,166**	6,384
Trade and other receivables	**17,970**	15,361	**17,737**	15,162
Derivative financial instruments	**-**	486	**-**	486
Short-term investments - cash deposits	**9,020**	17,745	**9,020**	17,745
Cash and cash equivalents	**5,311**	6,787	**5,171**	6,701
Total current assets	**39,546**	46,830	**39,094**	46,478
Total assets	**192,992**	191,590	**193,012**	192,369
LIABILITIES				
Trade and other payables	**17,037**	15,878	**16,992**	15,811
Derivative financial instruments	**4,002**	-	**4,002**	-
Current tax payable	**762**	1,820	**762**	1,820
Total current liabilities	**21,801**	17,698	**21,756**	17,631
NET CURRENT ASSETS	**17,745**	29,132	**17,338**	28,847
NON-CURRENT LIABILITIES				
Trade and other payables	**17,644**	17,152	**17,642**	17,152
Retirement benefit deficit	**6,068**	4,420	**6,068**	4,420
Financial liabilities - preference shares	**235**	235	**235**	235
Deferred tax liabilities	**11,033**	11,226	**11,033**	11,226
Total non-current liabilities	**34,980**	33,033	**34,978**	33,033
Total liabilities	**56,781**	50,731	**56,734**	50,664
Net assets	**136,211**	140,859	**136,278**	141,705
EQUITY				
Share capital	**1,532**	1,532	**1,532**	1,532
ESOP reserves	**(100)**	-	**(100)**	-
Other reserves	**(1,527)**	836	**(1,527)**	836
Retained earnings	**136,243**	138,477	**136,373**	139,337
Equity attributable to owners of the company	**136,148**	140,845	**136,278**	141,705
Non-controlling interests	**63**	14	**-**	-
Total equity	**136,211**	140,859	**136,278**	141,705

Cash Flow Statements

for the year ended 30 September 2012

	Group		Company	
	2012	2011	**2012**	2011
	£ 000	£ 000	**£ 000**	£ 000
Cash flows from operating activities				
Operating profit	**6,611**	10,837	**6,444**	10,799
Adjustment for disposal of shares in associate	**-**	(59)	**-**	(59)
Adjustment for repayment of long-term loan by associate	**-**	(136)	**-**	(136)
Depreciation and amortisation charges	**8,293**	8,212	**8,293**	8,212
Loss on revaluation of investment properties	**325**	115	**325**	115
Pension contributions paid less expense in Income Statement	**(630)**	(438)	**(630)**	(438)
Adjustment for foreign exchange hedges	**465**	-	**465**	-
(Loss)/profit on sale of fixed assets	**(16)**	6	**(16)**	6
Operating cash flows before movement in working capital	**15,048**	18,537	**14,881**	18,499
(Increase)/decrease in inventories	**(794)**	1,122	**(782)**	1,123
(Increase)/decrease in trade and other receivables	**(2,772)**	617	**(2,736)**	632
Increase in trade and other payables	**1,904**	2,326	**1,924**	2,334
Interest received	**347**	309	**347**	309
Preference dividends paid	**(9)**	(9)	**(9)**	(9)
Income taxes paid	**(1,820)**	(2,067)	**(1,820)**	(2,067)
Net cash flows generated from operating activities	**11,904**	20,835	**11,805**	20,821
Cash flows from investing activities				
Purchase of property, plant and equipment	**(18,823)**	(14,940)	**(18,823)**	(14,940)
Investment in intangible assets	**9**	(31)	**9**	(31)
Net proceeds from disposal of fixed assets	**53**	17	**53**	17
Repayment of long-term loans by joint venture and associate	**-**	186	**-**	186
Disposal of shares in associate	**-**	59	**-**	59
Short-term investments	**8,725**	175	**8,725**	175
Net cash flows used in investing activities	**(10,036)**	(14,534)	**(10,036)**	(14,534)
Cash flows from financing activities				
Equity dividends paid	**(3,414)**	(4,270)	**(3,370)**	(4,198)
Net cash flows used in financing activities	**(3,414)**	(4,270)	**(3,370)**	(4,198)
Net (decrease)/increase in cash and cash equivalents	**(1,546)**	2,031	**(1,601)**	2,089
Cash and cash equivalents at 1 October	**6,787**	4,756	**6,701**	4,612
Net cash and cash equivalents	**5,241**	6,787	**5,101**	6,701
Overdraft	**70**	-	**70**	-
Net cash and cash equivalents at 30 September	**5,311**	6,787	**5,171**	6,701

