

**To the Board of Directors and Shareholders of Carlisle Holdings Limited
(formerly named BHI Corporation)**

We have audited the accompanying consolidated balance sheets of Carlisle Holdings Limited and its subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits of these consolidated financial statements in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Carlisle Holdings Limited and its subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with generally accepted accounting principles in the United States of America.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers
London, United Kingdom
June 30, 2000

Year ended March 31	Notes	2000 \$m	1999 \$m	1998 \$m
Facilities and Staffing Services				
Net sales	4	1,144.1	968.2	877.0
Cost of sales		(952.0)	(813.6)	(745.3)
Selling, general and administrative expenses		(152.8)	(128.0)	(114.0)
Restructuring and other non-recurring items	5	(10.9)	(11.4)	(13.3)
Operating income – facilities and staffing services	4	28.4	15.2	4.4
Financial Services				
Interest income		28.3	24.7	22.3
Interest expense		(9.4)	(9.3)	(9.4)
Net interest income		18.9	15.4	12.9
Provision for loan losses		(1.9)	(0.7)	(0.3)
Net non-interest expense	6	(1.7)	(2.3)	(3.3)
Restructuring and other non-recurring items	5	2.7	–	(2.2)
Operating income – financial services		18.0	12.4	7.1
Total operating income		46.4	27.6	11.5
Associates	14	17.3	8.8	6.7
Interest income		2.5	3.5	2.1
Interest expense		(3.3)	(4.3)	(6.3)
Income before income taxes		62.9	35.6	14.0
Income taxes	7	(4.5)	(5.1)	(2.4)
Income after income taxes		58.4	30.5	11.6
Minority interests		(1.7)	1.9	(0.7)
Income from continuing operations		56.7	32.4	10.9
Loss from discontinued operations	8	–	(8.1)	(14.5)
Net income (loss)		56.7	24.3	(3.6)
Basic earnings per ordinary share				
Continuing operations	9	\$ 0.98	\$ 0.76	\$ 0.34
Discontinued operations		–	(0.19)	(0.45)
Net income (loss)		0.98	0.57	(0.11)
Diluted earnings per ordinary share				
Continuing operations	9	\$ 0.90	\$ 0.71	\$ 0.34
Discontinued operations		–	(0.18)	(0.45)
Net income (loss)		0.90	0.53	(0.11)

At March 31	Notes	2000 \$m	1999 \$m
Assets			
Facilities and Staffing Services			
Current assets:			
Cash and cash equivalents		25.3	90.6
Trade accounts receivable – net	10	164.2	132.0
Inventories		1.6	1.6
Deferred income taxes	7	1.7	1.3
Net assets held for disposal	11	–	11.6
Other current assets	12	13.5	14.2
Total facilities and staffing services current assets		206.3	251.3
Property, plant and equipment – net	13	32.5	23.1
Associates and other investments	14	89.3	75.4
Goodwill and other intangibles – net	15	318.7	233.8
Other long-term assets	16	9.0	0.9
Total facilities and staffing services assets		655.8	584.5
Financial Services			
Cash, cash equivalents and due from banks	17	16.2	14.9
Interest-bearing deposits with correspondent banks		24.4	19.5
Loans – net	18	155.9	146.0
Other assets	19	21.9	20.6
Total financial services assets		218.4	201.0
Total assets		874.2	785.5
Liabilities and shareholders' equity			
Facilities and Staffing Services			
Current liabilities:			
Short-term debt	20	32.9	29.0
Accounts payable		13.9	12.4
Accrued personnel costs		45.9	54.4
Insurance reserves – current portion	23	19.4	23.8
Other current liabilities	21	47.1	54.4
Total facilities services and staffing current liabilities		159.2	174.0
Long-term debt	22	19.0	–
Insurance reserves – long-term portion	23	63.0	72.9
Other long-term liabilities	24	16.5	20.2
Minority interests		2.0	63.2
Total facilities and staffing services liabilities		259.7	330.3
Financial Services			
Deposits	25	185.9	170.2
Short-term debt	26	–	5.2
Other liabilities	27	6.1	4.2
Long-term debt	28	0.3	0.4
Total financial services liabilities		192.3	180.0
Total liabilities		452.0	510.3
Commitments and contingencies	29		
Shareholders' equity:			
Share capital (ordinary shares of no par value 2000 – 61,765,820; 1999 – 60,666,672; 1998 – 38,927,157)	30	0.6	0.6
Additional paid-in capital		311.6	212.9
Treasury shares	30	(18.9)	(7.2)
Retained earnings		126.5	69.8
Cumulative other comprehensive income		2.4	(0.9)
Total shareholders' equity		422.2	275.2
Total liabilities and shareholders' equity		874.2	785.5

	Share capital \$m	Additional paid-in capital \$m	Treasury shares \$m	Retained earnings \$m	Cumulative other comprehensive income \$m	Total \$m
At April 1, 1997 (as previously reported)	0.1	56.1	(2.8)	46.4	(0.2)	99.6
As-if pooling of interests with Carlisle (notes 1 and 3)	0.2	12.9	–	4.3	1.5	18.9
At April 1, 1997 (as restated)	0.3	69.0	(2.8)	50.7	1.3	118.5
Ordinary shares issued	–	44.8	–	–	–	44.8
Net loss	–	–	–	(3.6)	–	(3.6)
Ordinary shares issued as dividends	–	1.5	–	(1.5)	–	–
Cash dividends paid on ordinary shares	–	–	–	(0.1)	–	(0.1)
Purchase of treasury shares	–	–	(6.1)	–	–	(6.1)
Disposal of treasury shares	–	2.0	3.9	–	–	5.9
Currency translation adjustments	–	–	–	–	0.3	0.3
At March 31, 1998	0.3	117.3	(5.0)	45.5	1.6	159.7
Ordinary shares issued	0.3	95.6	–	–	–	95.9
Net income	–	–	–	24.3	–	24.3
Purchase of treasury shares	–	–	(3.0)	–	–	(3.0)
Disposal of treasury shares	–	–	0.8	–	–	0.8
Currency translation adjustments	–	–	–	–	(0.6)	(0.6)
Net unrealized losses	–	–	–	–	(1.9)	(1.9)
At March 31, 1999	0.6	212.9	(7.2)	69.8	(0.9)	275.2
Ordinary shares issued	–	108.7	–	–	–	108.7
Net income	–	–	–	56.7	–	56.7
Purchase of treasury shares	–	–	(29.5)	–	–	(29.5)
Disposal of treasury shares	–	(10.0)	17.8	–	–	7.8
Currency translation adjustments	–	–	–	–	(2.0)	(2.0)
Net unrealized gains	–	–	–	–	5.3	5.3
At March 31, 2000	0.6	311.6	(18.9)	126.5	2.4	422.2

Cumulative other comprehensive income comprises currency translation adjustments (March 31, 2000 – \$(1.0) million; 1999 – \$1.0 million; 1998 – \$1.6 million), and net aggregate unrealized holding gains and losses arising on investments classified as available-for-sale securities (March 31, 2000 – \$3.4 million; 1999 – \$(1.9) million; 1998 – nil) (note 14).

At March 31, 2000, retained earnings included non-distributable statutory reserves in The Belize Bank Limited of \$2.1 million (1999 – \$2.1 million; 1998 – \$2.1 million).

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Comprehensive income:			
Net income (loss)	56.7	24.3	(3.6)
Currency translation adjustments	(2.0)	(0.6)	0.3
Net unrealized gains (losses)	5.3	(1.9)	–
Total comprehensive income	60.0	21.8	(3.3)

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Cash flows from operating activities			
Net income (loss)	56.7	24.3	(3.6)
Adjustments to reconcile net income (loss) to net cash (utilized) provided by operating activities:			
Depreciation	9.9	8.7	9.4
Goodwill and other intangibles amortization	7.7	5.1	2.9
Discount amortization on insurance reserves	4.0	6.0	6.0
Restructuring and other non-recurring items	3.7	6.9	11.0
Provision for loan losses	1.9	0.7	1.4
Gain on disposal of associates and other investments	(8.7)	–	(1.8)
Undistributed earnings of associates	(7.5)	(5.2)	(8.0)
Provision against investment in associates	–	–	3.4
Refinancing costs amortization	0.8	0.9	1.0
Deferred income taxes	(0.4)	–	(0.5)
Minority interests net of distributions	1.1	(4.9)	0.3
Loss from discontinued operations	–	8.1	12.4
Other	(0.8)	(0.8)	2.6
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(23.3)	(10.4)	2.6
Decrease (increase) in inventories	–	1.7	(0.6)
(Increase) decrease in other assets	(3.9)	1.6	(7.7)
(Decrease) increase in accounts payable	(3.7)	10.0	5.2
(Decrease) increase in accrued personnel costs	(8.7)	23.9	(5.8)
(Decrease) in insurance reserves	(18.3)	(24.4)	(10.1)
(Decrease) in other liabilities	(20.4)	(22.2)	(16.8)
Net cash (utilized) provided by operating activities	(9.9)	30.0	3.3
Cash flows from investing activities			
Purchase of property, plant and equipment	(19.2)	(13.9)	(15.0)
Disposal of property, plant and equipment	1.6	4.8	2.8
Purchase of associates and other investments	(14.3)	(15.7)	(1.3)
Disposal of associates and other investments	21.5	–	16.5
Acquisition of businesses	(47.5)	(70.1)	(4.6)
Disposal of discontinued businesses	10.8	23.7	–
(Increase) decrease in interest-bearing deposits with correspondent banks	(4.9)	7.6	1.5
(Increase) in loans to customers	(11.8)	(30.3)	(11.5)
Purchase of government and other securities	–	(11.6)	–
Other	1.2	0.1	0.4
Net cash utilized by investing activities	(62.6)	(105.4)	(11.2)

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Cash flows from financing activities			
Proceeds from long-term debt	19.0	–	–
Repayment of long-term debt	(0.1)	(0.1)	(0.1)
Debt refinancing costs	(0.8)	–	–
(Decrease) increase in short-term debt	(1.7)	7.1	2.2
Increase in deposits	15.7	26.6	5.7
Issuance of shares	–	80.9	–
Shares issued on exercise of warrants/options	6.1	4.7	9.1
Net (purchase) disposal of treasury shares	(29.5)	(3.0)	0.9
Cash dividends paid on ordinary shares	–	–	(0.1)
Net cash provided by financing activities	8.7	116.2	17.7
Currency translation adjustments	(1.0)	(2.4)	0.2
Net change in cash, cash equivalents and due from banks	(64.8)	38.4	10.0
Cash, cash equivalents and due from banks at beginning of year	106.3	67.9	57.9
Cash, cash equivalents and due from banks at end of year	41.5	106.3	67.9
Cash – facilities and staffing services	25.3	90.6	53.0
Cash – financial services	16.2	14.9	14.1
Cash – net assets held for disposal	–	0.8	0.8
	41.5	106.3	67.9
Supplemental cash flow information:			
Cash paid for interest	2.9	2.2	3.4
Cash paid for income taxes	4.5	3.7	7.8
In connection with the acquisition of businesses net liabilities (assets) were assumed as follows:			
Goodwill and other intangibles	95.6	118.8	19.7
Cash paid (net of cash assumed)	(47.5)	(70.1)	(4.6)
Issuance of shares	–	(77.7)	(12.3)
Net liabilities (assets) assumed	48.1	(29.0)	2.8
In connection with the disposal of discontinued businesses net assets were disposed of as follows:			
Cash received	10.8	23.7	–
Loss on disposal, including unamortized goodwill	–	8.1	–
Net assets disposed	10.8	31.8	–

Note 1 – Description of business

Introduction

Carlisle Holdings Limited (formerly named BHI Corporation) (“CHL”) is a company incorporated in Belize. CHL is a holding company with no independent business operations or assets other than its investment in its subsidiaries, associates, intercompany balances and holdings of cash and cash equivalents. CHL’s businesses are conducted through its subsidiaries.

In June 1999, CHL completed the merger with, and acquisition of the whole of the issued and outstanding ordinary shares of, Carlisle Holdings Limited (“Carlisle”) (since renamed Blackwood Limited), a company incorporated in Guernsey, Channel Islands (notes 3 and 15). The merger with and acquisition of Carlisle was accounted for by CHL using the “as-if” pooling of interests method of accounting due to the existence of a common controlling shareholder, Mr. M. A. Ashcroft, in both CHL and Carlisle. Mr. Ashcroft is the Chairman of CHL. The non-controlling minority interest in Carlisle was acquired by CHL in June 1999 and was accounted for by CHL using the purchase method. Through its subsidiaries, Carlisle at that time owned the whole of the issued and outstanding ordinary shares of LI Group Limited (“LI Group”), Capitol Security Services Limited (“Capitol Security Services”) and Carlisle Staffing Services Limited (“Carlisle Staffing Services”), all companies incorporated in the United Kingdom.

