CHARTER plc
Interim accounts for the six months ended 30 June 2007

Financial highlights

		Six months to 30.6.07 £m	Six months to 30.6.06 (restated) (i) £m	
Revenue		**691.5**	624.7	+10.7%
Operating profit		**85.4**	71.0	+20.3%
Profit before tax		**92.1**	69.6	+32.3%
Profit after tax		**75.4**	59.9	+25.9%
Profit attributable to equity shareholders		**72.2**	56.9	+26.9%
Net cash at period end		**60.0**	36.2	
Earnings per share	Basic	**43.3 p**	34.4 p	+25.9%
	Adjusted (ii)	**41.6 p**	33.0 p	+26.1%

(i) *the 2006 comparatives have been restated to reflect the change in accounting for post employment benefits.*

(ii) *before amortisation and impairment of acquired intangibles and goodwill, exceptional tax credit of £5.3 million in 2006 and gains or losses on retranslation of intercompany loan balances*

David Gawler, Chairman, commented:

"I am pleased to announce excellent results for the six months ended 30 June 2007 with adjusted earnings per share of 41.6 pence, an increase of 26.1 per cent over the comparable period in 2006.

In the period, ESAB, the welding, cutting and automation business, and Howden, the air and gas handling business, achieved strong growth in sales and operating profits compared with the first half of 2006. There were also significant improvements in operating margins in both ESAB and Howden compared with the first half of 2006, reflecting high levels of activity, current strength in their key markets and continuing improvements in operational efficiencies.

ESAB and Howden are well placed to achieve further progress and the Board views Charter's prospects with confidence."

Contact
Andrew Fenwick; Roberta Governale, Brunswick +44 (0) 20 7404 5959
Michael Foster, Chief Executive; Robert Careless, Finance Director +44 (0) 20 7404 5959

Internet users will be able to view this announcement, together with other information about Charter plc at the company's web site
www.charterplc.com

CHAIRMAN'S STATEMENT

Summary of interim results

		Six months to 30.6.07	Six months to 30.6.06 (restated) (i)	Year ended 31.12.06 (restated) (i)
		£m	£m	£m
Revenue		**691.5**	624.7	1,257.9
Adjusted operating profit (ii)		**85.5**	71.0	144.6
Amortisation and impairment of acquired intangibles and goodwill		**(0.1)**	-	-
Operating profit		**85.4**	71.0	144.6
Net financing income/(charge) before retranslation of intercompany loan balances		**1.0**	(1.5)	(4.6)
Gains/(losses) on retranslation of intercompany loan balances		**3.3**	(2.6)	0.2
Net financing credit/(charge)		**4.3**	(4.1)	(4.4)
Share of post tax profits of associates		**2.4**	2.7	5.8
Profit before tax		**92.1**	69.6	146.0
Tax on profit on ordinary activities (before taxation on gains/(losses) on intercompany loans and exceptional tax credit)		**(16.4)**	(14.7)	(27.1)
Taxation on gains/(losses) on intercompany loan balances		**(0.3)**	(0.3)	(0.3)
Exceptional tax credit		**-**	5.3	10.5
Taxation		**(16.7)**	(9.7)	(16.9)
Profit after tax		**75.4**	59.9	129.1
Attributable to:	Equity shareholders	**72.2**	56.9	123.4
	Minority interests	**3.2**	3.0	5.7
		75.4	59.9	129.1
Net cash at period end		**60.0**	36.2	43.1
Equity shareholders' funds at period end		**347.7**	184.2	246.1
Earnings per share	Basic	**43.3 p**	34.4 p	74.4 p
	Adjusted (iii)	**41.6 p**	33.0 p	68.1 p

(i) *the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.*

(ii) *before amortisation and impairment of acquired intangibles and goodwill and exceptional items*

(iii) *before amortisation and impairment of acquired intangibles and goodwill, exceptional tax credit of £5.3 million in 2006 and gains or losses on retranslation of intercompany loan balances*

Dear Shareholder

I am pleased to announce excellent results for the six months ended 30 June 2007 with adjusted earnings per share of 41.6 pence, an increase of 26.1 per cent over the comparable period in 2006.

In the period, ESAB, the welding, cutting and automation business, and Howden, the air and gas handling business, achieved further growth in sales and operating profits compared with the first half of 2006. There were also significant improvements in operating margins in both ESAB and Howden compared with the first half of 2006, reflecting high levels of activity, current strength in their key markets and continuing improvements in operational efficiencies.

In the six months ended 30 June 2007, sales were £691.5 million (2006: £624.7 million), a 10.7 per cent increase. Operating profit was £85.4 million (2006: £71.0 million[1]), an increase of 20.3 per cent. These increases were achieved despite the translation effect of various adverse currency movements, in particular the US Dollar and related currencies, which are estimated to have negatively impacted sales and operating profit by 5 per cent and 4 per cent respectively, compared with the corresponding period last year.

There were no exceptional items charged or credited to operating profit in the first half of 2007, or in the corresponding period last year.

The profit before tax for the period was £92.1 million (2006: £69.6 million), an increase of 32.3 per cent, after a net financing credit (including gains on retranslation of intercompany loans) of £4.3 million (2006: net financing charge of £4.1 million).

The tax on profit on ordinary activities (before taxation on losses or gains on retranslation of intercompany loans and the exceptional tax credit) was £16.4 million (2006: £14.7 million). After minority interests of £3.2 million (2006: £3.0 million), the profit attributable to equity shareholders for the period was £72.2 million (2006: £56.9 million), an increase of 26.9 per cent.

The adjusted effective tax rate for the period on profit (before losses or gains on retranslation of intercompany loans and the share of post tax profits of associates) was 19.0 per cent (compared with a rate of 19.4 per cent for 2006 as a whole).

Basic earnings per share were 43.3 pence (2006: 34.4 pence), an increase of 25.9 per cent. Adjusted earnings per share (before amortisation and impairment of acquired intangibles and goodwill, gains or losses on retranslation of intercompany loan balances and, in 2006 the exceptional tax credit) were 41.6 pence (2006: 33.0 pence), an increase of 26.1 per cent.

Balance sheet and cash flow

During the period, equity shareholders' funds increased by £101.6 million to £347.7 million, due to the profit attributable to equity shareholders generated during the period of £72.2 million and net actuarial gains arising on retirement benefit obligations of £32.8 million less other items (including exchange) of £3.4 million.

As at 30 June 2007, the net cash position was £60.0 million (31 December 2006: £43.1 million), an increase of £16.9 million in the period.

Board

As separately announced on 11 September 2007, the Board has appointed Lars Emilson as a Non-executive Director with effect from 14 September 2007. He will succeed me as Non-executive Chairman on 1 November 2007, after I step down from my role as Executive Chairman and Director on 31 October 2007.

Dividends

The Board has decided not to declare a dividend for the six months ended 30 June 2007.

As previously announced, the Board envisages that the Company will declare a final dividend in respect of the financial year ending 31 December 2007, provided that the general economic environment and the trading and financial condition of the Company and its businesses are at least broadly in line with the Board's expectations.

[1] including profit on the sale of property in Howden of £4.8 million

Prospects

Going forward, ESAB will continue to benefit from recent additions to its capacity and on-going programmes to increase production efficiencies and to improve technology.

Howden expects an increase in sales to its customers in North America and Europe, which will compensate for the slowdown in sales to China.

ESAB and Howden are well placed to achieve further progress and the Board views Charter's prospects with confidence.

David Gawler
Chairman
11 September 2007

CHIEF EXECUTIVE'S STATEMENT

At the halfway point of the year, it is encouraging that the positive trends in both of Charter's businesses, ESAB and Howden, continue. Markets at present remain robust, with strong global demand which, together with the operational measures both businesses have taken, have led to significant increases in revenue and margins.

Business results

In the period, the welding, cutting and automation business ("ESAB"), and the air and gas handling business ("Howden"), achieved further growth in sales and operating profits compared with the first half of 2006. There were significant improvements in operating margins in both ESAB and Howden compared with the first half of 2006, reflecting high levels of activity, ongoing strength in their key markets and continuing improvements in operational efficiencies.

	Six months to 30.6.07		Six months to 30.6.06 (restated) (i)	Year ended 31.12.06 (restated) (i)
	£m		£m	£m
Welding, cutting and automation	**464.3**	**+11.9%**	414.8	828.4
Air and gas handling	**227.2**	**+8.2%**	209.9	429.5
Revenue	**691.5**	**+10.7%**	624.7	1,257.9
Welding, cutting and automation	**63.5**	**+26.0%**	50.4	102.1
Air and gas handling (excluding profit on sale of property)	**27.7**	**+26.5%**	21.9	50.3
Air and gas handling – profit on sale of property	**-**		4.8	4.8
Central operations	**(5.8)**		(6.1)	(12.6)
Operating profit	**85.4**	**+20.3%**	71.0	144.6
Welding, cutting and automation	**2.3**		2.1	4.3
Air and gas handling	**0.1**		0.6	1.5
Share of post tax profits of associates	**2.4**		2.7	5.8
Operating margins				
Welding, cutting and automation	**13.7%**		*12.2%*	*12.3%*
Air and gas handling (excluding profit on sale of property)	**12.2%**		*10.4%*	*11.7%*

(i) the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.

