Interim report for the period 1 January - 31 March 2014

Solid performance in line with expectations

Financial highlights

- Organic growth for the first three months of 2014 amounted to 2.8% (2013: 2.8%).
- Operating margin was 4.3% for the first three months of 2014 (2013: 4.4%). Adjusted for the impact of the divestment of the pest control activities in 2013 the margin increased from 4.2% in Q1 2013 to 4.3% in Q1 2014.
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts was DKK 73 million and adjusted for costs related to the IPO and the refinancing amounted to DKK 329 million (2013: DKK 234 million).
- Net loss in the first three months of 2014 was DKK 33 million and adjusted for costs related to the IPO and the refinancing the net profit for the first three months of 2014 amounted to DKK 223 million (2013: DKK 71 million).
- The LTM (last twelve months) cash conversion for March 2014 was 98% (2013: 99%).
- The outlook for 2014 remains unchanged.

Business highlights

- ISS successfully listed its shares on NASDAQ OMX Copenhagen on 13 March 2014.
- Following completion of the IPO, ISS was upgraded to Investment Grade by two rating agencies.
- The global IFS contract with HP was extended an additional three years until the end of 2018.
- Significant contract wins in the quarter included a large contract within the resources segment in Australia as well as a large IFS contract with a luxury superyacht hotel in London.
- Significant divestments completed in the first quarter of 2014 included the landscaping activities in France and the commercial security activities in Australia and New Zealand.
- Refinancing of debt was completed and proceeds from the new unsecured senior facilities and certain of the net proceeds from the IPO were used to fully repay ISS's senior secured facilities on 18 March 2014.

Jeff Gravenhorst, Group CEO, ISS A/S, said:
”ISS continued the solid performance in the first quarter of 2014. The organic growth, operating margin and cash conversion were in line with our expectations for 2014. We have been able to improve the underlying margin to 4.3% in 2014 from 4.2% in 2013 adjusted for the effect of the divestment of the pest control activities, continuing the trend from Q4 2013. We continued executing our strategy, and in the quarter, we completed five divestments of non-core activities. Following the successful IPO we have completed the refinancing and significantly reduced our debt. Furthermore, we have won contracts with several new local and regional customers and we extended our largest global contract delivering integrated facility services to HP until 2018.”

Lord Allen of Kensington CBE
Chairman

Jeff Gravenhorst
Group CEO

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Key figures and financial ratios[1)]

DKK million (unless otherwise stated)	Q1 2014	Q1 2013
Income statement		
Revenue	18,251	19,545
Operating profit before other items	785	855
Operating margin, %	4.3	4.4
EBITDA	861	998
Adjusted EBITDA	965	1,055
Operating profit	681	798
Financial income	77	152
Financial expenses	(635)	(596)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	73	234
Net profit/(loss) for the year	(33)	71
Cash flow		
Cash flow from operating activities	(744)	(463)
Acquisition of intangible assets and property, plant and equipment, net	(195)	(171)
Cash conversion, %	98	99
Financial position		
Total assets	47,522	54,282
Goodwill	23,228	25,869
Additions to property, plant and equipment	159	177
Total equity (attributable to owners of ISS A/S)	11,985	5,218
Equity ratio, %	25.2	9.6
Employees		
Number of employees end of period	529,200	531,300
Full-time employees, %	74	74
Growth, %		
Organic growth	2.8	2.8
Acquisitions	0	0
Divestments	(5)	(1)
Currency adjustments	(5)	(1)
Total revenue growth	(7)	1
Financial leverage		
Pro Forma Adj. EBITDA	4,788	5,235
Net debt	15,310	27,083
Net debt / Pro Forma Adj. EBITDA	3.2x	5.2x
Stock market ratios		
Basic earnings per share (EPS), DKK	(0.2)	0.5
Diluted earnings per share, DKK	(0.2)	0.5
Adjusted earnings per share, DKK	0.5	1.7
Number of shares issued ('000)	185,668	135,443
Number of treasury shares ('000)	875	-
Average number of shares (in thousands)	145,313	135,443
Average number of shares (diluted) (in thousands)	145,488	135,443

1) See definitions in the Annual Report 2013.

Group financial highlights

Revenue was DKK 18.3 billion in the first three months of 2014 compared with DKK 19.5 billion in 2013. Organic growth amounted to 2.8% which was more than offset by a negative effect from exchange rate movements of 5% and the negative impact from the successful divestment of non-core activities of 5%.

The organic growth was in line with expectations and all regions, apart from Eastern Europe, delivered positive organic growth rates with both Asia and Latin America reporting a double-digit performance. The organic growth was mainly driven by start-up of new contracts in 2014, retention of existing customers as well as continued strong growth in emerging markets. Partly offsetting the growth were challenging market conditions, particularly in certain European countries, and a relatively low level of demand for non-portfolio services.

Operating profit before other items was down 8% to DKK 785 million (2013: DKK 855 million), negatively impacted by both divestments and currency effects. The divestment of the pest control activities in 12 countries reduced the operating profit before other items by approximately DKK 39 million compared with 2013. The effect of exchange rate movements reduced the operating profit before other items by DKK 38 million compared with the same period in 2013.

The operating margin was 4.3% for the first three months of 2014 compared with 4.4% in 2013. Adjusted for the impact of the divested pest control activities the operating margin increased from 4.2% in 2013 to 4.3% in 2014. The operating margin was in line with expectations. This was supported by improved margins in Latin America and the Nordic region and partly offset by the strategic divestments of non-core activities as well as the impact from operational challenges in a few countries in Europe. A number of initiatives are in progress to address these challenges including a review of the customer base and implementation of structural changes.

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts decreased to DKK 73 million in 2014 from DKK 234 million in 2013. Adjusted for costs related to the IPO and the refinancing the profit before goodwill impairment and amortisation/ impairment of brands and customer contracts amounted to DKK 329 million.

The net profit/(loss) for the first three months was a loss of DKK 33 million compared with a profit of DKK 71 million in 2013. Adjusted for costs related to the IPO and the refinancing the net profit for the first three months of 2014 amounted to DKK 223 million.

The LTM (last twelve months) cash conversion for March 2014 was 98% as a result of a strong cash flow performance across the Group. Ensuring a strong cash performance continues to be a key priority. The cash flow performance reflects our efforts to ensure payments for work performed and to exit customer contracts with unsatisfactory payment conditions. These efforts led to a decrease in debtor days of more than two days compared with 31 March 2013.

The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, where we have more than half of our employees, delivered organic growth of 12% and represent 23% of total revenue for the Group. In addition to significantly increasing the Group's organic growth, the emerging markets delivered an average operating margin of 6.0% in the first three months of 2014.

Group business highlights

Strategy update

Our focus on delivering portfolio-based services led to sustained organic growth in the portfolio business. Historically, the portfolio business' share of total revenue has been 75% - 80%. As a result of the divestment of certain non-portfolio based businesses such as pest control, damage control and landscaping activities our portfolio business' share of total revenue is in the range of 80% - 85%.

The procurement project is progressing according to plan. Phase 1 has now been completed with identified total savings of about DKK 200 - 250 million to be realised during 2014-2016. Phase 2 has been launched targeting additional savings. While some of the cost savings from the procurement project will increase margins, some will be invested into the business in order to maintain and strengthen competitiveness.

The review of our customer segmentation and organisational structure is progressing as planned. To date, we have completed the analysis phase in five countries in the Nordic region and Western Europe and two countries in Western Europe are in process with expected completion in Q2. With the analysis phase being completed in all seven countries, we will have mapped our customer segments representing more than 45% of the Group's revenue in 2013.

We continue to review our existing business for potential divestments of non-core activities and likewise consider a limited number of competence enhancing acquisitions subject to tight strategic and financial filters.

IFS and Global Corporate Clients

In 2013, ISS won an IFS contract covering all of Europe with H.J. Heinz and an IFS contract with Nordea Bank in the Nordic region. Per 31 March 2014 both contracts are fully operational.