In March 1998, CHL completed the merger with, and acquisition of the whole of the issued and outstanding ordinary shares of, Axis Limited (“Axis”), a company incorporated in Bermuda (note 32(iv)). The merger with and acquisition of Axis was accounted for by CHL using the “as-if” pooling of interests method of accounting due to the existence of a common controlling shareholder, Mr. Ashcroft, in both CHL and Axis. The non-controlling minority interest in Axis was acquired by CHL in March 1998 and was accounted for by CHL using the purchase method. At that time, Axis owned the whole of the issued and outstanding common shares of OneSource Holdings, Inc. (“OneSource”) (formerly named ISS Holdings, Inc.), a company incorporated in the State of Delaware, United States, which it acquired in January 1997 and was accounted for by Axis using the purchase method.

The “as-if” pooling of interests method of accounting assumes that the combining companies have been merged since their inception, and the historical consolidated financial statements for periods prior to the consummation of the merger are restated, with a minority interest eliminated for all periods where a non-controlling minority interest existed.

Facilities services

The Facilities Services division operates in the United States under the name OneSource, and in the United Kingdom under the names LI Group and Capitol Security Services.

OneSource is a leading provider of outsourced facilities services, principally providing cleaning and value added building maintenance and support services to commercial, institutional and industrial facilities throughout the United States. LI Group provides specialized contract cleaning and ancillary support services to major retail chains and other businesses principally in the retail sector in the United Kingdom. Capitol Security Services provides specialist security services, principally manned guarding, in the United Kingdom.

Staffing services

The Staffing Services division, through Carlisle Staffing Services, operates in the United Kingdom and the Republic of Ireland under a number of different brand names, including Recruit, Indigo and Tate. The division provides temporary and permanent staff recruitment services across a range of marketplaces.

Financial services

Financial services are provided principally through The Belize Bank Limited (the “Bank”), a company incorporated in and operating in Belize, as a full service commercial and retail banking operation.

Associates

CHL’s principal equity investments include 23.1 per cent of Grupo Agroindustrial CB, S.A. and related companies (“NUMAR”) which have interests in agro-processing and distribution operations principally in Costa Rica, 26.2 per cent of Belize Telecommunications Limited, operating principally in Belize, and 33.3 per cent of Consolidated Fruit Corporation (BVI) Limited (“CFC”), an investment holding company incorporated in the British Virgin Islands.

Discontinued operations

Discontinued operations principally comprise CHL’s construction and property development, and hotel operations, which were disposed of in May 1999, and CHL’s property investment portfolio which was disposed of in December 1998, (note 8).

Note 2 – Summary of significant accounting policies

Basis of consolidated financial statements

The consolidated financial statements have been prepared in United States dollars in accordance with generally accepted accounting principles in the United States and as described below. The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States requires management to make extensive use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These management estimates include an allowance for doubtful receivables, estimates of future cash flows associated with assets, asset impairments, and useful lives for depreciation and amortization, loss contingencies, income taxes and valuation allowances for deferred tax assets, insurance reserves and relevant discount rates, allowance for loan losses, and the determination of discount and other rate assumptions for pension expenses. Actual results could differ materially from those estimates. Certain figures at March 31, 2000 and for the years ended March 31, 1999 and 1998 have been reclassified to conform to the March 31, 2000 presentation.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of CHL and its subsidiaries (the “Company”). The Company consolidates companies in which it owns or controls more than fifty per cent of the voting shares. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the date of disposal. All significant intercompany balances and transactions have been eliminated in consolidation.

Associates

For investments in which the Company owns or controls more than twenty per cent of the voting shares, and over which it exerts significant influence over operating and financial policies, the equity method of accounting is used in the consolidated financial statements. The investment in associates is shown in the consolidated balance sheets as the Company’s proportion of the underlying net assets of these companies plus any goodwill attributable to the acquisitions less any write-off required for a permanent diminution in value. The consolidated statements of income includes the Company’s share of net income of associates, less applicable goodwill amortization.

Investments

For investments in which the Company owns or controls less than twenty per cent of the voting shares, the Company classifies the investments as either trading securities (principally bought and held for the purpose of selling them in the short-term) or available-for-sale securities (being investments not classified as either trading securities nor as held-to-maturity securities). Unrealized holding gains and losses arising from trading securities are included in the consolidated statements of income and those arising from available-for-sale securities are included as other comprehensive income in shareholders’ equity until realized.

Note 2 – Summary of significant accounting policies (continued)*Currency translation*

The reporting and functional currency of the Company is United States dollars. The results of subsidiaries and associates which account in a functional currency other than United States dollars are translated into United States dollars at the average rate of exchange for the year. The assets and liabilities of subsidiaries and associates which account in a functional currency other than United States dollars are translated into United States dollars at the rate ruling at the balance sheet date. Currency translation adjustments arising from the use of differing exchange rates from period to period are included as other comprehensive income in shareholders' equity.

Gains and losses arising from currency transactions are included in the consolidated statements of income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid instruments, with an original maturity of three months or less. As a result of the short-term maturity of these financial instruments their carrying value is approximately equal to their fair market value.

Inventories

Inventories principally comprise raw materials and consumables and are carried at the lower of cost or net realizable value. Cost is determined on a first-in first-out basis.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives, using the straight line method, over the following periods:

Buildings	life of building, not exceeding 50 years
Leasehold improvements	term of lease
Machinery and equipment	3 to 15 years
Fixtures, fittings and office equipment	3 to 7 years

Repairs and maintenance costs are expensed as incurred. Gains and losses arising on the disposal of property, plant and equipment are included in the consolidated statements of income.

Goodwill and other intangibles

The goodwill that arises where the acquisition cost of subsidiaries and associates exceeds the fair values attributable to the underlying net assets is capitalized and is being amortized on a straight line basis over its estimated useful life, covering periods not exceeding forty years. Goodwill arising on the acquisition of associates is included in investments in associates. The carrying value of goodwill is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Where, in the opinion of the Company, a permanent diminution in the value of goodwill has occurred, the amount of the diminution is included in the consolidated statements of income.

Income taxes

Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax liabilities and assets are determined based on the differences between the consolidated financial statements and tax bases of assets and liabilities, using tax rates in effect for the years in which the differences are expected to reverse.

Net sales

Net sales represent the invoiced value of services provided and goods supplied to outside customers net of sales-related taxes. Revenue from services or products is recognized in the consolidated statements of income as services are rendered or deliveries are made.

Loans and interest income recognition

Loans are stated at the principal amount outstanding, net of unearned income. Interest income is recorded on an accruals basis. When either the collectibility of principal or interest is considered doubtful, or payment of principal or interest is 90 days or more past due, loans are placed on non-accrual status and previously accrued but unpaid interest is charged against current period interest income.

Allowance for loan losses

The Company's consideration as to the adequacy of the allowance to provide for reasonably foreseeable loan losses is based on a continuing review of the loan portfolio and includes, but is not limited to, consideration of the actual loan loss experience, the present and prospective condition of each borrower and its related industry, general economic conditions prevailing from time to time, and the estimated fair value of the related collateral.

In accordance with the regulations issued under the Banks and Financial Institutions Act, 1995 of Belize regarding loan loss reserves, the Bank established a general loan loss reserve at March 31, 1998 in an amount equivalent to one per cent of loans which have not been classified as non-accrual (notes 5 and 18).

Recently issued accounting pronouncements

The Company has reviewed all recently issued accounting pronouncements and does not consider that their impact, when effective, will have a material effect on the Company's consolidated financial statements.

Note 3 – Merger with and acquisition of Carlisle

On April 1, 1999, the Company announced the terms of a merger between BHI Corporation and Carlisle, whose shares were, at that time, traded on the Alternative Investment Market of the London Stock Exchange. Carlisle's principal businesses are facilities services and staffing services operating in the United Kingdom. At that time, Mr. Ashcroft was the executive chairman of Carlisle and, through Portland Holdings Limited ("Portland"), a company incorporated in Belize, which was wholly owned by Mr. Ashcroft, owned and controlled 60.3 per cent of the issued and outstanding ordinary shares of Carlisle. In addition, Strand Associates Limited, a company incorporated in the United Kingdom, (in which Mr. Ashcroft has an interest) owned 5.7 per cent of the issued share capital of Carlisle.

Following approval of the merger by Carlisle shareholders on May 21, 1999, the merger was consummated on June 1, 1999 at which time BHI Corporation simultaneously changed its name to Carlisle Holdings Limited.

On May 21, 1999, prior to the merger becoming effective, BHI Corporation effected a three for one stock split under the terms of which shareholders of BHI Corporation each received two new ordinary shares of BHI Corporation for every one ordinary share then held. In connection with this stock split, BHI Corporation issued 22,488,546 new ordinary shares. All numbers within the consolidated financial statements have been restated to effect the aforementioned stock split.

Under the terms of the merger agreement, shareholders in Carlisle each received one new ordinary share of BHI Corporation for every 43.058 Carlisle ordinary shares then held. Consequently, BHI Corporation issued 26,933,853 new ordinary shares to Carlisle shareholders, of which 16,242,947 were issued to Portland and 10,690,906 were issued to the minority shareholders in Carlisle (notes 1 and 15).

On June 1, 1999, all outstanding warrants, share options, and other rights to subscribe for Carlisle ordinary shares were amended on comparable terms and became rights to subscribe for CHL ordinary shares. Consequently, at that time, Portland owned (i) Carlisle 1998 warrants which now entitle the holder to subscribe for 7,690,228 CHL ordinary shares at £4.55 per share exercisable at any time up to October 2003; and (ii) Carlisle deferred subscription rights which now entitle the holder to subscribe for 2,548,282 CHL ordinary shares at £4.55 per share exercisable at any time up to June 2001.

Note 3 – Merger with and acquisition of Carlisle (continued)

In addition, (a) Carlisle 1996 warrants now entitle the holders to subscribe for 577,145 CHL ordinary shares at £4.55 per share exercisable at any time up to June 2001; (b) Carlisle 1994 warrants now entitle the holder to subscribe for 92,920 CHL ordinary shares at prices between £7.93 and £15.50 per share exercisable at any time up to February 2004; and (c) share option arrangements now entitle the holders to subscribe for 756,084 CHL ordinary shares at prices between £1.59 and £12.11 exercisable at various times up to December 2006.

On June 11, 1999, CHL issued 1,098,604 CHL ordinary shares to Portland in satisfaction of the deferred consideration due to Portland in respect of an acquisition made by Carlisle in July 1998.

Combined and separate results of BHI and Carlisle for the periods preceding the merger were as follows:

	BHI Group \$m	Carlisle Group \$m	Adjustments \$m	Combined \$m
Year ended March 31, 1999				
Net sales	793.5	174.7	–	968.2
Net income (loss)	30.2	(11.9)	6.0	24.3
Year ended March 31, 1998				
Net sales	778.9	98.1	–	877.0
Net (loss) income	(4.3)	0.7	–	(3.6)

Adjustments principally comprise the elimination of the non-controlling minority interest.

Note 4 – Segmental analysis

The Company is engaged in three service businesses, Facilities Services and Staffing Services principally in the United States and in the United Kingdom, analysis of which is set out below, and Financial Services, principally in Belize, analysis of which is separately shown in the consolidated financial statements.

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Business analysis			
Net sales			
Facilities Services	976.9	870.7	817.2
Staffing Services	167.2	97.5	59.8
	1,144.1	968.2	877.0
Operating income (loss)			
Facilities Services	22.8	15.4	4.3
Staffing Services	5.6	(0.2)	0.1
	28.4	15.2	4.4
Depreciation and amortization			
Facilities Services	14.6	11.7	11.3
Staffing Services	2.4	1.6	0.4
	17.0	13.3	11.7
Capital expenditures			
Facilities Services	16.4	12.5	14.0
Staffing Services	1.6	1.0	0.5
	18.0	13.5	14.5
Total assets			
Facilities Services	490.9	443.4	318.9
Staffing Services	94.8	79.1	10.6
Associates	70.1	62.0	57.5
	655.8	584.5	387.0

Operating income (loss) for the year ended March 31, 2000 included restructuring and other non-recurring items of \$10.9 million (1999 – \$11.4 million; 1998 – \$13.3 million), of which of \$9.0 million (1999 – \$8.5 million; 1998 – \$13.3 million) related to the Facilities Services division and \$1.9 million (1999 – \$2.9 million; 1998 – nil) related to the Staffing Services division (note 5).