In the six months to 30 June 2007, ESAB continued to produce excellent results, with another strong performance throughout its core market of Europe and also in South America and the Middle East. The contribution to profits from ESAB's North American business increased markedly, despite the comparative weakness of the US dollar.

ESAB's sales for the period were £464.3 million (2006: £414.8 million), an increase of 11.9 per cent, and operating profit was £63.5 million (2006: £50.4 million), an increase of 26.0 per cent. Operating margins grew significantly to 13.7 per cent, as compared with 12.2 per cent in the first half of 2006. The share of post tax profits of associates was £2.3 million (2006: £2.1 million).

Howden made further progress during the period, with sales growing to £227.2 million (2006: £209.9 million), an increase of 8.2 per cent. This reflected strong sales growth in Europe and North America which more than offset the anticipated fall in sales of new equipment to China. Operating profit significantly increased to £27.7 million (2006: £21.9 million[2]), an increase of 26.5 per cent. Operating margin improved to 12.2 per cent from 10.4 per cent. Howden's orders in hand at 30 June 2007 were £425 million, 17.7 per cent ahead of the order book of £361 million at 31 December 2006.

[2] excluding the profit on sale of property of £4.8 million

Following the acquisition in December 2006 of the remaining 51 per cent of Howden Compressors Limited and also the sale of the 42 per cent interest in Pump Brands Pty Limited in May 2007, the share of post tax profits of Howden's associates fell to £0.1 million (2006: £0.6 million).

Business development

ESAB has successfully achieved its programme to increase consumables capacity by 90,000 tonnes, or 20 per cent, in the period from July 2006 to June 2007, meaning that capacity constraints have been lifted in most products and regions. There are further opportunities for the consumables business and additional capacity expansion is under way. ESAB anticipates increasing capacity by a further 10 per cent by around the end of the first quarter of 2008, including a second consumables plant in China, which will be situated in Weihai, where Howden has long been based, and at other locations worldwide where new capacity will be added principally to manufacture flux and solid wires. ESAB is also constructing a standard equipment plant in Zhangjiagang, China.

Our lean programme is becoming effective, with, for example, production increases of 10 per cent from our solid wire drawing facility at Vamberk. ESAB is looking forward to continued progress from this initiative. It is also pleasing to be able to report progress in the standard equipment business with increasing revenues and improving margins.

In both automation and cutting, the forward order books are at all time highs, although cutting and automation margins were impacted in the first half by a number of factors, including the timing of capital equipment deliveries and some initial launch problems with a new generation of plasma cutting technology.

In North America revenues grew 9 per cent in US dollars and operating profit improved significantly as the operations there continue to put last year's strike behind them.

As announced on 7 September 2007, the Company has received acceptances representing 18.3 per cent of the issued share capital in ESAB India Limited. Taking into account the ESAB India shares already held, representing 37.3 per cent of the outstanding issued share capital, Charter's total indirect holding in ESAB India on completion of the offer will represent 55.6 per cent of the outstanding issued share capital of ESAB India. At the offer price of Rs 505 per share, the shares to be acquired have a combined value of Rs 1.42 billion (approximately £17.2 million).

In July 2007, ESAB acquired the business of ATAS Anlagentechnik und Anwendungssoftware GmbH, a software control business located in Germany. The majority of ATAS's sales are to the ESAB cutting business and the acquisition has brought important additional cutting technology in-house. The consideration for the acquisition was €2.5 million (approximately £2 million) in cash.

Also in July 2007, ESAB acquired the welding business of Air Liquide Argentina located in Buenos Aires. The acquisition has further expanded ESAB's presence in the South American market. The consideration was 25 million Argentinean pesos (approximately £4 million) in cash.

In August 2007, ESAB agreed to acquire approximately 95 per cent of the share capital of Electrodi AD, Ihitman, the leading manufacturer of welding electrodes in Bulgaria. In addition to gaining a leading presence in the Bulgarian market, the acquisition will enable ESAB to better access the welding markets in the Balkan region. The acquisition is expected to complete in October 2007. The expected consideration is €6.8 million (approximately £4.6 million), depending upon the net working capital of the company at completion, and will be paid in cash.

Turning to Howden, overall growth in the order book of 17.7 per cent in the first half, and a continued strong order intake in July and August, has been driven by strong markets both in Europe, and in particular North America, where demand for flue gas desulphurisation plant and, to a lesser extent, new coal fired power generating capacity has been exceptionally strong so far this year. The trend of a reduction in the importance of China has continued, although orders from customers in China during the first half of the year were higher than expected. The order book strength leaves Howden well positioned for the balance of the year and 2008.

Howden has established a presence in Russia and India and remains optimistic about the potential for these markets. Product expansion in China is well under way, with a new compressor and turbo-compressor facility in Weihai recently opened and initial orders received. The Chinese aftermarket business has progressed well and is ahead of plan and overall the aftermarket remains an opportunity for growth.

Howden Compressors, in which the outstanding shares were acquired at the end of 2006, is performing ahead of expectations and the process of integration is progressing well.

In July 2007, Howden Africa Holdings Limited acquired the outstanding 50 per cent shareholding in its subsidiary Bateman Howden South Africa (Pty) Limited, a business involved in designing, selling, servicing and maintaining gas cleaning systems used in the coal fired power station industry in South Africa and other African markets. The consideration of ZAR 26 million (approximately £2 million) was paid in cash.

Howden Africa disposed of its non-core shareholding of 42% in Pump Brands Pty Ltd, a South African pumps company, in May for ZAR 33 million (equivalent to £2.4 million).

In Howden, the supply chain remains a focus as production continues at high levels. Howden continues to develop its capability to sub-contract and looks to increase its international sourcing. Overall, Howden is expected to achieve margins in 2007 at broadly the same level as seen in 2006.

Both ESAB and Howden have made real progress in the first half of 2007 and, given current market conditions and the plans they have in place, are well positioned to progress further.

Michael Foster
Chief Executive
11 September 2007

Business and financial review

ESAB

Summary of results

	Six months to 30.6.07		Six months to 30.6.06 (restated) (i)	Year ended 31.12.06 (restated) (i)
	£m		£m	£m
Revenue				
Welding	**396.9**	**+12.6%**	352.6	698.6
Cutting and automation	**67.4**	**+8.4%**	62.2	129.8
ESAB	**464.3**	**+11.9%**	414.8	828.4
Operating profit				
Welding	**60.2**	**+34.7%**	44.7	91.4
Cutting and automation	**3.3**	**-42.1%**	5.7	10.7
ESAB	**63.5**	**+26.0%**	50.4	102.1
Share of post tax profits of associates	**2.3**	**+9.5%**	2.1	4.3
Operating margin				
Welding	**15.2%**		12.7%	13.1%
Cutting and automation	**4.9%**		9.2%	8.2%
ESAB	**13.7%**		12.2%	12.3%

(i) the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.

Overview of performance

ESAB produced another set of excellent results, with sales of £464.3 million during the first half of the year, an increase of 11.9 per cent compared to the first half of 2006, reflecting the overall strength of demand for ESAB products.

Operating profit for the period was £63.5 million (2006: £50.4 million), an increase of 26.0 per cent. Operating margins improved to 13.7 per cent as compared with 12.2 per cent in the first half of 2006.

Adverse currency movements, particularly in relation to the US dollar, had a negative impact on ESAB's results equivalent to approximately 5 per cent of sales and 3 per cent of operating profit but this was more than offset by the impact of price increases and product mix.

Volumes of welding consumables were up strongly, reflecting in particular continued high demand from the shipbuilding and oil and gas industries. These higher volumes and efficiency gains contributed to ESAB's increased operating margins. A further feature of the results was the improvement in revenues and margins from standard equipment.

There was a reduction in margins in cutting and automation which arose from a number of causes including the timing of capital equipment deliveries and some initial launch problems with a new generation of plasma cutting technology. However, the outlook for these businesses is positive with order books standing at record levels.

Industries and segmentation

The most significant end-users of ESAB's welding, cutting and automation products are the shipbuilding, energy, transport and construction industries.

All of ESAB's principal end-user segments have continued to be strong. The shipbuilding industry continues to operate at record levels, driven by increasing levels of global trade. In the energy sector, high-energy prices are continuing to encourage the development of oil and gas fields and the construction of pipelines and refining capacity, all of which results in demand for welding products.

Regional markets

ESAB: revenue by destination

	Six months to 30.6.07		Six months to 30.6.06	Year ended 31.12.06
	£m		£m	£m
Europe	**233.2**	**+18.3%**	197.1	398.9
North America	**107.9**	**-1.9%**	110.0	210.2
South America	**62.0**	**+19.9%**	51.7	106.2
China	**9.9**	**+12.5%**	8.8	20.9
Rest of world	**51.3**	**+8.7%**	47.2	92.2
Total	**464.3**	**+11.9%**	414.8	828.4

Europe

Europe remains ESAB's most important region, accounting for half of its total sales in the period.

There has been solid growth in demand for ESAB's products in its principal Western European markets such as Germany, Italy and Spain. The more quickly growing markets of Central Europe and Russia also made important contributions to the overall result in Europe. Emerging markets such as CIS and the Baltic States, Romania and Turkey, all delivered significant improvements against last year.

Higher sales volumes, greater factory efficiency and capacity expansions within ESAB's consumables plants contributed significantly to the increase in operating profits and margins.