In February 2014, ISS announced the three year extension of the global IFS contract with HP until the end of 2018. This is one of the largest global facility services contracts in the industry. As part of the agreement, ISS will continue to deliver IFS to more than 500 HP sites in 58 countries across five continents.

The revenue generated from IFS amounted to DKK 5.3 billion in the first quarter of 2014, approximately 29% of our total revenue (2013: 26%).

Part of the IFS revenue is generated from Global Corporate Clients which amounted to DKK 1.6 billion in the first quarter of 2014, approximately 8.7% of our total revenue, which is an increase of 11% compared with the same period in 2013.

Divestments

The ongoing review of the strategic rationale and fit of business activities under The ISS Way strategy has led to the identification of certain activities that are non-core. In the first three months of 2014, we divested the pest control activities in India, the property service activities in Belgium, the security activities in Israel, the landscaping activities in France and the commercial security activities in Australia and New Zealand. The divestments reflect an increased strategic alignment in the affected countries resulting in a more aligned business platform.

In the first three months of 2014, the impact of the completed divestments amounted to a net gain of DKK 2 million recognised in Other income and expenses, net. Cash consideration received amounted to DKK 1.1 billion.

At 31 March 2014, three business units in Western Europe and the Nordic region have been classified as held for sale, comprising net assets of DKK 0.3 billion.

Including the divestments completed in 2014 we have completed the most significant divestments. None the less, our strategy execution process will result in further divestments going forward.

Successful completion of IPO

ISS successfully listed its shares on NASDAQ OMX Copenhagen on 13 March 2014. The offer price was set at DKK 160 per share equivalent to a market capitalisation of DKK 29.6 billion. 50,224,907 new shares were issued, raising gross proceeds of DKK 8,036 million.

Approximately 19,500 new investors were allocated shares in ISS. Approximately 10% of the offer shares were allocated to retail investors in Denmark and 90% to Danish and international institutional investors.

Following the offering and the full exercise of the over-allotment option, FS Invest II S.á r.l owns 48% of the share capital of ISS while the Company and Management hold 1%, leaving the level of free float of shares at 51% including shares held by OTPP and KIRKBI.

The new unsecured senior facility consists of a term facility of EUR 1.2 billion with a 3 year maturity, a term facility of EUR 800 million with a 5 year maturity and a revolving credit facility of EUR 850 million with a 5 year maturity. All facilities may be drawn in other currencies than EUR.

Proceeds from the new unsecured senior facilities and certain of the net proceeds from the IPO were used to fully repay ISS's senior secured facilities on 18 March 2014.

Furthermore, with the proceeds from the offering ISS has announced the full redemption of the remaining outstanding Senior Subordinated Notes Due 2016 (approximately EUR 256 million) to take place on 15 May 2014.

With regards to the remaining debt facilities the Securitisation programme is expected to be repaid during Q2 2014 while the EMTNs are due 8 December 2014. Following this ISS will have no significant short-term maturities.

Following completion of the IPO, ISS was upgraded to Investment Grade by two rating agencies assigning corporate ratings of BBB-/Stable (S&P) and Baa3/Stable (Moody's). We remain committed to maintain an Investment Grade rating and to reduce leverage to below 2.5x.

For further information, see the notes to the condensed consolidated interim financial statements as well as the offering circular dated 3 March 2014 published by ISS in connection with the launch of the IPO.

Grouping of countries into regions related to overview on page 5:

1) Western Europe comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.
2) Nordic comprises Denmark, Finland, Greenland, Iceland, Norway and Sweden.
3) Asia comprises Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand.
4) Pacific comprises Australia and New Zealand.
5) Latin America comprises Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela.
6) North America comprises Canada and the USA.
7) Eastern Europe comprises Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Slovenia.
8) Other Countries comprises Bahrain, Cayman Islands, Cyprus, Egypt, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine and United Arab Emirates.
9) Emerging Markets comprises Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey.
10) The Group uses Operating profit before other items for the calculation of Operating margin.

REGIONAL OVERVIEW

DKK million	QTD			YTD		
Revenue	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Western Europe [1]	9,290	9,696	(4)%	9,290	9,696	(4)%
Nordic [2]	3,835	4,314	(11)%	3,835	4,314	(11)%
Asia [3]	1,937	1,913	1 %	1,937	1,913	1 %
Pacific [4]	1,142	1,423	(20)%	1,142	1,423	(20)%
Latin America [5]	853	941	(9)%	853	941	(9)%
North America [6]	833	871	(4)%	833	871	(4)%
Eastern Europe [7]	373	399	(7)%	373	399	(7)%
Other Countries [8]	12	9	33 %	12	9	33 %
Corporate / eliminations	(24)	(21)	(14)%	(24)	(21)	(14)%
Group	**18,251**	**19,545**	**(7)%**	**18,251**	**19,545**	**(7)%**
Emerging markets [9]	4,210	4,318	(3)%	4,210	4,318	(3)%

Operating profit before other items						
Western Europe	427	442	(3)%	427	442	(3)%
Nordic	193	211	(9)%	193	211	(9)%
Asia	137	139	(1)%	137	139	(1)%
Pacific	50	67	(25)%	50	67	(25)%
Latin America	43	35	23 %	43	35	23 %
North America	19	25	(24)%	19	25	(24)%
Eastern Europe	15	15	-	15	15	-
Other Countries	(1)	(0)	100 %	(1)	(0)	100 %
Corporate / eliminations	(98)	(79)	(24)%	(98)	(79)	(24)%
Group	**785**	**855**	**(8)%**	**785**	**855**	**(8)%**
Emerging markets	252	258	(2)%	252	258	(2)%

Operating margin [10]						
Western Europe	4.6 %	4.6 %	-	4.6 %	4.6 %	-
Nordic	5.0 %	4.9 %	0.1 %	5.0 %	4.9 %	0.1 %
Asia	7.1 %	7.3 %	(0.2)%	7.1 %	7.3 %	(0.2)%
Pacific	4.4 %	4.7 %	(0.3)%	4.4 %	4.7 %	(0.3)%
Latin America	5.0 %	3.7 %	1.3 %	5.0 %	3.7 %	1.3 %
North America	2.3 %	2.9 %	(0.6)%	2.3 %	2.9 %	(0.6)%
Eastern Europe	4.0 %	3.8 %	0.2 %	4.0 %	3.8 %	0.2 %
Other Countries	(5.0)%	(3.3)%	(1.7)%	(5.0)%	(3.3)%	(1.7)%
Corporate / eliminations	(0.5)%	(0.4)%	(0.1)%	(0.5)%	(0.4)%	(0.1)%
Group	**4.3 %**	**4.4 %**	**(0.1)%**	**4.3 %**	**4.4 %**	**(0.1)%**
Emerging markets	6.0 %	6.0 %	-	6.0 %	6.0 %	-

%	QTD 2014					YTD 2014				
Growth components	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**
Western Europe	1	0	(5)	(0)	(4)	1	0	(5)	(0)	(4)
Nordic	1	-	(8)	(4)	(11)	1	-	(8)	(4)	(11)
Asia	13	-	(1)	(11)	1	13	-	(1)	(11)	1
Pacific	6	-	(8)	(18)	(20)	6	-	(8)	(18)	(20)
Latin America	10	-	-	(19)	(9)	10	-	-	(19)	(9)
North America	1	-	(1)	(4)	(4)	1	-	(1)	(4)	(4)
Eastern Europe	(3)	-	-	(4)	(7)	(3)	-	-	(4)	(7)
Other Countries	50	-	-	(17)	33	50	-	-	(17)	33
Corporate / eliminations	-	-	-	-	-	-	-	-	-	-
Group	**2.8**	**0**	**(5)**	**(5)**	**(7)**	**2.8**	**0**	**(5)**	**(5)**	**(7)**
Emerging markets	12	-	(1)	(14)	(3)	12	-	(1)	(14)	(3)

See page 4 for footnotes

Regional review

Western Europe

Revenue decreased by 4% to DKK 9,290 million in the first three months of 2014 (2013: DKK 9,696 million). Organic growth impacted revenue positively by 1% while the successful divestment of non-core activities in 2013 and 2014 reduced revenue with 5%. Operating profit before other items decreased by 3% to DKK 427 million (2013: DKK 442 million) amounting to an operating margin of 4.6%, which is in line with last year.