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Geographical analysis			
Net sales			
United States	853.9	793.5	778.9
United Kingdom	290.2	174.7	98.1
	1,144.1	968.2	877.0
Operating income			
United States	15.6	15.0	2.1
United Kingdom	12.8	0.2	2.3
	28.4	15.2	4.4
Total assets			
United States	478.0	449.4	348.2
United Kingdom	177.8	135.1	38.8
	655.8	584.5	387.0

The total assets in the United States included, for convenience purposes, the investment in associates, which amounted to \$70.1 million at March 31, 2000 (1999 – \$62.0 million; 1998 – \$57.5 million).

Note 5 – Restructuring and other non-recurring items

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Facilities Services	9.0	8.5	13.3
Staffing Services	1.9	2.9	–
	10.9	11.4	13.3
Financial Services	(2.7)	–	2.2
	8.2	11.4	15.5

Facilities and staffing services

During the year ended March 31, 2000, and following the merger with, and acquisition of, Carlisle by CHL, together with acquisition activity in the period, the Company reviewed its operational and administrative structure, following which a number of operational management and employees were terminated. The restructuring plan resulted in a net charge for restructuring and other non-recurring items of \$10.9 million, of which \$9.0 million related to the Facilities Services division and \$1.9 million related to the Staffing Services division.

The restructuring charge included professional and other costs incurred in connection with the merger between CHL and Carlisle and the aborted offer for The Corporate Services Group PLC of \$3.5 million, employee severance and other associated costs for 66 operational management and employees of \$3.6 million, costs arising on the closure of certain branch and office operations of \$2.8 million, and other integration and restructuring costs of \$2.5 million, including the write-off of certain property, plant and equipment and other assets of \$1.0 million. The amounts paid and charged in the year ended March 31, 2000 against the provisions in the aforementioned categories amounted to \$8.2 million. The aggregate restructuring charge of \$12.4 million has been offset by a non-recurring gain of \$1.0 million arising on the disposal of a non-core Facilities Services business operation, which comprises aggregate cash consideration of \$2.8 million less a \$1.8 million related goodwill write-off (note 15), and by other non-recurring gains of \$0.5 million.

In 1999, and following the merger with, and acquisition of, Axis by CHL, together with significant acquisition activity in the period, the Company carried out a human asset inventory and a detailed assessment of its operational and administrative structure, following which a number of senior executives and operational management and employees were terminated. The restructuring plan resulted in a net charge for restructuring and other non-recurring items of \$11.4 million, of which \$8.5 million related to the Facilities Services division and \$2.9 million related to the Staffing Services division.

Note 5 – Restructuring and other non-recurring items (continued)

The restructuring charge included employee severance and other associated costs for five executives and 82 other operational management and employees of \$2.8 million and \$3.4 million, respectively, \$0.5 million from the contractual obligation to change the name of the United States Facilities Services business, \$1.1 million for property-related costs, \$1.8 million for aborted acquisition costs and other professional fees, and \$3.3 million for other integration and restructuring costs, including the write-off of certain property, plant and equipment and other assets of \$1.8 million, which were offset by a release of \$1.5 million which related to an adjustment to the prior year CHL corporate restructuring charge. The amounts paid and charged in the year ended March 31, 2000 against the provisions in the aforementioned categories amounted to \$5.3 million (1999 – \$6.3 million).

In 1998, as a consequence of the merger with and acquisition of Axis by CHL, the Company carried out a review of its business operations and its corporate organizational structure, which resulted in a charge for restructuring and other non-recurring items of \$13.3 million, of which \$8.8 million related to the Facilities Services operations and \$4.5 million related to the CHL corporate functions.

The restructuring charge relating to the Facilities Services operations of \$8.8 million included employee severance and other associated costs for three executives of \$3.6 million, costs arising from the contractual obligation to change the name of the United States Facilities Services business of \$2.9 million, provision for idle property leases of \$1.2 million, and other integration and restructuring costs of \$1.1 million, including the write-off of certain property, plant and equipment of \$0.3 million. The amounts paid and charged in the year ended March 31, 2000 against the provisions in the aforementioned categories amounted to \$3.9 million (1999 – \$2.9 million; 1998 – \$2.0 million). The restructuring charge relating to the CHL corporate functions of \$4.5 million included employee severance and other associated costs for five executives of \$3.5 million, property and other asset write-downs of \$0.5 million, and other restructuring costs of \$0.5 million. The amounts paid and charged in the year ended March 31, 2000 against these provisions amounted to \$0.6 million (1999 – \$1.7 million, including a release of \$1.5 million; 1998 – \$2.2 million).

Financial services

During the year ended March 31, 2000, the Company disposed of its entire 50 per cent interest in Belize International Services Limited, a financial and other services operation, to a company led by former management of the Company, for an aggregate initial consideration of \$3.0 million. This resulted in a net gain arising on disposal of \$2.7 million (after group cost allocation of \$0.3 million). The aggregate consideration received by the Company on closing was comprised of cash of \$1.0 million and the issuance of a loan note of \$2.0 million by the purchaser to the Company. The loan note is non-collateralized, bears interest at 12.0 per cent per annum and was repaid in June 2000. The Company is also entitled to receive deferred consideration of up to \$3.6 million in the period to June 2004, contingent on certain future performance targets of BISL. Deferred consideration of \$0.4 million has been recognized for the period from the closing date to March 31, 2000.

In 1998, the charge relating to the Financial Services division of \$2.2 million included the establishment of a general loan loss reserve mandated by the Central Bank of Belize of \$1.1 million (notes 2 and 18), property and other asset write-downs of \$0.7 million and other restructuring costs of \$0.4 million. The amounts paid and charged in the year ended March 31, 2000 against the provisions in the aforementioned categories amounted to \$0.1 million (1999 – \$0.1 million; 1998 – \$1.8 million).

Note 6 – Net non-interest expense

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Non-interest income:			
Foreign exchange income and commissions	2.3	1.7	1.2
Customer service fees	1.4	1.2	1.1
Credit card fees	0.6	0.5	0.5
Other financial and related services	3.4	2.8	2.4
Other income	0.3	0.2	0.2
	8.0	6.4	5.4
Non-interest expense:			
Salaries and benefits	(4.9)	(4.0)	(4.0)
Premises and equipment	(1.8)	(1.6)	(1.6)
Other expenses	(3.0)	(3.1)	(3.1)
	(9.7)	(8.7)	(8.7)
Net non-interest expense	(1.7)	(2.3)	(3.3)

Note 7 – Income taxes

(i) The provision for income taxes in the consolidated statements of income was as follows:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Current income taxes:			
Federal	1.3	–	1.1
State and local	0.4	0.3	0.4
Non-US taxes	3.2	4.8	1.4
	4.9	5.1	2.9
Deferred income taxes:			
Federal	–	–	(0.4)
Non-US taxes	(0.4)	–	(0.1)
	(0.4)	–	(0.5)
Income tax provision	4.5	5.1	2.4

(ii) Income before income taxes included the following components:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
US income	16.2	12.5	2.7
Non-US income	46.7	23.1	11.3
Income before income taxes	62.9	35.6	14.0

(iii) The reconciliation between notional US federal income taxes at the statutory rate (35 per cent) on consolidated income before income taxes and the Company's income tax provision was as follows:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Notional US federal income tax at the statutory rate	22.0	12.5	4.9
Adjustments to reconcile to the Company's income tax provision:			
Net income not taxed	(5.7)	(7.5)	(3.6)
US state income tax provisions, net	(0.3)	(0.2)	(0.2)
Valuation allowance	(2.9)	(3.8)	0.6
Non-US net earnings	(7.8)	1.4	0.5
Other	(0.8)	2.7	0.2
Income tax provision	4.5	5.1	2.4

Note 7 – Income taxes (continued)

A portion of net income is not subject to tax by virtue of the Company's status as a Public Investment Company under the International Business Companies Act, 1990 of Belize, as amended by the International Business Companies (Amendment) Act, 1995 of Belize.

(iv) The significant temporary timing differences that gave rise to the net deferred income tax balance were as follows:

At March 31	2000 \$m	1999 \$m
Assets:		
Provision for insurance reserves	11.8	11.9
Provision for estimated costs and expenses	36.0	26.2
	47.8	38.1
Valuation allowance	(44.6)	(36.0)
	3.2	2.1
Liabilities:		
Intangible and other assets	(1.5)	(0.8)
Net deferred income tax balance	1.7	1.3

Note 8 – Loss from discontinued operations

(i) As a consequence of the merger with and acquisition of Aaxis by CHL in 1998, the Company decided to sell its construction and property development, and hotel businesses and to redeploy the sales proceeds in the Facilities Services operations. These businesses were disposed of in May 1999, to a company led by former management of the Company, for an aggregate consideration of \$11.6 million. The aggregate consideration received by the Company on closing was comprised of cash of \$10.0 million and the issuance of a loan note of \$1.6 million by the purchaser to the Company, plus the assumption by the purchaser of \$4.9 million of operational debt. The loan note was repaid during the year ended March 31, 2000. At March 31, 1999, the net assets of the discontinued operations have been included in net assets held for disposal (note 11) and include principally cash and cash equivalents, accounts receivable, construction and development work in process, property, plant and equipment, net of accounts payable, short-term debt and other liabilities.

Included in the \$4.9 million of operational debt was a \$2.4 million facility due to the Bank, all of which was drawn at March 31, 1999, which the Company agreed to leave in place on normal commercial terms. The facility was reduced to \$2.2 million during the year ended March 31, 2000, and the amount outstanding at March 31, 2000 under this facility amounted to \$1.6 million. In addition, the Company continued to guarantee a bank facility of \$3.8 million (\$2.5 million of which was drawn at March 31, 1999) until it was subsequently repaid in June 1999. The Company agreed to guarantee a \$1.2 million bank facility provided to the construction businesses until May 2001, of which \$0.8 million was drawn at March 31, 2000 (1999 – nil). The Company also agreed to provide temporary support of up to \$1.4 million for certain construction bonds until July 1999 and for other bonds of \$1.0 million until the completion of the respective projects during 2001. The amounts outstanding at March 31, 2000 under these bond arrangements amounted to \$0.8 million. During the year ended March 31, 2000, the Bank agreed to provide a new overdraft and loan facility of \$4.7 million on normal commercial terms to the construction businesses, of which \$2.4 million was drawn down at March 31, 2000.

Year ended March 31, 2000	Hotel \$m	Construction and property development \$m	Other \$m	Total \$m
Net sales	0.8	5.3	–	6.1
Income before income taxes	–	–	–	–
Income taxes	–	–	–	–
Net income	–	–	–	–

Year ended March 31, 1999	Hotel \$m	Construction and property development \$m	Other \$m	Total \$m
Net sales	3.9	35.9	–	39.8
Income before income taxes	–	–	–	–
Income taxes	–	–	–	–
Net income	–	–	–	–

Year ended March 31, 1998	Hotel \$m	Construction and property development \$m	Other \$m	Total \$m
Net sales	4.0	43.2	–	47.2
Income (loss) before income taxes	0.4	(0.4)	(2.1)	(2.1)
Income taxes	–	–	–	–
Income (loss) after income taxes	0.4	(0.4)	(2.1)	(2.1)
Loss on disposal	(5.6)	(5.9)	(0.9)	(12.4)
Net loss	(5.2)	(6.3)	(3.0)	(14.5)

The income from operations between the measurement date (February 1998) and March 31, 1998 amounted to \$0.2 million and \$0.5 million for the hotel and the construction and property development operations, respectively.

(ii) In December 1998, Carlisle disposed of its entire investment property portfolio. At the time of and prior to the acquisition of Carlisle Group plc ("Carlisle Group"), a company incorporated into the United Kingdom, in October 1998, Carlisle stated that it intended to dispose of Carlisle Group's property portfolio, which at that time represented the entire existing operations of that group of companies. The aggregate cash consideration received by Carlisle on closing amounted to \$23.7 million, which represented the net book value of the property portfolio at that time. The loss on disposal amounted to \$8.1 million which comprises the goodwill arising on the acquisition of Carlisle Group (note 15). The results of operations of Carlisle Group and its subsidiaries between October 1998 and December 1998 are not considered to be material.

Note 9 – Earnings per ordinary share

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Net income (loss) – Basic and Diluted earnings per ordinary share	56.7	24.3	(3.6)
Year ended March 31	2000 Number	1999 Number	1998 Number
Weighted average number of ordinary shares –			
Basic earnings per ordinary share	57,638,248	42,318,440	31,997,343
Warrants (note 30)	4,592,813	2,837,994	2,094,090
Share options (note 30)	604,622	794,421	348,645
Weighted average number of ordinary shares –			
Diluted earnings per ordinary share	62,835,683	45,950,855	34,440,078

The weighted average effect of 245,071 (1999 – 413,635; 1998 – 95,613) share options have been excluded from the calculation of diluted earnings per ordinary share, since they are anti-dilutive under the treasury method of earnings per share calculation.

