

The Directors present their report, together with the audited financial statements for the year ended 31 December 2008.

Scheme of Arrangement

On 22 October 2008, Charter International plc, a public company limited by shares, incorporated in Jersey and tax resident in the Republic of Ireland (the 'Company'), became the ultimate holding company of Charter plc (the former holding company of the Charter Group), pursuant to a Scheme of Arrangement under Sections 895 to 899 of the United Kingdom Companies Act 2006 that was approved by the High Court of Justice in England and Wales and the shareholders of Charter plc (the 'Scheme').

Pursuant to the Scheme, ordinary shares, having a nominal value of £0.02 each, of Charter plc ('Charter plc Ordinary Shares') were exchanged for ordinary shares, having a nominal value of £0.02 each, of the Company ('Charter Ordinary Shares'), on a one-for-one basis. Upon the Scheme of Arrangement becoming effective, Charter plc re-registered as a private limited company and is now a wholly-owned subsidiary of the Company. The Charter Ordinary Shares carry substantially the same rights as the Charter plc Ordinary Shares carried prior to the Scheme. Further information on the terms of the Scheme is set out in the Prospectus published by the Company on 8 September 2008, which can be viewed on the Company's website at www.charter.ie.

Charter was incorporated on 14 March 2008. Prior to 22 October 2008, being the effective date of the Scheme, the Company had not commenced trading or made any profits or trading losses.

Activities and review of operations

A review of the activities and operations of the Company and its subsidiaries, is given in the Chairman's statement on page 5, the Chief Executive's statement on pages 6 to 9 and the Business and Financial Review on pages 10 to 35. These are incorporated by reference into and form part of this report.

Business and Financial Review

The Business and Financial Review is a review of the development, and the operational and financial performance, of the business during the year ended 31 December 2008 and contains a description of the principal risks and uncertainties facing the business.

Profits

The profit for the year ended 31 December 2008 was £158.7 million (2007: £144.8 million).

Dividends

The Directors intend to declare a final dividend for the year ended 31 December 2008 of 14 pence per ordinary share (2007: 12 pence per ordinary share). An interim dividend of 7 pence per ordinary share was paid in respect of the six months ended 30 June 2008 (2007: nil). The Directors intend to declare the final dividend immediately prior to the Annual General Meeting of the Company (the 'AGM') on 29 April 2009, which will be paid on 5 May 2009 to those shareholders on the register at the close of business on 14 April 2009.

Directors

The names and brief biographical details of the Directors and Key Management of the Company appear on pages 36 to 38.

Messrs Careless and Deeley were appointed to the Board of the Company on 16 July 2008, with the remaining Directors being appointed on 27 August 2008. The Non-Executive Directors resigned as Directors of Charter plc on 22 October 2008 when the Scheme became effective. As the AGM will be the Company's first Annual General Meeting, all Directors will be retiring by rotation in accordance with the Company's Articles of

Association and each being eligible will offer himself for re-appointment at the AGM.

Further details regarding the Company's procedures for the appointment of Directors can be found on pages 45 – Nominations Committee, 45 – Board Balance and Independence and 46 – Re-appointment. The Board of Directors, which is responsible for the management of the business, may exercise all the powers of the Company subject to the provisions of relevant legislation, the Company's Memorandum and Articles of Association and any special resolution of the Company passed at a general meeting. The Directors have the power to issue and buy back shares in the Company, as well as to grant options over or otherwise dispose of, unissued shares in the Company, to such persons, at such times and on such terms as they think proper.

ESAB Holdings Limited, Howden Group Limited and The ESAB Group Inc., subsidiaries of the Company, are party to arms length consultancy agreements with Unipart Logistics Limited ('Unipart Logistics') for the provision of lean manufacturing and other consultancy services to ESAB Global, Howden Global and Anderson Group Inc. respectively. John Neill, a Non-Executive Director of the Company, is currently Group Chief Executive of the Unipart Group of Companies. The total charges paid to Unipart Logistics during the year amounted to £2.7 million (2007: £2.4 million). The amount payable to Unipart Logistics as at 31 December 2008 was £0.6 million (2007: £15,399).

