Interim report for the period 1 January – 30 June 2014

Profitable growth and improved margin

ISS (ISS.CO, ISS DC), one of the world's leading facility services companies, announces its Interim Results for H1 2014:

Highlights

- Resilient profitable organic revenue growth of 2.4% in H1 (2013: 3.6%) and 2.0% in Q2 (2013: 4.4%).
- Strong operating margin of 4.8% in H1 (2013: 4.8%) and 5.2% in Q2 (2013: 5.1%). Adjusted for the impact of the divested pest control activities in 2013 the operating margin increased from 4.6% in H1 2013 to 4.8% in H1 2014.
- Strong cash conversion over the last twelve months of 98% (2013: 98%) as a result of continued cash focus across the Group.
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts increased to DKK 559 million in H1 (2013: DKK 400 million).
- The strategic initiatives within customer segmentation and central procurement are progressing according to plans and are supporting margin progression.
- Emerging markets now represent 23% of total revenue for the Group (2013: 22%) and delivered 10% organic growth (2013: 10%) and 6.0% operating margin in H1 (2013: 6.0%). Western Europe delivered flat organic growth against a backdrop of difficult market conditions in H1 (2013:4%).
- Revenue generated from Integrated Facility Services contracts amounted to DKK 10.8 billion representing 29% of overall revenue (2013: 26%). Significant contract wins included BASF, Swisscom and a European based international bank.
- ISS Global Corporate Clients extended the global contract with HP until the end of 2018 and won a new contract with a large international food producer.
- Net debt reduced to DKK 15,278 million during H1 as a result of the IPO proceeds, an improved capital structure and proceeds from divestments.
- We now expect organic revenue growth in 2014 to be around the level realised for the first six months of 2014 (from 3%-4% previously). Our operating margin (above 5.5%) and cash conversion (above 90%) expectations are unchanged.

Jeff Gravenhorst, Group CEO, ISS A/S, said:

"Our first half results show we continue to build a strong global platform in the USD 1 trillion facility services market, enabling our worldwide clients to focus on their core businesses. We expect that ISS will continue to benefit from the increased outsourcing trends by global clients, especially in emerging markets where we saw double digit growth in the first half of the year. Our recent strategic initiatives such as customer segmentation and central procurement are progressing well and have had a positive impact on our margin. Together, this gives us confidence in the continued delivery of resilient organic growth, strong and improving operating margins with excellent cash conversion.

While organic growth for Q2 was impacted by weaker economic conditions in Europe, we continue to grow in both emerging and developed markets. We are satisfied with our increasing margin in Q2, our strong cash conversion and our significantly improved net result for the first half of 2014. We have further optimised our business through successful divestments of non-core activities allowing us to focus on the activities we are best at.

When we set guidance for 2014, we did so against a backdrop of an improving macroeconomic outlook in Europe. The recent economic data has shown significant weakening in Europe. This has had an effect on some of our customers' decision-making and leads us to change our organic growth expectations for the full year to be around the level of the first half of 2014. Our operating margin and cash conversion targets are unchanged."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

Key figures and financial ratios[1)]

DKK million (unless otherwise stated)	Q2 2014	Q2 2013	1 January - 30 June 2014	1 January - 30 June 2013
Income statement				
Revenue	18,397	20,097	36,648	39,642
Operating profit before other items	956	1,028	1,741	1,883
Operating margin, %	5.2	5.1	4.8	4.8
EBITDA	1,110	1,318	1,971	2,316
Adjusted EBITDA	1,139	1,224	2,104	2,279
Operating profit	927	1,122	1,608	1,920
Financial income	40	(42)	117	110
Financial expenses	(259)	(671)	(893)	(1,267)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	486	166	559	400
Net profit for the period	378	60	345	131
Cash flow				
Cash flow from operating activities	606	780	(138)	316
Acquisition of intangible assets and property, plant and equipment, net	(200)	(194)	(395)	(365)
Cash conversion (LTM), %	98	98	98	98
Financial position				
Total assets	46,720	53,485	46,720	53,485
Goodwill	23,281	25,142	23,281	25,142
Additions to property, plant and equipment	174	174	333	352
Total equity (attributable to owners of ISS A/S)	12,444	4,998	12,444	4,998
Equity ratio, %	26.6	9.3	26.6	9.3
Employees				
Number of employees end of period	521,900	532,100	521,900	532,100
Full-time employees, %	74	74	74	74
Growth, %				
Organic growth	2.0	4.4	2.4	3.6
Acquisitions	0	0	0	0
Divestments	(7)	(1)	(6)	(1)
Currency adjustments	(3)	(1)	(4)	(2)
Total revenue growth	(8)	2	(8)	1
Financial leverage				
Pro Forma Adj. EBITDA	4,781	5,006	4,781	5,006
Net debt	15,278	25,015	15,278	25,015
Net debt / Pro Forma Adj. EBITDA	3.2x	5.0x	3.2x	5.0x
Stock market ratios				
Basic earnings per share (EPS), DKK	2.0	0.4	2.1	1.0
Diluted earnings per share, DKK	2.0	0.4	2.1	1.0
Adjusted earnings per share, DKK	2.6	1.2	3.4	3.0
Number of shares issued ('000)	185,668	135,443	185,668	135,443
Number of treasury shares ('000)	875	-	875	-
Average number of shares (in thousands)	184,793	135,443	165,162	135,443
Average number of shares (diluted) (in thousands)	185,668	135,443	165,689	135,443

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1) See definitions in the Annual Report 2013.