Note 10 – Trade accounts receivable – net

At March 31	2000 \$m	1999 \$m
Billed	163.2	124.9
Unbilled	8.2	14.6
	171.4	139.5
Less allowance for doubtful receivables	(7.2)	(7.5)
	164.2	132.0

	Balance at beginning of year \$m	Subsidiaries acquired \$m	Additions charged to income \$m	Deductions – primarily write-offs \$m	Balance at end of year \$m
Allowance for doubtful receivables:					
Year ended March 31, 1998	6.0	–	1.1	(2.3)	4.8
Year ended March 31, 1999	4.8	1.4	1.9	(0.6)	7.5
Year ended March 31, 2000	7.5	0.6	2.4	(3.3)	7.2

Note 11 – Net assets held for disposal

At March 31	2000 \$m	1999 \$m
Hotel	–	2.7
Construction and property development	–	7.9
Other	–	1.0
	–	11.6

Comprising:		
Cash and cash equivalents	–	0.8
Other assets	–	22.9
Liabilities	–	(12.1)
	–	11.6

Included in liabilities at March 31, 1999 was \$2.4 million of operational debt due to the Bank and \$2.5 million due to other banks. These businesses were disposed of in May 1999 (note 8).

Note 12 – Other current assets

At March 31	2000 \$m	1999 \$m
Amounts due from affiliate	0.3	–
Prepaid expenses	6.0	7.8
Deferred refinancing costs (note 16)	0.5	0.7
Other current assets	6.7	5.7
	13.5	14.2

Amounts due from affiliate comprises a non-collateralized note receivable, and accrued interest, from Georgia Cleaning Service & Supply Co., Inc., a company controlled by Mr. E.W. Turner, a director of CHL, which bears interest at 5.8 per cent per annum and is due in March 2001.

At March 31, 2000, other current assets included \$2.7 million (1999 – \$0.8 million) in interest bearing, collateralized amounts receivable from certain directors and officers of CHL in respect of ordinary shares in CHL purchased at market price from CHL satisfied from CHL's holding of treasury shares and in respect of amounts due on the exercise of CHL share options (note 30).

Note 13 – Property, plant and equipment – net

At March 31	2000 \$m	1999 \$m
Cost:		
Land and buildings	7.8	6.9
Leasehold improvements	4.1	4.8
Machinery and equipment	38.4	40.0
Fixtures, fittings and office equipment	22.1	15.0
Total cost	72.4	66.7
Accumulated depreciation:		
Land and buildings	0.5	0.6
Leasehold improvements	3.1	3.3
Machinery and equipment	24.9	28.9
Fixtures, fittings and office equipment	11.4	10.8
Total accumulated depreciation	39.9	43.6
Net book values	32.5	23.1

Total capital expenditures for the years ended March 31, 2000, 1999 and 1998 were \$18.0 million, \$13.5 million and \$14.5 million, respectively. Total depreciation expense for the years ended March 31, 2000, 1999 and 1998 was \$9.3 million, \$8.2 million and \$8.8 million, respectively.

Note 14 – Associates and other investments

At March 31	% of share capital 2000	2000 \$m	1999 \$m
Associates:			
NUMAR	23.1%	45.4	38.4
Belize Telecommunications Limited	26.2%	17.2	16.8
CFC	33.3%	7.5	–
Belize Electricity Limited	–	–	4.2
Energia Global International Ltd.	–	–	2.3
Belize Food Holdings Limited	–	–	0.3
		70.1	62.0
Other investments		19.2	13.4
		89.3	75.4

At March 31, 2000 and 1999, other investments comprise a holding in the issued ordinary share capital of The Corporate Services Group PLC (“CSG”), a company listed and incorporated in the United Kingdom, and holdings in certain other listed securities. These investments have been accounted for as available-for-sale securities and the net aggregate unrealized holding gain for the year ended March 31, 2000 was \$5.3 million (1999 – \$1.9 million loss; 1998 – nil), which has been accounted for as other comprehensive income in shareholders' equity.

On April 1, 1999, CHL announced that it had made an offer to acquire all of the issued and to be issued share capital of CSG, not already owned by CHL, for a maximum consideration of approximately \$455 million comprising CHL shares and cash. On May 28, 1999, the offer lapsed. In order to finance part of the cash consideration referred to above, the Company entered into a collateralized, contingent bank credit facility of approximately \$145 million. This facility lapsed and was cancelled upon the CSG offer lapsing.

Note 14 – Associates and other investments (continued)

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Share of associates' earnings:			
NUMAR	8.8	7.3	8.1
Belize Telecommunications Limited	3.0	2.3	3.1
Belize Electricity Limited	0.6	0.7	0.3
Energia Global International Ltd.	–	(0.5)	(0.4)
Belize Food Holdings Limited	–	(0.5)	(0.4)
Group cost allocation	(0.5)	(0.5)	(0.6)
	11.9	8.8	10.1
Net gain on disposal of associates	5.4	–	–
Provision against investment in Energia Global	–	–	(3.4)
	17.3	8.8	6.7
Total dividends receivable during the year	4.9	4.1	2.7

During the year ended March 31, 2000, the Company disposed of its entire investment in Belize Electricity Limited, Energia Global International Ltd. and Belize Food Holdings Limited for a cash consideration of \$7.9 million, \$7.3 million and \$2.0 million, respectively. This resulted in a net (loss) gain on disposal of \$(1.0) million, \$4.9 million and \$1.8 million, respectively, before allocation of group costs of \$0.3 million in aggregate.

Associates comprise companies in respect of which fair market values are not readily available, but they are considered by the Company to exceed the carrying amounts.

At March 31, 2000, the accumulated undistributed earnings of associates included in the consolidated retained earnings of the Company was \$34.9 million (1999 – \$27.7 million; 1998 – \$22.5 million).

Summarized combined unaudited financial information for NUMAR, Belize Telecommunications Limited and CFC was as follows:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Net sales	250.3	237.9	239.3
Gross profit	94.8	82.6	83.6
Income from continuing operations	68.2	56.7	59.2
Net income	51.3	40.7	45.2
	2000	1999	1998
At March 31	\$m	\$m	\$m
Current assets	103.3	89.3	
Non-current assets	297.3	232.3	
Current liabilities	48.6	39.0	
Non-current liabilities	88.0	75.9	

Note 15 – Goodwill and other intangibles – net

Year ended March 31	2000 \$m	1999 \$m
Cost:		
At beginning of year	244.1	133.8
Additions (i)	95.6	118.8
Disposals (ii)	(1.8)	(8.1)
Currency translation adjustments	(1.2)	(0.4)
At end of year	336.7	244.1
Accumulated amortization:		
At beginning of year	10.3	5.2
Charge for the year (iii)	7.7	5.1
At end of year	18.0	10.3
Net book values		
At March 31	318.7	233.8

(i) In June 1999, CHL completed the acquisition of, and merger with, Carlisle, a company in which Mr. Ashcroft held, through Portland, a controlling interest (notes 1 and 3). The non-controlling minority interest in Carlisle was acquired by CHL at the same time. In connection with this transaction, a total of 26,933,853 CHL ordinary shares were issued, 16,242,947 to Portland and 10,690,906 to the minority shareholders in Carlisle. The acquisition by CHL of the non-controlling minority interest in Carlisle was accounted for by CHL using the purchase method. Accordingly, the purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair values. This allocation resulted in goodwill and other intangibles of \$46.4 million arising during the year ended March 31, 2000.

During the year ended March 31, 2000, the Company made a number of acquisitions in both the Facilities Services and Staffing Services divisions for an aggregate cash consideration of \$42.9 million, which was financed from cash on hand, with further payments of up to \$13.5 million contingent on certain future performance targets. These acquisitions have been accounted for using the purchase method. Accordingly, the purchase price has been allocated to assets acquired and liabilities assumed based on their preliminary estimated fair values. This allocation resulted in goodwill and other intangibles of \$49.2 million arising during the year ended March 31, 2000.

During the year ended March 31, 1999, the Company made a number of acquisitions in both the Facilities Services and Staffing Services divisions for an aggregate consideration of \$147.8 million, with further payments of up to \$11.8 million (of which \$4.6 million was paid during the year ended March 31, 2000) contingent on certain future performance targets. The aggregate consideration paid by the Company on closing was comprised of cash of \$70.1 million, which was financed from cash on hand and the issuance of share capital (note 30), and the issue of (a) 9,625,073 ordinary shares (note 30) in respect of the acquisition by Carlisle of Carlisle Group, Capitol Group plc ("Capitol Group") the parent of Capitol Security Services, and Abacus Recruitment plc ("Abacus") a Staffing Services company incorporated in the United Kingdom, at an aggregate value of \$76.9 million; and (b) 171,429 ordinary shares, satisfied out of treasury shares (note 30) at a value of \$0.8 million. These acquisitions have been accounted for using the purchase method. Accordingly, the purchase price has been allocated to assets acquired and liabilities assumed based on their estimated fair values. This allocation resulted in goodwill and other intangibles of \$118.8 million during the year ended March 31, 1999.

(ii) The disposal of goodwill during the year ended March 31, 2000, related to the disposal of a non-core Facilities Services business operation (note 5). The disposal of goodwill during the year ended March 31, 1999, related to the disposal of the Company's entire investment property portfolio owned by Carlisle Group (note 8).

(iii) Total amortization expense for the years ended March 31, 2000, 1999 and 1998 was \$7.7 million, \$5.1 million and \$2.9 million, respectively.

Note 16 – Other long-term assets

At March 31	2000 \$m	1999 \$m
Amounts due from affiliate (note 12)	–	0.3
Deferred refinancing costs	1.3	–
Prepaid pensions (note 31)	1.0	–
Other long-term assets	6.7	0.6
	9.0	0.9

In connection with the refinancing of certain long-term debt obligations of the Company, certain fees and expenses were incurred. These refinancing costs are being amortized as interest expense through the consolidated statements of income on a straight line basis over the life of the Company's long-term debt obligations. The refinancing costs amortization for the years ended March 31, 2000, 1999 and 1998 were \$0.8 million, \$0.9 million and \$1.0 million, respectively.

Note 17 – Cash, cash equivalents and due from banks

At March 31	2000 \$m	1999 \$m
Cash in hand	3.4	3.6
Balances with the Central Bank of Belize	10.2	9.9
Amounts in the course of collection	2.6	1.4
	16.2	14.9

The Bank is required to maintain an average minimum non-interest bearing deposit balance with the Central Bank of Belize equal to 5 per cent of the average deposit liabilities of the Bank. In addition, the Bank must maintain an average aggregate of approved liquid assets (which include the average minimum non-interest bearing deposit balance maintained with the Central Bank of Belize) equal to 24 per cent of the average deposit liabilities of the Bank.

Note 18 – Loans – net

At March 31	2000 \$m	1999 \$m
Loans (net of unearned income):		
Commercial, financial and agricultural	70.9	76.3
Real estate – mortgage	52.4	40.2
Real estate – construction	8.2	3.4
Consumer	29.7	29.7
	161.2	149.6
Specific allowance for loan losses:		
Commercial, financial and agricultural	(2.2)	(1.0)
Real estate – mortgage	(0.6)	(0.2)
Real estate – construction	(0.1)	(0.2)
Consumer	(1.0)	(0.8)
	(3.9)	(2.2)
Loans (net of unearned income and specific allowance for loan losses):		
Commercial, financial and agricultural	68.7	75.3
Real estate – mortgage	51.8	40.0
Real estate – construction	8.1	3.2
Consumer	28.7	28.9
	157.3	147.4
Less: general allowance for loan losses (notes 2 and 5)	(1.4)	(1.4)
Loans (net of unearned income and allowance for loan losses)	155.9	146.0

Unearned income at March 31, 2000 amounted to \$4.8 million (1999 – \$4.7 million).

Commercial, financial and agricultural loans at March 31, 2000 included loans to certain officers and employees of the Company of \$0.7 million (1999 – \$0.9 million) at preferential rates of interest varying between 4.0 per cent and 8.5 per cent per annum and repayable over varying periods not exceeding 25 years. Included in loans at March 31, 2000 were \$0.7 million (1999 – \$2.0 million) loans to third parties by subsidiary companies other than the Bank.