The standard equipment business accelerated its recovery with increased sales and higher margins, assisted by the introduction of a new range of product, including AC/DC TIG welding machines.

North America

ESAB Group Inc ("ESAB Inc") recorded sales of £107.9 million, a decrease of 1.9 per cent reflecting the depreciation of the US dollar against sterling compared with the corresponding period last year. In US dollar terms, sales were some 9 per cent ahead and operating profits improved strongly.

Most industries in North America that are significant users of ESAB products have been strong, including shipbuilding, general fabrication and construction. Aluminium volumes have fallen compared to 2006, which benefited from new truck emission environmental legislation.

ESAB Inc has seen a strong performance in sales in Mexico and Canada. Sales, operating profit and margins also improved during the period as the business recovered from the effects of the strike at its Hanover plant.

South America

During the first half of the year, sales grew by 19.9 per cent, principally as a result of strong volume growth in Brazil offset somewhat by unfavourable currency movements.

The results achieved reflect the strength of the key industries, such as sugar, alcohol, mining and general fabrication in Brazil and automotive in Argentina, although the shipbuilding industry in Brazil has seen some deferrals. There has been a strong improvement in sales and margins of standard equipment.

ESAB's position in South America has been strengthened by the acquisition in July 2007 of the Argentine welding business of Air Liquide.

China

Further progress has been made in developing ESAB's presence in China, which is seen as a key growth market for its products. In the period, sales in China rose to £9.9 million (2006: £8.8 million), an increase of 12.5 per cent, despite adverse currency movements.

During the period under review, production at the new consumables factory in Jiangsu Province near Shanghai was progressively increased with output being sold to domestic customers across a range of industries or to meet continuing strong demand in export markets. Additional new consumables capacity is in the course of construction and is expected to be commissioned next year.

Rest of the world

Asia Pacific (excluding China)

Sales and operating profit were significantly ahead, reflecting strong growth in the volume of welding consumables sold to the shipbuilding and oil and gas sectors in the principal markets of Singapore and Malaysia, along with higher sales to Japan and smaller emerging countries such as Vietnam, Taiwan and the Philippines.

Middle East

Sales in the region have continued to grow due to petroleum, energy generation and desalination projects.

Associated undertakings

The share of post tax profits of ESAB India Ltd and ESAB SeaH Corporation was £2.3 million (2006: £2.1 million).

As announced on 7 September 2007, ESAB has received acceptances in respect of its offer of 18.3 per cent and accordingly, on completion its holding in ESAB India will increase from 37.3 per cent to 55.6 per cent. As a consequence, ESAB India will be treated as a subsidiary in Charter's accounts.

Howden

Summary of results

	Six months to 30.6.07		Six months to 30.6.06 (restated) (i)	Year ended 31.12.06 (restated) (i)
	£m		£m	£m
Revenue	**227.2**	**+8.2%**	209.9	429.5
Order book	**425**	**+18.1%**	360	361
Operating profit – excluding profit on property sale	**27.7**	**+26.5%**	21.9	50.3
Operating profit – including profit on property sale	**27.7**	**+3.7%**	26.7	55.1
Share of post tax profits of associates	**0.1**	**-83.3%**	0.6	1.5
Operating margin – excluding profit on property sale	**12.2%**		10.4%	11.7%

(i) the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.

Overview of performance

The first half of 2007 saw a continuation of the strong performance reported in 2006. Howden achieved sales of £227.2 million (2006: £209.9 million), an increase of 8.2 per cent. This includes sales of £7.8 million by Howden Compressors, which became a subsidiary in December 2006. Adverse currency movements, particularly in relation to the US dollar and the Chinese Renminbi, had a negative translation impact equivalent to some 5 per cent of sales and 6 per cent of operating profit.

Operating profit for the period was £27.7 million (2006: £21.9 million[3]), an increase of 26.5 per cent. The operating margin improved to 12.2 per cent (2006: 10.4 per cent).

These results reflect strong demand for Howden products from the electricity supply industry in Europe and North America, which was sufficient to offset the anticipated fall in sales to China.

Aftermarket sales amounted to £54.7 million (2006: £53.6 million), an increase of 2.1 per cent despite a negative translation effect of 7 per cent. Margins continued to improve.

Order book

As at 30 June 2007, the order book stood at £425 million (31 December 2006: £361 million), an increase of 17.7 per cent. New orders in the period were £291 million, some 9.3 and 31.7 per cent ahead of the value of orders won in each of the first and second halves of 2006 respectively. The increase in the order book during the period primarily arose from customers in North America.

As at 30 June 2007, outstanding orders from customers in North America amounted to £153.1 million, representing 36.0 per cent of the total order book, compared with £99.0 million as at 31 December 2006, an increase of 54.6 per cent.

Outstanding orders from customers in Europe and China amounted to £112.3 million and £92.4 million respectively, representing 26.4 per cent and 21.7 per cent of the order book, compared with £104.8 million and £98.0 million respectively as at 31 December 2006.

[3] excluding the profit on sale of property of £4.8 million

Industries and segmentation

A significant part of Howden's business is the supply of equipment to the electricity supply industry, in particular for use in coal fired generating plant.

The worldwide construction of new generating capacity continues at historically high levels. The great majority of this new capacity is coal fired. The first half of 2007 was marked by a very high level of orders from customers in North America for flue gas desulphurisation equipment, the need to replace obsolete power stations and expectations of increasing future demand for electricity. Orders from customers in Western Europe have also been high.

In China, electricity generating capacity is close to meeting current levels of demand, however overall, generating capacity is expected to grow in line with gross domestic product, and there is some evidence that older generating capacity will be replaced earlier than previously thought. China will remain an important market for Howden products for the foreseeable future.

Howden also supplies equipment to the oil and gas and petrochemical industries where demand has remained generally buoyant due to high oil and gas prices.

Regional markets

Howden: revenue by destination

	Six months to 30.6.07		Six months to 30.6.06	Year ended 31.12.06
	£m		£m	£m
Europe	**66.6**	**+32.7%**	**50.2**	100.5
China	**58.7**	**-26.4%**	**79.8**	148.9
North America	**50.2**	**+33.2%**	**37.7**	87.6
South America	**6.8**	**+15.3%**	**5.9**	12.6
Rest of world	**44.9**	**+23.7%**	**36.3**	79.9
Total	**227.2**	**+8.2%**	**209.9**	429.5

Europe

Sales to Europe were £66.6 million (2006: £50.2 million), an increase of 32.7 per cent, reflecting strong demand for Howden products from the power industry and other sectors, and for aftermarket services.

Howden's sales for the period benefited from the acquisition in December 2006 of Howden Compressors Limited, which is performing ahead of expectations.

During the period, Howden opened an office in Russia and is optimistic about the longer term prospects for this market.

China

As anticipated, sales to China reduced in the period under review, primarily reflecting reduced demand for new generating capacity and also for flue gas desulphurisation equipment as the current retrofit programme reaches an end. Also, adverse currency movement had a negative translation effect equivalent to some 6 per cent of sales. Order intake was ahead of expectations and broadly matched sales during the period.

Product expansion in China is well under way, with a new compressor and turbo-compressor facility in Weihai recently opened and initial orders received. The Chinese aftermarket business progressed well and is ahead of plan and overall the aftermarket remains an opportunity for growth.

North America

Sales to North America were £50.2 million (2006: £37.7 million), an increase of 33.2 per cent, which was achieved despite the impact of the depreciation of the US dollar.

The improvement in sales was primarily attributable to retrofits to reduce sulphur dioxide emissions with some new build for capacity enhancement. Aftermarket sales also increased in local currency terms.

South America

Sales and the order book both grew primarily due to increased demand from the iron and steel industry in Brazil.

Rest of the world

Africa

Howden Africa Holdings Limited (“HAHL”), in which Howden has a holding of some 55 per cent, increased sales to the power and mining sectors.

In July, HAHL acquired the outstanding 50 per cent of the shares in its subsidiary Bateman Howden South Africa for ZAR 26.3 million (equivalent to £1.9 million). In May, HAHL disposed of its 42 per cent shareholding in Pump Brands for ZAR 32.7 million (equivalent to £2.4 million), which was considered a non-core asset.

Other

Sales to Australia benefited from buoyant conditions in the mining sector.

A presence has been established in India, where there are considered to be significant future sales opportunities, initially from the petrochemical industry.

Associated undertakings

The share of post tax profits of associates of £0.1 million arose from the shareholding in Pump Brands Pty Limited, which was disposed of in May of this year.

Financial review

Trading results

A review of the trading results for the period is set out in the Chairman's Statement, Chief Executive's Statement and the Business Reviews of ESAB and Howden.

Earnings per share

Basic earnings per share increased by 25.9 per cent to 43.3 pence (2006: 34.4 pence). Adjusted earnings per share, before the amortisation and impairment of acquired intangibles and goodwill, the net gain on the retranslation of inter company loan balances, and (in relation to 2006) the exceptional tax credit, increased by 26.1 per cent to 41.6 pence (2006: 33.0 pence).

Further information on the calculation of basic and adjusted earnings per share is set out in Note 6 to the Interim Statement.