Group financial highlights

H1 2014

Revenue was DKK 36.6 billion in the first six months of 2014 compared with DKK 39.6 billion in 2013. Organic growth amounted to 2.4% (2013: 3.6%). The successful divestment of non-core activities impacted revenue negatively by 6% and the negative impact from exchange rate movements was 4%.

The organic growth was supported by positive organic growth rates in all regions, except for Eastern Europe, with both Latin America and Asia reporting a double-digit performance for the first six months of 2014. The organic growth was mainly driven by continued strong growth in emerging markets and the Pacific region. Partly offsetting this development was a continued challenging macroeconomic environment in Europe and difficult market conditions in certain European countries. Furthermore, the timing and scope of start-ups of Global Corporate Clients reduced the organic growth.

Operating profit before other items amounted to DKK 1,741 million (2013: DKK 1,883 million). The operating margin was 4.8% for the first six months of 2014 (2013: 4.8%) which is in line with expectations. Adjusted for the impact of the divested pest control activities the operating margin increased from 4.6% in 2013 to 4.8% in 2014. The operating margin was supported by improved margins in mainly Western Europe and the Nordics, driven mainly by the implementation of our strategic initiatives.

Financial income and expenses, net decreased 33% to a net expense of DKK 776 million (2013: DKK 1,157 million) following partial redemption of the Senior Subordinated Notes Due 2016 and full repayment of the senior secured facilities in March 2014.

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts increased to DKK 559 million in 2014 from DKK 400 million in 2013.

The net profit for the first six months increased to DKK 345 million compared with a profit of DKK 131 million in 2013.

The LTM (last twelve months) cash conversion for June 2014 was 98% as a result of a strong cash focus 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. Debtor days have been reduced by 1.5 day compared with 30 June 2013.

Cash flow from operating activities for the first six months represented an outflow of DKK 138 million (2013: inflow of DKK 316 million). This was primarily due to the decrease in operating profit before other items of DKK 142 million, driven by the strategic divestments completed in 2013 and 2014, and an increase in cash outflow from working capital of DKK 164 million, driven by external payables due to timing between quarters. Furthermore, changes in provisions and pensions as well as payments of IPO and restructuring costs negatively impacted cash flow from operating activities with approximately DKK 112 million compared with 2013.

The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, where we have more than half of our employees and which represent 23% of total revenue for the Group, delivered organic growth of 10%. In addition to significantly increasing the Group's organic growth, the emerging markets delivered an average operating margin of 6.0% in the first six months of 2014.

Q2 2014

In Q2 2014, revenue was DKK 18.4 billion compared with DKK 20.1 billion in Q2 2013. Organic growth for Q2 amounted to 2.0% (2013: 4.4%). The successful divestment of non-core activities impacted revenue negatively by 7% and the negative impact from exchange rate movements was 3%. Overall we delivered positive organic growth driven by the Nordics, Pacific and emerging markets, partly offset by a generally weak European market. Operating profit before other items was down 7% to DKK 956 million (2013: 1,028 million) reflecting an operating margin of 5.2% in Q2 2014 compared with 5.1% in the same period last year. Adjusted for the impact of the divested pest control activities the operating margin increased from 4.9% in Q2 2013 to 5.2% in Q2 2014. In Q2, the net profit increased to DKK 378 million from DKK 60 million in Q2 2013, primarily driven by significantly lower financial expenses.

Group business highlights

Strategy update

ISS operates in the USD 1 trillion facility services market which is made up of different types of customers, services and providers. In this vast market, we have made a number of key strategic choices that define who we are and what we do.

We focus our offering on customers looking for value added service performance, as opposed to commodity service delivery, as these customers represent the opportunity to generate market leading growth, profit and cash conversion.

These customers are focused on their own core business and demand from their service providers that they support their core business by e.g. maximising the up-time of their facilities, managing their risk and safeguarding their employees, customers and brand. They also demand convenient and consistent service delivery as well as sustainable and transparent cost reductions. These customers are focused on the result (output) of the services and not the hours spent delivering the service (input).

To address this market we have created a unique value proposition. Its key elements are how we utilise people, processes and technology to meet our target customers' demand. We aim to provide our services through our own employees with the right mindset, values and capabilities (self delivery) across the globe. We also deliver these services with a "single point of contact" solution running all of the services necessary to operate the customer's facilities. These services are based on common processes and enabling technology, which provides an opportunity to integrate the services and thereby make our solution more cost efficient.

