



Carlisle Holdings Limited
Annual Report 2002
A Leader in Business Services



Corporate Profile Carlisle Holdings Limited is a transatlantic leader in supplying outsourced facilities services and staffing services to a broad range of commercial, industrial, and municipal clients. The Company also has a financial services business and a majority interest in Belize Telecommunications. Carlisle has over 45,000 full and part-time employees and more than 14,500 clients in the United States, the United Kingdom and the Republic of Ireland.

Facilities Services US Carlisle provides facilities services in the United States through its OneSource business. OneSource is a leader in outsourced facilities services, providing cleaning and value-added building and maintenance services to commercial, institutional, and industrial clients.

Business Services UK and Ireland Carlisle's principal operating businesses are Carlisle Staffing Services, LI Group and Capitol Security Services. Carlisle Staffing Services provides temporary and permanent staff to clients in the United Kingdom and Ireland in the office, professional and industrial markets and also offers managed human resources services. Celsian is the rebranded public services business providing professionals in Education, Health and Care.

LI Group is a leading player in the UK market for cleaning and support services to clients in the retail, transport and public sector markets. Also based in the United Kingdom, Capitol provides specialized security services, primarily manned guarding, to a variety of clients. The Retail Support Services business provides merchandising and store support services to retailers and the Event Management business specializes in advisory and staff services for leading sports and music events.

Financial Services Carlisle also operates The Belize Bank and other wholly-owned subsidiaries that provide a variety of banking and financial services to both domestic and international clients.

Telecommunication Services In addition, the Company has a majority interest in Belize Telecommunications, one of the largest companies in Belize.

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Carlisle Holdings Limited is a leader in the services sector in the United States and Great Britain. We offer an impressive range of services to our clients and focus on finding ways to connect with and fully understand the needs of our clients and our employees. We then respond with cost-effective and innovative service solutions to the many challenges facing both our clients and the industries that they participate in.



Carlisle faced dual challenges during the past year – the task of improving profitability at our Facilities Services businesses and the pressure of a weak economic environment on the staffing services sector. In the context of this environment, a strong performance from our Financial Services and Telecommunications businesses provided a solid contribution to the group's performance.

In spite of a difficult environment during fiscal 2002, every business at Carlisle succeeded in adding new clients while streamlining costs. Positive signs included expanded business relationships at OneSource with Southwest Airlines; good progress in the transport sector for LI Group; strong performances from our Retail Support Services and Event Management businesses in the UK; and the resilience of our Staffing Services business which outperformed the overall staffing markets. To add to this, both Financial Services and Belize Telecommunications contributed strong performances in their markets.

In fiscal 2003, we believe our strong and committed management teams in the US and UK, supported by continual upgrading of business systems, is up to the challenge of meeting our goals for improved performance in the current year.

Facilities Services In the US, the performance at OneSource remained disappointing during the year in a very competitive operating climate. However, it was a year of consolidation during which system problems were resolved and the internal structure was reorganized for greater efficiency. Management's key objectives are improving the gross margin, increasing customer retention, continuing control of costs and maintaining strong control over cashflows.

OneSource is not alone in facing the pressure on pricing and margins which is impacting the US facilities services industry as a whole. Nonetheless, we continue to meet the needs of a large and diverse customer base nationwide and there were some very positive new business developments. The focus was on new business and our Strategic Accounts Group successfully expanded existing relationships with Saks Fifth Avenue and Equity Office Properties Inc.

Our reorganized sales and marketing team is concentrating on the more profitable lines of business, including the education and corporate accounts. Our continuing investment in management reporting tools is helping to improve efficiency as managers receive information on a more timely basis.

Business Services UK and Ireland In the UK, the Business Services group includes Carlisle Staffing Services and Facilities Services businesses: contract cleaning (LI Group), manned guarding (Capitol Security Services), Retail Support Services and Event Management.

Staffing Services Carlisle Staffing Services produced satisfactory results for the year in a difficult climate. The division was helped by its overall bias towards temporary and contract income as income from permanent placements declined. The Public Services business continues to grow and has now been rebranded as Celsian. Our range of services, including outsourced HR services, and strong customer relationships will support continued growth in the coming year.