ESAB Romania Trading SRL, a subsidiary of the Company, supplied Hoeganaes Corporation Europe SA, a wholly-owned subsidiary of GKN plc, ('Hoeganaes Europe') with welding rod material for a value of Romanian new leu 5,864. The amount receivable from Hoeganaes Europe at 31 December 2008 was £nil. In 2007, Hoeganaes Europe supplied powdered metal to ESAB Mor Kft, a subsidiary of the Company, for a value of approximately €11,800 and ESAB Kft, a subsidiary of the Company, supplied Hoeganaes Europe with welding rod material for a value of €2,783. The amount payable to Hoeganaes Europe at 31 December 2007 was £nil.

Hoeganaes Corporation ('Hoeganaes'), a wholly-owned subsidiary of GKN plc, supplied powdered metal to two subsidiaries of the Company, being the ESAB Group Inc and ESAB Mexico SA de CV, with a total sales value of US\$2.8 million (2007: US\$2.1 million). The amount payable to Hoeganaes at 31 December 2008 was US\$0.1 million. The relationship between these companies is on an arm's length basis and in the ordinary course of trade. Grey Denham, a Non-Executive Director of the Company, is Company Secretary and Group Director Legal and Compliance of GKN plc but has no day-to-day involvement in the management of Hoeganaes Corp or Hoeganaes Europe.

No other Directors had any interest in contracts with the Company or its subsidiaries at any time during the period other than service contracts and indemnity agreements. Directors' interests in the ordinary shares of the Company as well as details of their remuneration and service contracts can be found in the Remuneration Report on pages 49 to 55.

Settlement with City Index

On 7 February 2006, the Company announced that it had settled its legal proceedings against City Index in respect of losses incurred as a consequence of certain unauthorised payments having been made by a former employee. The Board is aware that, following the settlement with the Company, City Index sought to continue to pursue claims for contribution against certain current and former Directors of the Company and against the Company's Auditors. A motion for summary judgment is to be considered by the House of Lords on 13 May 2009.

Corporate governance

A review of the Company's application of the principles and provisions of the Combined Code can be found on pages 44 to 47.

Directors' indemnities

Each of the Directors has been granted an indemnity by the Company, to the extent permitted by applicable law, in respect of certain liabilities that may arise as a result of the Director acting as a Director or employee of the Company or an associated company. Under the terms of each indemnity, the relevant Director is indemnified against liability to third parties excluding (among other things) the liability to pay criminal fines and regulatory penalties and certain other liabilities. In relation to any third party claim, the Company may loan funds to a Director to allow him to fund his legal costs. Any such loan must be repaid by the Director if the Director is convicted of an offence, judgment is given against the Director or the Director's application for relief is refused by the court.

Financial instruments

The financial risk management objectives and policies of the Company including interest rate, currency and credit risk are outlined in note 21 to the Company's consolidated financial statements.

Annual General Meeting

The Company's first Annual General Meeting will take place at 2 p.m. on 29 April 2009 at Fitzwilliam Hall, Fitzwilliam Place, Dublin 2, Ireland. The notice of AGM (the 'Notice') can be found in a separate circular to shareholders. The Notice sets out details of the resolutions that will be proposed at the AGM as well as explanatory notes giving the background and reasons for such resolutions.

Employees

The Company's policy is to encourage effective communication and consultation between employees and management. Subsidiaries develop their own consultation and communication procedures as part of their employment practices. Further details can be found in the Corporate Social Responsibility Report on pages 32 to 35 of the Business and Financial Review. The Company and its subsidiaries are equal opportunities employers and seek to attract, develop, deploy and reward prospective and present employees solely on the basis of merit, regardless of gender, ethnic origin, religion or sexual orientation. In addition, the Company and its subsidiaries give full and fair consideration to applications for employment made by disabled people, having regard to their aptitudes and abilities. Should employees become disabled during employment, they would be considered for any necessary retraining and available work within their capabilities. For the purposes of training, career development and promotion, disabled employees are treated in the same way as other employees.

Creditor payment policy

The creditor payment policy of the Company and its subsidiaries is to settle amounts due to creditors in accordance with agreed terms. The policy provides that local practice must be observed in the countries in which they operate and that standard payment terms in each country may also be varied by negotiation with individual suppliers. The Company had no trade creditors at the year end.