To enable us to operate the customer's facilities our focus is to provide cleaning, property services and catering globally. We further provide security, other support services and facilities management as part of integrated facilities service (IFS) contracts. We also provide single service security primarily in emerging markets.

Our operating model is based on a country-by-country organisation to remain close to the local labour market, culture and customers. Yet we are increasingly aligned across the globe in accordance with a well-defined set of business fundamentals including a common vision, values and leadership principles supplemented by common policies and processes governed by global and regional functions. This alignment will assist us in serving our chosen customers and in extracting synergies and enabling benchmarking to improve our competitiveness.

This alignment is ensured through the implementation of The ISS Way strategy which is progressing well. Initiatives focused on driving profitable growth and increasing margins continue to deliver results through the focus on our identified five strategic themes. These are: 1) Empowering people through great leadership; 2) Transforming our customer base; 3) Ensuring a fit for purpose organisation; 4) IFS readiness; and 5) Striving for excellence.

The review of our customer segmentation and organisational structure is progressing as planned. To date, we have completed the analysis phase in five countries across the Nordic and Western Europe regions. On-going countries with expected analysis phase completion before year-end include countries in Europe, Latin America and Pacific. We expect to have completed the analysis phase in countries representing more than 50% of the Group's revenue by year-end. The implementation phase has been initiated in several countries and is progressing as planned.

The procurement project, which is an excellence project, is progressing according to plan. Phase 1 has now been completed with identified total savings of DKK 200 - 250 million to be realised during 2014-2016. Phase 2 has been launched targeting additional savings of approximately DKK 150 - 200 million. 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.

A Business Process Outsourcing project covering certain Finance & Accounting (F&A) processes is being launched in the Nordic region targeting improved financial processes and cost savings.

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%.

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.

ISS ranked number one outsourcing provider

In June 2014, ISS was for the second year in a row ranked the global number one outsourcing services provider by an independent jury for The International Association of Outsourcing Professionals (IAOP) in competition with other global outsourcing companies such as Accenture, Johnson Controls, CBRE and Aramark. ISS received highest possible scores from all jury members on the following parameters: size and growth; customer references; organisational competencies; and management capabilities.

IFS and Global Corporate Clients

The revenue generated from IFS amounted to DKK 10.8 billion in the first six months of 2014, approximately 29% of our total revenue (2013: 26%), which is an increase of 4% compared with the same period in 2013.

In July 2014, ISS announced that BASF, the world's leading chemical company, had chosen ISS to provide IFS in five European countries. The overall portfolio consists of 56 sites in Spain, France, Portugal, Belgium and the Netherlands. In addition, ISS won significant IFS contracts with Swisscom in Switzerland, a European based international bank, a technology company in the USA and a renewal and expansion of the IFS contract with Edinburgh College in the United Kingdom.

Part of the IFS revenue is generated from Global Corporate Clients which amounted to DKK 3.2 billion in the first six months of 2014, approximately 8.7% of our total revenue, which is an increase of 4% compared with the same period in 2013.

In February 2014, ISS announced the three year extension of the Global Corporate Clients 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.

Furthermore, ISS Global Corporate Clients has signed an IFS framework contract with a large international food producer with the potential of covering several countries in Europe and Asia. Delivery of services in Switzerland commenced 1 August.

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 six months of 2014, we divested the pest control activities in India, the property service activities in Belgium, the security activities in Germany and Israel, the landscaping activities in France, the commercial security activities in Australia and New Zealand, the personnel and hardware activities in Germany, certain service activities related to asylum centres in Norway and the aviation activities in Finland. The divestments reflect an increased strategic alignment in the affected countries resulting in a more aligned business platform.

In the first six months of 2014, the impact of the completed divestments amounted to a net gain of DKK 38 million recognised in Other income and expenses, net. Cash consideration received amounted to DKK 1.2 billion.

On 11 July 2014, we announced the sale of our Nordic temporary labour and staffing activities in Norway, Sweden and Finland.

At 30 June 2014, three business units in Western Europe, the Nordic region and Asia have been classified as held for sale, comprising net assets of DKK 0.4 billion, including the divestment announced in July as described above.

Including the divestments announced in 2014 we have completed the most significant divestments. Nonetheless, we continue to review our business activities and this will result in further divestments going forward.

Refinancing

We entered into a new unsecured senior facility following the successful listing of the ISS shares on NASDAQ OMX Copenhagen on 13 March 2014.

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 the IPO were used to fully repay ISS's senior secured facilities on 18 March 2014 and fully redeem the remaining outstanding Senior Subordinated Notes Due 2016 (approximately EUR 256 million) on 15 May 2014. Finally, the Securitisation programme was also fully repaid on 22 May 2014, leaving only the EUR 110 million EMTNs outstanding which 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). Our objective is to maintain an Investment Grade rating and to reduce financial leverage to below 2.5x Pro Forma Adj. EBITDA.

