

Carlisle Holdings Limited
Annual Report 2004
A leader in business services

Corporate profile—Carlisle Holdings Limited is a leading provider of outsourced facilities services and staffing services in the United States, the United Kingdom and the Republic of Ireland. With more than 43,000 full and part-time employees, Carlisle serves more than 15,000 commercial, industrial, and municipal clients. The Company also has a financial services business in Belize.

Facilities Services US—Carlisle provides facilities services in the United States through its OneSource brand. OneSource is an industry leader with a long-standing service heritage and provides a full range of contract and on-demand facility service solutions to building owners, facility managers and property management firms in commercial, institutional and industrial markets.

Facilities Services UK and Ireland—In the United Kingdom and Ireland, Carlisle operates under the brand name Carlisle Facilities Services. The business provides a broad range of facilities services and offers clients solutions. The local, regional or national business serves clients mainly in the Transport, Public Sector and Retail industries. Within the Retail Services market the Company has a separate specialist brand offering retail merchandising services to leading food and DIY retailers.

Staffing Services—The Staffing Services division operates in the United Kingdom and Ireland and, through a number of specialist brands, provides temporary and permanent staff recruitment services to more than 5,000 clients in the public and private sectors. The division has a significant presence in the markets for Professional Services, Office and Industrial, Public Services, and the developing Human Resources Services market. This business has over 70 locations with a weekly temporary/contractor base of over 7,000 workers employed. The Company has recently added an interest in the staffing markets for Scientific and Telecoms/Technology.

Financial Services—Carlisle operates The Belize Bank, the largest, full service commercial and retail bank in Belize, and other wholly-owned subsidiaries that provide a variety of banking and financial services to both domestic and international customers.

Carlisle Holdings Limited is a leader in the services sector in the United States and United Kingdom. Working to the highest quality standards, we partner with our clients to provide cost-effective and innovative service solutions that enable them to run their businesses more efficiently.

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During the past year, Carlisle's divisions successfully combined an internal focus on efficiency with an external concentration on customer retention and attraction.

The business in the US achieved its goals while the operations in the UK turned in a respectable performance in a tough climate. While carefully controlling costs, we continued to provide the high quality service solutions that help our customers run their businesses more successfully.

The markets for facilities services and staffing services were very competitive in fiscal 2004. In spite of this, OneSource made substantial progress and met expectations, achieving a reasonable organic sales growth rate. Facilities Services in the UK faced a particularly challenging environment and focused on process improvement and preparing the business for future market development. Staffing Services remained strong in many specialist markets and continued to win contracts for managed human resources solutions.

The financial services business continued with a strong performance and remains a leader in its market.

In February 2004, we successfully completed the sale of our telecommunications business in Belize which has provided us with financial flexibility to develop our businesses going forward.

Facilities Services—OneSource is now a much more efficient operation and achieved a three percent organic sales growth rate for the year. By partnering with our customers to ensure the level of service they require, management was successful in numerous competitive re-bid situations. In addition, the superior quality of our services was recognized when Pittsburgh International Airport finished first in the US in an Airport Passenger Satisfaction Study, largely as a result of the janitorial efforts of OneSource.

OneSource is well established as a commercial cleaning and building maintenance company but our services do not stop there. During the past year, our customers have benefited from innovations including automated inspection systems with web-based customer portals; paperless invoicing and centralized billing; and single point-of-contact national account programs with 24/7 on-demand service.

Management continues to focus on efficiency and innovation to ensure that we retain existing customers and are as competitive as possible in seeking new business. Significant new business wins during fiscal 2004 included the Massachusetts Bay Transportation Authority and Wild Adventures. Our 'Intelligent Quote' pricing model takes customer specifications and quality expectations into account and delivers a customized outsourced services program at the right price.

The Facilities Services business in the UK did not achieve growth but did continue to rationalize its internal structure and reduce costs. Our expertise in the Transport, Public Sector and Retail sectors is well established and led to some significant new business wins, most notably a contract to supply cleaning and associated services to Tesco at many locations throughout the UK. Retail Services enjoyed a successful year in the outsourced merchandising markets for the UK's largest DIY retailers and is increasingly providing these services to food retailers.

Staffing Services—Carlisle Staffing Services faced a challenging market for overall jobs growth over the past year as demand for staff remained weak in many sectors. The division played to its strengths in the public sector and specialist niche markets. Recent wins of significant managed human resources contracts have required an investment in staff and systems that should contribute revenue and earnings growth in future quarters. Staffing Services has and will continue to pursue an effective acquisition and integration program; the recent acquisition of Professional Staff provides a presence in the Scientific and Telecoms/Technology sectors.