Restatement of 2006 results – employee benefits

All actuarial gains and losses on pension schemes and other post-retirement employee benefits are now recognised immediately directly in equity. Previously actuarial gains and losses below a certain threshold were not recognised and those above this threshold were recognised in the income statement prospectively over the expected average remaining working lives of the employees participating in the plan.

The classification of the income statement charge has been changed such that the expected return on schemes' assets and interest on schemes' liabilities are now included within net financing costs. Previously these items were included in arriving at operating profit.

These changes have been implemented with effect from 1 January 2007 and the 2006 comparatives have been restated to reflect these changes. The directors consider these changes align the Group more closely with general UK accounting practice under IFRS.

The impact of these changes on 2006 interim and full year figures is shown in Note 1 to the Interim Statement.

An analysis of the increase in operating profit by business segment is set out below:

	Six months to 30.6.06 £m	Year ended 31.12.06 £m
Welding, cutting and automation	1.5	3.2
Air and gas handling	0.6	1.0
Central operations	(1.4)	(2.8)
Increase in operating profit and profit for year	0.7	1.4

There is no adjustment to the net financing charge as the expected return on schemes' assets was equal to the interest on schemes' liabilities.

The restatement has increased adjusted earnings per share by 0.5 pence to 33.0 pence for the six months to 30 June 2006 and by 0.9 pence to 68.1 pence for the year ended 31 December 2006.

Equity shareholders' funds have decreased by £4.9 million as at 30 June 2006 and by £4.6 million as at 31 December 2006.

Net financing credit / (charge)

Net financing charge (before the net credit arising from retirement benefit obligations and the net losses or gains on retranslation of intercompany loans) was £0.2 million, compared with £1.5 million incurred in the corresponding period in 2006, an improvement of £1.3 million. The net financing charge comprised interest payable of £1.7 million and the unwinding of discount on provisions of £0.3 million offset by interest income of £1.8 million.

Taxation

The tax on profit on ordinary activities (before taxation on losses or gains on retranslation of intercompany loans) was £16.4 million (2006: £14.7 million). The adjusted effective tax rate for the period on profit (before losses or gains on retranslation of intercompany loans and the share of post tax profits of associates) was 19.0 per cent, compared with a rate of 19.4 per cent for 2006 as a whole.

Balance sheet

During the period, equity shareholders' funds increased by £101.6 million to £347.7 million, due to the profit attributable to equity shareholders generated during the period of £72.2 million and a reduction in retirement obligations of £32.8 million less other items (including exchange) of £3.4 million.

	Six months ended 30.06.07	Six months ended 30.06.06 (restated) (i)	Year ended 31.12.06 (restated) (i)
	£m	£m	£m
Non-current assets (excluding retirement benefit assets)	**243.2**	212.0	236.7
Inventory	**156.0**	127.8	132.0
Trade and other receivables	**395.4**	309.3	323.7
Trade and other payables	**(332.7)**	(274.1)	(274.1)
Other	**(20.0)**	(17.2)	(17.6)
Net current assets (excluding net cash and provisions)	**198.7**	145.8	164.0
Net retirement benefit obligations	**(65.1)**	(121.4)	(108.8)
Net cash	**60.0**	36.2	43.1
Provisions	**(51.9)**	(53.4)	(50.9)
Other long-term liabilities (excluding borrowings)	**(24.8)**	(20.8)	(27.7)
	360.1	198.4	256.4
Equity shareholders' funds	**347.7**	184.2	246.1
Minority interests	**12.4**	14.2	10.3
	360.1	198.4	256.4

(i) the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.

Retirement benefits

In the period under review, the reduction in the present value of funded and unfunded obligations, principally arising from higher bond yields, and the change in the fair value of plan assets resulted in a net reduction in retirement benefit obligations of £32.7 million, including a loss of £0.1 million attributable to minority interests.

Under the new accounting policy for employee benefits adopted from 1 January 2007, this reduction was recognised in full on the balance sheet and resulted in a corresponding increase in equity.

After taking into account cash contributions of £9.9 million and other movements of £1.1 million, net retirement obligations fell in the period by £43.7 million to £65.1 million.

Provisions

As at 30 June 2007, total provisions were £51.9 million, compared to £50.9 million as at 31 December 2006. Provisions principally comprise amounts in respect of the probable exposure arising from legal and environmental claims, disputes and associated costs, warranty and product liability, and disposals and restructuring.

During the period under review, the amount provided was £11.4 million, whilst £9.0 million of provisions were utilised, £1.2 million were released and there were other movements of £0.2 million.

Cash flow and borrowings

	Six months to 30.6.07	Six months to 30.6.06 (restated)(i)	Year ended 31.12.06 (restated)(i)
	£m	£m	£m
Operating profit	**85.4**	71.0	144.6
Depreciation and amortisation	**7.6**	7.6	15.0
Share based payments	**0.3**	0.5	0.6
Profit on sale of property, plant and equipment	**(0.3)**	(5.3)	(6.2)
Working capital movements	**(37.0)**	(28.7)	(48.6)
Movement in net retirement obligations	**(8.5)**	(5.0)	(15.7)
Movement in provisions	**1.0**	16.0	14.3
Exceptional items	**-**	2.8	2.8
Cash generated from operations	**48.5**	58.9	106.8
Capital expenditure	**(15.7)**	(11.3)	(24.5)
Capitalised development costs	**(1.3)**	(1.1)	(2.4)
Loan repayment from associate	**-**	-	1.5
Acquisitions	**(0.5)**	(5.8)	(13.5)
	(17.5)	(18.2)	(38.9)
Net proceeds of a disposal of an associated undertaking	**2.4**	-	-
Sale of property, plant and equipment	**3.1**	11.3	12.2
Dividends from associates	**0.4**	3.4	2.6
Net financing income/(costs)	**0.2**	(1.4)	(5.1)
Dividends paid to minority interests	**(1.2)**	(0.7)	(7.2)
Tax paid	**(18.8)**	(11.9)	(23.9)
Share issues (net of expenses)	**-**	0.3	0.6
	(13.9)	1.0	(20.8)
Net cash flow	**17.1**	41.7	47.1
New finance leases	**(0.1)**	(0.3)	(0.4)
Movement in interest payable accrual	**(0.1)**	0.3	0.9
Foreign exchange adjustments	**-**	1.0	2.0
	(0.2)	1.0	2.5
Increase in net cash/reduction in net debt	**16.9**	42.7	49.6
Opening net cash/ (debt)	**43.1**	(6.5)	(6.5)
Closing net cash	**60.0**	36.2	43.1

(i) the 2006 comparatives have been restated to reflect the change in accounting for post retirement benefits.

During the first six months of the year the opening net cash of £43.1 million increased to £60.0 million, an improvement of £16.9 million.

The cash inflow generated from operations for the period was £48.5 million (2006: £58.9 million). Working capital movements absorbed £37.0 million (2006: £28.7 million), reflecting growth in receivables and inventory, in part offset by an increase in payables arising as ESAB continued to grow its business in new locations and as the level of activity in Howden's business in China slowed down.

Capital expenditure was £15.7 million (2006: £11.3 million) against the charge in respect of depreciation of £6.9 million (2006: £7.0 million). Net proceeds from the sale of fixed assets amounted to £3.1 million (2006: £11.3 million). Net proceeds of a disposal of an associated undertaking amounted to £2.4 million (2006: nil).

As at 30 June 2007, gross borrowings were £22.1 million and cash balances were £82.1 million.

Net financing income received in the period was £0.2 million compared with net financing costs of £1.4 million paid in the corresponding period last year, an improvement of £1.6 million.

Contingent liabilities

As disclosed in the Company's 2006 annual report and accounts, ESAB Inc, an indirect subsidiary of the Company, in common with other companies in the welding products industry, has been named as a defendant in a number of lawsuits in State and Federal courts in the United States alleging personal injuries from exposure to manganese in the fumes of welding consumables, some of which are due to be tried this year. Whilst litigation is notoriously uncertain, on the advice of ESAB Inc's counsel in the United States, the Directors believe that ESAB Inc has meritorious defences to these claims, most of which should be covered in whole or in part by insurance, and ESAB Inc is defending these claims vigorously.

Post balance sheet events

As announced on 7 September 2007, ESAB has received valid acceptances in respect of its offer of 18.3 per cent and accordingly, on completion, its holding in ESAB India will increase from 37.3 per cent to 55.6 per cent. As a consequence ESAB India will be treated as a subsidiary in Charter's accounts. The consideration for the shares acquired is approximately £17 million.

Subsequent to the end of June, as set out in the Chief Executive's Statement, subsidiaries of Charter have made three other acquisitions. In July, ESAB acquired ATAS, a German software business, and Air Liquide's welding business in Argentina. Also in July, a subsidiary of Howden Africa Holdings Limited acquired the remaining 50 per cent of the shares in Bateman Howden South Africa. The aggregate consideration for these transactions was approximately £8 million.

In August 2007, ESAB agreed to acquire approximately 95 per cent of the issued share capital of Electrodi AD, Ihitman, the leading manufacturer of welding electrodes in Bulgaria. The consideration for the acquisition, which is expected to complete in October, is approximately £5 million.