Several countries contributed to the organic growth, especially Turkey, the United Kingdom and Austria. The demand for non-portfolio services remains at a relatively low level. Furthermore, the impact of operational challenges in the Netherlands and Belgium had a negative impact on the overall organic growth rate.

The operating margin for the region was supported by strong performance in the United Kingdom, Turkey, Switzerland and Austria. Margins were negatively impacted by operational challenges in the Netherlands and Belgium. Furthermore, the divestment of the margin accretive pest control activities in certain countries in 2013 had an adverse impact on the margin compared with the same period in 2013.

Major contract wins and renewals in the first quarter of 2014 included the contract win of a large IFS contract with Sunborn, a luxury superyacht hotel in London and renewal of the large IFS contract with Northern Rail, both in the United Kingdom. Furthermore, ISS Turkey won a multiservice contract with the second largest airport in Istanbul.

Nordic

Revenue in the first three months of 2014 decreased 11% to DKK 3,835 million (2013: DKK 4,314 million). Organic growth amounted to 1%, while the divestment of non-core activities in 2013 and 2014 reduced revenue by 8% and currency adjustments decreased revenue by 4%. Operating profit before other items amounted to DKK 193 million (2013: DKK 211 million), reflecting an operating margin of 5.0% compared with 4.9% in 2013.

The organic growth of 1% reflects a strong performance in Norway and Denmark driven by higher activity on existing customers and start-up of new contracts in 2014. This was offset by negative organic growth in Finland and Sweden due to lower demand for non-portfolio services and the impact from exiting certain contracts in 2013.

The increase in the operating margin to 5.0% was a result of a margin increase in Denmark mainly due to the effect from initiatives implemented in 2013 regarding customer segmentation and organisational structure. This was partly offset by a margin decrease in Norway due to the divestment of the margin accretive damage control and landscaping activities in 2013.

Contract wins and extensions in the region in the first quarter of 2014 included renewal of contracts with Grundfos and Novo Nordisk in Denmark providing technical and cleaning services, respectively. Furthermore, ISS Denmark won a contract with Siemens Wind Power providing building services.

Asia

Revenue in the region increased by 1% to DKK 1,937 million (2013: DKK 1,913 million) driven by continued strong organic growth of 13% while the adverse impact of currency adjustments and divestment of the pest control activities reduced revenue by 11% and 1%, respectively. Operating profit before other items decreased by 1% to DKK 137 million reflecting an operating margin of 7.1%, whereby Asia once again delivered the highest margin of any ISS region.

Double-digit organic growth rates were seen in several countries with Indonesia being the largest nominal contributor in the region with high double-digit organic growth, partly due to higher minimum wages passed on to customers. India, Hong Kong, China and Thailand also continued the positive trends driven by an increase in the demand for non-portfolio services as well as strong retention of existing customers.

The operating margin decreased from 7.3% to 7.1% in the first three months of 2014 mainly stemming from India as a result of the divestment of the margin accretive pest control activities in 2014.

Pacific

Revenue for the first three months decreased by 20% to DKK 1,142 million (2013: DKK 1,423 million). Organic growth amounted to 6%, which was more than offset by a negative impact from currency adjustments and the successful divestment of the pest control activities in 2013 of 18% and 8%, respectively. Operating profit before other items amounted to DKK 50 million (2013: DKK 67 million) equal to an operating margin of 4.4%.

The organic growth of 6%, which is the highest rate since Q2 2011, was driven by contract wins and extensions in the fourth quarter of 2013 as well as a significant contract win in the first quarter of 2014.

The decrease in operating margin of 0.3 percentage point was due to the divestment of the margin accretive pest control activities in 2013.

Contract wins in the first quarter of 2014 included the win of a large cleaning and catering contract with one of the largest mining sites in Australia.

Latin America

Revenue was DKK 853 million (2013: DKK 941 million), down 9% compared with the first three months of 2013. Organic growth amounted to 10%, which was more than offset by a negative impact from currency adjustments of 19%. Operating profit before other items increased by 23% to DKK 43 million, reflecting an operating margin of 5.0%, which was 1.3 percentage point higher than in Q1 2013. Latin America thereby returned to double-digit organic growth for the first quarter since Q4 2011 and delivered the highest margin since Q4 2011.

The majority of the countries in the region reported strong organic growth rates driven by a continued high level of new sales and increases from existing contracts especially in Chile, Argentina and Brazil.

The increase in operating margin was the result of improved margins in all countries in the region with Chile, Brazil and Mexico being the main contributors. The improved margins were mainly driven by higher new sales, higher demand for non-portfolio services as well as the efforts initiated in 2013 to improve operational efficiencies, including amending or exiting certain customer contracts.

Contract wins and extensions in the first quarter of 2014 included a large IFS contract with the state-owned mass transport company Metro as well as IFS and property services contracts within the telecommunication sector, all in Chile.

North America

Revenue in the region was DKK 833 million, a decrease of 4% compared with last year (2013: DKK 871 million). Organic growth was 1%, while the adverse impact of currency adjustments and divestments reduced revenue by 4% and 1%, respectively. Operating profit before other items amounted to DKK 19 million (2013: DKK 25 million) resulting in an operating margin of 2.3%, 0.6 percentage point lower than in 2013.

The organic growth of 1% was primarily driven by the airport contract wins at the end of 2013 as well as a higher demand for non-portfolio services from especially our IFS business.

The decrease in operating margin is in line with expectations. Our business in North America is continuing its transformation towards more focus on IFS and targeted larger customers.

During first quarter of 2014 we made significant changes to the leadership team in North America, and in May 2014 Jennifer C. Bonilla was appointed new Country Manager for ISS North America covering both Canada and the USA.

During the first quarter of 2014, ISS extended and increased a large cleaning contract with The Kroger Company, one of the largest supermarket chains in the USA.

Eastern Europe

Revenue in the first three months was DKK 373 million (2013: DKK 399 million) driven by negative currency adjustments and a negative organic growth of 4% and 3%, respectively. Operating profit before other items amounted to DKK 15 million (2013: DKK 15 million) reflecting an operating margin of 4.0%, which was 0.2 percentage point higher than in 2013.

The organic growth rate was negatively impacted by lower demand for non-portfolio services and termination of less profitable contracts especially in the Czech Republic, Slovakia and Poland.

The increase in the operating margin was a result of improved margins in Poland, Slovakia and Hungary mainly due to continued focus on operational efficiencies and cost savings.

Management changes

On 18 February 2014, ISS announced that Thomas Berglund was elected deputy chairman of the Board of Directors. Thomas Berglund has been a member of the Board of ISS since March 2013.

Outlook

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 9.

The outlook for 2014 remains unchanged and is based on a mixed global macroeconomic forecast. We expect continued low positive GDP growth and challenging macroeconomic conditions with possible improvements in parts of Europe. In emerging markets, we expect to continue to deliver high growth rates which are expected to be negatively impacted by the slow-down in certain economies, especially in Asia.

We expect organic revenue growth in 2014 to be 3% to 4%. Changes in foreign exchange rates are expected to negatively impact revenue growth in 2014 by approximately 3 percentage points[1)]. Divestments and acquisitions completed in 2013 and divestments completed in 2014 are expected to negatively impact revenue growth in 2014 by 5-6 percentage points[2)]. We expect total revenue growth in 2014 to be negative by approximately 5%.

Operating margin in 2014 is expected to be above the 5.5% realised in 2013.

Cash conversion is expected to be above 90%.

Subsequent events

On 3 April 2014, ISS announced a full redemption of the remaining outstanding Senior Subordinated Notes due 2016. The redemption will take place on 15 May 2014 using a portion of the net proceeds from the completed IPO.