Charitable and political contributions

During the year the Company and its subsidiaries donated £121,000 (2007: £90,000) to charities of which £13,000 (2007: £8,581) was to charities in the United Kingdom. Within the United Kingdom, donations were made in the year to support charities working in education (£nil (2007: £500)), medical research/support (£10,350 (2007: £4,806)) and community support (£2,650 (2007: £3,275)). There were no political donations made during the year (2007: £nil).

Research and development

The Company and its subsidiaries continue to place strong emphasis on research and development to meet the changing needs of the markets they serve. Research and development expenditure, which excludes engineering and production support costs, totalled £13.2 million (2007: £9.2 million) for the year of which £8.8 million (2007: £6.3 million) has been charged to the income statement for the year and £4.4 million (2007: £2.9 million) has been capitalised as intangible assets.

Share capital structure

Share capital

As at 26 February 2009, the Company had 166,751,581 fully paid ordinary shares of £0.02 each in issue which are listed on the London Stock Exchange. The Company has a single class of shares.

Rights and obligations attaching to shares

The rights and obligations attaching to the Company's shares are contained in the Articles of Association, a copy of which can be obtained upon request to the Company Secretary. The Articles may only be changed by a special resolution passed at a general meeting of the Company. Holders of ordinary shares are entitled to receive notice of, attend, speak and vote at any general meeting of the Company, except as described below.

Voting

On a show of hands, every shareholder who is present has one vote and on a poll every member who is present has one vote for every £0.02 in nominal amount of his shares. Where shares are held jointly, the vote of the shareholder who first appears on the register of members in respect of the share shall be conclusive. At any general meeting, a poll may be demanded by shareholders who are present and entitled to vote when (i) not less than five such shareholders make such a demand; (ii) any shareholders represent not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or (iii) any shareholders represent not less than one-tenth of the total paid-up share capital. Holders of ordinary shares also have various rights to appoint a proxy or proxies (who need not be members of the Company) or, where appropriate, a corporate representative, to attend and vote on their behalf. Further details about the right to appoint a proxy or a corporate representative are set out in the Notice. The Directors may make calls on shareholders in respect of monies unpaid on their shares. If any call is not complied with, the Directors may serve a notice requiring payment with interest and expenses. Failure to comply with

this may result in forfeiture of any share the subject of the notice. The Company has a lien on any share which is not fully paid.

Voting restrictions

No member shall, unless the Directors otherwise determine, be entitled to vote at a general meeting either personally or by proxy, or to exercise any other right conferred by membership in relation to meetings of the Company, if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid. Further, a shareholder is not, unless the Directors otherwise determine, entitled to attend or vote at any general meeting if the shareholder has failed to comply with a notice under the Articles (an 'Article 16 notice') to investigate interests in the Company's shares within 14 days.

Dividends and other distributions

Subject to the provisions of Jersey Companies Law, the Company may by ordinary resolution declare dividends up to the amount recommended by the Directors. The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares (excluding treasury shares) the right to elect to receive a dividend in the form of fully-paid ordinary shares. Subject to the provisions of Jersey Companies Law, the Board may authorise the payment of dividends of such amount and on such dates as they think justified by the financial position of the Company.

If a shareholder who holds at least 0.25 per cent in nominal value of the ordinary shares is in default of an Article 16 notice, then the Directors may also withhold the payment of any dividend to and restrict the transfer of shares held by that shareholder.

Payments of dividends

Following the Scheme, the Board passed a resolution approving the Income Access Share arrangements ('IAS'). These arrangements mean that shareholders are able to elect whether they receive their dividends from a company resident for tax purposes in the Republic of Ireland or, instead, under the IAS arrangements from a company resident for tax purposes in the UK.

Where no election has been made to receive dividends under the IAS, dividends paid by the Company will be treated as having an Irish source and may, subject to the availability of exemptions, be paid subject to Irish Dividend Withholding Tax.

Where an election has been made to receive dividends under the IAS, dividends will instead be paid from a UK tax resident company (Charter Limited) and will be treated as having a UK source. Dividends paid under the IAS will not be subject to UK Withholding Tax.

Copies of the income access election form are available on the Company's website at www.charter.ie.