Cautionary statement
Certain sections of this report contain forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries in which the Company and its subsidiaries and associates operate. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2007 (unaudited)

Note		**Six months ended 30.6.07**	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)
		£m	£m	£m
	Continuing operations			
2	**Revenue**	**691.5**	624.7	1,257.9
	Cost of sales	**(478.6)**	(430.6)	(870.6)
	Gross profit	**212.9**	194.1	387.3
	Selling and distribution costs	**(67.7)**	(65.0)	(125.0)
	Administrative expenses	**(59.8)**	(58.1)	(117.7)
2	**Operating profit**	**85.4**	71.0	144.6
	Analysed as:			
	Operating profit before amortisation and impairment of acquired intangibles and goodwill	**85.5**	71.0	144.6
6	Amortisation and impairment of acquired intangibles and goodwill	**(0.1)**	-	-
		85.4	71.0	144.6
4	Net financing credit - retirement benefit obligations	**1.2**	-	-
4	Other financing charge before losses on intercompany loan balances	**(2.0)**	(4.2)	(9.3)
4	Other financing income before gains on intercompany loan balances	**1.8**	2.7	4.7
4	Net gains on retranslation of intercompany loan balances	**3.3**	(2.6)	0.2
4	Net financing credit/(charge)	**4.3**	(4.1)	(4.4)
2	Share of post tax profits of associates	**2.4**	2.7	5.8
	Profit before tax	**92.1**	69.6	146.0
	Tax charge before taxation on gains on intercompany loans and exceptional tax credit	**(16.4)**	(14.7)	(27.1)
	Taxation on net gains on retranslation of intercompany loan balances	**(0.3)**	(0.3)	(0.3)
3	Exceptional tax credit	**-**	5.3	10.5
5	Taxation charge (Overseas: £18.1m, 2006 half year : £9.7m, 2006 full year : £15.3m)	**(16.7)**	(9.7)	(16.9)
	Profit for the period	**75.4**	59.9	129.1
	Attributable to:			
	- Equity shareholders	**72.2**	56.9	123.4
	- Minority interests	**3.2**	3.0	5.7
		75.4	59.9	129.1
6	***Earnings per share***			
	Basic	***43.3 p***	*34.4 p*	*74.4 p*
	Diluted	***43.2 p***	*34.1 p*	*73.9 p*

CONSOLIDATED BALANCE SHEET

Six months ended 30 June 2007 (unaudited)

Note		**30.06.07**	30.06.06 (restated)	31.12.06 (restated)
		£m	£m	£m
	Non-current assets			
	Intangible assets	**51.5**	40.5	48.7
	Property, plant and equipment	**122.9**	108.8	116.6
	Investments in associates	**19.2**	22.9	19.6
7	Retirement benefit assets	**30.2**	19.9	21.7
	Deferred income tax assets	**31.7**	21.3	34.6
	Trade and other receivables	**17.6**	18.2	16.9
	Derivative financial instruments	**0.3**	0.3	0.3
		273.4	231.9	258.4
	Current assets			
	Inventory	**156.0**	127.8	132.0
	Assets held for sale	**-**	2.7	2.6
	Trade and other receivables	**395.4**	309.3	323.7
	Derivative financial instruments	**2.7**	2.0	2.6
8	Cash and cash equivalents	**82.1**	119.3	62.3
		636.2	561.1	523.2
	Total assets	**909.6**	793.0	781.6
	Current liabilities			
	Borrowings	**(16.6)**	(16.4)	(11.4)
	Trade and other payables	**(332.7)**	(274.1)	(274.1)
	Derivative financial instruments	**(0.4)**	(0.6)	(0.8)
	Income tax liabilities	**(22.3)**	(21.3)	(22.0)
10	Provisions	**(32.0)**	(27.7)	(29.6)
		(404.0)	(340.1)	(337.9)
	Non-current liabilities			
	Borrowings	**(5.5)**	(66.7)	(7.8)
	Deferred income tax liabilities	**(22.0)**	(17.4)	(24.6)
7	Retirement benefit obligations	**(95.3)**	(141.3)	(130.5)
10	Provisions	**(19.9)**	(25.7)	(21.3)
	Derivative financial instruments	**(0.1)**	(0.1)	(0.1)
	Other payables	**(2.7)**	(3.3)	(3.0)
		(145.5)	(254.5)	(187.3)
	Total liabilities	**(549.5)**	(594.6)	(525.2)
	Net assets	**360.1**	198.4	256.4
	Equity			
11	Share capital	**3.3**	3.3	3.3
11	Share premium	**71.4**	69.7	71.4
11	Merger reserve	**21.1**	21.1	21.1
11	Retained earnings	**249.3**	80.1	146.4
11	Other reserves	**2.6**	10.0	3.9
	Total equity shareholders' funds	**347.7**	184.2	246.1
11	Minority interests	**12.4**	14.2	10.3
11	**Total equity**	**360.1**	198.4	256.4

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2007 (unaudited)

Note		Six months ended 30.6.07 £m	Six months ended 30.6.06 £m	Year ended 31.12.06 £m
	Cash flow from operating activities			
9	Cash generated from operations	**48.5**	58.9	106.8
	Interest received	**1.8**	2.6	4.8
	Interest paid	**(1.6)**	(4.0)	(9.9)
	Taxation paid	**(18.8)**	(11.9)	(23.9)
	Net cash flow from operating activities	**29.9**	45.6	77.8
	Cash flow from investing activities			
	Purchase of subsidiary undertakings, net of cash acquired	**(0.5)**	(5.8)	(13.5)
	Disposal of associated undertaking	**2.4**	-	-
	Loan repayments received from associates	**-**	-	1.5
	Expenditure on development costs	**(1.3)**	(1.1)	(2.4)
	Purchase of property, plant and equipment and computer software	**(15.7)**	(11.3)	(24.5)
	Sale of property, plant and equipment and computer software	**3.1**	11.3	12.2
	Dividends received from associated undertakings	**0.4**	3.4	2.6
	Net cash flow from investing activities	**(11.6)**	(3.5)	(24.1)
	Cash flow from financing activities			
	Increase in short - term borrowings (other than those repayable on demand)	**-**	-	1.1
	Decrease in short - term borrowings (other than those repayable on demand)	**(0.6)**	-	-
	Decrease in long - term borrowings	**(2.3)**	(2.2)	(67.9)
	Increase in long - term borrowings	**0.4**	-	6.7
	Repayment of capital element of finance leases	**(0.5)**	(0.4)	(0.9)
	Cash outflow from debt and lease financing	**(3.0)**	(2.6)	(61.0)
	Increase in cash on deposit	**(1.5)**	(0.4)	(0.2)
	Dividends paid to minority interests	**(1.2)**	(0.7)	(7.2)
	Issue of ordinary share capital (net of expenses)	**-**	0.3	0.6
	Net cash flow from financing activities	**(5.7)**	(3.4)	(67.8)
	Currency variations on cash and cash equivalents and bank overdrafts	**(0.1)**	(1.5)	(0.2)
	Net movement in cash and cash equivalents and bank overdrafts	**12.5**	37.2	(14.3)
	Cash and cash equivalents and bank overdrafts at 1 January	**47.9**	62.2	62.2
8	**Cash and cash equivalents and bank overdrafts at end of period**	**60.4**	99.4	47.9

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH / (DEBT)

	Six months ended 30.6.07 £m	Six months ended 30.6.06 £m	Year ended 31.12.06 £m
Net movement in cash and cash equivalents and bank overdrafts	**12.5**	37.2	(14.3)
Cash outflow from debt and lease financing	**3.0**	2.6	61.0
Increase in cash on deposit	**1.5**	0.4	0.2
Change in net cash / (debt) resulting from cash flows	**17.0**	40.2	46.9
New finance leases	**(0.1)**	(0.3)	(0.4)
Movement in interest payable accrual	**(0.1)**	0.3	0.9
Currency variations on borrowings and cash deposits	**0.1**	2.5	2.2
Movement in net cash / (debt) in the period	**16.9**	42.7	49.6
Opening net cash / (debt)	**43.1**	(6.5)	(6.5)
Closing net cash	**60.0**	36.2	43.1
Gross borrowings	**(22.1)**	(83.1)	(19.2)
Cash at bank and in hand (including cash on deposit)	**82.1**	119.3	62.3
Closing net cash	**60.0**	36.2	43.1

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

Six months ended 30 June 2007 (unaudited)

	Six months ended 30.6.07	Six months ended 30.6.06	Year ended 31.12.06
	£m	£m	£m
Exchange translation	**(1.6)**	(6.2)	(14.2)
Actuarial gains on retirement benefit obligations	**32.7**	23.8	23.2
Tax on actuarial gains on retirement benefit obligations	**(2.5)**	(1.9)	(2.4)
Share-based payments - charge for period	**0.3**	0.5	0.6
Share-based payments - attributable tax	**0.1**	-	2.2
Change in fair value of outstanding cash flow hedges	**0.1**	4.3	4.5
Net transfer to income statement - hedges	**(0.1)**	(1.4)	(0.7)
Net investment hedges	**0.4**	-	-
Net deferred tax movement for the period - hedges	**-**	(0.8)	(1.1)
Revaluation adjustment on transfer of associates to subsidiaries	-	-	0.7
Net income recognised directly in equity	**29.4**	18.3	12.8
Profit for the period	**75.4**	59.9	129.1
Total recognised income for the period	**104.8**	78.2	141.9
Attributable to:			
- Equity shareholders	**101.6**	76.8	138.4
- Minority interests	**3.2**	1.4	3.5
	104.8	78.2	141.9

NOTES

1 Basis of preparation and accounting policies

From 1 January 2005, the Group has prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and implemented in the UK. The unaudited interim consolidated financial statements of Charter plc for the six months ended 30 June 2007 comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expenditure and the related notes. They have been prepared on a basis consistent with the IFRS accounting policies as set out in the Annual Report and Accounts for the year ended 31 December 2006, except for the accounting policy for employee benefits which has been changed as set out below, and in accordance with the Listing Rules of the Financial Services Authority. Charter plc has chosen not to adopt IAS 34, "Interim financial statements", in preparing its 2007 interim statements and, therefore, this interim financial information is not in compliance with IFRS.