Consolidated Statement of Changes in Equity

for the year ended 30 September 2012

Group:	Share capital	ESOP reserve	Other reserves	Retained earnings	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 October 2011	1,532	-	836	138,477	140,845
Total recognised income and expense for the year	-	(100)	-	3,846	3,746
Unrealised losses on hedges (net of tax)	-	-	(3,217)	-	(3,217)
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	(1,856)	(1,856)
Equity dividends	-	-	-	(3,370)	(3,370)
At 30 September 2012	**1,532**	**(100)**	**(2,381)**	**137,097**	**136,148**
At 1 October 2010	1,532	-	756	139,396	141,684
Total recognised income and expense for the year	-	-	-	8,593	8,593
Unrealised gain on hedges (net of tax)	-	-	80	-	80
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	(5,314)	(5,314)
Equity dividends	-	-	-	(4,198)	(4,198)
At 30 September 2011	**1,532**	**-**	**836**	**138,477**	**140,845**

Company:	Share capital	ESOP reserve	Other reserves	Retained earnings	Total reserves
At 1 October 2011	1,532	-	836	139,337	141,705
Total recognised income and expense for the year	-	(100)	-	3,116	3,016
Unrealised losses on hedges (net of tax)	-	-	(3,217)	-	(3,217)
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	(1,856)	(1,856)
Equity dividends	-	-	-	(3,370)	(3,370)
At 30 September 2012	**1,532**	**(100)**	**(2,381)**	**139,227**	**136,278**
At 1 October 2010	1,532	-	756	140,982	143,270
Total recognised income and expense for the year	-	-	-	7,867	7,867
Unrealised gain on hedges (net of tax)	-	-	80	-	80
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	(5,314)	(5,314)
Equity dividends	-	-	-	(4,198)	(4,198)
At 30 September 2011	**1,532**	**-**	**836**	**139,337**	**141,705**

Notes to the accounts

Year ended 30 September 2012

1. Basis of Preparation

The consolidated financial statements of Jersey Electricity plc, for the year ended 30 September 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

While the financial information included in this preliminary announcement has been pr

epared in accordance with the appropriate recognition and measurement criteria, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full financial statements that comply with IFRS in early 2012.

The Group has considerable financial resources and as a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Segmental information

Revenue and profit information are analysed between the businesses as follows:

	2012 External £000	**2012 Internal £000**	**2012 Total £000**	2011 External £000	2011 Internal £000	2011 Total £000
Revenue						
Energy	**72,671**	**197**	**72,868**	74,486	326	74,812
Building Services	**4,195**	**325**	**4,520**	4,716	232	4,948
Retail	**15,472**	**64**	**15,536**	16,499	67	16,566
Property	**2,141**	**690**	**2,831**	2,216	688	2,904
Other	**2,703**	**601**	**3,304**	2,577	654	3,231
	97,182	**1,877**	**99,059**	100,494	1,967	102,461
Inter-Segment elimination			**(1,877)**			(1,967)
Revenue			**97,182**			100,494
Operating profit						
Energy			**4,240**			7,678
Building Services			**300**			220
Retail			**64**			476
Property			**1,609**			1,652
Other			**708**			840
Operating profit before property revaluation			**6,921**			10,866
Loss on revaluation of investment properties			**(325)**			(115)
Exceptional item – impairment of investment			**(1,137)**			-
Group operating profit			**5,459**			10,751