The maturity ranges of loans outstanding at March 31, 2000 are shown in the table following. All loans, other than consumer loans, are legally repayable on demand, however they are disclosed below as if they run to their full maturity.

	Due in one year or less \$m	Due after one year through five years \$m	Due after five years \$m	Total \$m
Commercial, financial and agricultural	31.5	20.7	18.7	70.9
Real estate – mortgage	4.3	8.3	39.8	52.4
Real estate – construction	4.4	3.2	0.6	8.2
Consumer	8.3	12.1	9.3	29.7
	48.5	44.3	68.4	161.2

The Bank provides working capital financing and loans at normal commercial terms to various affiliated companies, including associates. At March 31, 2000, the amount of working capital financing due from affiliates was \$15.8 million (1999 – \$14.6 million) under credit lines totalling a maximum of \$18.6 million (1999 – \$15.2 million). The interest income earned on this financing during the year ended March 31, 2000 amounted to \$1.5 million (1999 – \$1.7 million; 1998 – \$1.7 million). At March 31, 2000, the amount of loans due from affiliates was \$9.9 million (1999 – \$3.4 million). The interest income earned on these loans during the year ended March 31, 2000 amounted to \$1.0 million (1999 – \$0.5 million; 1998 – \$0.6 million).

Non-accrual loans at March 31, 2000 amounted to \$11.5 million (1999 – \$8.7 million). The interest income which would have been recorded during the year ended March 31, 2000 had all non-accrual loans been current in accordance with their terms was approximately \$0.2 million (1999 – \$1.0 million; 1998 – \$0.9 million).

The Bank measures its estimates of impaired loans in accordance with Statement of Financial Accounting Standards No. 114 – Accounting by Creditors for Impairment of a Loan, as amended by Statement of Financial Accounting Standards No. 118 – Accounting by Creditors for Impairment of a Loan – Income Recognition and Disclosures. Under the Bank's accounting policy for loan loss provisioning, the Company evaluates the probability of an impairment loss when a loan is classified as non-accrual. An impairment loss is recognized and fully provided for if the recorded amount of the non-accrual loan exceeds the estimated fair value of the underlying collateral less costs to sell. Substantially all of the Bank's loan portfolio is fully collateralized. Interest income on impaired loans is recognized only when payments are received and the Company considers that the loan will remain performing.

At March 31, 2000, the amount of loans outstanding in which the Company considers that there was a probability of a loss totalled \$7.3 million, with related specific allowances of \$3.9 million. There were no impaired loans without allowances. The average amount of loans outstanding in which the Company considers there was a probability of a loss during the year ended March 31, 2000 was \$4.6 million. Interest is not recognized on any loan classified as non-accrual.

The fair market value of the loan portfolio is not readily available, but as a result of the nature of these financial instruments they are considered by the Company to approximate their carrying values.

Changes in the allowance for loan losses were as follows:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
At beginning of year – specific	2.2	2.0	1.9
At beginning of year – general	1.4	1.1	–
	3.6	3.1	1.9
Specific provision charged to income	1.9	0.4	0.3
General provision charged to income (notes 2 and 5)	–	0.3	1.1
Charge-offs	(0.2)	(0.2)	(0.2)
	1.7	0.5	1.2
At end of year – specific	3.9	2.2	2.0
At end of year – general	1.4	1.4	1.1
	5.3	3.6	3.1

Note 19 – Other assets

At March 31	2000 \$m	1999 \$m
Cost:		
Land and buildings	4.0	3.7
Fixtures, fittings and office equipment	5.0	4.3
Total cost	9.0	8.0
Less: total accumulated depreciation	(4.1)	(3.6)
Property, plant and equipment – net	4.9	4.4
Government of Belize securities	11.6	11.6
Other assets	5.4	4.6
	21.9	20.6

Total capital expenditures for the years ended March 31, 2000, 1999 and 1998 were \$1.2 million, \$0.4 million and \$0.5 million, respectively. Total depreciation expense for the years ended March 31, 2000, 1999 and 1998 was \$0.6 million, \$0.5 million and \$0.6 million respectively.

Government of Belize securities bear interest at 9 per cent per annum, are classified as being held-to-maturity, and are carried at cost which, as a result of the short-term maturity of these financial instruments, is approximately equal to their fair market value.

Note 20 – Short-term debt

At March 31	2000 \$m	1999 \$m
Bank and acceptance facilities (note 22)	32.9	14.9
Amounts due to related party (note 32(vi))	–	14.1
	32.9	29.0

Note 21 – Other current liabilities

At March 31	2000 \$m	1999 \$m
Accruals	15.7	6.6
Income taxes	3.5	5.8
State and local taxes	13.5	18.3
Restructuring reserves	5.5	11.1
Accrued acquisition costs	6.6	4.0
Other current liabilities	2.3	8.6
	47.1	54.4

Note 22 – Long-term debt

At March 31	2000 \$m	1999 \$m
Revolving credit facility	19.0	–

In March 2000, Carlisle Finance S.A., a wholly owned financing subsidiary of CHL incorporated in Luxembourg, entered into a new \$250 million bank credit agreement. The agreement has a term of four years expiring on March 30, 2004 and is guaranteed on an unconditional, unlimited and irrevocable joint and several basis by CHL and certain of its operating subsidiaries. The facility is also collateralized by a first priority lien on the capital stock of each guarantor, except CHL, and on certain other property and assets, including receivables, of each guarantor.

The amounts available under this multi-currency facility comprise (a) a \$225 million revolving credit facility, which is available for borrowing and reborrowing; and (b) a \$25 million short-term facility, which can be extended and/or transferred into a term loan. Both facilities can be used for (a) general working capital purposes; (b) letters of credit up to a maximum of \$90 million which are available for issuance and reissuance principally in respect of the Company's self-insurance program; and (c) permitted acquisitions, subject to certain conditions.

At March 31, 2000, \$110 million of the \$250 million facility was available to the Company, pending a syndication of the remaining balance, which is currently expected to be completed in July 2000.

At March 31, 2000, \$19.0 million was drawn down under the facility (all denominated in US dollars) together with letters of credit amounting to \$37.8 million with expiration dates up to and including January 2001. At March 31, 2000, letters of credit approximately reflected fair market value as a condition of their underlying purpose. The Company expects the counterparties to fully perform under the terms of the agreements. The estimated fair market value of long-term debt is considered by the Company to approximate its carrying value.

Amounts drawn under the terms of the facility bear interest at LIBOR plus a margin based upon an EBITDA leverage ratio of the Company.

The new bank credit agreement contains certain financial and operating covenants, including restrictions on certain of the Company's subsidiaries' ability to incur additional indebtedness, limitations on certain payments, including capital expenditure and dividends, and certain other financial covenants applicable to the Company, including a minimum debt to total shareholders' equity ratio, a minimum level of total shareholders' equity and a minimum interest coverage ratio. The agreement also contains a change in control clause, including a condition that Mr. Ashcroft shall continue to have an interest (directly or indirectly) in at least two-thirds of his March 30, 2000 shareholding in CHL.

The bank credit agreement also permits up to an additional \$30 million to be lent to the Company through non-collateralized short-term overdraft facilities, the effect of which is to reduce the amount available to the Company under the \$250 million facility. At March 31, 2000, two such overdraft facilities were in place (a) a \$10 million credit line to OneSource, of which \$9.0 million had been drawn; and (b) a \$17.5 million credit facility available to the Company's operations in the United Kingdom, of which \$9.9 million had been drawn. These drawn amounts are included in short-term debt at March 31, 2000 (note 20). The interest rates on these overdraft facilities are based on LIBOR plus a margin.

In January 1997, OneSource entered into a \$110 million bank credit agreement. The agreement had a term of three years expiring on December 31, 1999, but was terminated in May 1999 and replaced with a new facility. The initial facility was guaranteed on an unconditional, unlimited and irrevocable joint and several basis by Aaxis and certain of its subsidiaries. The facility was also collateralized by a first priority lien on the capital stock of OneSource and each guarantor (except Aaxis) and all property and assets of Aaxis, OneSource and each guarantor.

Amounts available under the initial facility comprised (a) a \$100 million letter of credit facility which was available for issuance and reissuance principally in respect of the Company's self-insurance program; and (b) a \$10 million revolving credit facility which was available for borrowing and reborrowing but which could also be utilized as a letter of credit facility.

At March 31, 1999, letters of credit amounting to \$77.5 million had been issued with expiration on December 31, 1999. At March 31, 1999, the letters of credit approximately reflected fair market value as a condition of their underlying purpose. At March 31, 1999, no amounts were drawn down under the revolving credit facility.

Amounts drawn under the letter of credit facility bore interest at 2.0 per cent per annum and any amounts undrawn bore interest at 1.0 per cent per annum.

Note 22 – Long-term debt (continued)

The initial bank credit agreement contained certain financial and operating covenants, including restrictions on certain of the Company's subsidiaries' ability to incur additional indebtedness, limitations on certain payments, including capital expenditure and dividends on the ordinary shares of Aaxis and OneSource, and certain other financial covenants applicable to Aaxis and OneSource, including a minimum debt to shareholder's equity ratio, a minimum level of adjusted shareholder's equity, a minimum interest coverage ratio, a minimum current ratio and a minimum level of earnings before interest and taxes.

In May 1999, OneSource entered into a new \$60 million (subsequently increased to \$80 million) bank credit agreement which was subsequently terminated in March 2000. The agreement had a term expiring on December 31, 2000 and was guaranteed on an unconditional, unlimited and irrevocable joint and several basis by CHL and certain of its operating subsidiaries. The facility was also collateralized by a first priority lien on the capital stock of each guarantor, except CHL, and on other property and assets, principally receivables, of OneSource and its subsidiaries. The amount available under this facility was available in the form of letters of credit issuable and reissuable principally in support of the Company's self-insurance program and in the form of direct borrowings.

Amounts drawn under the terms of the facility bore interest at 1.0 per cent per annum and any amounts undrawn bore a commitment fee of 0.375 per cent per annum.

The bank credit agreement contained certain financial and operating covenants, including restrictions on certain of the Company's subsidiaries' ability to incur additional indebtedness, limitations on certain payments by OneSource and its subsidiaries, and certain other financial covenants including a minimum interest coverage ratio, a minimum receivables coverage ratio and a minimum debt service ratio applicable to OneSource, together with a minimum shareholders' equity covenant applicable to the Company.

Note 23 – Insurance reserves

At March 31	2000 \$m	1999 \$m
Current portion	19.4	23.8
Long-term portion	63.0	72.9
	82.4	96.7

The Company is self-insured for workers' compensation, general liability and automobile liability coverage. However, the Company has umbrella insurance coverage for certain risk exposures subject to specified limits. Estimated actuarially calculated liabilities and provisions under self-insurance programs are based upon historical loss experience, and are recorded at the net present value of the estimated obligations. The discount rate used to calculate the net present value is the estimated risk free rate for investments with maturities matching the anticipated payment pattern of the obligations. The discount rate used to estimate the liability at March 31, 2000 was 5.0 per cent (1999 – 5.0 per cent). The discount amortization charged in the consolidated statements of income for the years ended March 31, 2000, 1999 and 1998 was \$4.0 million, \$6.0 million and \$6.0 million, respectively. The independent actuarial valuations were carried out by William M. Mercer, Incorporated. In connection with certain self-insurance agreements, at March 31, 2000 the Company had letters of credit supporting the estimated liability in the amount of \$34.0 million (1999 – \$73.4 million) (note 22), and had issued guarantor bonds in the amount of \$30.6 million (1999 – nil) (note 29).

Note 24 – Other long-term liabilities

At March 31	2000 \$m	1999 \$m
Pensions (note 31)	–	1.3
Deferred compensation (note 31)	3.8	2.4
Other long-term liabilities	12.7	16.5
	16.5	20.2

Note 25 – Deposits

At March 31	2000 \$m	1999 \$m
Certificates of deposit	98.3	96.4
Demand deposits	53.0	43.2
Savings deposits	34.6	30.6
	185.9	170.2

The maturity distribution of certificates of deposit of \$0.1 million or more was as follows:

At March 31	2000 \$m	1999 \$m
3 months or less	42.1	50.1
Over 3 and to 6 months	8.2	6.0
Over 6 and to 12 months	5.7	2.1
Deposits less than \$0.1 million	42.3	38.2
	98.3	96.4

Included in certificates of deposit at March 31, 2000 was \$17.3 million (1999 – \$17.4 million) of certificates of deposit denominated in US dollars. Included in demand deposits at March 31, 2000 was \$20.5 million (1999 – \$19.1 million) of demand deposits denominated in US dollars.

As a result of the short-term maturity of these financial instruments their carrying value is considered by the Company to approximately equal their fair market value.