Apart from the above and the events described in this Interim Report, the Group is not aware of events subsequent to 31 March 2014, which are expected to have a material impact on the Group's financial position.

1) Calculated revenue for 2014 at exchange rates at 30 April 2014, less the same revenue calculated at the average exchange rates for the financial year 2013, relative to revenue realised in 2013 less estimated revenue from divestments completed in 2013 and 2014.

2) The outlook includes only divestments completed as of and including 30 April 2014, comprising the landscaping activities in France, the pest control activities in India, the security activities in Israel, the property service activities in Belgium, the commercial security activities in Australia and New Zealand and the personnel and hardware service activities in Germany.

Financial review

Income statement

Revenue and operating profit before other items is reviewed in Group financial highlights on page 3 and Regional review on pages 6-7.

Other income and expenses, net represented a net expense of DKK 104 million in the first three months of 2014 compared with a net expense of DKK 57 million in the same period of 2013. Costs related to the completed IPO of DKK 104 million mainly comprised costs for external advisors as well as certain transaction bonuses. Gain on divestments of DKK 11 million mainly related to the sale of the pest control activities in India. For further information, refer to note 6.

Financial income and expenses, net increased 26% to a net expense of DKK 558 million compared with DKK 444 million in 2013. The development was mainly a result of expensing unamortised financing fees of DKK 152 million caused by the full repayment of the existing senior secured facilities on 18 March 2014.

Income taxes amounted to DKK 51 million in the first three months of 2014 compared with DKK 120 million for the same period in 2013. The effective tax rate in the first three months of 2014 was 41% compared with 34% in the same period of 2013. Adjusted for the impact of non-deductible IPO costs of DKK 50 million and the impact of rules concerning limitation on the deductibility of financial expenses in Denmark the effective tax rate amounted to approximately 30%.

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts and **Net profit/(loss)** is reviewed in Group financial highlights on page 3.

Statement of cash flows

Cash flow from operating activities represented a cash outflow of DKK 744 million in the first three months of 2014, an increase of DKK 281 million from a net outflow of DKK 463 million in 2013. This was primarily due to an increase in cash outflow from changes in working capital of DKK 143 million mainly due to higher cash outflow from external payables. In addition, an impact was seen from lower operating profit before other items of DKK 70 million and higher cash outflow from Other expenses of DKK 65 million.

Other expenses paid of DKK 134 million mainly related to IPO costs and restructuring projects initiated and expensed in 2013.

Cash flow from investing activities for the first three months of 2014 was a net cash inflow of DKK 872 million (2013: cash outflow of DKK 193 million). DKK 1,012 million inflow (2013: net outflow of DKK 11 million) was related to divestments, mainly the landscaping activities in France, the pest control activities in India and the commercial security activities in Australia and New Zealand. This was partly offset by investments in intangible assets and property, plant and equipment, net, of DKK 195 million (2013: DKK 171 million) representing 1.1% (2013: 0.9%) of revenue.

Cash flow from financing activities in the first three months of 2014 was a net cash outflow of DKK 325 million (2013: net inflow of DKK 176 million) reflecting the significant refinancing carried out on 18 March 2014 in connection with the completion of the IPO as well as drawings on working capital facilities as a result of the typical seasonality in the first three months of the year. Repayment of borrowings of DKK 18,957 million mainly related to the full repayment of the existing senior secured facilities with proceeds from the new senior unsecured facility and certain of the proceeds from the IPO. Proceeds from issuance of share capital of DKK 7,788 million reflected the net proceeds from the completed IPO. Proceeds from borrowings of DKK 11,280 million mainly related to the new unsecured senior facility.

Statement of financial position

Total assets amounted to DKK 47,522 million at 31 March 2014 of which DKK 30,993 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 16,529 million represented current assets, primarily trade receivables of DKK 10,843 million.

Intangible assets amounted to DKK 28,305 million at 31 March 2014. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 23,228 million of goodwill, DKK 3,024 million of customer contract portfolios and related customer relationships and DKK 1,596 million of brands.

Assets and liabilities held for sale amounted to DKK 462 million and DKK 155 million, respectively, and included the assets and liabilities attributable to three non-core activities in the Western Europe and Nordic regions for which sales processes have been initiated.

Total equity amounted to DKK 11,995 million at 31 March 2014, DKK 7,749 million higher than at 31 December 2013. The share issue in connection with the IPO, net increased equity by DKK 7,788 million including costs related to the IPO of DKK 248 million mainly relating to commissions and fees. Furthermore, total other comprehensive income increased equity by DKK 134 million which included positive currency adjustments relating to investments in foreign subsidiaries of DKK 136 million. This was partly offset by the purchase of treasury shares of DKK 140 million and net loss for the period of DKK 33 million.

Net debt amounted to DKK 15,310 million at 31 March 2014, a decrease of DKK 7,341 million from DKK 22,651 million at 31 December 2013. The decrease in net debt is mainly a result of receipt of the proceeds from the IPO which was partly used to fully repay the existing senior secured facilities on 18 March 2014. At 31 March 2014, non-current loans and borrowings was DKK 11,426 million, current loans and borrowings amounted to DKK 7,015 million, while currency swaps, securities, cash and cash equivalents totalled DKK 3,118 million.

Interest rate risk

The interest rate risk primarily relates to ISS's interest-bearing debt, consisting of bank loans (unsecured senior facilities), fixed-rate bonds and securitisation debt. The bank loans and securitisation debt generally carry floating interest rates, which are established from a base rate (EURIBOR or applicable LIBOR) plus a margin.

To reduce some of the floating rate exposure, a part of ISS's interest payments on the bank loans have been swapped to fixed rates. Including the interest rate hedges, 94% of ISS's net debt carried fixed interest rates while 6% carried floating interest rates at March 31, 2014. The ratio of fixed interest rates is expected to decrease as Senior Subordinated Notes Due 2016 are repaid in May 2014. Including the interest swaps, the interest rate duration of the total debt was 0.8 year.

Management statement

Copenhagen, 14 May 2014

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 31 March 2014.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been reviewed or audited.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2014 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2014.

Furthermore, in our opinion the Management Review gives a fair review of the development and performance of the Group's activities and of the Group's result for the period and financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group may face.

Executive Group Management Board

Jeff Gravenhorst
Group Chief Executive Officer

Heine Dalsgaard
Group Chief Financial Officer

Henrik Andersen
Group Chief Operating Officer EMEA

John Peri
Group Chief Operating Officer Americas and APAC

Board of Directors

Lord Allen of Kensington CBE
Chairman

Thomas Berglund
Deputy Chairman

Jennie Chua

Morten Hummelmose

Henrik Poulsen

Jo Taylor

Andrew E. Wolff

Pernille Benborg [1)]

Joseph Nazareth [1)]

Palle Fransen Queck [1)]

[1)] Employee representative

Condensed consolidated financial statements and notes

Condensed consolidated financial statements

Condensed consolidated income statement

1 January – 31 March

DKK million	Note	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Revenue	4	**18,251**	**19,545**	**18,251**	**19,545**
Staff costs	5	(12,342)	(13,114)	(12,342)	(13,114)
Consumables		(1,583)	(1,692)	(1,583)	(1,692)
Other operating expenses		(3,361)	(3,684)	(3,361)	(3,684)
Depreciation and amortisation [1]		(180)	(200)	(180)	(200)
Operating profit before other items [2]		**785**	**855**	**785**	**855**
Other income and expenses, net	6	(104)	(57)	(104)	(57)
Operating profit [1]	4	**681**	**798**	**681**	**798**
Share of result from equity-accounted investees		1	0	1	0
Financial income		77	152	77	152
Financial expenses		(635)	(596)	(635)	(596)
Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts		**124**	**354**	**124**	**354**
Income taxes [3]		(51)	(120)	(51)	(120)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts		**73**	**234**	**73**	**234**
Goodwill impairment	7	-	(63)	-	(63)
Amortisation/impairment of brands and customer contracts		(150)	(136)	(150)	(136)
Income tax effect [4]		44	36	44	36
Net profit/(loss) for the period		**(33)**	**71**	**(33)**	**71**
Attributable to:					
Owners of ISS A/S		(34)	70	(34)	70
Non-controlling interests		1	1	1	1
Net profit/(loss) for the period		**(33)**	**71**	**(33)**	**71**
Earnings per share:					
Basic earnings per share (EPS), DKK		(0.2)	0.5	(0.2)	0.5
Diluted earnings per share, DKK		(0.2)	0.5	(0.2)	0.5
Adjusted earnings per share, DKK [5]		0.5	1.7	0.5	1.7

[1] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[2] Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[3] Excluding tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[4] Income tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[5] Calculated as Profit before goodwill impairment and amortisation/impairment of brands and customer contracts divided by the average number of shares (diluted).