For a general summary of some of the tax implications of receiving dividends with an Irish source from the Company, or dividends with a UK source under the IAS, please see Sections 2 and 3 of Part 4 (Taxation) of the Prospectus which was issued by the Company on 8 September 2008 (the 'Prospectus'). Please note that references in the Prospectus to 'New Charter' are references to Charter International plc and references to 'New Charter Ordinary Shareholders' are references to Shareholders of Charter International plc. A copy of the Prospectus is available on the Company's website at: www.charter.ie.

Section 2.3 of Part 4 of the Prospectus deals with the Irish tax treatment of dividends received. With effect from 1 January 2009, the Irish Government has introduced an income levy of

between 1%-3%. Irish resident or ordinarily resident shareholders of the Company will be subject to the income levy on dividends paid on the Company's shares and on dividends paid under the IAS.

Section 3.2 of Part 4 of the Prospectus refers to proposals to extend the availability (subject to certain conditions) of tax credits in respect of dividends from non-UK resident companies to UK resident individuals owning 10 per cent or more of the issued shares of such companies. The UK Government has recently announced that these measures are to take effect from 6 April 2009.

Please note that neither the statements made above nor the statements contained in the Prospectus constitute tax advice. If you are in any doubt as to your tax position you should consult your own professional adviser.

The profit for the year ended 31 December 2008 was £158.7 million (2007: £144.8 million). The Directors intend to declare a final dividend for this year of 14 pence per ordinary share (2007: 12 pence per ordinary share). An interim dividend of 7 pence per ordinary share was paid in respect of the six months ended 30 June 2008 (2007: nil). The intention is for the dividend to be paid on 5 May 2009 to those shareholders on the register at the close of business on 14 April 2009.

Transfer restrictions

The Directors may refuse to register any transfer of any share which is not a fully-paid up share and refuse to register any transfer in favour of more than four persons jointly. The Directors may also refuse to recognise any instrument of transfer unless it is in respect of any one class of share, is lodged at such place as they may determine and, where appropriate, is accompanied by any relevant share certificates and such other evidence as they may reasonably require to show the right of the transferor to make the transfer. The Directors may also suspend transfers where a shareholder has failed to comply with an Article 16 notice, in the manner noted above.

Certain restrictions on transfers of shares may from time to time be imposed by laws and regulations (for example, insider trading laws) and pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Securities carrying special rights

Without prejudice to any special rights which have been conferred on any shareholders, any share of the Company may be issued with such preferred, deferred or other special rights or subject to such restrictions as the Directors or the shareholders may determine. No shares have been issued that carry any special rights with regard to the control of the Company.

Variation of rights

Subject to the provisions of Jersey Companies Law and to any rights attached to existing shares (and except in the case where there is only one holder of the issued shares of a class of shares, in which case any and all of the rights attached to that class of shares may be varied only with the consent in writing of that holder), rights attached to any class of shares may be varied with the written consent of the holders of not less than two-thirds in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the

quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

Amendment of Articles of Association

Unless expressly specified to the contrary in the Articles of Association of the Company, the Company's Articles of Association may be amended by a special resolution of the Company's shareholders.

Appointment and replacement of Directors

Shareholders may, by special resolution, set out regulations or provisions according to which the Directors must abide. The Directors shall be not less than two in number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors. A Director shall not be required to hold any shares in the Company. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following Annual General Meeting of the Company and is then eligible for re-appointment. The Board or any committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

At every Annual General Meeting of the Company, any Director who has been appointed by the Board since the last Annual General Meeting, or who held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the Annual General Meeting, shall retire from office and may offer himself for re-appointment by the members. The Company may by ordinary resolution remove any Director before the expiration of his period of office. The office of a Director shall be vacated if: (i) he resigns or offers to resign and the Board resolve to accept such offer; (ii) his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; (iii) he is or has been suffering from mental or physical ill health and the Board resolves that his office be vacated; (iv) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; (v) he becomes bankrupt or compounds with his creditors generally; (vi) he is prohibited by law from being a Director; (vii) he ceases to be a Director by virtue of the provisions of Jersey Companies Law; or (viii) he is removed from office pursuant to the Company's Articles.