Note 26 – Short-term debt

At March 31	2000 \$m	1999 \$m
Loan from Citibank, N.A. with interest at 7.0 per cent per annum, collateralized – repaid in July 1999	–	3.2
Loan from Dresdner Bank Lateinamerika AG with interest at 7.125 per cent per annum, non-collateralized – repaid in December 1999	–	2.0
	–	5.2

Note 27 – Other liabilities

At March 31	2000 \$m	1999 \$m
Accounts payable	0.5	0.9
Restructuring reserves	0.2	0.3
Accruals and other liabilities	5.4	3.0
	6.1	4.2

Note 28 – Long-term debt

At March 31	2000 \$m	1999 \$m
Non-collateralized loans due to the Central Bank of Belize under the Caribbean Basin Initiative program: Repayable over 15 years in equal monthly installments with interest at 6 per cent per annum, commencing July 1988	0.1	0.2
Repayable over 15 years in equal monthly installments with interest at 6 per cent per annum, commencing August 1989	0.2	0.2
	0.3	0.4

Note 28 – Long-term debt (continued)

The maturities and installments with respect to long-term debt for each of the years subsequent to March 31, 2000 are as follows:

	\$m
2001	0.1
2002	0.1
2003	0.1
	0.3

Note 29 – Commitments and contingencies*Facilities and staffing services*

(i) The Company leases land, buildings, motor vehicles and other equipment under various contracts. The future total minimum rental payments required under operating leases that have remaining non-cancellable lease terms in excess of one year at March 31, 2000 are as follows:

	\$m
2001	10.4
2002	8.6
2003	6.5
2004	5.0
2005	6.2
Thereafter	5.8
	42.5

The net operating lease rental charge for the years ended March 31, 2000, 1999 and 1998 included in the consolidated statements of income was \$9.7 million, \$7.4 million and \$13.1 million, respectively.

(ii) Financial instruments which potentially subject the Company to concentrations of credit risk principally consist of cash and cash equivalents and trade receivables. The Company places its cash and cash equivalents with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Company's trade receivables primarily result from its core businesses and reflects a broad customer base. Credit limits, ongoing credit evaluation and account monitoring procedures are utilized to minimize the risk of loss. As a consequence, concentrations of credit risk are considered to be limited.

(iii) At March 31, 2000, the Company had issued guarantor surety, performance and other bonds of \$60.0 million (1999 – \$25.1 million), of which \$30.6 million (1999 – nil) related to the Company's self-insurance arrangements (note 23).

(iv) The Company is a defendant in a number of pending legal and other proceedings incidental to present and former operations, acquisitions and dispositions. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on the consolidated results of operations and cash flows or the consolidated financial position of the Company.

Financial services

The Bank is a party to financial instruments with off-balance-sheet risks in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. The Bank grants short-term credit facilities to customers for periods of up to twelve months generally to meet customers' working capital requirements. These facilities are repayable on demand and are subject to review at any time. In practice, such reviews are carried out at periodic intervals agreed with the customer. Outstanding commitments to extend credit at March 31, 2000 amounted to \$23.0 million (1999 – \$19.9 million).

Since many of the commitments are expected to expire without being drawn upon in full, and because of the fluctuating aspect of the facilities, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required by the Bank for the extension of credit is based on the Company's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The terms of such guarantees do not normally exceed more than one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds similar collateral to that held for the short-term facilities described above and such commitments are generally fully collateralized. Outstanding standby letters of credit and financial guarantees written at March 31, 2000 amounted to \$1.2 million (1999 – \$0.7 million).

Note 30 – Share capital

At March 31	2000 \$m	1999 \$m	1998 \$m
Authorized			
Ordinary shares:			
300,000,000 shares of no par value (1999 – 300,000,000; 1998 – 296,994,000)	–	–	–
A Ordinary shares:			
nil shares of \$0.01 each (1999 – nil; 1998 – 3,006,000)	–	–	–
Preference shares:			
14,000,000 shares of \$1.00 each (1999 – 14,000,000; 1998 – 14,000,000)	14.0	14.0	14.0
Total authorized	14.0	14.0	14.0
Issued and outstanding			
Ordinary shares:			
61,765,820 shares of no par value (1999 – 60,666,672; 1998 – 35,959,557)	0.6	0.6	0.3
A Ordinary shares:			
nil shares of \$0.01 each (1999 – nil; 1998 – 2,967,600)	–	–	–
Total issued and outstanding	0.6	0.6	0.3

In June 1999, CHL converted all of its authorized and issued outstanding ordinary shares of \$0.01 each into ordinary shares of no par value.

In May 1999, CHL effected a three for one stock split under the terms of which shareholders of CHL each received two new ordinary shares of CHL for every one ordinary share then held. In connection with this stock split, CHL issued 22,488,546 new ordinary shares. All numbers within the consolidated financial statements have been restated to effect the aforementioned stock split.

In February 1999, the A ordinary shareholders of CHL approved an amendment to CHL's memorandum of association to afford full voting rights to holders of all ordinary shares. Subsequently, the holders of all A ordinary shares elected to convert their holdings of A ordinary shares into ordinary shares on a one-for-one basis. As a result, each issued and outstanding A ordinary share of CHL was converted into one issued and outstanding ordinary share of CHL and each authorized A ordinary share was converted into one authorized ordinary share.

Note 30 – Share capital (continued)

In January 1998, CHL approved an increase in CHL's authorized share capital to \$14.0 million; an increase in the number of authorized ordinary shares of CHL to 300,000,000; the sub-division of each authorized but unissued preference share of CHL of \$100 each into one hundred authorized but unissued preference shares of \$1.00 each; and an increase, following the sub-division, in the number of authorized preference shares of \$1.00 each from 10,000,000 to 14,000,000.

The movement in issued and outstanding shares since April 1, 1997 has been as follows:

	Ordinary shares Number	A Ordinary shares Number
At April 1, 1997 (as previously reported)	21,996,870	2,967,600
As-if pooling of interests with Carlisle (notes 1 and 3)	5,718,783	–
At April 1, 1997 (as restated)	27,715,653	2,967,600
Stock dividend (i)	238,080	–
Shares issued (ii)	8,005,824	–
At March 31, 1998	35,959,557	2,967,600
Shares issued (iii)	21,739,515	–
Conversion (iv)	2,967,600	(2,967,600)
At March 31, 1999	60,666,672	–
Shares issued (v)	1,099,148	–
At March 31, 2000	61,765,820	–

(i) A stock dividend with a cash option of \$0.08 was paid on September 2, 1997 to shareholders on the register on August 8, 1997 on the basis of one new ordinary share for every 86 ordinary shares then held, resulting in an issue of 238,080 ordinary shares in CHL.

(ii) The shares issued comprise (a) 2,728,911 ordinary shares to Page Investments, Inc. ("Page") following the exchange in December 1997 of Series I warrants held by Page in Aaxis for an aggregate cash consideration of \$7.3 million (note 32(iv)); (b) 3,141,855 ordinary shares to the convertible loan note holder, Guardian Consolidated, Inc., a company incorporated in the British Virgin Islands, in Aaxis; (c) 1,855,533 ordinary shares to the minority shareholders in Aaxis; and (d) 279,525 ordinary shares on exercise of share options for an aggregate cash consideration of \$1.8 million.

(iii) The shares issued comprise (a) 6,178,786 ordinary shares in connection with the acquisition of Carlisle Group, which included 1,976,166 and 815,963 ordinary shares issued to Portland and to Mr. N.W. Wray (a director of CHL) and his family trusts in exchange for their respective holdings of shares in Carlisle Group (note 15); (b) 2,716,589 ordinary shares in connection with the acquisition of Capitol Group, which included 1,541,041 ordinary shares issued to Strand Associates Limited in exchange for its holding of shares in Capitol Group (note 15); (c) 10,989,121 ordinary shares in connection with an open offer to raise \$82.5 million in cash before expenses at a price of £4.55 per share, in order to finance the cash element of the consideration for the acquisition of Carlisle Group and Capitol Group and to provide funding for the future development and expansion of the Company. 7,690,228 ordinary shares were issued to Portland under the terms of a subscription agreement representing a total subscription price of approximately \$57.8 million. Mr. Ashcroft guaranteed Portland's obligations under the agreement. 3,298,893 ordinary shares were offered to certain shareholders and warrant holders of Carlisle Group. To the extent that any ordinary shares were not taken-up under the said offer, Portland agreed to subscribe, or to procure subscribers, for such ordinary shares. Mr. Ashcroft guaranteed Portland's obligations under the agreement. In total, 1,197,209 ordinary shares were issued to certain shareholders and warrant holders of Carlisle Group, 857,770 ordinary shares were issued to Portland and 1,243,914 ordinary shares were issued to subscribers procured by Portland, at a total subscription price of approximately \$24.7 million; (d) 729,698 ordinary shares in connection with the acquisition of Abacus (note 15); and (e) 1,124,046 ordinary shares on exercise of share options and warrants for an aggregate cash consideration of \$4.7 million, and 1,275 ordinary shares issued for other purposes.

(iv) The 2,967,600 A ordinary shares were converted into ordinary shares in February 1999.

(v) The shares issued comprise (a) 1,098,604 ordinary shares to Portland in June 1999, in satisfaction of the deferred consideration due to Portland in respect of an acquisition made by Carlisle in July 1998; and (b) 544 ordinary shares on exercise of the 1996 warrants.

Warrants to purchase ordinary shares:

In February 1995, Aaxis issued to Page 2,728,911 Series I warrants to subscribe for ordinary shares in Aaxis, each warrant to be exchangeable for one ordinary share at a subscription price of \$2.67 and to be exercisable at any time up to December 31, 1997, and 1,362,000 Series II warrants to subscribe for ordinary shares in Aaxis, each warrant to be exchangeable for one ordinary share at a subscription price of \$2.67 if exercised on or before December 31, 1997, \$2.93 if exercised between January 1, 1998 and December 31, 1998, and \$3.23 if exercised between January 1, 1999 and December 31, 1999.

The Series I warrants were exchanged by Page in December 1997 for 2,728,911 ordinary shares of Aaxis for an aggregate cash consideration of \$7.3 million, and subsequently in February 1998 such shares were exchanged for ordinary shares in CHL (note 32(iv)). The Series II warrants were assumed by CHL in February 1998, in consideration for the issue by CHL to Page of a warrant to purchase 1,362,000 CHL ordinary shares on terms and conditions substantially identical to the terms and conditions of the Series II warrants (note 32(iv)). The Series II warrants were exercised on December 31, 1999 for an aggregate cash consideration of \$4.4 million and the ordinary shares were issued by CHL out of treasury shares.

1998 Shareholder Warrants

(a) In consideration for Portland entering into the subscription agreement referred to above, Carlisle agreed to issue to Portland a series of warrants to subscribe for 7,690,228 ordinary shares in Carlisle at a price of £4.55 per share, exercisable at any time up to October 28, 2003.

(b) At the time of the acquisition of Carlisle Group by Carlisle in October 1998, Carlisle Group had outstanding a series of 2,548,282 deferred subscription rights, exercisable at any time up to June 24, 2001 at a price of £4.55 per share. The subscription rights were held by Portland. Portland agreed to cancel those rights in consideration of the grant to Portland by Carlisle of rights in respect of the same number of ordinary shares in Carlisle and on substantially the same terms.

Upon the acquisition of Carlisle by CHL in June 1999, Portland agreed to the cancellation of the warrants and deferred subscription rights referred to above in consideration of the grant to them by CHL of warrants and deferred subscription rights to subscribe for the same number of CHL's ordinary shares on substantially the same terms.

To date, none of the warrants or deferred subscription rights have been exercised.

1996 Shareholder Warrants

At the time of the acquisition of Carlisle Group by Carlisle in October 1998, Carlisle Group had outstanding a series of 922,802 warrants (the 1996 warrants) to subscribe for the same number of ordinary shares in Carlisle Group. The warrants are exercisable at a price of £4.55 per share at any time up to June 24, 2001. Under revised terms Carlisle immediately acquired the ordinary shares issued by Carlisle Group on exercise of the warrants and issued to the warrant holder the equivalent number of ordinary shares in Carlisle.

In February 1999, Carlisle offered to acquire all of the outstanding warrants on the following basis: for every five warrants (accompanied by the payment of the exercise price of £4.55 per warrant), six ordinary shares in Carlisle. As a result of this warrant offer, 334,043 warrants were exchanged into 400,849 ordinary shares in Carlisle.

During the year ended March 31, 2000, 2,041 (1999 – 11,614) warrants were exercised. At March 31, 2000, 575,104 (1999 – 577,145) warrants remain outstanding, of which 163,194 are held by Mr. Wray and his family trusts.