Condensed consolidated statement of comprehensive income

1 January – 31 March

DKK million	Note	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Net profit/(loss) for the period		**(33)**	**71**	**(33)**	**71**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Impact from asset ceiling regarding pensions		(4)	-	(4)	-
Tax		1	-	1	-
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		136	20	136	20
Fair value adjustment of hedges, net		4	21	4	21
Fair value adjustment of hedges, net, transferred to Financial expenses		(3)	21	(3)	21
Tax		(0)	(11)	(0)	(11)
Total other comprehensive income/(loss)		**134**	**51**	**134**	**51**
Total comprehensive income/(loss) for the period		**101**	**122**	**101**	**122**
Attributable to:					
Owners of ISS A/S		100	121	100	121
Non-controlling interests		1	1	1	1
Total comprehensive income/(loss) for the period		**101**	**122**	**101**	**122**

Condensed consolidated statement of cash flows

1 January – 31 March

DKK million	Note	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Operating profit before other items	4	785	855	785	855
Depreciation and amortisation		180	200	180	200
Changes in working capital		(1,361)	(1,218)	(1,361)	(1,218)
Changes in provisions, pensions and similar obligations		(42)	(19)	(42)	(19)
Other expenses paid		(134)	(69)	(134)	(69)
Income taxes paid		(172)	(212)	(172)	(212)
Cash flow from operating activities		**(744)**	**(463)**	**(744)**	**(463)**
Acquisition of businesses		-	1	-	1
Divestment of businesses	8	1,012	(12)	1,012	(12)
Acquisition of intangible assets and property, plant and equipment		(211)	(202)	(211)	(202)
Disposal of intangible assets and property, plant and equipment		16	31	16	31
(Acquisition)/disposal of financial assets		55	(11)	55	(11)
Cash flow from investing activities		**872**	**(193)**	**872**	**(193)**
Proceeds from borrowings		11,280	469	11,280	469
Repayment of borrowings		(18,957)	-	(18,957)	-
Interest received		41	31	41	31
Interest paid		(337)	(324)	(337)	(324)
Proceeds from issuance of share capital		7,788	-	7,788	-
Purchase of treasury shares		(140)	-	(140)	-
Cash flow from financing activities		**(325)**	**176**	**(325)**	**176**
Total cash flow		**(197)**	**(480)**	**(197)**	**(480)**
Cash and cash equivalents at 1 January		3,277	3,528	3,277	3,528
Total cash flow		(197)	(480)	(197)	(480)
Foreign exchange adjustments		13	43	13	43
Cash and cash equivalents at 31 March		**3,093**	**3,091**	**3,093**	**3,091**

Condensed consolidated statement of financial position

DKK million	Note	31 March 2014	31 March 2013	31 December 2013
Assets				
Intangible assets	7	28,305	31,850	28,346
Property, plant and equipment		1,675	1,908	1,715
Investments in equity-accounted investees		5	5	5
Deferred tax assets		667	600	627
Other financial assets		341	438	302
Non-current assets		**30,993**	**34,801**	**30,995**
Inventories		314	317	309
Trade receivables		10,843	12,189	10,299
Tax receivables		160	201	204
Other receivables		1,657	1,405	1,542
Cash and cash equivalents		3,093	3,091	3,277
Assets classified as held for sale	9	462	2,278	1,950
Current assets		**16,529**	**19,481**	**17,581**
Total assets		**47,522**	**54,282**	**48,576**

DKK million	Note	31 March 2014	31 March 2013	31 December 2013
Equity and liabilities				
Total equity attributable to owners of ISS A/S		11,985	5,218	4,237
Non-controlling interests		10	11	9
Total equity	10	**11,995**	**5,229**	**4,246**
Loans and borrowings	11	11,426	23,922	20,416
Pensions and similar obligations		845	1,441	838
Deferred tax liabilities		1,534	1,683	1,590
Provisions		482	354	470
Non-current liabilities		**14,287**	**27,400**	**23,314**
Loans and borrowings	11	7,015	6,346	5,648
Trade payables		3,109	3,208	3,436
Tax payables		339	274	443
Other liabilities		10,359	10,900	10,156
Provisions		263	226	317
Liabilities classified as held for sale	9	155	699	1,016
Current liabilities		**21,240**	**21,653**	**21,016**
Total liabilities		**35,527**	**49,053**	**44,330**
Total equity and liabilities		**47,522**	**54,282**	**48,576**

Condensed consolidated statement of changes in equity

1 January – 31 March

YTD 2014 DKK million	Attributable to owners of ISS A/S								
	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total equity
Equity at 1 January	**135**	**11,430**	**-**	**(6,869)**	**(428)**	**(31)**	**4,237**	**9**	**4,246**
Comprehensive income for the period									
Net profit/(loss) for the period	**-**	**-**	**-**	**(34)**	**-**	**-**	**(34)**	**1**	**(33)**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	-	136	-	136	0	136
Fair value adjustment of hedges, net	-	-	-	-	-	4	4	-	4
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	-	(3)	(3)	-	(3)
Impact from asset ceiling regarding pensions	-	-	-	(4)	-	-	(4)	-	(4)
Tax	-	-	-	1	-	(0)	1	-	1
Total other comprehensive income/(loss)	**-**	**-**	**-**	**(3)**	**136**	**1**	**134**	**0**	**134**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**(37)**	**136**	**1**	**100**	**1**	**101**
Transactions with owners									
Share issue	50	7,986	-	-	-	-	8,036	-	8,036
Costs related to the share issue	-	(248)	-	-	-	-	(248)	-	(248)
Purchase of treasury shares	-	-	(140)	-	-	-	(140)	-	(140)
Total transactions with owners	**50**	**7,738**	**(140)**	**-**	**-**	**-**	**7,648**	**-**	**7,648**
Total changes in equity	**50**	**7,738**	**(140)**	**(37)**	**136**	**1**	**7,748**	**1**	**7,749**
Equity at 31 March	**185**	**19,168**	**(140)**	**(6,906)**	**(292)**	**(30)**	**11,985**	**10**	**11,995**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 31 March

YTD 2013 DKK million	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S							
Equity at 1 January	**135**	**11,430**	**(6,741)**	**367**	**(94)**	**5,097**	**10**	**5,107**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**70**	**-**	**-**	**70**	**1**	**71**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	20	-	20	(0)	20
Fair value adjustment of hedges, net	-	-	-	-	21	21	-	21
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	21	21	-	21
Tax	-	-	-	-	(11)	(11)	-	(11)
Total other comprehensive income/(loss)	**-**	**-**	**-**	**20**	**31**	**51**	**(0)**	**51**
Total comprehensive income/(loss) for the period	**-**	**-**	**70**	**20**	**31**	**121**	**1**	**122**
Total changes in equity	**-**	**-**	**70**	**20**	**31**	**121**	**1**	**122**
Equity at 31 March	**135**	**11,430**	**(6,671)**	**387**	**(63)**	**5,218**	**11**	**5,229**

Dividends

No dividends have been proposed or declared.

NOTE 1 Significant accounting policies

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2014 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), associates and joint ventures.