Powers of the Directors

Subject to the Company's Memorandum and Articles of Association, the Jersey Companies Law and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and subject to the Jersey Companies Law to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Powers in relation to the Company issuing or buying back its own shares

In connection with the Scheme, resolutions were passed on 27 August 2008 to allot relevant securities up to a nominal amount of £1,111,327.61, as required by the Company's Articles (other than those relevant securities allotted for the purposes of the Scheme and its associated arrangements up to an aggregate nominal amount of £3,680,881.12). That authority will apply until the conclusion of the AGM. At the AGM shareholders will be asked to grant a further authority to allot relevant securities (i) up to a nominal amount of £1,111,677, and (ii) comprising equity securities up to a nominal amount of £2,223,354 (after deducting from such limit any relevant securities allotted under (i)), in connection with an offer by way of a rights issue, (the 'allotment authority'), such allotment authority to apply until the end of next year's Annual General Meeting (or, if earlier, until 30 June 2010).

A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash in connection with rights issues and otherwise up to a nominal amount of £166,751.

A special resolution will also be proposed to renew the Directors' authority to repurchase the Company's ordinary shares in the market. The authority will be limited to a maximum of 16,675,158 ordinary shares and sets the minimum and maximum prices which may be paid.

Major shareholders

As at 26 February 2009, the Company had received the following notifications pursuant to DTR 5 of the Disclosure and Transparency Rules of the FSA (the 'DTR').

Date of notification	Shareholder	Direct/indirect interest	No. of shares/voting rights	% of issued share capital/voting rights
08/07/08*	JP Morgan Chase & Co	Indirect	8,362,250	5.02
13/08/08*	Legal & General Group plc	Direct	6,936,296	4.16
16/01/09	Standard Life Investments Ltd	Direct	7,243,353	4.344
		Indirect	2,785,085	1.670
		Total	10,028,438	6.014
20/01/09	Lloyds Bank Group plc	Direct	1,786,424	1.071
		Indirect	6,580,806	3.946
		Total	8,367,230	5.017
03/02/09	Jupiter Asset Management Ltd	Indirect	16,647,082	9.983

*Notifications received by Charter plc prior to the effective date of the Scheme.

Significant agreements

The Company acts as guarantor in respect of a £75 million Multi-Currency Revolving Facility Agreement dated 3 September 2008 between HSBC Bank ('HSBC') and Charter Central Finance Limited, a subsidiary of the Company. This contains a change of control provision which, if triggered, could restrict further utilisations and/or require the repayment of all outstanding utilisations. In such circumstances HSBC may also call for cash collateral for outstanding utilisations under separate documentary credit facilities provided to two subsidiaries of the Company of £40 million and US\$ 20 million respectively.

Similar provisions are contained in smaller credit facilities that Charter Central Finance Limited has entered into with Skandinaviska Enskilda Banken AB, Bank of China (UK) Limited and Barclays Bank plc.

The Company's Long-Term Incentive Plan contains provisions that allow outstanding awards to vest in certain circumstances upon a change of control of the Company. Conditional awards made pursuant to the Charter International plc Deferred Bonus Plan will automatically vest on a change of control of the Company. Further details concerning the above can be found in the Remuneration Report on pages 49 to 55.

Rights under the employee share schemes

Under the rules of Charter International Long-Term Incentive Plan and the Charter International Deferred Share Bonus Plan eligible employees are entitled to acquire shares in the Company. As at 26 February 2009, Appleby Trust (Jersey) Limited as trustee of the Charter Employee Trust holds 0.018 per cent of the issued share capital of the Company on trust for the benefit of the Executive Directors, senior executives and managers of the Group. The voting rights in relation to these shares have been waived by the Trustee.

Corporate social responsibility ('CSR')

The Company's report on CSR, including its approach to health and safety, social, environmental and other related environmental issues, can be found on pages 32 to 35 of the Business and Financial Review.

Statement of disclosure of information to Auditors

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's Auditors in connection with preparing their report) of which the Company's Auditors are unaware, and each Director has taken all reasonable steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company and a further resolution to authorise the Board to fix the Auditors' remuneration will be proposed at the AGM.

By order of the Board

James R Deeley

Director
26 February 2009

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Registered in Jersey Number 100249