The Interim Report does not constitute statutory accounts as defined by section 240 of the Companies Act 1985. The consolidated income statement, consolidated cash flow statement and consolidated statement of recognised income and expenditure for the year ended 31 December 2006 and the consolidated balance sheet at 31 December 2006 herein do not constitute statutory accounts as defined by section 240 of the Companies Act 1985. They are extracted from the full statutory accounts for the year ended 31 December 2006 which have been audited and filed with the Registrar of Companies. The report of the auditors on those accounts is unqualified and does not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985 concerning accounting records or failure to obtain necessary information and explanations.

Employee benefits - recognition of actuarial gains and losses and classification of income statement charge

All actuarial gains and losses are now recognised immediately directly in equity. Previously actuarial gains and losses below a certain threshold were not recognised and those above this threshold were recognised in the income statement prospectively over the expected average remaining working lives of the employees participating in the plan.

The classification of the income statement charge has been changed such that the expected return on schemes' assets and interest on schemes' liabilities are now included within the net financing credit. Previously these items were included in arriving at operating profit.

These changes have been implemented with effect from 1 January 2007 and the 2006 comparatives have been restated to reflect these changes. The directors consider these changes align the Group more closely with general UK accounting practice under IFRS.

	Six months ended 30.6.06			Year ended 31.12.06		
	As reported	As restated	Amount of restatement	As reported	As restated	Amount of restatement
	£m	£m	£m	£m	£m	£m
Operating profit	70.3	71.0	0.7	143.2	144.6	1.4
Net financing credit	(4.1)	(4.1)	-	(4.4)	(4.4)	-
Profit for the period	59.2	59.9	0.7	127.7	129.1	1.4
Retirement benefit assets (note 7)	5.3	19.9	14.6	6.4	21.7	15.3
Retirement benefit obligations (note 7)	(125.7)	(141.3)	(15.6)	(115.0)	(130.5)	(15.5)
Deferred income tax assets	20.6	21.3	0.7	34.0	34.6	0.6
Deferred income tax liabilities	(12.8)	(17.4)	(4.6)	(19.6)	(24.6)	(5.0)
Exchange translation losses taken to group equity	(5.1)	(4.6)	0.5	(13.2)	(12.0)	1.2
Actuarial gains/(losses) on retirement benefit obligations	-	23.8	23.8	-	23.2	23.2
Tax on actuarial gains/(losses) on retirement benefit obligations	-	(1.9)	(1.9)	-	(2.4)	(2.4)
Opening equity shareholders' funds	135.1	107.1	(28.0)	135.1	107.1	(28.0)
Closing equity shareholders' funds	189.1	184.2	(4.9)	250.7	246.1	(4.6)
Earnings per share - basic	34.0 p	34.4 p	0.4 p	73.5 p	74.4 p	0.9 p
Earnings per share - adjusted	32.5 p	33.0 p	0.5 p	67.2 p	68.1 p	0.9 p
Diluted earnings per share - basic	33.6 p	34.1 p	0.5 p	73.0 p	73.9 p	0.9 p
Diluted earnings per share - adjusted	32.2 p	32.6 p	0.4 p	66.8 p	67.6 p	0.8 p

2 Segment analysis

The Group is organised into two principal businesses, ESAB (welding, cutting and automation) and Howden (air and gas handling). For the purposes of IAS14 "Segment Reporting", ESAB is split into two segments: (i) welding; and (ii) cutting and automation. Inter segmental revenue is not significant.

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

	Welding	**Cutting and automation**	**Welding, cutting and automation**	**Air and gas handling**	**Central operations**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Six months ended 30 June 2007						
Total revenue	**396.9**	**67.4**	**464.3**	**227.2**	**-**	**691.5**
Segment result (before profit on sale of a property)	**60.2**	**3.3**	**63.5**	**27.7**	**(5.8)**	**85.4**
Profit on sale of a property	**-**	**-**	**-**	**-**	**-**	**-**
Operating profit	**60.2**	**3.3**	**63.5**	**27.7**	**(5.8)**	**85.4**
Share of post tax profits of associates	**2.3**	**-**	**2.3**	**0.1**	**-**	**2.4**
	62.5	**3.3**	**65.8**	**27.8**	**(5.8)**	**87.8**
Net financing credit						**4.3**
Profit before tax						**92.1**
Tax						**(16.7)**
Profit for the period						**75.4**
Minority interests						**(3.2)**
Profit attributable to equity shareholders						**72.2**

2 Segment analysis (continued)

	Welding	Cutting and automation	Welding, cutting and automation	Air and gas handling	Central operations	Total
	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2006 (restated)						
Total revenue	352.6	62.2	414.8	209.9	-	624.7
Segment result (before profit on sale of a property)	44.7	5.7	50.4	21.9	(6.1)	66.2
Profit on sale of a property	-	-	-	4.8	-	4.8
Operating profit	44.7	5.7	50.4	26.7	(6.1)	71.0
Share of post tax profits of associates	2.1	-	2.1	0.6	-	2.7
	46.8	5.7	52.5	27.3	(6.1)	73.7
Net financing charge						(4.1)
Profit before tax						69.6
Tax						(9.7)
Profit for the period						59.9
Minority interests						(3.0)
Profit attributable to equity shareholders						56.9
Year ended 31 December 2006 (restated)						
Total revenue	698.6	129.8	828.4	429.5	-	1,257.9
Segment result (before profit on sale of a property)	91.4	10.7	102.1	50.3	(12.6)	139.8
Profit on sale of a property	-	-	-	4.8	-	4.8
Operating profit	91.4	10.7	102.1	55.1	(12.6)	144.6
Share of post tax profits of associates	4.3	-	4.3	1.5	-	5.8
	95.7	10.7	106.4	56.6	(12.6)	150.4
Net financing charge						(4.4)
Profit before tax						146.0
Tax						(16.9)
Profit for the year						129.1
Minority interests						(5.7)
Profit attributable to equity shareholders						123.4

3 Exceptional items

To help provide a better indication of the Group's underlying business performance, items which are both material and non - recurring are presented as exceptional items.

In the year ended 31 December 2006, there was an exceptional credit to the tax charge of £10.5 million on the recognition of a deferred income tax asset in respect of certain unrecognised tax losses in North America that arose in prior years that will be utilised in future periods. As a consequence of this, the tax charge for the year ended 31 December 2006 was reduced by £10.5 million.Of this amount £5.3 million was included as an exceptional credit to the tax charge for the six months ended 30 June 2006 being half of the anticipated full year impact.

4 Net financing credit/(charge)

	Six months ended 30.6.07	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)
	£m	£m	£m
Net financing credit - retirement benefit obligations			
Interest on schemes' liabilities	**(16.7)**	(16.2)	(32.1)
Expected return on schemes' assets	**17.9**	16.2	32.1
	1.2	-	-
Interest payable on bank borrowings	**(1.3)**	(1.0)	(3.2)
Interest payable on bank borrowings - fees	**-**	(0.2)	(0.3)
	(1.3)	(1.2)	(3.5)
Interest payable on other loans	**(0.3)**	(2.8)	(3.1)
Interest payable on other loans- "make whole" payment on repayment of US$ loan notes	**-**	-	(2.1)
Interest payable on finance leases	**(0.1)**	(0.1)	(0.2)
Unwinding of discount on provisions (note 10)	**(0.3)**	(0.1)	(0.4)
Other financing charge before exchange losses on retranslation of intercompany loan balances	**(2.0)**	(4.2)	(9.3)
Interest income on bank accounts and deposits	**1.4**	2.5	4.1
Interest income on financial assets not held at fair value	**0.1**	-	0.2
Other	**0.3**	0.2	0.4
Other financing income before exchange gains on retranslation of intercompany loan balances	**1.8**	2.7	4.7
Net exchange gains/(losses) on retranslation of intercompany loan balances	**3.3**	(2.6)	0.2
Net financing credit/(charge)	**4.3**	(4.1)	(4.4)

5 Tax on profit on ordinary activities

The share of associated undertakings' profit included in the income statement includes a share of associates' tax charge of £1.0 million (2006 half year : £1.4 million; 2006 full year : £2.4 million)

6 Earnings per share

Basic headline earnings per share is calculated on an average of 166,688,855 shares (2006 half year: 165,328,418 shares; 2006 full year: 165,952,056 shares).

Fully diluted earnings per share adjusts the average number of shares in the basic calculation for 446,404 shares (2006 half year : 1,714,086 shares; 2006 full year: 1,101,560 shares) being dilutive potential ordinary shares deriving from share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period and the potentially issuable shares under the Group's long term incentive plans.