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013. A full description of the Group's accounting policies is included in the consolidated financial statements for 2013.

Changes in accounting policies

With effect from 1 January 2014, the Group has implemented amendments to IAS 32, amendments to IAS 39 and IFRIC 21. The adoption of these Standards and Interpretations did not affect recognition and measurement in the first three months of 2014.

NOTE 2 Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the judgements and estimates commented upon in the notes of this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

NOTE 3 Seasonality

The operating margin before other items is typically lower in the first quarter of the year and higher in the third quarter of the year, compared with other quarters. Cash flow from operations tends to be lower in the first quarter of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Cash flow from operations becomes increasingly positive throughout the year and is usually highest in the fourth quarter of the year, when revenue recognised in the third quarter of the year is collected.

NOTE 4 Segment information

Reportable segments

ISS is a global facility services company, that operates in more than 50 countries and delivers a wide range of services within the areas cleaning services, support services, property services, catering services, security services and facility management.

Operations are generally managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with limited activities which are managed by the Global Corporate Clients organisation are excluded from the geographical segments and combined in a separate segment called "Other countries".

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments.

Transactions between reportable segments are made on market terms.

NOTE 4 Segment information (continued)

YTD 2014

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	9,290	3,835	1,937	1,142	853	833	373	12	**18,275**
Operating profit before other items [2]	427	193	137	50	43	19	15	(1)	**883**
Operating profit [3]	408	187	138	46	42	18	14	(1)	**852**
Total assets	26,295	14,465	4,332	2,827	1,624	1,828	1,271	9	**52,651**
Total liabilities	16,807	8,334	1,785	1,792	1,874	1,082	506	9	**32,189**

YTD 2013

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	9,696	4,314	1,913	1,423	941	871	399	9	**19,566**
Operating profit before other items [2]	442	211	139	67	35	25	15	(0)	**934**
Operating profit [3]	422	206	139	55	30	13	13	(0)	**878**
Total assets	29,711	15,455	4,647	3,745	1,862	2,005	1,298	7	**58,730**
Total liabilities	20,634	9,515	2,041	2,849	2,002	1,025	556	6	**38,628**

[1] Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.
[2] Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[3] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

Grouping of countries into regions

Western Europe:	Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom
Nordic:	Denmark, Finland, Greenland, Iceland, Norway and Sweden
Asia:	Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand
Pacific:	Australia and New Zealand
Latin America:	Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela
North America:	Canada and the USA
Eastern Europe:	Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Slovenia
Other countries:	Bahrain, Cayman Islands, Cyprus, Egypt, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine and the United Arab Emirates

Reconciliation of operating profit

DKK million	YTD 2014	YTD 2013
Operating profit for reportable segments	852	878
Unallocated corporate costs	(98)	(80)
Unallocated other income and expenses, net	(73)	-
Operating profit according to the income statement	**681**	**798**

NOTE 5 Share-based payment

The Group has implemented two share-based incentive programmes in March 2014 following the IPO, a transition share programme (one-time grant) and a long-term performance share programme (LTIP).

Transition share programme

Under the transition share programme (one-time grant), members of the EGM, the GMB and certain other senior officers of the Group are eligible to receive a number of performance based share units (PSUs) at no cost subject to fulfilment of certain operational and individual objectives. The programme will vest over a two-year period with a maximum of 50% on the date of the first and second anniversary of the grant, respectively.

The fair value of the grant was estimated to DKK 59 million at the time of grant measured using a generally accepted pricing model based on the assumptions at the time of grant including management's assessment of target fulfilment. The fair value will be expensed on a linear basis over the vesting period from March 2014 to March 2016.

Assumptions applied at the time of grant, March 2014

Share price (DKK):	160
Vesting period:	1 - 2 years
Number of PSUs granted:	526,720

Performance share programme (LTIP)

Under the LTIP members of the EGM, the GMB and certain other senior officers of the Group are eligible to receive a number of PSUs at no cost, subject to fulfilment of targets for earnings per share (EPS) and total shareholder return (TSR) benchmarked against a peer group of Danish listed companies and a peer group of international service companies. The programme will vest on the date of the third anniversary of the grant.

The fair value of the grant was estimated to DKK 83 million at the time of grant measured using a generally accepted pricing model based on the assumptions at the time of grant including management's assessment of target fulfilment. The fair value will be expensed on a linear basis over the vesting period from March 2014 to March 2017.

Assumptions applied at the time of grant, March 2014

Share price (DKK):	160
Vesting period:	3 years
Number of PSUs granted:	952,169

NOTE 6 Other income and expenses, net

DKK million	YTD 2014	YTD 2013
Gain on divestments	11	-
Other income	**11**	**-**
Costs related to IPO process	(104)	-
Loss on divestments	(9)	(1)
Restructuring projects	(2)	(29)
Build-up of IFS capabilities in North America	-	(13)
Other	-	(14)
Other expenses	**(115)**	**(57)**
Other income and expenses, net	**(104)**	**(57)**

NOTE 6 Other income and expenses, net (continued)

Gain on divestments in 2014 mainly related to sale of the pest control activities in India.

Costs related to IPO process comprised costs for external advisors, mainly fees to lawyers, auditors and other advisors, as well as certain transaction bonuses.

Loss on divestments in 2014 mainly related to the sale of the commercial security activities in Australia and the property service activities in Belgium.

Restructuring projects in 2013 mainly related to structural adjustments in the Netherlands, consolidation of office locations and other efficiency improvements in Norway as well as redundancy and severance payments relating to senior management changes.

Build-up of IFS capabilities in North America in 2013 comprised costs incurred in relation to the strategic build-up of the IFS platform to support and deliver on major contracts in the USA. The build-up of the IFS platform was completed in 2013.

NOTE 7 Goodwill impairment

DKK million	YTD 2014	YTD 2013
Impairment losses derived from divestment of businesses	-	63
Goodwill impairment	**-**	**63**

Impairment losses derived from divestment of businesses

In 2013, impairment losses of DKK 44 million related to remeasurement of net assets of the security activities in the Netherlands, which were subsequently sold in 2013. The remaining loss related to the divestment of a minor activity in Austria.

Impairment tests

The Group performs impairment tests on intangibles[1)] annually and whenever there is an indication that intangibles may be impaired. The annual impairment test is performed as per 31 December based on financial budgets approved by management covering the following financial year.

At 31 March 2014, the Group performed a review for indications of impairment of the carrying amount of intangibles. It is management's opinion that there are no significant changes to the assumptions applied in the impairment tests presented in note 4.4 in the consolidated financial statements for 2013. It is management's assessment that the value in use exceeds the carrying amount of intangibles at 31 March 2014.

[1)] Intangibles cover the value of goodwill, brands and customer contracts.

NOTE 8 Divestment of businesses

Divestment of businesses

The Group made five divestments during 1 January - 31 March 2014 (one during 1 January - 31 March 2013). The total sales price amounted to DKK 1,136 million (DKK 1 million during 1 January - 31 March 2013). The total annual revenue of the divested businesses (extracted from unaudited financial information) is estimated at DKK 3,188 million (DKK 25 million during 1 January - 31 March 2013).

The divestments had the following impact on the Group's consolidated financial statements at the reporting date:

DKK million	YTD 2014	YTD 2013
Goodwill	716	-
Customer contracts	40	-
Other non-current assets	207	0
Trade receivables	554	1
Other current assets	93	1
Provisions	(68)	-
Pensions, deferred tax liabilities and non-controlling interests	(9)	-
Non-current loans and borrowings	(1)	-
Current loans and borrowings	(2)	-
Other current liabilities	(553)	-
Total identifiable net assets	**977**	**2**
Gain/(loss) on divestment of businesses, net	2	(1)
Divestment costs, net of tax	157	0
Consideration received	**1,136**	**1**
Cash and cash equivalents in divested businesses	(43)	-
Cash consideration received	**1,093**	**1**
Contingent and deferred consideration	(30)	-
Divestment costs paid, net of tax	(51)	(13)
Net proceeds regarding divestment of businesses	**1,012**	**(12)**

The five divestments completed before or at 31 March 2014 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
HiCare	India	Property Services	January	100%	60	1,337
HVAC	Belgium	Property Services	January	Activities	29	18
Security	Israel	Security Services	February	100%	232	1,800
Landscaping	France	Property Services	March	100%	2,071	2,372
Security	Pacific [2]	Security Services	April	100%/Activities	796	1,791
Total					**3,188**	**7,318**

[1] Estimated figures based on information available at the time of divestment extracted from unaudited financial information.