Upon the acquisition of Carlisle by CHL in June 1999, the 1996 warrant holders agreed to a revision of the terms whereby CHL immediately acquires the ordinary shares issued by Carlisle Group on exercise of the warrants and issues to the warrant holder the equivalent number of ordinary shares in CHL.

Note 30 – Share capital (continued)**1994 Shareholder Warrants**

At the time of the acquisition of Carlisle Group by Carlisle in October 1998, Carlisle Group had outstanding a series of 120,767 warrants (the 1994 warrants) to subscribe for the same number of ordinary shares in Carlisle Group. Each of the holders of the said warrants agreed to the cancellation of the warrants in consideration of the grant to them by Carlisle of warrants to subscribe for the same number of Carlisle's ordinary shares on substantially the same terms.

(a) Accordingly, one holder was issued 27,847 warrants to subscribe for ordinary shares in Carlisle at prices between £7.93 and £13.67 per share, all of which were exercisable at any time up to February 7, 1999. The said holder exercised 6,967 warrants prior to February 7, 1999 at an exercise price of £7.93 per share. The remaining 20,880 warrants lapsed in February 1999 in accordance with their terms.

(b) The other holder was issued 92,920 warrants to subscribe for ordinary shares in Carlisle, all of which are exercisable at any time up to February 7, 2004.

Number of warrants	Exercise price (if exercised by June 24, 2001)	Exercise price (if exercised after June 24, 2001)
23,230	£7.93	£8.61
23,230	£9.37	£10.33
23,230	£10.81	£12.06
23,230	£13.67	£15.50

Upon the acquisition of Carlisle by CHL in June 1999, the holder of the aforementioned 1994 warrants agreed to the cancellation of the warrants in consideration of the grant to the warrant holder by CHL of warrants to subscribe for the same number of CHL's ordinary shares on substantially the same terms.

To date, none of the warrants have been exercised.

Preference Shares:

In December 1997, CHL determined that, subject to the passing of the necessary resolution to sub-divide the preference shares into par value \$1.00 each, 0.5 million preference shares of \$1.00 each be designated as Series A preference shares pursuant to the Shareholder Rights Agreement referred to below, which have been reserved for issuance upon exercise of the said rights.

In January 1998, CHL approved the sub-division of each authorized but unissued preference share of CHL of \$100 each, into one hundred authorized but unissued preference shares of \$1.00 each. 0.5 million preference shares are designated as Series A preference shares in accordance with the Shareholders Rights Agreement referred to below, and the rights attaching to the balance of 13.5 million preference shares, none of which are issued and outstanding, as to designation, dividends, return of capital, redemption, conversion, voting and otherwise shall be determined by the board of directors of CHL on or before the time of allotment.

In December 1997, CHL adopted a Shareholder Rights Agreement (the "Agreement") which became effective in February 1998. Under the Agreement, each CHL ordinary shareholder received a distribution of one right for each CHL ordinary share held. In May 1999, CHL resolved that, as a result of the three for one stock split, the number of rights associated with each ordinary share in issue be adjusted from one to one-third.

Each right entitles the holder to purchase from CHL shares of a new series of A preference shares at an initial purchase price of \$90 per one hundredth of a Series A preference share. The rights will become exercisable and will detach from the ordinary shares a specified period of time after any person becomes the beneficial owner of 15 per cent or more of CHL's ordinary shares, or commences a tender or exchange offer which, if consummated, would result in any person becoming the beneficial owner of 15 per cent or more of CHL's ordinary shares. The rights did not become exercisable on account of any person being the beneficial owner of 15 per cent or more of CHL's ordinary shares when the Agreement was adopted, but become exercisable if such a person increases their beneficial ownership after that time.

If any person becomes the beneficial owner of 15 per cent or more of CHL's ordinary shares, or if any person who was already the beneficial owner of 15 per cent or more of CHL's ordinary shares when the Agreement was adopted increases their beneficial ownership, each right will enable the holder, other than the acquiring person, to purchase, for the rights purchase price, CHL ordinary shares having a market value of twice the rights purchase price.

If, following an acquisition of 15 per cent or more of CHL's ordinary shares, CHL is involved in any merger, or other business combination, or sells or transfers more than 50 per cent of its assets or earnings power, each right will entitle the holder to purchase, for the rights purchase price, ordinary shares, of the other party to such transaction, having a market value of twice the rights purchase price.

CHL may redeem all of the rights at a price of \$0.01 per right at any time prior to the specified period of time after a person has become the beneficial owner of 15 per cent or more of CHL's ordinary shares. The rights will expire in December 2007 unless exercised or redeemed earlier. The holders of the rights have no rights as a shareholder of CHL, including the right to vote and to receive dividends.

The movement in treasury shares, at cost, held since April 1, 1997 has been as follows:

	Number	\$m
At April 1, 1997	558,387	2.8
Purchase (i)	1,381,668	6.1
Disposal (ii)	(596,517)	(3.9)
At March 31, 1998	1,343,538	5.0
Purchase (iii)	325,647	3.0
Disposal (iv)	(171,429)	(0.8)
At March 31, 1999	1,497,756	7.2
Purchase	2,825,366	29.5
Disposal (v)	(2,146,721)	(17.8)
At March 31, 2000	2,176,401	18.9

(i) The purchase of treasury shares included 940,794 ordinary shares from ISS A/S (note 32(v)) for an aggregate consideration of \$2.0 million.

(ii) The disposal of treasury shares included 507,000 ordinary shares issued to certain directors and officers of CHL for an aggregate consideration of \$3.2 million.

(iii) The purchase of treasury shares included 88,500 ordinary shares returned by certain officers of CHL on their resignation.

(iv) The disposal of treasury shares comprises 171,429 ordinary shares issued as consideration for acquisitions (note 15).

(v) The disposal of treasury shares comprises (a) 1,362,000 ordinary shares issued to Page on exercise of the Series II warrants for an aggregate cash consideration of \$4.4 million; (b) 1,497 ordinary shares issued on exercise of the 1996 warrants; (c) 781,115 ordinary shares issued on exercise of share options for an aggregate consideration of \$3.4 million, of which \$1.7 million was received in cash and \$1.7 million in collateralized loan notes (note 12); and (d) 2,109 ordinary shares issued for other purposes.

The Company has, from time to time, utilized surplus available funds to purchase treasury shares at times when shares have become available at a share price which represented an attractive purchase opportunity. Certain of the treasury shares have been subsequently reissued to finance acquisitions or satisfy the exercise of warrants and share options.

Note 30 – Share capital (continued)

CHL has granted employee share options which are issued under a number of fixed share option plans and schemes which reserve ordinary shares for issuance to the Company's executives, officers and key employees. The majority of options have been granted under the CHL 1997 Long-Term Incentive Plan (the "Incentive Plan"). The Incentive Plan is administered by a committee of the board of directors of CHL. Options are generally granted to purchase CHL ordinary shares at prices which equate to or are above the market price of the ordinary shares on the date the option is granted. Conditions of vesting are determined at the time of grant but options are generally vested and become exercisable for a period of between three and ten years from the date of grant, and all have a maximum term of ten years. As part of the merger with and acquisition of Aaxis (note 32(iv)), in March 1998 CHL assumed the options previously granted by Aaxis to certain members of OneSource management. As part of the merger with and acquisition of Carlisle (notes 1 and 3), in June 1999 CHL assumed the options previously granted by Carlisle to certain of its officers and employees.

	Number of share options	Weighted average exercise price	Weighted average market price	Estimated weighted average fair value at date of grant
Outstanding at April 1, 1997	1,538,325	\$6.09		
Granted at market price	1,137,996	\$10.06	\$10.06	\$1.94
Granted at more than market price	2,276,004	\$12.56	\$10.06	\$1.41
Total granted – fiscal 1998	3,414,000	\$11.73	\$10.06	\$1.59
Assumed on acquisition of Aaxis	1,157,925	\$3.01		
Exercised – fiscal 1998	823,134	\$5.93		
Cancelled – fiscal 1998	319,836	\$7.21		
Outstanding at March 31, 1998	4,967,280	\$9.20		
Granted at market price	108,000	\$10.00	\$10.00	\$2.96
Granted at more than market price	216,000	\$12.50	\$10.00	\$2.19
Total granted – fiscal 1999	324,000	\$11.67	\$10.00	\$2.45
Exercised – fiscal 1999	523,170	\$3.51		
Lapsed – fiscal 1999	2,430,585	\$10.71		
Outstanding at March 31, 1999	2,337,525	\$9.24		
Granted at market price	63,500	\$11.67	\$11.67	\$3.93
Granted at more than market price	113,000	\$14.17	\$11.67	\$2.91
Total granted – fiscal 2000	176,500	\$13.27	\$11.67	\$3.28
Assumed on acquisition of Carlisle	756,084	\$8.03		
Exercised – fiscal 2000	781,115	\$4.37		
Lapsed – fiscal 2000	737,035	\$10.68		
Outstanding at March 31, 2000	1,751,959	\$10.69		

At March 31, 2000 Range of exercise prices	Options outstanding		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life
\$4.82 to \$9.99	467,578	\$7.01	1.8 years
\$10.00 to \$13.32	772,395	\$10.93	3.1 years
\$13.33 to \$19.36	511,986	\$13.69	3.3 years
	1,751,959	\$10.69	2.8 years

Options outstanding at March 31, 2000 included 47,460 options currently exercisable at a weighted average exercise price of \$7.62 each.

Statement of Financial Accounting Standards No. 123 – Accounting for Stock-Based Compensation ("SFAS 123"), allows companies to measure compensation cost in connection with share option plans and schemes using a fair value based method, or to continue to use the intrinsic value based method which generally does not result in a compensation cost. The Company has decided to continue to use the intrinsic value based method and no compensation cost has been recorded. Had the fair value based method been adopted consistent with the provisions of SFAS 123, the

Company's proforma net income (loss) and proforma earnings per ordinary share would have been as follows:

Year ended March 31	2000	1999	1998
Net income (loss) – proforma	\$55.7m	\$23.7m	\$(4.0)m
Basic earnings per ordinary share – proforma	\$0.97	\$0.56	\$(0.13)
Diluted earnings per ordinary share – proforma	\$0.89	\$0.52	\$(0.13)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Year ended March 31	2000	1999	1998
Expected stock price volatility	29.0 per cent	26.0 per cent	20.0 per cent
Risk-free interest rate	4.3 per cent	4.5 per cent	5.6 per cent
Expected dividend yield	nil per cent	nil per cent	nil per cent
Expected life of options	3.0 years	3.0 years	3.0 years

The effects of applying SFAS 123 in these proforma disclosures are not indicative of future amounts, although additional awards in future years are anticipated.

Note 31 – Pensions and other plans

OneSource operates a non-contributory, funded, defined benefit pension plan covering substantially all of its non-union employees. Benefits are provided based upon a formula, as defined in the plan documentation, using an employee's length of service and average compensation. Effective April 1989, OneSource elected to freeze the plan, whereby no additional benefits are earned by plan members. The net pension (income) expense included the following components:

Year ended March 31	2000 \$m	1999 \$m	1998 \$m
Interest cost on projected benefit obligations	0.6	0.6	0.7
Expected return on plan assets	(0.7)	(0.6)	(2.1)
Net amortization and deferral	–	0.1	1.6
Net pension (income) expense	(0.1)	0.1	0.2

The following table sets forth the actuarial present value of projected benefit obligations and funded status of the plan.

Year ended March 31	2000 \$m	1999 \$m
Changes in benefit obligations:		
At beginning of year	9.5	9.9
Interest cost	0.6	0.6
Benefits paid	(1.8)	(1.0)
Actuarial movement	(0.3)	–
At end of year	8.0	9.5
Changes in plan assets:		
At beginning of year	8.2	7.6
Actual return on plan assets	1.0	0.9
Employer contributions	1.0	0.7
Benefits paid	(1.8)	(1.0)
At end of year	8.4	8.2
Funded status:		
Plan assets in excess of projected benefit obligations	0.4	(1.3)
Unrecognized net gain	1.0	1.7
Unrecognized prior service costs	(0.4)	(0.4)
Minimum pension liability	–	(1.3)
Net pension asset (liability) (notes 16 and 24)	1.0	(1.3)
Benefit cover	105%	86%

The actuarial assumptions for the expected long-term rate of return on plan assets and weighted average discount rate used in determining the actuarial present value of accumulated benefit obligations for 2000 were 8.5 per cent and 7.25 per cent, respectively (1999 – 8.5 per cent and 7.25 per cent, respectively). The independent actuarial valuations were carried out by WTR Consulting Group, using the projected unit credit method of calculation.