Grouping of countries into regions related to overview on page 6:

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, Jordan, 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)]	9,258	10,155	(9)%	18,548	19,852	(7)%
Nordic [2)]	3,996	4,363	(8)%	7,831	8,677	(10)%
Asia [3)]	1,979	2,052	(4)%	3,916	3,964	(1)%
Pacific [4)]	1,045	1,311	(20)%	2,187	2,734	(20)%
Latin America [5)]	900	956	(6)%	1,753	1,897	(8)%
North America [6)]	828	860	(4)%	1,661	1,730	(4)%
Eastern Europe [7)]	401	415	(3)%	773	814	(5)%
Other Countries [8)]	12	8	50 %	24	16	50 %
Corporate / eliminations	(22)	(23)	4 %	(45)	(42)	(7)%
Group	**18,397**	**20,097**	**(8)%**	**36,648**	**39,642**	**(8)%**
Emerging markets [9)]	4,346	4,539	(4)%	8,557	8,857	(3)%

Operating profit before other items						
Western Europe	527	560	(6)%	954	1,002	(5)%
Nordic	265	285	(7)%	457	496	(8)%
Asia	139	153	(9)%	276	292	(5)%
Pacific	43	58	(26)%	93	125	(26)%
Latin America	42	40	5 %	85	75	13 %
North America	27	12	125 %	46	37	24 %
Eastern Europe	29	29	-	44	44	-
Other Countries	(1)	(1)	60 %	(1)	(1)	75 %
Corporate / eliminations	(115)	(108)	(6)%	(213)	(187)	(14)%
Group	**956**	**1,028**	**(7)%**	**1,741**	**1,883**	**(8)%**
Emerging markets	264	276	(4)%	516	535	(4)%

Operating margin [10)]						
Western Europe	5.7 %	5.5 %	0.2 %	5.1 %	5.0 %	0.1 %
Nordic	6.6 %	6.5 %	0.1 %	5.8 %	5.7 %	0.1 %
Asia	7.0 %	7.4 %	(0.4)%	7.0 %	7.4 %	(0.4)%
Pacific	4.1 %	4.4 %	(0.3)%	4.2 %	4.6 %	(0.4)%
Latin America	4.7 %	4.1 %	0.6 %	4.8 %	3.9 %	0.9 %
North America	3.2 %	1.4 %	1.8 %	2.8 %	2.1 %	0.7 %
Eastern Europe	7.3 %	6.9 %	0.4 %	5.7 %	5.4 %	0.3 %
Other Countries	(6.7)%	(6.6)%	(0.1)%	(5.8)%	(4.9)%	(0.9)%
Corporate / eliminations	(0.6)%	(0.5)%	(0.1)%	(0.6)%	(0.5)%	(0.1)%
Group	**5.2 %**	**5.1 %**	**0.1 %**	**4.8 %**	**4.8 %**	**-**
Emerging markets	6.1 %	6.1 %	-	6.0 %	6.0 %	-

%	QTD 2014					YTD 2014				
Growth components	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**
Western Europe	(1)	0	(8)	0	(9)	0	0	(6)	(1)	(7)
Nordic	3	-	(7)	(4)	(8)	2	-	(8)	(4)	(10)
Asia	8	-	(1)	(11)	(4)	11	-	(1)	(11)	(1)
Pacific	9	-	(22)	(7)	(20)	7	-	(15)	(12)	(20)
Latin America	12	-	-	(18)	(6)	11	-	-	(19)	(8)
North America	2	-	(1)	(5)	(4)	1	-	(1)	(4)	(4)
Eastern Europe	(1)	-	-	(3)	(4)	(2)	-	-	(3)	(5)
Group	**2.0**	**0**	**(7)**	**(3)**	**(8)**	**2.4**	**0**	**(6)**	**(4)**	**(8)**
Emerging markets	9	-	(2)	(11)	(4)	10	-	(1)	(12)	(3)

See page 5 for footnotes

Regional review

Western Europe

Revenue decreased by 7% to DKK 18,548 million in the first six months of 2014 (2013: DKK 19,852 million). Organic growth amounted to 0% while the successful divestment of non-core activities in 2013 and 2014 and currency adjustments reduced revenue with 6% and 1%, respectively. Operating profit before other items decreased by 5% to DKK 954 million (2013: DKK 1,002 million) equal to an operating margin of 5.1%, which was 0.1 percentage point higher than last year.

Several countries delivered positive organic growth rates, with especially Turkey, the United Kingdom and Austria being the main contributors. This was offset by a relatively low demand for non-portfolio services albeit showing positive organic growth as well as the impact of operational challenges in the Netherlands and Belgium which 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 as well as the impact from our strategic initiatives. The operating margin was negatively impacted by the operational challenges in the Netherlands and Belgium. Furthermore, the divestments of the margin accretive pest control activities in certain countries in 2013 and Landscaping in France had an adverse impact on the margin compared with the same period in 2013.