Financial Services—Financial Services, including The Belize Bank, delivered another year of strong operating results and maintained its leading market share. The Bank continues to increase its loan portfolio whilst maintaining tight cost controls.

Outlook—Carlisle's services continue to grow and change with the business environment. Implementing new and efficient processes and being ready to scale our services to respond to customers' needs is central to our success. We established considerable momentum in fiscal 2004 and are encouraged to see that continue into the new year.

I would like to thank management and staff who maintained high performance standards during the past year and whose daily contributions make us a leader in the services sector. We are well positioned to build value for our customers and our shareholders in the coming year.

A handwritten signature in black ink, appearing to read 'M. Ashcroft', with a long, sweeping underline.

Lord Ashcroft, KCMG
Chairman

During fiscal 2004, OneSource maintained a sharp focus on strategic initiatives including a controlled growth strategy, labor management and business process re-engineering.

Key achievements—OneSource achieved a three percent organic sales growth rate in a difficult economic environment. OneSource continued and expanded business relationships with several key clients including Saks Incorporated, MetLife and The Villages. A strong national account management reputation led to new business contracts with clients such as the Massachusetts Bay Transportation Authority and Wild Adventures.

OneSource continued its focus on key business initiatives and technology investments to bring integrated reporting systems and improved efficiency to its clients and employees. OneSource has developed proprietary labor cost control, customer information, accounts receivable and cash management systems. Recent deployment of these systems began in tandem with longer term re-engineering efforts and will continue as part of the Company's strategic operating platform.

Today, OneSource contributes to each customer's success through a variety of processes such as on-site industrial engineering evaluations, automated inspection systems with web-based customer portals and single point of contact national account programs with 24/7 on-demand service.

Looking ahead—The outlook for fiscal year 2005 will require a highly efficient overhead structure and leveraging technology to further optimize administrative environments and drive value into OneSource's clients workflow and fiscal objectives. Development of the next generation of work order systems and inspection technologies will expedite information to the Company's employees and customers, improving quality, further reducing costs and providing future value.

The facilities services industry has entered an environment of increasing regulation, compliance cost acceleration and insurance cost inflation. OneSource meets these challenges with an eye toward innovative problem solving. As a result, the Company's re-engineering efforts are progressing in conjunction with its compliance programs and requirements. Investments in employee training programs and client instruction are planned to help offset anticipated higher cost environments.

OneSource's vision is to partner with its clients to address their total cost management challenges and reshape the facilities services industry. OneSource will continue to develop new performance standards, more efficient methods and processes in order to provide ready-to-work customer environments.

OneSource is a leading provider of outsourced facilities services in the United States and Puerto Rico. A workforce of 31,000 service professionals provides cost-effective commercial cleaning, building maintenance, groundskeeping and managed specialty services for more than 10,000 commercial, institutional and industrial clients throughout 187 metropolitan areas in 45 states.

- Commercial cleaning
- Landscape and golf
- Airline and airport support services
- Engineering – operations and maintenance
- Tenant services
- Managed specialty services



Staffing Services made progress throughout a difficult trading year during which the economic and competitive environment was challenging for contracted out labor services. Against this background, the Company continued to further penetrate the sectors in which it specializes: Office, Industrial, Education, Health and Social Care and Professional. In addition, the recent acquisition of Professional Staff has given the Company a clear presence in the technical and professional sectors of the staffing industry – Scientific and Telecoms/Technology. The bulk of its business is concentrated in the temporary and contract staffing areas which tend to be less volatile even when demand for permanent placements is depressed.

Brands that work—The Staffing business markets a number of well-known and trusted brands. Celsian serves the education, health and social care industry providing staff to institutions and authorities in the public and voluntary sectors. Recruit is one of the leading providers of temporary and permanent workers in locations throughout the UK.

The quest to provide the highest quality services is evident in all of the Company's Staffing operations. Another of its brands, Tate Office, won the 'Best Office Support Agency' award at the most recent Recruiter Awards for Excellence in the UK. Indigoselection serves the Accountancy, Finance, Insurance and Legal professions and has launched an upgraded website to provide the latest recruitment and employment news to each of those sectors.