Note 31 – Pensions and other plans (continued)

OneSource also has a defined contribution pension plan which has adopted the salary deferral provisions of Section 401(k) of the United States Internal Revenue Code (IRC). Non-union employees with at least one year qualified service may participate in the plan by contributing up to 15 per cent of their salary to a maximum amount set by the IRC. OneSource makes matching contributions equal to 50 per cent of each participant's elective contributions, to a maximum of 1.5 per cent of eligible compensation, for employees with at least two years of qualified service. During the years ended March 31, 2000, 1999 and 1998, OneSource made matching contributions of \$0.9 million, \$0.7 million and \$0.4 million, respectively.

OneSource also has a non-qualified, funded deferred compensation plan for certain employees not eligible to participate in the defined contribution plan described above. Under this plan, such individuals may elect to defer payment of salary and bonus on a pre-tax basis. The deferral must total at least one per cent of the participant's eligible compensation for each plan year in order to participate in the plan, up to a maximum of 30 per cent of such compensation, or such smaller percentage as may be established by OneSource. OneSource makes matching contributions equal to 50 per cent of each participant's elective contributions to a maximum of 5 per cent of the participant's eligible compensation. During the years ended March 31, 2000, 1999 and 1998, OneSource made matching contributions of \$0.3 million, \$0.5 million and \$0.1 million, respectively. Included in other long-term liabilities at March 31, 2000 was \$3.8 million (1999 – \$2.4 million) (note 24) for these accumulated obligations.

OneSource also participates in several multi-employer defined contribution and defined benefit pension plans covering substantially all union employees. During the years ended March 31, 2000, 1999 and 1998, OneSource made contributions of \$9.3 million, \$7.5 million and \$8.5 million, respectively, to these plans.

The Company operates various defined contribution pension plans in the United Kingdom which cover a number of salaried employees of the facilities services and staffing services operations. In general, the plans provide benefits at normal retirement age based on a participant's individual accumulated fund including any additional voluntary contributions. The Company's pension contribution expense for the years ended March 31, 2000, 1999 and 1998 amounted to \$0.5 million, \$0.6 million and \$0.3 million, respectively.

Note 32 – Related party transactions

(i) In January 1997, Aaxis acquired from ISS-International Service System A/S, a listed company incorporated in Denmark, ("ISS A/S") all of the issued and outstanding common shares of OneSource for a purchase price of \$1 in cash. In a separate transaction, ISS A/S assigned a promissory note receivable from OneSource to Aaxis in exchange for the assumption by Aaxis of certain obligations and liabilities of ISS A/S, arising in connection with OneSource, and the issuance to ISS A/S of 940,794 ordinary shares of Aaxis. ISS A/S provided a \$17.0 million guarantee to OneSource's insurance carrier in support of OneSource's self-insurance program which, during the year ended March 31, 1998, was subsequently reduced to nil and cancelled by agreement. During the life of the guarantee, Aaxis provided ISS A/S with an indemnity to cover any losses suffered by ISS A/S in connection with this guarantee. As part of the transaction, the parties also entered into a co-operation and license agreement with ISS A/S which provided, amongst other things, for OneSource to continue to operate under the "ISS" name for a limited period of time.

(ii) In connection with the purchase of OneSource by Aaxis in January 1997 and the bank credit agreement entered into at the same time (note 22), Mr. Ashcroft pledged to The Bank of Nova Scotia certain freely tradable securities owned by him having a market value of at least \$37.5 million as security for the performance of certain covenants given and obligations assured by Mr. Ashcroft in connection with the provision of this credit facility. This arrangement was terminated in May 1999.

In May 1999, in connection with certain insurance arrangements provided by insurers to the Company, Mr. Ashcroft pledged for the benefit of these insurers certain freely tradeable securities owned by him having a market value of \$34.8 million as security for certain insurance payment obligations of the Company. This arrangement was terminated in August 1999.

(iii) In October 1997, OneSource acquired the whole of the issued share capital of ADT Aviations, Inc. (since renamed OneSource Aviation, Inc.), whose only asset comprised an owned and operated private airplane, for an aggregate cash consideration of \$3.5 million. Prior to acquisition, ADT Aviations, Inc. was a wholly owned subsidiary of Tyco International Ltd., a listed company incorporated in Bermuda of which Mr. Ashcroft is a director and shareholder.

(iv) In February 1998, CHL completed the purchase of 5,308,854 ordinary shares in Aaxis, which represented the entire controlling interest in Aaxis held by Page. The consideration was one new CHL ordinary share for each Aaxis ordinary share which resulted in the issue to Page of 5,308,854 CHL ordinary shares, which included 2,728,911 CHL ordinary shares issued in respect of the Series I warrants (note 30). Page was a company incorporated in Belize which was beneficially owned by a family trust of Mr. Ashcroft, in which Mr. Ashcroft is beneficially interested. The non-controlling minority interest in Aaxis was acquired by CHL in February 1998 and March 1998. A total of 4,997,388 CHL ordinary shares were issued to minority shareholders in Aaxis (note 30), together with a payment of \$4.6 million in cash. In March 1998, CHL completed the acquisition of, and merger with, Aaxis. As part of the aforementioned transactions, CHL agreed to assume Series II warrants held by Page in Aaxis, which were subsequently exercised in December 1999, and certain share options held by OneSource management in Aaxis (note 30).

(v) In February 1998, Aaxis entered into settlement arrangements with ISS A/S, regarding certain outstanding issues relating to the purchase of OneSource by Aaxis and connected matters. As part of these arrangements it was agreed that the 940,794 ordinary shares of Aaxis (note 30) issued to ISS A/S in January 1997 would be purchased by a subsidiary of Aaxis for the sum of \$2.0 million payable to ISS A/S on or before June 1, 1998.

(vi) During the year ended March 31, 1999, Banana Limited, a company controlled by Mr. Ashcroft, provided loans to the Company, principally to fund acquisitions, of \$9.7 million and \$4.0 million in November 1998 and March 1999, respectively. The balance outstanding at March 31, 1999 (including accrued interest of \$0.4 million) was \$14.1 million (note 20). During the year ended March 31, 2000 interest of \$0.2 million was charged on these loans. Both loans together with all accrued interest were repaid by the Company during the year ended March 31, 2000.

Market Information

Carlisle Holdings Limited ordinary shares are currently traded in the Over-the-Counter Market and quoted on The NASDAQ National Market in the United States under the symbol “CLHL” and on the Alternative Investment Market of the London Stock Exchange in the United Kingdom (“AIM”) under the symbol “CLH”. The table opposite sets forth the quarterly high and low reported prices of the ordinary shares in US dollars (source: Bloomberg).

	Range of ordinary share prices	
	High	Low
Fiscal 1999		
First Quarter	\$15 ⁴⁵ / ₆₄	\$12 ⁵ / ₆₄
Second Quarter	11 ⁴³ / ₆₄	7 ²¹ / ₆₄
Third Quarter	11 ³⁵ / ₆₄	8 ⁷ / ₆₄
Fourth Quarter	9 ⁷ / ₈	8 ³⁷ / ₆₄
Fiscal 2000		
First Quarter	\$14 ⁷ / ₈	\$ 8 ⁷ / ₈
Second Quarter	14 ⁷ / ₁₆	10 ¹ / ₄
Third Quarter	13 ¹ / ₄	8 ³¹ / ₃₂
Fourth Quarter	13	6 ³ / ₄

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Directors**Sir Michael A Ashcroft***Chairman*

Chairman of the Michael A Ashcroft Foundation. Formerly Chairman and Chief Executive Officer of ADT Limited (1977 to 1997), now known as Tyco International Ltd., a company listed on the New York Stock Exchange. Currently a non-executive director of Tyco International Ltd. He was Belize's Permanent Representative to the United Nations until April 2000. Treasurer of the Conservative and Unionist Party in the UK. Chairman of Trustees for a number of UK charities – Crimestoppers Trust, Industry in Education, Prospect Education (Technology) Trust. In March 2000, he was appointed as a life peer in the British House of Lords (effective by December 2000) and in June 2000 he was awarded a Knighthood (KCMG – Knight Commander of the Order of St. Michael and St. George) for public service to the community and country of Belize.

Sir Edney Cain*Non-Executive Director**Member of the Audit Committee*

Sir Edney Cain is now in retirement after a distinguished career in the public service in Belize, which included positions as Financial Secretary to the Government of Belize, Governor of the Central Bank of Belize and Belize High Commissioner to the UK.

David Hammond*Deputy Chairman and Chairman of the Executive Committee**Member of the Audit Committee*

Mr Hammond is Chairman of BCA Holdings Limited. He was previously Deputy Chairman of ADT Limited from 1989 to 1996 and Director and Chairman of the Audit Committee of American Medical Response Inc. from 1993 to 1997. Member of the Competition Commission in the UK since 1995. Mr Hammond, who is a Chartered Accountant, has over 30 years experience in the services industry.

Emory King*Non-Executive Director*

Mr King is now in semi-retirement after a career in insurance and real estate. He is presently involved in publishing, printing and public relations. He is also a Justice of the Peace in Belize.

Ian Pluthero*Executive Director and Chief Executive Officer**Member of the Executive Committee*

Mr Pluthero has been an Executive Director and the Chief Executive Officer of Carlisle Holdings Limited since 1999. He has previously held a number of senior positions in industry, both in the USA and Europe, including operating and financial roles at Grand Metropolitan Group, Pepsico and Gateway 2000 Inc.

John Searle*Non-Executive Director**Member of the Audit Committee*

Mr Searle is Chairman and Managing Director of Belize Global Travel Services Limited which carries on the business of a travel agency and tourism.

Edward Turner*Non-Executive Director*

Mr Turner is Chairman of OneSource. His previous experience included positions as President and Chief Executive Officer of Oxford Building Services, Inc. and ADT Maintenance, Inc. Mr Turner has over 27 years experience in the facilities and services industry.

Nigel Wray*Non-Executive Director*

Mr Wray is Chairman of Burford Holdings PLC in the United Kingdom. He also holds a number of other executive and non-executive directorships.

Officers**Peter Gaze***Executive Vice President and Chief Financial Officer**Member of the Executive Committee*

Peter Gaze has been Executive Vice President and Chief Financial Officer of Carlisle Holdings Limited since 1998. He is a Fellow of the Institute of Chartered Accountants in England and Wales, having trained with the international accounting firm of PricewaterhouseCoopers in London. Prior to joining Carlisle, Mr Gaze was the Group Financial Controller of ADT Limited from 1990 to 1997.

Philip Osborne*Company Secretary*

Philip Osborne has been Secretary of Carlisle Holdings Limited since 1993. He is a Solicitor and a member of the Law Society of England and Wales. Before joining Carlisle, Mr Osborne worked as a legal adviser to the London Stock Exchange and The Securities Association in the UK and for the international law firms of Clifford Chance and S. J. Berwin & Co. He is country representative for Belize of the International Bar Association.

Operational Management**Richard Bradford***Carlisle Staffing Services – Chief Executive*

Richard Bradford joined Carlisle Staffing Services as Chief Executive in 1997 from NFC plc (now Exel plc) where he had broad-ranging line management experience in different businesses in a range of roles from Branch Manager to Managing Director. This spanned an 11 year period, during which a significant time was also spent on secondment to McKinsey & Co.

Peter Harvey*Capitol Security Services – Chief Executive*

Peter Harvey joined Capitol when Capitol Security Services Limited, a manned guarding business founded by him, was acquired by Capitol in 1996. The business of Capitol Security Services and Capitol's existing MASS business were brought together to create the manned guarding operation, of which Mr Harvey was appointed Chief Executive. Before forming his own business in 1985, Mr Harvey held various senior sales positions in the security industry.

Philip Johnson*Financial Services – President*

Philip Johnson has been President of Carlisle's Financial Services businesses since 1995. Prior to joining Carlisle, Mr Johnson spent over ten years in a variety of commercial roles, including over seven years with Lonrho PLC, having previously qualified as a Chartered Accountant.

Richard Kissane*OneSource – President*

Rich Kissane joined OneSource in 1998. He is an active member of the Building Owners and Managers Association (BOMA) and has over 20 years experience in the services industry including Australian Managing Director for Wendy's International, Chief Operating Officer for Sylvan Learning Corporation and President of Alpha Graphics Corporation.

Ian Pugh*LI Group – Chief Executive*

Ian Pugh joined LI Group in 1993 as Chief Executive, having previously been commercial services director of Berkshire County Council. Mr Pugh has also held a number of senior management positions with international, publicly listed companies, including a period with Pritchard Services Group as Executive Vice President, USA.