In Q2, the revenue decreased by 9% to DKK 9,258 million driven by a divestment impact and a negative organic growth of 8% and 1%, respectively. Operating profit before other items decreased by 6%, resulting in an operating margin of 5.7% (2013: 5.5%). The organic growth was negatively impacted by challenging market conditions but positively impacted by contract wins in Turkey mainly within the security and catering divisions. The increase in operating margin was mainly driven by the strong performance in Turkey as well as improved margins on major contracts and cost optimisation measures in the United Kingdom.

Nordic

Revenue in the first six months of 2014 decreased 10% to DKK 7,831 million (2013: DKK 8,677 million). Organic growth amounted to 2%, 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 457 million (2013: DKK 496 million), reflecting an operating margin of 5.8% compared with 5.7% in 2013.

The organic growth of 2% reflects a strong performance in Norway and Denmark driven by start-up of new contracts in 2013 and 2014. This was offset by negative organic growth in Finland due to challenging market conditions resulting in lower demand for non-portfolio services and the impact from exiting contracts in 2013 and 2014.

The increase in the operating margin to 5.8% was a result of a margin increase in Denmark mainly due to the effect from the strategic initiatives implemented in 2013 regarding customer segmentation and organisational structure as well as cost optimisation initiatives in Sweden. Furthermore, the successful divestment of damage control activities in the Nordic region in 2013 had a positive impact on the operating margin.

In Q2, the revenue decreased 8% to DKK 3,996 million driven by an organic growth of 3% which was more than offset by a negative impact from the successful divestment of non-core activities and currency adjustments of 7% and 4%, respectively. Operating profit before other items decreased by 7%, resulting in an operating margin of 6.6% (2013: 6.5%). The organic growth was mainly driven by strong performance in the IFS division in Denmark and the energy & resources segment in Sweden. The increase in operating margin was mainly supported by strong performance in the energy & resources and healthcare segments in Sweden. The successful divestment of damage control activities in the Nordic region in 2013 also had a positive impact on the operating margin.

Asia

Revenue in the region decreased by 1% to DKK 3,916 million (2013: DKK 3,964 million) driven by strong organic growth of 11% while the adverse impact from currency adjustments and divestment of the pest control activities reduced revenue by 11% and 1%, respectively. Operating profit before other items decreased by 5% to DKK 276 million reflecting an operating margin of 7.0%.

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 minimum wages successfully passed on to customers especially in the cleaning and security division. India, Singapore, China and Thailand also continued the positive trends driven by contract wins as well as strong retention of existing customers.

The operating margin decreased from 7.4% to 7.0% in the first six months of 2014 mainly due to the divestment of the margin accretive pest control activities in India in 2014.

In Q2, the revenue decreased 4% to DKK 1,979 million driven by an organic growth of 8% which was more than offset by a negative impact from currency adjustments and the successful divestment of non-core activities of 11% and 1%, respectively. Operating profit before other items decreased by 9%, resulting in an operating margin of 7.0% compared with 7.4% in the same period last year. The organic growth was mainly driven by higher minimum wages passed on to customers in Indonesia and high demand for non-portfolio services in India and partly offset by the slow-down in certain economies. The decrease in operating margin was mainly a result of the divestment of the margin accretive pest control activities in 2014.

Pacific

Revenue for the first six months decreased by 20% to DKK 2,187 million (2013: DKK 2,734 million). Organic growth amounted to 7%, which was more than offset by the successful divestments as well as a negative impact from currency adjustments of 15% and 12%, respectively. Operating profit before other items amounted to DKK 93 million (2013: DKK 125 million) equal to an operating margin of 4.2%.

The organic growth of 7% is the highest rate since 2010, 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 within the remote site resource segment in Australia.

The decrease in operating margin of 0.4 percentage point was due to the divestment of the margin accretive pest control activities in 2013.

In Q2, the revenue decreased 20% to DKK 1,045 million driven by an organic growth of 9% which was more than offset by a negative impact from the successful divestment of non-core activities and currency adjustments of 22% and 7%, respectively. Operating profit before other items decreased by 26%, resulting in an operating margin of 4.1% (2013: 4.4%). Organic growth was driven by contract wins within the remote site resource segment in Australia while the decrease in the operating margin was due to the divestment of the margin accretive pest control activities in 2013.

Latin America

Revenue was DKK 1,753 million (2013: DKK 1,897 million), down 8% compared with the first six months of 2013. Organic growth amounted to 11%, which was more than offset by a negative impact from currency adjustments of 19%. Operating profit before other items increased by 13% to DKK 85 million, reflecting an operating margin of 4.8%, which was 0.9 percentage point higher than the same period last year. Latin America continues to deliver double-digit organic growth and 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 the majority of the countries in the region with Chile, Mexico and Argentina being the main contributors. The improved margins were mainly driven by wins of margin accretive contracts, 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.

