

Letter to Shareholders

I am pleased to report on a very successful year in both our facilities services and financial services businesses. The annual report for fiscal 1999 covers the 11 months ended March 31, 1999, as we have moved our fiscal year end to this new date. In addition to reviewing some of the many achievements over the last year, this annual report also introduces our new name, Carlisle Holdings Limited, which we have adopted following the merger with the UK-listed Carlisle Group. The merger has created a transatlantic leader in the services sector with exciting growth potential.

Facilities Services

A key event this year was the introduction of a new name – OneSource – for our North American facilities services business. The name sums up our ambition: to be a single source provider of high-quality services to facility owners and managers.

By the end of March 1999, the annualized revenues, based on the current monthly run rate of sales, amounted to approximately \$826 million, an increase of 10.6% over the run rate last year. Strong sales reflect the significant steps we have taken to improve the underlying business at OneSource. Unprofitable accounts were weeded out, the effects of the acquisition program came through in the later months and we won some important new customers in the face of stiff competition.

OneSource added new accounts at a steady pace during the year. Important new janitorial/cleaning contracts included relationships with Du Pont, Ford Motor, Co.,

Dow Jones and Amdahl Corporation, as well as the Los Angeles World Trade Center and the Federal Reserve Bank in Cleveland, Ohio. The retail customer base also continues to grow and new agreements were signed with Neiman Marcus for locations in California and Arizona, Saks Fifth Avenue in Huntington, NY, and Home Depot in Atlanta. In addition, the engineering services business contributed to revenues by winning contracts to provide mechanical services for six major office buildings in New York City.

We also improved operational and administrative efficiency. Administrative functions have been centralized at headquarters so our field sales staff can focus on existing customers and building new business. We have improved the performance of key management personnel, strengthened safety and risk management and expanded staff training programs. Our OneSource Solutions Center has introduced call center technology to this industry with unmatched customer service, 24 hours a day, 7 days a week. These initiatives and successful marketing all contributed to improvements in operating income and operating margin, which rose a full 100 basis points to 3% by the end of the year.

Acquisitions are continually under review and the pipeline of targets is strong. The new acquisitions completed in the last year added approximately \$80 million in annual revenue and were quickly integrated into OneSource's operations. In addition to being accretive to earnings per share, these acquisitions have

expanded the customer base and added important new services. For example, we bought Hudson Shatz, the leading painting contractor in the New York metropolitan area. The acquisition of Sterling Services, a specialist metal and marble refinishing company, added an important new higher margin service to our capabilities. We are now cross marketing a broad array of 'best in class' services to OneSource customers.

Financial Services

Financial Services, including The Belize Bank, a market leader with a 45% market share, turned in another good performance. Income from Financial Services increased 20% (annualized 30%) in the 11 months ended March 31, 1999. These results reflect a 9% increase in net interest income, driven by a 13% increase in the average loan portfolio of the Bank combined with an increase in the net interest margin. Non-interest income also grew strongly, up 13%, reflecting growth in both banking and international financial services.

Financial Services now represents less than 20% of the expanded Carlisle Group's business and that percentage is expected to decline as we expand other service businesses. However, the strong cash flow from Financial Services will continue to help fund acquisitions in Facilities Services.

Merger of BHI Corporation and Carlisle Holdings Limited

I am pleased to inform you that, effective June 1, 1999, BHI and the UK-listed Carlisle Group merged to create a leading, transatlantic business services provider.

The merged group, renamed Carlisle Holdings Limited, has annual revenues in excess of \$1 billion and offers a full complement of facilities and staffing services. We are well positioned to benefit as the outsourced services market expands in North America and Europe. The group is financially strong, with no net debt, and has good operating cash flows. The merger has also substantially increased liquidity and Carlisle Holdings Limited now has 62 million shares outstanding. The Carlisle shares are listed on Nasdaq and in London. An introduction to the UK operational activities of the group is outlined on pages 14 to 17 in this annual report.

Management and Staff

The merger brings together a high-quality management team with extensive experience both operating and consolidating businesses in the services sector. Management's compensation is closely linked to building shareholder value, which is our top priority. We now have 51,000 employees who every day help grow the business and enhance the value of our brands. I'd like to take this opportunity to thank all of our employees, who contributed to another successful year, and to welcome the new UK employees to the group.

Outlook

We are very optimistic about the prospects for continued profitable growth for the merged group. Our strategy will be to pursue organic growth, complemented by strategic acquisitions. The acquisitions pipeline is strong. As noted, small 'lock-on' acquisitions will help increase market share and customer density and we will

look for larger acquisitions that expand our service offerings, provide cross marketing opportunities, and contribute to margin improvement. We are, of course, always pleased when acquisitions add strong operating managers to the group. All acquisitions must be immediately accretive to earnings per share.

We believe that our timing is just right to create a large, business-to-business services group. As more corporations look to outsource selected services, Carlisle will be there to meet their needs. Our strategic advantages include very experienced operating management, an established base of profitable business on which to build, and a strong balance sheet to support new initiatives. We have built value before in the services sector and now have the resources to do so again.

We look forward to keeping you up-to-date on the progress of the Carlisle Group.



Michael A Ashcroft

Chairman and Chief Executive Officer

"The hallmarks of 1998/1999 were improved profitability, internal growth, and several strategic acquisitions that expanded the OneSource business. Fiscal 1999 was a year of accomplishment that ultimately led to a successful merger with the UK-listed Carlisle Group."