The LI Group ended the year with strong positions in the retail, transport and public sector markets. Margin pressure remains a challenge, but we expect our established positions in these specialist markets to continue to grow.

The UK guarding market, in which Capitol is a leading player, remains highly competitive but we did achieve several new business wins during the year.

The Retail Support Services and Event Management businesses both turned in good performances.

A new Chief Executive has recently been appointed for the entire Facilities Services division in the UK and we expect to see the benefits of a more efficient business structure in the months ahead.

Financial Services In Financial Services, the Belize Bank once again produced an outstanding performance. Income from Financial Services increased 31 percent, the results reflecting a 33 percent increase in net interest income, driven by a 24 percent increase in the average loan portfolio of the Bank. The business has a solid balance sheet and continues to produce strong cash flow which is used to grow our facilities services and staffing businesses in addition to funding the expansion needs of its own business.

Telecommunication Services Belize Telecommunications, now consolidated as a subsidiary, had another good year and continues to benefit from strong growth in cellular and Internet services.

Outlook Carlisle remains a leader in the fragmented business services industry. Our top priority in the current year continues to be returning OneSource to an acceptable level of profitability. We are now confident that we have the structure in place to achieve that goal.

I'd like to take this opportunity to thank the staff for their efforts during a difficult year and to thank the shareholders for their support.



Lord Ashcroft, KCMG
Chairman



OneSource, headquartered in Atlanta, Georgia, has approximately 36,000 employees providing janitorial, landscaping, commercial interior and exterior painting, general repair and maintenance, and other specialized services for more than 11,000 commercial, institutional, and industrial clients. OneSource has become a leader in facilities services by being able to offer our clients a range of highly professional services at any number of geographic locations. The one-stop shopping approach is cost effective for our clients, and also presents us with important cross-selling opportunities.



OneSource principal and notable clients are:

Cushman & Wakefield
 (Rockefeller Group International)
 Shorenstein Realty Services
 (Shorenstein Group LP)
 Insignia/ESG
 Jones Lang LaSalle Inc.
 Equity Office Properties Trust
 H J Kalikow & Co. Inc.
 C B Richard Ellis
 Spieker Properties Inc.
 General Services Administration (GSA)
 The United Nations
 The World Bank (The International
 Bank of Reconstruction and
 Development)
 Saks Incorporated
 Neiman Marcus
 Hewlett Packard
 Raytheon
 Convergys
 Flowers Foods Inc.
 Metropolitan Transportation
 Authority (MTA)
 Southwest Airlines Company
 American Airlines

Pace University
 Lehigh University
 Tufts University
 Tuskegee University
 University of California (Irvine,
 Davis & Berkeley)
 Verizon Communications Inc.
 Wells Fargo & Company
 MBNA Bank of America
 SouthTrust Banks
 SunTrust Banks
 Anheuser-Busch Companies Inc./
 Busch Entertainment Corporation
 Villages of Lake-Sumter Inc.
 Sheraton Corporation
 Marriott Hospitality CMD
 Hyatt Corporation
 Starwood Lodging
 New York Yankees
 Cincinnati Reds
 City of Orlando
 City of Sarasota

OneSource services include:

Cleaning Services

Janitorial services
Porter and matron services
Restroom cleaning
Trash removal
Carpet and floor care
Window cleaning
Blind and drapery maintenance
Interior construction clean-up
Recycling

Landscape & Golf Services

Landscape management
Grounds maintenance
Interior plant maintenance
Landscape design/build – construction
Snow removal
Sports turf installation and maintenance
Golf course maintenance
Integrated pest management
Irrigation system management
Aquatic plant maintenance
Rides maintenance
Transportation services

Engineering Services

Operation, Maintenance, Repair, and Upgrade of:
Building automation systems
Central chiller plants and ancillary equipment
Computer, clean rooms, and data centers
Control systems
Electrical distribution and monitoring
Fire suppression & life safety systems
HVAC systems (central and distributed)
Lighting systems
Preventive & predictive maintenance systems
Security systems
Tenant spaces & mechanical
Equipment rooms
Water treatment & delivery systems (potable, process, and waste)