In Q2, the revenue decreased 6% to DKK 900 million driven by an organic growth of 12% which was more than offset by a negative impact from currency adjustments of 18%. Operating profit before other items increased by 5%, resulting in an operating margin of 4.7% which was 0.6 percentage point higher than the same period last year. Organic growth was mainly driven by contract wins in 2014 especially in Chile, Argentina and Brazil. The increase in operating margin was mainly due to a shift towards more profitable contracts and impact from operational efficiencies in Mexico, wins of margin accretive contracts during Q1 2014 in Chile as well as focus on cost savings and improved margin on a Global Corporate Clients contract in Argentina.

North America

Revenue in the region was DKK 1,661 million, a decrease of 4% compared with last year (2013: DKK 1,730 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 46 million (2013: DKK 37 million) resulting in an operating margin of 2.8%, 0.7 percentage point higher 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 increase in operating margin is mainly due to the benefit of stronger operational management controls and termination of certain less profitable contracts. Our business in North America is continuing its transformation towards more focus on IFS and targeted larger customers.

During the first six months 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.

In Q2, the revenue decreased 4% to DKK 828 million driven by an organic growth of 2% which was more than offset by a negative impact from currency adjustments and the successful divestment of non-core activities of 5% and 1%, respectively. Operating profit before other items increased to DKK 27 million (2013: DKK 12 million) resulting in an operating margin of 3.2% compared with 1.4% in the same period last year. The organic growth was mainly driven by the airport contract wins at the end of 2013 and the increase in operating margin was mainly due to stronger operational management controls and termination of less profitable contracts.

Eastern Europe

Revenue in the first six months was DKK 773 million (2013: DKK 814 million) negatively impacted by currency adjustments and a negative organic growth of 3% and 2%, respectively. Operating profit before other items amounted to DKK 44 million (2013: DKK 44 million) reflecting an operating margin of 5.7% compared with 5.4% in the same period last year.

The organic growth rate was negatively impacted by termination of less profitable contracts as well as lower volume on certain contracts in Slovenia, Slovakia and Poland. This was partly offset by strong organic growth in Russia.

The increase in the operating margin was a result of improved margins in Poland, Slovakia and the Czech Republic mainly due to termination of less profitable contracts and continued focus on operational efficiencies and cost savings.

In Q2, the revenue decreased 3% to DKK 401 million driven by negative currency adjustments and a negative organic growth of 3% and 1%, respectively. Operating profit before other items amounted to DKK 29 million resulting in an operating margin of 7.3%, 0.4 percentage point higher than the same period last year. Organic growth for Q2 was mainly driven by contract terminations and lower volume on contracts in Slovenia, Slovakia and Poland. The increase in operating margin was mainly due to termination of low profitable contracts and cost savings in Poland and the Czech Republic, which was partly offset by the impact from new legislation on social charges as well as contract start-up costs in Slovakia.

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 11.

Our organic revenue growth expectation for 2014 is changed from 3%-4% to be around the level realised for the first six months of 2014. Expectations for margin and cash conversion remain unchanged. The amendment of the organic growth expectation is mainly a result of the continued challenging macroeconomic conditions in Europe and difficult market conditions in certain European countries. In addition, the timing and scope of start-up of Global Corporate Clients contracts have changed compared with our previous expectations. For emerging markets our expectations remain unchanged. The outlook has been updated to take into account the latest development in foreign exchange rates and impact from completed divestments.

We expect organic revenue growth in 2014 to be around the level realised for the first six months of 2014. Improvements in foreign exchange rates have reduced the expected negative impact on revenue growth in 2014 from approximately 3 percentage points to 1-2 percentage points[1)]. Divestments and acquisitions completed in 2013 and divestments completed in 2014 are expected to negatively impact revenue growth in 2014 by approximately 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 11 July 2014, ISS announced the divestment of the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. The transaction is expected to be completed by the end of September 2014.

Apart from the above and the events described in this Interim Report, the Group is not aware of events subsequent to 30 June 2014, which are expected to have a material impact on the Group's financial position.

1) Calculated revenue for 2014 at exchange rates at 31 July 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 31 July 2014, comprising the landscaping activities in France, the pest control activities in India, the security activities in Germany and Israel, the property service activities in Belgium, the commercial security activities in Australia and New Zealand, the personnel and hardware service activities in Germany, certain service activities related to asylum centres in Norway and the aviation activities in Finland. Expectations for the year ending 31 December 2014 exclude the divestment of the Nordic temporary labour and staffing activities, which had revenue of approximately DKK 0.8 billion in 2013 and is expected to be completed by the end of September 2014.

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 7-9.

Other income and expenses, net represented a net expense of DKK 133 million in the first six months of 2014 compared with a net income of DKK 37 million in the same period of 2013. Costs related to the completed IPO of DKK 102 million mainly comprised costs for external advisors as well as certain transaction bonuses. Costs related to restructuring projects primarily in Norway and Denmark amounted to DKK 69 million while gain on divestments of DKK 48 million mainly related to the sale of certain service activities related to asylum centres in Norway. For further information, refer to note 6.