[2] Commercial security activities have been sold in Australia and New Zealand.

At 31 March 2014 the closing accounts related to the divestments of the security activities in Israel, landscaping activities in France as well as the commercial security activities in Australia and New Zealand have not been finalised.

NOTE 8 Divestment of businesses (continued)

Divestments subsequent to 31 March 2014

Divestments made by the Group in the period from 1 April to 14 May 2014 are listed below.

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
Personnel and Hardware services	Germany	Support services	May	100%	79	411
Hero	Norway	Support services	May	50%[2]	-	653
Total					**79**	**1,064**

[1] Estimated figures based on information available at the time of divestment extracted from unaudited financial information.

[2] Equity-accounted investee with an estimated annual revenue (ISS's share) of DKK 206 million.

Pro forma revenue and operating profit before other items

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to divestments are based on estimates made by local ISS management in the respective jurisdictions in which the divestments occurred at the time of divestment or actual results where available. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items on a pro forma basis are presented for informational purposes only. This information does not represent the results the Group would have achieved had the divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

Assuming all divestments during 1 January - 31 March 2014 were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2014	YTD 2013
Pro forma revenue		
Revenue recognised in the income statement	18,251	19,545
Divestments	(454)	(6)
Pro forma revenue	**17,797**	**19,539**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	785	855
Divestments	(20)	1
Pro forma operating profit before other items	**765**	**856**

NOTE 9 Assets held for sale

At 31 December 2013, assets held for sale comprised six businesses in Western Europe, Nordic, Asia and Pacific. The assets and liabilities of these activities were reclassified and presented separately in the statement of financial position. At 31 March 2014 the four businesses in Western Europe, Asia and Pacific have been divested. The divestments comprised the landscaping activities in France, the commercial security activities in Australia and New Zealand, the security activities in Israel and the Pest Control activities in India. The divestments resulted in the recognition of a net gain of DKK 3 million in the income statement in the first three months of 2014. Sales processes are still ongoing for the remaining two businesses in Nordic and these activities continue to be classified as held for sale at 31 March 2014.

During the first three months of 2014, the continued evaluation of our activities has led to the initiation of sales processes for one additional non-core activity in Western Europe. At 31 March 2014 this activity was classified as held for sale and presented in separate line items of the statement of financial position at the lower of the carrying amount and fair value less costs to sell. No impairment losses were recognised in connection with this reclassification.

NOTE 10 Share capital

The completion of the IPO in March 2014 resulted in 50,224,907 million new shares being issued by ISS A/S raising gross proceeds of DKK 8,036 million. Following the IPO and the full exercise of the overallotment option, FS Invest II S.à r.l owns 48% of ISS's share capital while Company and Management holds 1%, leaving the free floating shares at 51% of the share capital including shares held by OTPP and KIRKBI.

	31 March 2014	
	Nominal value (DKK million)	**Number of shares (in thousands)**
Share capital at 1 January	135	135,443
Issued for cash	50	50,225
Share capital at 31 March - fully paid	**185**	**185,668**

At 31 March 2014, a total of 185,668,226 shares with a nominal value of DKK 1 per share were issued and fully paid. No shares carry special rights and effective 1 March 2014, all shares were freely transferable.

Treasury shares Proceeds from purchase and sale of treasury shares are recognised in equity. Reserve for treasury shares therefore includes the cost of ISS A/S's stock of treasury shares reduced by received dividends, if any.

	Nominal value (DKK million)	Number of shares (in thousands)	Purchase price (DKK million)	% of share capital
Treasury shares 31 March 2014	**1**	**875**	**140**	**0.5%**
Treasury shares 31 December 2013	**-**	**-**	**-**	**-**

In connection with the IPO, a total of 875,000 of treasury shares were purchased for a total purchase price of DKK 140 million.

NOTE 11 Loans and borrowings

In preparation for the IPO a new unsecured banking facilities agreement, with investment grade like terms, was put in place with a smaller number of relationship banks. Following the completion of the IPO, on 18 March 2014 proceeds from these new facilities and certain of the net proceeds from the IPO were used to fully repay the existing senior secured facilities.

The repayment resulted in unamortised financing fees of DKK 152 million relating to the senior secured facilities being expensed in the income statement in March 2014.

The table below provides an overview of the composition of the Group's loans and borrowings as per 31 March 2014 including carrying amounts, terms and maturities. Please refer to the consolidated financial statements for 2013 for an overview of the loans and borrowings as per 31 December 2013.

NOTE 11 Loans and borrowings (continued)

Terms and maturity of the Group's interest-bearing loans and borrowings and net debt

DKK million	Nominal interest rate	Currency	Year of maturity	Face value	Amount hedged [1]	31 March 2014 Carrying amount
Issued bonds (fixed interest rate):						
Subordinated Notes [2]	8.875%	EUR	2016	1,914	-	1,901
EMTNs	4.50%	EUR	2014	824	-	810
Total issued bonds				**2,738**	**-**	**2,711**
Bank loans (floating interest rate):						
Senior Facilities:						
Term Facility A	Euribor + 1.25%	EUR	2017	5,714	5,714	5,625
Term Facility A	Libor + 1.25%	GBP	2017	1,983	-	1,983
Term Facility A	Libor + 1.25%	USD	2017	1,300	-	1,300
Term Facility B	Euribor + 1.50%	EUR	2019	2,462	1,752	2,405
Revolving Credit Facility	Libor + 1.50%	Multi currency	2019	1,548	-	1,485
Bank loans and overdrafts	-	Multi currency	-	68	-	68
Total bank loans				**13,075**	**7,466**	**12,866**
Securitisation	Libor + 2.50%	Multi currency	2015	**2,680**	**-**	**2,669**
Derivatives:						
Interest rate swaps	-	-	-	35	-	35
Currency swaps	-	-	-	11	-	11
Total derivatives	-	-	-	**46**	-	**46**
Finance lease liabilities	-	-	-	**149**	**-**	**149**
Loans and borrowings	-	-	-	**18,688**	**7,466**	**18,441**
Non-current liabilities						11,426
Current liabilities						7,015
Loans and borrowings						**18,441**

[1] Interest rate swaps.
[2] On 3 April 2014, ISS gave notice that all of the outstanding Subordinated Notes, in an aggregate principal amount of EUR 256.3 million, were called for redemption on 15 May 2014.

NOTE 12 Contingent liabilities

Senior Facility Agreement

Following the completion of the IPO the borrowings under the senior secured facilities have been fully repaid and replaced by a new unsecured senior facilities agreement. As a consequense hereof the previous pledges and guarantees in favour of the senior secured facilities have been cancelled and replaced by guarantees provided by ISS A/S, ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Securitisation

Certain countries participate in the Group's securitisation programme where securitised trade receivables are provided as security for the securitisation debt. As at 31 March 2014, trade receivables of DKK 3,806 million (31 December 2013: DKK 4,535 million) have been placed as security for securitisation debt with a face value of DKK 2,680 million (31 December 2013: DKK 2,773 million). In addition hereto DKK 1,186 million (31 December 2013: DKK 1,532 million) cash held by the Group's consolidated SPEs handling the Group's securitisation programme was pledged as security for securitisation debt. Of the total amount of cash held by the Group's SPEs DKK 429 million (31 December 2013: DKK 133 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 31 March 2014 amounted to DKK 460 million (31 December 2013: DKK 425 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,582 million (31 December 2013: DKK 1,864 million) of which DKK 1,157 million (31 December 2013: DKK 1,236 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 March 2014 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2014.