Painting Services and Products

Interior and exterior preparation and painting
Maintenance painting programs
Cleaning and installation of wall covering
Specialty coatings (e.g. for industrial projects)
Decorative finishes (e.g. marbleizing, glazing, graining, and gilding)
Electrostatic spraying
Furniture refinishing and maintenance
Painting of acoustic ceiling tiles
Pressure washing
Wood cleaning, polishing and refinishing
Caulking
Paint and sundry supplies for building maintenance

Metal & Marble Services

Metal and marble restoration, maintenance
Installation, repair and maintenance of revolving and swing doors

Aviation Services

Airport janitorial
Aircraft interior cleaning
Aircraft ground handling and equipment maintenance
Aircraft fleet appearance consulting
Aircraft exterior cleaning
Baggage conveyor system maintenance
Passenger loading bridge maintenance

Other Services

Specialty cleaning
Distribution
Housekeeping
Mailroom
Portering
Transportation services





OneSource is a leader in facilities services because we offer our clients a range of highly professional services across the US. The bundled services approach is very appealing and cost-effective for our clients, and it also presents us with important opportunities to expand the range of services we can offer to existing clients.



OneSource

A Year of Consolidation At OneSource, the past year has been one of consolidation and recovery from disappointing results in 2001. With the system problems now behind us, OneSource is focusing on restoring normal operating margins. Better management of the gross margin and careful containment of SG & A costs are key objectives. Conditions in the industry remain challenging with ongoing pressure on pricing and margins impacting the US facilities services industry as a whole. Therefore, we are taking steps to ensure that new business is very competitively priced to attract additional revenues.

Streamlined Structure OneSource has reorganized its sales and marketing efforts to focus more strategically on key metropolitan areas and more profitable strategic market segments/groupings.

National Accounts Larger clients often have multiple sites across the country with a variety of cleaning and maintenance needs. To best meet these needs, we have also strengthened the Strategic Accounts Group, which was created to pursue and manage national accounts in retail, education, aviation, corporate accounts and specialty services. Through this dedicated group, we are expanding business relationships with key national clients. To provide the most attractive pricing package and help ease the pressure on gross margins, we offer as many services as possible on a bundled basis to these national clients.

During the past year, the efforts of the Strategic Accounts Group resulted in expanded business relationships with Saks Fifth Avenue (expanding into their Off Fifth line of stores) and Equity Office Properties.

New Clients Our focus during the past year was on organic growth and we successfully added a number of important clients including the Pittsburgh International Airport, the Harvard School of Public Health, Kaiser Permanente, Pfizer Global in Michigan and Tuskegee University in Alabama. Important additions to our roster of landscaping clients included the city of Orlando, Marriott's Cypress Harbor Resort in Orlando and Accor, the hotel group that owns Motel 6 and Red Roof Inns across the United States.

Systems Upgrade We continue to make investments in improved data processing and management reporting tools to give all managers the data they need on a timely basis. Over the next year, these investments will create opportunities for more profitable project management and enhanced administrative efficiencies.

Outlook As we move forward into fiscal 2003, OneSource is clearly focused on achieving operating improvements and a return to acceptable operating profit levels. The opportunities in a growing outsourced facilities services sector remain and OneSource, with its national presence, is well placed to benefit when the economy improves and companies turn to experienced outsourced services providers.

Business Services UK and Ireland

Staffing and Facilities Services



Carlisle Group operates in the UK and Ireland markets for Business Services through Carlisle Staffing Services, the LI Group, Capitol Security Services, Retail Support Services and Event Management, employing over 8,000 people on a permanent and contract basis. The Group is well positioned to capitalize on the continuing outsourcing trend in its respective markets. The businesses continually strive for a “close to customers” position and managers take an entrepreneurial approach while operating in a culture of clear and consistent accountability.

Carlisle Staffing Services markets and services include:
Accountancy
Assessment
Banking resources
Call centers
Care market
Coaching and mentoring
Driving and delivery
Education
Employee leasing
Health
Industrial operatives
Information technology
Insurance clerking
Legal recruitment
Office
Outplacement
Outsourced HR services
Response handling management
Store support services
Testing services
Vendor managed services

Carlisle Staffing Services principal clients include:
Accuread
Ernst & Young
Guinness UDV Ireland
HM Customs and Excise
KPMG
The Insolvency Service



Facilities services include:

Retail and commercial

- Alarm monitoring
- CCTV operation
- Commissionairs
- Customer service representatives
- Factory and office cleaning
- Health and safety risk assessment
- High level specialist cleaning
- Keyholding
- Loss prevention
- Receptionists
- Security consultancy
- Specialist floor cleaning
- Store cleaning
- Store range reviews
- Store returns management
- Store refits for stock, fixtures and point of sale
- Waste management
- 24 hour client security support center

Transport

- Accident investigation
- Aircraft security
- Alarm monitoring
- CCTV operation
- Emergency planning support
- Freight and baggage screening
- In-transit cleaning
- Keyholding
- Revenue protection
- Ship and port security
- Station cleaning
- Ticketing
- Train turnaround cleaning

Events

- Admission and turnstile management
- Events management and stewarding
- Public safety management

Facilities services

principal clients include:

- B&Q
- Dairy Crest
- First Great Western Trains
- First Group
- House of Fraser
- London Underground
- Railtrack/Interserve
- Sainsburys
- Somerfield/Kwik Save
- Tesco
- West Coast Traincare





Carlisle Staffing Services has over 2,700 clients in the markets for office, professional and industrial staff. We operate in over 70 locations and work with more than 6,000 people on a weekly basis. Celsian, our rebranded Public Services business, employs and places over 1,600 people on a weekly basis operating from 23 locations across the UK. Staffing Services also has a growing role in managed Human Resources Services. To succeed, we have to connect with both clients and candidates on a personal level, understanding and delivering what they need at every turn.



Carlisle Staffing Services

Close to Clients Staffing Services outperformed difficult staffing markets during the year as a result of balanced income streams and our close relationships with customers. Our business in the Office, Professional and Industrial staff segments was strongly resilient in maintaining temporary and contract volumes, although income streams from permanent placements declined. Our growing Public Services business, focused on the markets for teachers, nurses and care workers, has been rebranded Celsian and operates from 23 UK business centers.

Acquisitions Two bolt-on acquisitions during the year deepened our market presence and both have been successfully integrated. The first was Stirling Recruitment, an established multi-location Office and Industrial staffing business which complements our existing strength in the south of England. The second was CPG, an established London business in the fields of Office and Professional staff as well as a developing managed Human Resources business, adding to our capabilities in that area.

Outsourced HR Clients continue to ask us to come in house and help them develop people-managed service solutions. We won new and extended contracts with Ernst & Young for managed services and the UK's Financial Services Authority for permanent placement management.

In Ireland, we have important managed services relationships with Guinness and Vodafone. Clients also turn to us for response handling, assessment, testing and other outsourced HR services.

Technology We have always carefully managed our investment in technology to maximize the benefits to clients and job candidates and we continue to do so. Our front office capabilities have been upgraded while password protected internet communication has been successfully piloted, establishing easy access to information for both clients and workers.

Vision To create and deliver exceptional staffing services to our education, health and social care customers, we successfully rebranded our Public Service business as Celsian as part of a national evolutionary process to keep us ahead of changes already happening in the marketplace. Operating now under one strong brand we are better placed to provide our clients and candidates with a service that is better, more cost effective and more relevant to the individual. As a result, we will be able to invest more in recruitment, retention, technological innovation, training and development and new services.

The Right People Our continued success depends on having the right people both running our business and as qualified job candidates. Attracting and retaining the top individuals is essential and we have been able to do so because we understand and accommodate the needs of a very diverse workforce. We expect ongoing growth as our committed and capable people continue to find committed and capable workers to satisfy our clients' needs.



The Facilities Services business operates throughout the UK and Ireland through LI Group, Capitol Security Services, Retail Support Services and Event Management. LI Group employs 4,500 people providing contract cleaning and support services at 800 sites. Capitol Security Services is one of the UK's leading providers of manned guards for retail and anti-terrorist security employing more than 3,500 officers. We focus on sector specific solutions in retail, transport, public sector, maritime/airports and retail/events serving such well known clients as Marks & Spencer, Tesco and Somerfield.



Facilities Services

Sector Focus The LI Group is organized to serve clients in the retail, transport and public sector markets. At the retail level, we are often on site during store hours while the public is there, so we are responsible for both cleaning services and maintaining our client's image and reputation.