To help provide a better indication of the Group's underlying business performance, amortisation and impairment of acquired intangibles and goodwill, exceptional items and exchange gains and losses on retranslation of intercompany loans (including attributable tax) are excluded from the calculations of adjusted earnings per share as set out in the following table. It should be noted that the term "adjusted" is not defined under IFRS and may not therefore be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit.

	Six months ended 30.6.07	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)	**Six months ended 30.6.07**	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)
	pence	pence	pence	**£m**	£m	£m
Basic earnings per share						
Earnings attributable to equity shareholders	**43.3**	34.4	74.4	**72.2**	56.9	123.4
Items not relating to underlying business performance						
Amortisation and impairment of acquired intangibles and goodwill	**0.1**	-	-	**0.1**	-	-
Exceptional items (note 3)	**-**	(3.2)	(6.4)	**-**	(5.3)	(10.5)
(Gains)/losses on retranslation of intercompany loan balances	**(2.0)**	1.6	(0.1)	**(3.3)**	2.6	(0.2)
Taxation on retranslation of intercompany loan balances	**0.2**	0.2	0.2	**0.3**	0.3	0.3
Adjusted earnings attributable to equity shareholders	**41.6**	33.0	68.1	**69.3**	54.5	113.0
Diluted earnings per share						
Earnings attributable to equity shareholders	**43.2**	34.1	73.9	**72.2**	56.9	123.4
Items not relating to underlying business performance						
Amortisation and impairment of acquired intangibles and goodwill	**0.1**	-	-	**0.1**	-	-
Exceptional items (note 3)	**-**	(3.2)	(6.4)	**-**	(5.3)	(10.5)
(Gains)/losses on retranslation of intercompany loan balances	**(2.0)**	1.5	(0.1)	**(3.3)**	2.6	(0.2)
Taxation on retranslation of intercompany loan balances	**0.2**	0.2	0.2	**0.3**	0.3	0.3
Adjusted earnings attributable to equity shareholders	**41.5**	32.6	67.6	**69.3**	54.5	113.0

7 Retirement benefit obligations

The valuation of United Kingdom and overseas defined benefit pension schemes and the liability for United States post employment medical costs are assessed annually by professionally qualified independent actuaries using the projected unit credit method.

All actuarial gains and losses are recognised immediately directly in equity.

(i) The movement on the net retirement benefit asset/(obligation) is set out below:

	Six months ended 30.6.07	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)
	£m	£m	£m
Opening balance	**(108.8)**	(153.1)	(153.1)
Exchange adjustments	**1.5**	2.9	6.4
Income statement (charge)/credit - operating profit	**(1.4)**	(2.4)	(1.8)
- financing credit	**1.2**	-	-
Taken to equity - actuarial gains	**32.7**	23.8	23.2
Contributions paid	**9.9**	7.4	17.5
Acquisitions	**(0.2)**	-	(1.0)
Closing balance	**(65.1)**	(121.4)	(108.8)
Analysed as :			
Retirement benefit assets	**30.2**	19.9	21.7
Retirement benefit obligations	**(95.3)**	(141.3)	(130.5)
	(65.1)	(121.4)	(108.8)

7 Retirement benefit obligations (continued)

(ii) The position at 30 June 2007 and 31 December 2006 (restated) is set out below:-

	30 June 2007				
	UK pension schemes	**Overseas pension schemes**	**Total pension schemes**	**Overseas medical costs liability**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Present value of funded obligations	**(459.5)**	**(109.5)**	**(569.0)**	**-**	**(569.0)**
Fair value of plan assets	**457.3**	**100.4**	**557.7**	**-**	**557.7**
	(2.2)	**(9.1)**	**(11.3)**	**-**	**(11.3)**
Present value of unfunded obligations	**-**	**(31.9)**	**(31.9)**	**(18.2)**	**(50.1)**
Unrecognised past service costs	**-**	**0.2**	**0.2**	**-**	**0.2**
Surplus not recoverable	**-**	**(3.9)**	**(3.9)**	**-**	**(3.9)**
Net liability recognised in the balance sheet	**(2.2)**	**(44.7)**	**(46.9)**	**(18.2)**	**(65.1)**

	31 December 2006 (restated)				
	UK pension schemes	Overseas pension schemes	Total pension schemes	Overseas medical costs liability	Total
	£m	£m	£m	£m	£m
Present value of funded obligations	(494.1)	(115.9)	(610.0)	-	(610.0)
Fair value of plan assets	459.5	98.0	557.5	-	557.5
	(34.6)	(17.9)	(52.5)	-	(52.5)
Present value of unfunded obligations	-	(33.9)	(33.9)	(19.3)	(53.2)
Unrecognised past service costs	-	0.3	0.3	-	0.3
Surplus not recoverable	-	(3.4)	(3.4)	-	(3.4)
Net liability recognised in the balance sheet	(34.6)	(54.9)	(89.5)	(19.3)	(108.8)

(iii) The principal actuarial assumptions used were as follows:-

	30 June 2007		31 December 2006	
	UK	**Overseas**	UK	Overseas
Discount rate	**5.80%**	**5.90%**	5.10%	5.50%
Inflation rate	**3.30%**	**2.50%**	3.10%	2.50%
Expected return on plan assets- equities	**7.90%**	**8.90%**	7.90%	8.90%
- bonds	**4.70%**	**5.50%**	4.70%	5.50%
- property	**7.40%**		7.40%	
- other	**5.25%**	**5.40%**	5.25%	5.40%
- total	**6.40%**	**7.20%**	6.40%	7.20%
Future salary increases	**3.70%**	**3.70%**	3.50%	3.70%
Future pension increases	**3.40%**	**2.10%**	3.20%	2.10%
Medical costs inflation (ultimate rate)		**5.00%**		5.00%

The mortality assumptions for the UK schemes are based on the PA92 standard mortality tables after retirement with allowance for future mortality improvements and scheme specific factors. Based on the rates used, a member currently aged 45 who retires at age 60 will live on average for a further 25 years (2006 : 25 years) after retirement if they are male and for a further 28 years (2006 : 28 years) after retirement if they are female.

The overseas schemes are principally in the United States. The mortality assumptions for the United States schemes have been derived from the RP-2000 table. Based on the rates used, a member currently aged 45 who retires at age 60 will live on average for a further 22 years (2006 : 22 years) after retirement if they are male and for a further 24 years (2006 : 24 years) after retirement if they are female. Mortality assumptions for schemes in Sweden and Germany have been derived from the P94 tables and the Heubeck 2005 G tables respectively.

(iv) The amounts included in operating profit in the income statement are analysed as follows:

	Six months ended 30.6.07	Six months ended 30.6.06 (restated)	Year ended 31.12.06 (restated)
	£m	£m	£m
Defined benefit schemes and overseas medical costs			
Current service cost	**(1.2)**	(2.3)	(4.2)
Past service cost	**(0.2)**	-	(0.3)
(Losses)/gains on settlement and curtailment	**-**	(0.1)	2.7
Defined benefit schemes and overseas medical costs	**(1.4)**	(2.4)	(1.8)
Defined contribution schemes	**(2.8)**	(1.2)	(3.0)
	(4.2)	(3.6)	(4.8)

8 Cash and cash equivalents

	Six months ended 30.6.07 £m	Six months ended 30.6.06 £m	Year ended 31.12.06 £m
Cash at bank and in hand	**34.5**	33.6	36.6
Short term bank deposits	**41.2**	80.3	20.8
Bank deposits with original maturity of more than three months and balances held as cash collateral	**6.4**	5.4	4.9
Cash and cash equivalents in the balance sheet	**82.1**	119.3	62.3
Less: Bank deposits with original maturity of more than three months and balances held as cash collateral	**(6.4)**	(5.4)	(4.9)
: Bank overdrafts	**(15.3)**	(14.5)	(9.5)
Cash and cash equivalents in the statement of cash flows	**60.4**	99.4	47.9

For the purposes of the cash flow statement, cash and cash equivalents are included net of bank overdrafts repayable on demand and exclude bank deposits with an original maturity of more than three months and balances held as cash collateral.

Cash and cash equivalents in the balance sheet includes balances of £4.2 million (2006 half year: £4.4 million; 2006 full year: £4.5 million) held as cash collateral in connection with certain local trading practices or banking facilities.