Restructurings

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2014.

NOTE 13 Related parties

Parent and ultimate controlling party

Following the completion of the IPO in March 2014 and the full exercise of the overallotment option, FS Invest II S.à r.l (FS Invest II) owns 48% of ISS A/S's share capital while Company and Management holds 1% and 51% of the share capital is free floating including shares held by OTPP and KIRKBI. FS Invest II has de facto controlling influence in the Group.

FS Invest II is a wholly-owned subsidiary of FS Invest S.à r.l ("FS Invest") (the ultimate controlling company of the Group), which is owned by funds advised by EQT Partners (EQT) and funds advised by Goldman Sachs Capital Partners (GSCP). Following the completion of the IPO the indirect ownership share of ISS was 27% for EQT (previously 40%) and 22% for GSCP (previously 33%).

There were no significant transactions with the parent during the first three months of 2014. Transactions with the ultimate controlling party are described below under Other related party transactions.

Key management personnel

Members of the Board of Directors and the Group Management Board (the GMB)[1)] have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel.

The members of the EGM and the GMB participated in certain incentive and bonus schemes which were triggered by the completion of the IPO. During the first quarter of 2014 payments related to these schemes amounted to DKK 32 million. Apart from these payments, ordinary remuneration and co-investment programmes as described below, there were no significant transactions during the first three months of 2014 with members of the Board of Directors (the Board) and the GMB.

[1)] The GMB comprise the Executive Group Management Board (the EGM) and Corporate Senior Officers of the Group.

NOTE 13 Related parties (continued)

Co-investment programmes Following the completion of the IPO in March 2014, the MPP and DPP as desribed in the consolidated financial statements for 2013 was terminated and each of the participants have sold their programme securities to FS Invest II. At the time of the termination the programmes had a total value of DKK 323 million.

Other related party transactions

During the first three months of 2014, the Group had the following transactions with other related parties, which were all made on market terms:

- the Group and Goldman Sachs International, an affiliate of The Goldman Sachs Group, Inc., have agreed general terms and conditions for the supply of facility services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into facility services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements is estimated to DKK 102 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Singapore, Brazil and China. Finally, ISS in Spain and Italy are subcontractors to local Goldman Sachs suppliers. The annual revenue from the local and subcontractor agreements is estimated to DKK 7 million.

- the Group and Goldman Sachs International have entered into various agreements on provision of funding and banking related services as well as interest rate swaps. In the first three months of 2014, fees paid under these agreements amounted to approximately DKK 5 million and net interests paid in relation to interest rate swaps amounted to DKK 1 million.

- affiliates of Goldman Sachs Capital Partners are holders of 2014 EMTNs.

- affiliates of GSCP were lenders under the senior secured facilities, that were repaid in March 2014 following the completed IPO. During the first three months of 2014 interest expenses of DKK 12 million was paid as well as the outstanding balance as per 31 December 2014 of DKK 1,343 million.

- affiliates of GSCP are lenders under the new senior facilities. At 31 March 2014, the outstanding balance was DKK 571 million and during the first three months of 2014 interest expenses amounted to DKK 0.3 million.

- Goldman Sachs International acted as Joint Global Coordinator and Joint Bookrunner of the completed IPO. Fees paid in relation hereto in the first three months of 2014 amounted to DKK 43 million.

- the Group has entered into various agreements regarding delivery of facility services to companies owned by funds managed by EQT. The annual revenue from these agreements is estimated to DKK 3 million.

- the Group has issued a loan to FS Invest (the ultimate controlling party). During the first three months of 2014, the Group accrued interest income of DKK 2 million related to the loan. On 18 March 2014, the outstanding balance of DKK 100 million, which was recognised in Other financial assets, was fully repaid.

- the Group has a receivable with FS Invest of DKK 13 million at 31 March 2014 relating to prepaid expenses during the first three months of 2014. The receivable is recognised in Other financial assets.

Associates and joint ventures

Transactions with associates and joint ventures are limited to transactions related to shared service agreements. There were no significant transactions with associates and joint ventures during the first three months of 2014. All transactions were made on market terms.

Other

In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated accounts, there were no material transactions with other related parties and shareholders during the first three months of 2014.

1) Senior officers of the Group comprises Corporate Senior Officers (members of the GMB other than members of the EGM) and other corporate officers as well as certain members of Country Management of certain countries.

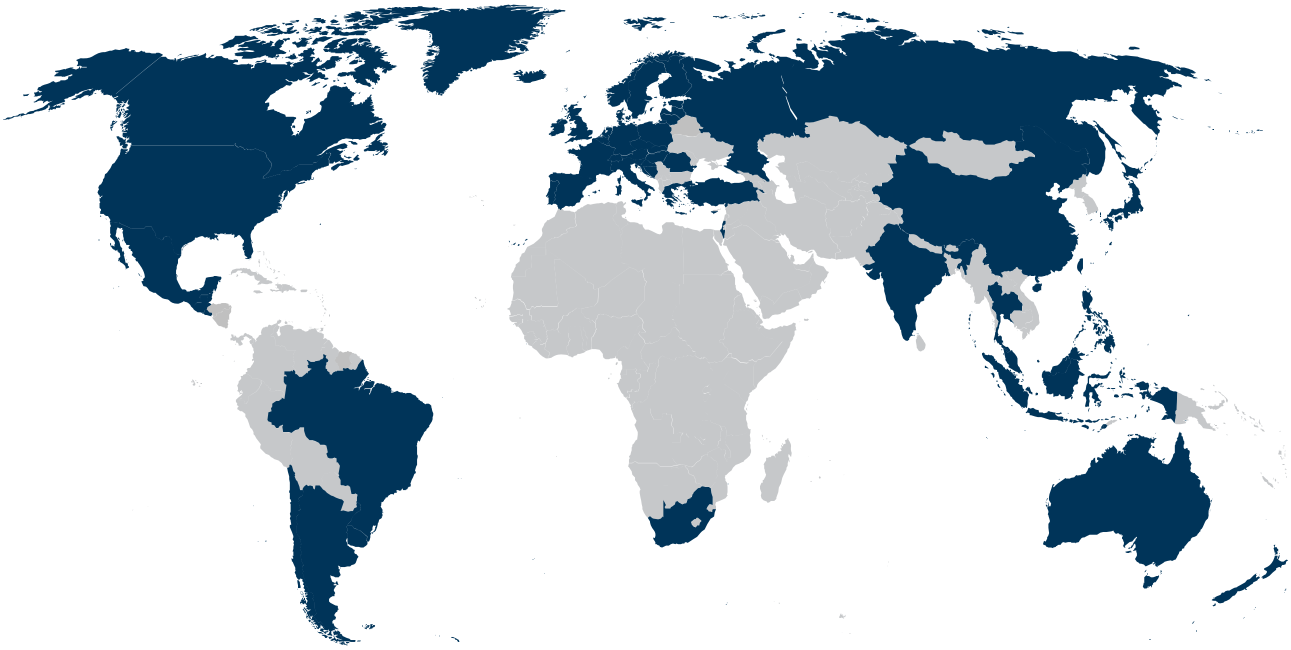
NOTE 14 Subsequent events

Divestments completed subsequent to 31 March 2014 are listed in note 8, Divestment of businesses.

On 3 April 2014, ISS announced a full redemption of the remaining outstanding Senior Subordinated Notes due 2016. The redemption will take place on 15 May 2014 using a portion of the net proceeds from the completed IPO.

Apart from the above and the events described in these condensed consolidated interim financial statements, the Group is not aware of events subsequent to 31 March 2014, which are expected to have a material impact on the Group's financial position.

The ISS representation around the globe



The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading Facility Services companies. ISS offers a wide range of services such as: Cleaning, Catering, Security, Property and Support Services as well as Facility Management. Global revenue amounted to DKK 78.5 billion in 2013 and ISS has 529,000 employees and local operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.