New Clients LI Group continues to both win new contracts and extend the services it offers to existing clients. Excellent new business was gained during the year with Virgin and West Coast Trains in the transport sector. A good example of success in serving the needs of a demanding retail client is the range of services we provide to twelve large department stores within the House of Fraser Group – we deliver consistently clean stores requiring monitoring and janitorial services as well as planned specialist cleans. London Underground became a client during the year and we are responsible for a number of major London stations where we monitor activity and support with our security officers and management.

Growth In a fragmented industry, Capitol Security Services delivers guarding, patrol, keyholding, alarm response services and remote closed circuit television (CCTV) monitoring and has continued to pursue acquisitions that allow us to expand our geographic reach, add new clients or specialties to our roster, and enjoy the economic benefits of consolidation.

In the past year, the acquisition of Pentagon Security helped us satisfy all those goals. Pentagon considerably expands our presence in the provision of security services to the distribution marketplace and added clients including Somerfield/Kwik Save and Wincanton. We now have sufficient experience in this sector to further develop our presence.

Consolidation The UK manned guarding market remains highly competitive and we are in the process of a reorganization at Capitol Security that will result in a more disciplined cost structure and improved efficiency. To this end, we exited some peripheral and non-profitable businesses during the year. The management team has been strengthened and will be supported and challenged against a clear framework for success.

Retail Support Services This business specializes in merchandising and store support services to the DIY and increasingly to the grocery retailing markets.

Event Management We further developed our relationships this year with existing and new clients for sport and music events. Major contracts include Wembley Arena, Lords and The Oval cricket grounds, several leading soccer clubs, as well as the PGA in golf and the RFU in rugby.



Carlisle Group operates in Belize through ownership of The Belize Bank Limited and other financial subsidiaries and its approximately 52 percent stake in Belize Telecommunications (BTL), one of the largest companies in Belize. The Bank achieved record results last year by effectively meeting the needs of a diversified range of commercial and residential customers. BTL has expanded to meet growing demands for Internet and cellular services and will be ready when the market is open to competition in 2003.



The Belize Bank

The Belize Bank Limited and other wholly-owned subsidiary companies provide a variety of banking and financial services to domestic and international customers. The Bank also delivers a range of international financial products, including company formation, secretarial and investment services.

The Belize Bank is the largest commercial banking operation in Belize, with a 48 percent share of loans and a 46 percent share of deposits. Its network of branches and ATM's in every major town and city provides the country's most comprehensive distribution channel for financial services. The division reported a record result last year with operating income of \$24.7m. Results reflect a 33 percent increase in net interest income, driven by a 24 percent increase in the average loan portfolio together with an increased interest margin. The Belize Bank (Turks and Caicos) Limited, a wholly-owned subsidiary of the Belize Bank located on Providenciales in the British West Indies, now in its third year of operation, continues to grow strongly and contributed over US\$2m to the operating income of financial services.

A Diversified Portfolio The Bank's loan portfolio is diversified to minimize the risk of exposure to a particular market segment. Commercial loans to major industries in Belize, including agriculture, tourism and distribution, account for approximately half of the portfolio. The balance is comprised principally of consumer loans and residential mortgages. Strict credit controls ensure that loan growth is balanced with sound loan quality.

Belize Telecommunications

Carlisle Group owns approximately 52 percent of Belize Telecommunications Limited (BTL), which operates under an exclusive license until December 29, 2002, covering both national and international telecommunications services in Belize. The terms of a new license are presently being negotiated with the telecommunications regulatory body in Belize. BTL has built and manages a modern countrywide network to provide fixed, wireless and cellular systems to a growing number of customers.

Revenue growth last year was driven by high demand for services such as Internet, cellular and data services. For the year, BTL's revenues were up 11 percent and net earnings rose 30 percent.

New communication rates were introduced on December 1, 2001, in preparation for the introduction of competition in 2003. The new tariff structure lowered call usage rates, Internet rates and cellular rates, and increased local fixed charges.

Continued Growth BTL enjoyed continued success with pre-paid cellular services and the number of customers for these services quadrupled during the year to more than 40,000. A variety of service building options and flexible billing plans are being introduced to provide more value to customers.

Other Highlights BTL has invested in a modern digital GSM cellular network to meet demand for high-quality cellular service at competitive rates. A new subsidiary, BTL Digicell, will manage this service.