Financial income and expenses, net decreased 33% to a net expense of DKK 776 million compared with DKK 1,157 million in 2013. The development was mainly a result of reduced interest expenses primarily due to the partial redemption of the Senior Subordinated Notes Due 2016 of EUR 232 million in July 2013 and EUR 93.2 million in December 2013 as well as the fully repayment of ISS's senior secured facilities in March 2014.

In 2014, financial income and expenses, net, included a non-cash expense of unamortised financing fees of DKK 173 million caused by the full repayment of the existing senior secured facilities and the securitisation programme as well as the full redemption of the outstanding Senior Subordinated Notes.

Income taxes amounted to DKK 274 million in the first six months of 2014 compared with DKK 365 million for the same period in 2013. The effective tax rate in the first six months of 2014 was 33% compared with 48% in the same period of 2013. Adjusted for the impact of non-deductible IPO costs of DKK 48 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 138 million in the first six months of 2014 against a net inflow of DKK 316 million in 2013. This was primarily due to an increase in cash outflow from changes in working capital of DKK 164 million resulting from external payables due to timing between quarters. In addition, an impact was seen from lower operating profit before other items of DKK 142 million and higher cash outflow from changes in provisions, pensions and similar obligations of DKK 76 million.

Other expenses paid of DKK 224 million mainly related to IPO costs and restructuring projects initiated and expensed in 2013 and 2014.

Cash flow from investing activities for the first six months of 2014 was a net cash inflow of DKK 702 million (2013: cash inflow of DKK 1,465 million). DKK 1,025 million net inflow (2013: net inflow of DKK 1,846 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 395 million (2013: DKK 365 million) representing 1.1% (2013: 0.9%) of revenue.

Cash flow from financing activities in the first six months of 2014 was a net cash outflow of DKK 1,616 million (2013: net outflow of DKK 571 million) reflecting the significant refinancing carried out 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 six months of the year. Repayment of borrowings of DKK 22,596 million mainly related to the full repayment of the existing senior secured facilities and the securitisation programme as well as the full redemption of the remaining outstanding Senior Subordinated Notes Due 2016. Proceeds from issuance of share capital of DKK 7,788 million reflected the net proceeds from the completed IPO. Proceeds from borrowings of DKK 13,834 million mainly related to the new unsecured senior facility.

Statement of financial position

Total assets amounted to DKK 46,720 million at 30 June 2014 of which DKK 31,017 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 15,703 million represented current assets, primarily trade receivables of DKK 10,820 million.

Intangible assets amounted to DKK 28,239 million at 30 June 2014. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 23,281 million of goodwill, DKK 2,881 million of customer contract portfolios and related customer relationships and DKK 1,597 million of brands.

Assets and liabilities held for sale amounted to DKK 558 million and DKK 170 million, respectively, and included the assets and liabilities attributable to three non-core activities in the Western Europe, Asia and Nordic regions for which sales processes have been initiated.

Total equity amounted to DKK 12,452 million at 30 June 2014, DKK 8,206 million higher than at 31 December 2013. The share issue in connection with the IPO, increased equity by net DKK 7,788 million including costs related to the IPO of DKK 248 million. Furthermore, net profit for the period increased equity by DKK 345 million and total other comprehensive income amounted to DKK 215 million including a positive currency adjustment relating to investments in foreign subsidiaries of DKK 258 million. This was partly offset by the purchase of treasury shares of DKK 140 million.

The equity ratio increased to 26.6% at 30 June 2014, compared with 9.3% at 30 June 2013.

Net debt amounted to DKK 15,278 million at 30 June 2014, a decrease of DKK 7,373 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 were partly used to fully repay the existing senior secured facilities on 18 March 2014 as well as fully redeem the remaining outstanding Senior Subordinated Notes Due 2016 on 15 May 2014. At 30 June 2014, non-current loans and borrowings was DKK 14,191 million, current loans and borrowings amounted to DKK 3,377 million, while currency swaps, securities, cash and cash equivalents totalled DKK 2,277 million.

Interest rate risk

The interest rate risk primarily relates to ISS's interest-bearing debt, consisting of bank loans (unsecured senior facilities) and fixed-rate bonds. The bank loans 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 swaps, the interest rate duration of the total debt was 0.5 year.

Management statement

Copenhagen, 21 August 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 – 30 June 2014.

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. The interim report has not been reviewed or audited.