Managed resourcing solutions—Staffing Services further expanded its Managed Human Resources Solutions business during the year. Important new long-term contracts were won with Luton Borough Council and Warner Bros. A large contract with KPMG was also added where the Company provides all temporary and permanent office, finance and creative services staff at 22 regional offices throughout the UK. Having established its reputation with these and other demanding clients, the Company is fully leveraging technology to improve efficiency and respond to the accelerating customer demand for resource management that it sees ahead. Carlisle goes beyond finding the right people by helping clients retain and motivate staff with skills assessment programs, on-site management and manpower planning and training.

Outlook—Staffing Services is well positioned to thrive as economic growth occurs. There is clear capacity for organic growth in the division and the Company will invest in the necessary resources to keep it competitive. Increasing requirements for flexible work arrangements and legislative complexity are also driving the market for outsourcing of staffing solutions and the Company looks forward to maintaining its existing client relationships and building new ones.

Carlisle Staffing Services operates in the UK and Ireland and provides temporary and permanent staff recruitment services as well as managed human resources solutions across a range of marketplaces. The principal strengths of the division are recognized and respected brand names, highly qualified management and staff and the ability to serve clients in many sectors.

- Office and administration
- Education
- Health and care
- Telecoms/Technology
- Scientific and pharmaceutical
- Professional services
- Industrial

In fiscal 2004, UK Facilities Services faced a tough and competitive business climate. In order to improve their competitive marketing edge, the UK businesses were substantially reorganized by bringing the management teams of cleaning, related services and security closer together. The back office processes of these businesses have been integrated in one location to increase efficiency. The reorganization provides a clear opportunity to offer both single and multi-service solutions to clients. The UK business is now better structured to be price competitive and to take advantage of future market developments.

Talent and teamwork—The UK Facilities Services team is well qualified to serve the Transport, Public Sector and Retail markets with a range of cleaning, security and labor related services. It brings experts from these key disciplines together to develop the best solutions in the most cost-efficient way for its clients. Facilities Services achieved some notable business gains during the year. These included a new contract with Dairy Crest, where the company provides a range of labor related services to a large number of their UK locations and an expanded contract with the food retailer Tesco, a long-standing client, to increase significantly the geographical coverage of services provided.

During the year, significant progress has been made in the Transport Security division. A security partnership with Liverpool City Council worth over £1.5m per annum to provide mobile, static and events security was followed by a further contract to manage security on the Merseyside rail network. This solution combines physical and electronic security to reduce the incidence of route crime on the network.

Strong and growing—The separately managed Retail Services business had a successful year providing outsourced merchandising services for the UK's largest DIY retailers and their suppliers. This operation is making excellent strides attracting new business as food retailers start to outsource merchandising activity. To further enhance skills in this area, Retail Services has recently opened a purpose built training facility equipped with the same shelving and products used in supermarkets and DIY chains so that merchandisers can train in a 'true to life' retail environment.

Outlook—Operational and systems improvement in Carlisle Facilities Services is an ongoing process that will be key in supporting a successful marketing strategy. This, together with its new organizational structure, will help take advantage of any growth opportunities ahead in the sectors it serves. Retail Services will further invest in customer development in the DIY sector and sees scope to broaden the business mix by expanding the outsourced merchandising offer to food retailers.

The Facilities Services business operates throughout the UK and Ireland at over 5,000 customer locations. The business employs approximately 3,700 staff who provide contract cleaning and support services as well as more than 1,400 highly-trained officers who provide manned guarding services for retail and anti-terrorist security.

- Sector specialist cleaning services
- Manned guarding and security related services
- 24 hour monitoring, control and support centre
- Retail merchandising
- Events management

The Belize Bank Limited and other wholly owned subsidiary companies provide a full range 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.

Market leader—The Belize Bank is the largest commercial banking operation in Belize with an approximate 46 percent share of loans and deposits. It is well placed to provide high quality professional services to satisfy the needs of both commercial and private clients at home and abroad. The division reported a record result last year. Belize Bank has by far the largest market share in Belize. In a banking industry comprised of five domestic banks it has the only branch network covering the entire country and it continues to lead the way by innovation in an increasingly sophisticated and competitive banking environment. The Belize Bank (Turks & Caicos) Limited, a wholly owned subsidiary of the Belize Bank, is now in its fifth year of operation and is progressing well.

Strength in diversity—The Bank's loan portfolio is diversified to minimize the risk of exposure to a particular market segment. Commercial loans to major industries, 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.