9 Cash generated from operations

	Six months ended 30.6.07 £m	Six months ended 30.6.06 (restated) £m	Year ended 31.12.06 (restated) £m
Operating profit	**85.4**	71.0	144.6
Depreciation	**6.9**	7.0	13.5
Amortisation of intangible assets	**0.9**	0.8	1.9
Amortisation of government grant	**(0.2)**	(0.2)	(0.4)
Charge for share - based payments	**0.3**	0.5	0.6
Profit on sale of property, plant and equipment	**(0.3)**	(5.3)	(6.2)
Increase in inventories	**(25.1)**	(13.6)	(19.9)
Increase in receivables	**(72.9)**	(40.6)	(58.2)
Increase in payables	**61.0**	25.5	29.5
Movements in provisions	**1.0**	16.0	14.3
Movements in net retirement benefit obligations	**(8.5)**	(5.0)	(15.7)
Exceptional items			
Recovery of unauthorised payments - amount recovered in year	**-**	4.4	4.4
Restructuring (excluding associated undertakings) - amount paid in year	**-**	(1.6)	(1.6)
	48.5	58.9	106.8

10 Provisions

	Disposal & restructuring £m	**Warranty & product liability £m**	**Legal & environmental £m**	**Other £m**	**Total £m**
At 1 January 2007	**3.0**	**14.6**	**29.7**	**3.6**	**50.9**
Exchange adjustments	**-**	**-**	**(0.5)**	**-**	**(0.5)**
Amounts provided	**-**	**7.9**	**2.6**	**0.9**	**11.4**
Amounts released	**-**	**(0.8)**	**(0.2)**	**(0.2)**	**(1.2)**
Utilised in the year	**(0.7)**	**(2.8)**	**(4.8)**	**(0.7)**	**(9.0)**
Amortisation of discount	**-**	**-**	**0.3**	**-**	**0.3**
At 30 June 2007	**2.3**	**18.9**	**27.1**	**3.6**	**51.9**

	Six months ended 30.6.07 £m	Year ended 31.12.06 £m
Analysed as :		
Current	**32.0**	29.6
Non-current	**19.9**	21.3
	51.9	50.9

(i) Disposal and restructuring costs include £0.9 million (31 December 2006: £1.6 million) in respect of employee severance costs, of which £0.5 million (31 December 2006: £0.6 million) is in the welding, cutting and automation business and £0.4 million (31 December 2006: £1.0 million) is in the air and gas handling business, and £0.3 million (31 December 2006: £0.3 million) in respect of property costs in the welding, cutting and automation business. This is expected to result in cash expenditure in the next one to two years. The remaining provisions in this category are also expected to be utilised over the next one to two years. The effect of discounting these provisions is not material.

(ii) Warranty and product liability provisions relate to continuing businesses and are expected to be utilised over a period of one to two years dependent on the warranty period provided but will also be replaced by comparable amounts as they are utilised. The effect of discounting these provisions is not material.

(iii) Provision has been made for the probable exposure arising from legal and environmental claims and disputes, both existing and threatened, in some cases arising from warranties given on disposal of businesses. Provisions have been made representing the best estimate of the outcome of the claims including costs before taking account of insurance recoveries. Where the outcome of a claim is uncertain the legal costs of defence have been provided for to the extent that they are reliably measurable. Where appropriate, insurance recoveries are recognised in "receivables". At 30 June 2007 these receivables amounted to £6.8 million (31 December 2006: £6.9 million). If the effect of discounting is material, provisions are determined by discounting the expected value of future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Due to their nature, it is not possible to predict precisely when these provisions will be utilised though most are expected to be utilised over the short to medium term with utilisation in the next year expected to be in the region of £10 million before taking account of insurance recoveries.

(iv) Other provisions include various amounts which are not individually material. Due to their nature it is not possible to predict precisely when these provisions will be utilised but utilisation in the next year is expected to be in the region of £1 million to £2 million

11 Movements in equity

	Attributable to equity shareholders of Charter plc						
	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Other reserves £m	Minority interests £m	Total equity £m
At 31 December 2005 - as reported	3.3	69.4	21.1	28.1	13.2	13.5	148.6
Prior year adjustment - change in accounting policy (note 1)	-	-	-	(27.3)	(0.7)	-	(28.0)
At 1 January 2006 as restated	3.3	69.4	21.1	0.8	12.5	13.5	120.6
Exchange translation	-	-	-	-	(4.6)	(1.6)	(6.2)
Actuarial gains on retirement benefit obligations	-	-	-	23.8	-	-	23.8
Tax on actuarial gains on retirement benefit obligations	-	-	-	(1.9)	-	-	(1.9)
Share-based payments - charge for period	-	-	-	0.5	-	-	0.5
Change in fair value of outstanding cash flow hedges	-	-	-	-	4.3	-	4.3
Net transfer to income statement - hedges	-	-	-	-	(1.4)	-	(1.4)
Net deferred tax movement for the period - hedges	-	-	-	-	(0.8)	-	(0.8)
Net income recognised directly in equity	-	-	-	22.4	(2.5)	(1.6)	18.3
Profit for the period	-	-	-	56.9	-	3.0	59.9
Total recognised income for the period	-	-	-	79.3	(2.5)	1.4	78.2
Issue of share capital (net of expenses)	-	0.3	-	-	-	-	0.3
Dividends paid to minority interests	-	-	-	-	-	(0.7)	(0.7)
At 30 June 2006	3.3	69.7	21.1	80.1	10.0	14.2	198.4
At 31 December 2005 - as reported	3.3	69.4	21.1	28.1	13.2	13.5	148.6
Prior year adjustment - change in accounting policy (note 1)	-	-	-	(27.3)	(0.7)	-	(28.0)
At 1 January 2006 - as restated	3.3	69.4	21.1	0.8	12.5	13.5	120.6
Exchange translation	-	-	-	-	(12.0)	(2.2)	(14.2)
Actuarial gains on retirement benefit obligations	-	-	-	23.2	-	-	23.2
Tax on actuarial gains on retirement benefit obligations	-	-	-	(2.4)	-	-	(2.4)
Share-based payments - charge for year	-	-	-	0.6	-	-	0.6
Share-based payments - attributable tax	-	-	-	2.2	-	-	2.2
Change in fair value of outstanding cash flow hedges	-	-	-	-	4.5	-	4.5
Net transfer to income statement - hedges	-	-	-	-	(0.7)	-	(0.7)
Net deferred tax movement for the year - hedges	-	-	-	-	(1.1)	-	(1.1)
Revaluation adjustment on transfer of associates to subsidiaries	-	-	-	-	0.7	-	0.7
Net income recognised directly in equity	-	-	-	23.6	(8.6)	(2.2)	12.8
Profit for the year	-	-	-	123.4	-	5.7	129.1
Total recognised income for the year	-	-	-	147.0	(8.6)	3.5	141.9
Issue of share capital	-	0.6	-	-	-	-	0.6
Share-based payments - shares issued	-	1.4	-	(1.4)	-	-	-
Dividends paid to minority interests	-	-	-	-	-	(6.7)	(6.7)
At 31 December 2006	3.3	71.4	21.1	146.4	3.9	10.3	256.4
At 1 January 2007	**3.3**	**71.4**	**21.1**	**146.4**	**3.9**	**10.3**	**256.4**
Exchange translation	**-**	**-**	**-**	**-**	**(1.7)**	**0.1**	**(1.6)**
Actuarial gains/(losses) on retirement benefit obligations	**-**	**-**	**-**	**32.8**	**-**	**(0.1)**	**32.7**
Tax on actuarial gains/(losses) on retirement benefit obligations	-	-	-	**(2.5)**	-	-	**(2.5)**
Share-based payments - charge for period	**-**	**-**	**-**	**0.3**	**-**	**-**	**0.3**
Share-based payments - attributable tax	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**
Change in fair value of outstanding cash flow hedges	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Net transfer to income statement - hedges	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Net investment hedges	**-**	**-**	**-**	**-**	**0.4**	**-**	**0.4**
Net deferred tax movement for the period - hedges	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net income recognised directly in equity	**-**	**-**	**-**	**30.7**	**(1.3)**	**-**	**29.4**
Profit for the period	**-**	**-**	**-**	**72.2**	**-**	**3.2**	**75.4**
Total recognised income for the period	**-**	**-**	**-**	**102.9**	**(1.3)**	**3.2**	**104.8**
Issue of share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid to minority interests	**-**	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**
At 30 June 2007	**3.3**	**71.4**	**21.1**	**249.3**	**2.6**	**12.4**	**360.1**

12 Contingent liabilities

Note 26 on pages 82 and 83 of the 2006 Annual Report and Accounts provides details of the Group's contingent liabilities as at 31 December 2006. As at 30 June 2007 those contingent liabilities were not significantly different to those at the year end.

The defence costs in respect of claims alleging personal injuries from exposure to manganese in the fumes of welding consumables, net of insurance recoveries, are estimated to be of the order of US$12 million (31 December 2006 : US$16 million), which is reflected in ESAB Group Inc's balance sheet at 30 June 2007. In the six months to 30 June 2007, there was no charge against Esab Group Inc's operating profits in respect of defence costs net of insurance recoveries. Notwithstanding the number of manganese fume trials scheduled for 2007 as at 31 December 2006, no cases came to trial in the six months ended 30 June 2007. As at 30 June 2007, there were 5 state court cases set for trial for the remainder of 2007, one of which has since been dismissed. An additional trial in federal court is set for 5 November 2007.

13 Post balance sheet events

Details of post balance sheet events are set out in the Chief Executive's Statement and the Financial Review.

14 Approval and publication of Interim Report

The Interim Report was approved by the Board on 11 September 2007. Following changes in company law introduced by the Companies Act 2006 and the passing of a related resolution at the Company's Annual General Meeting on 26 June 2007, shareholder documents and information are now only sent in hard copy to those shareholders who have made an express election to receive documents in this form. Those shareholders who have not elected to receive documents in hard copy will receive a letter at the time that such documents and information are dispatched advising them that these are available electronically on the Company's website and how to access them. This new initiative allows the Company to reduce costs and its impact on the environment.

Independent review report to Charter plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expenditure and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. I is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 September 2007

Notes:

(a) The maintenance and integrity of the Charter plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.