In our opinion, the condensed consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2014 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 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 Kt 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 interim financial statements

Condensed consolidated income statement

1 January – 30 June

DKK million	Note	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Revenue	4	**18,397**	**20,097**	**36,648**	**39,642**
Staff costs	5	(12,416)	(13,357)	(24,758)	(26,471)
Consumables		(1,593)	(1,838)	(3,176)	(3,530)
Other operating expenses		(3,249)	(3,678)	(6,610)	(7,362)
Depreciation and amortisation [1]		(183)	(196)	(363)	(396)
Operating profit before other items [2]		**956**	**1,028**	**1,741**	**1,883**
Other income and expenses, net	6	(29)	94	(133)	37
Operating profit [1]	4	**927**	**1,122**	**1,608**	**1,920**
Share of result from equity-accounted investees		(0)	2	1	2
Financial income		40	(42)	117	110
Financial expenses		(258)	(671)	(893)	(1,267)
Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts		**709**	**411**	**833**	**765**
Income taxes [3]		(223)	(245)	(274)	(365)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts		**486**	**166**	**559**	**400**
Goodwill impairment	7	-	(25)	-	(88)
Amortisation/impairment of brands and customer contracts		(151)	(125)	(301)	(261)
Income tax effect [4]		43	44	87	80
Net profit/(loss) for the period		**378**	**60**	**345**	**131**
Attributable to:					
Owners of ISS A/S		378	59	344	129
Non-controlling interests		0	1	1	2
Net profit/(loss) for the period		**378**	**60**	**345**	**131**
Earnings per share:					
Basic earnings per share (EPS), DKK		2.0	0.4	2.1	1.0
Diluted earnings per share, DKK		2.0	0.4	2.1	1.0
Adjusted earnings per share, DKK [5]		2.6	1.2	3.4	3.0

[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 – 30 June

DKK million	Note	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net profit/(loss) for the period		**378**	**60**	**345**	**131**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Actuarial gains/(losses) regarding pensions		(89)	136	(89)	136
Impact from asset ceiling regarding pensions		40	-	36	-
Tax regarding pensions		11	(30)	12	(30)
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		122	(409)	258	(389)
Fair value adjustment of hedges, net		0	9	4	30
Fair value adjustment of hedges, net, transferred to Financial expenses		(4)	21	(7)	42
Tax		1	(7)	1	(18)
Total other comprehensive income/(loss)		**81**	**(280)**	**215**	**(229)**
Total comprehensive income/(loss) for the period		**459**	**(220)**	**560**	**(98)**
Attributable to:					
Owners of ISS A/S		459	(220)	559	(99)
Non-controlling interests		0	0	1	1
Total comprehensive income/(loss) for the period		**459**	**(220)**	**560**	**(98)**

Condensed consolidated statement of cash flows

1 January – 30 June

DKK million	Note	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Operating profit before other items	4	956	1,028	1,741	1,883
Depreciation and amortisation		183	196	363	396
Changes in working capital		(67)	(45)	(1,428)	(1,264)
Changes in provisions, pensions and similar obligations		(73)	(20)	(115)	(39)
Other expenses paid		(90)	(119)	(224)	(188)
Income taxes paid		(303)	(260)	(475)	(472)
Cash flow from operating activities		**606**	**780**	**(138)**	**316**
Acquisition of businesses		(10)	(5)	(10)	(4)
Divestment of businesses	8	23	1,862	1,035	1,850
Acquisition of intangible assets and property, plant and equipment		(218)	(228)	(429)	(430)
Disposal of intangible assets and property, plant and equipment		18	34	34	65
(Acquisition)/disposal of financial assets		17	(6)	72	(16)
Cash flow from investing activities		**(170)**	**1,657**	**702**	**1,465**
Proceeds from borrowings		2,554	4,618	13,834	5,087
Repayment of borrowings		(3,639)	(4,839)	(22,596)	(4,839)
Interest received		26	31	67	62
Interest paid		(230)	(556)	(567)	(880)
Proceeds from issuance of share capital		-	-	7,788	-
Purchase of treasury shares		-	-	(140)	-
Non-controlling interests		(2)	(1)	(2)	(1)
Cash flow from financing activities		**(1,291)**	**(747)**	**(1,616)**	**(571)**
Total cash flow		**(855)**	**1,690**	**(1,052)**	**1,210**
Cash and cash equivalents at the beginning of the period		3,093	3,091	3,277	3,528
Total cash flow		(855)	1,690	(1,052)	1,210
Foreign exchange adjustments		15	(82)	28	(39)
Cash and cash equivalents at 30 June		**2,253**	**4,699**	**2,253**	**4,699**

Condensed consolidated statement of financial position

DKK million	Note	30 June 2014	30 June 2013	31 December 2013
Assets				
Intangible assets	7	28,239	30,856	28,346
Property, plant and equipment		1,684	1,834	1,715
Investments in equity-accounted investees		5	5	5
Deferred tax assets		723	723	627
Other financial assets		366	427	302
Non-current assets		**31,017**	**33,845**	**30,995**
Inventories		304	299	309
Trade receivables		10,820	11,801	10,299
Tax receivables		165	280	204
Other receivables		1,603	1,505	1,542
Cash and cash equivalents		2,253	4,699	3,277
Assets classified as held for sale	9	558	1,056	1,950
Current assets		**15,703**	**19,640**	**17,581**
Total assets		**46,720**	**53,485**	**48,576**

DKK million	Note	30 June 2014	30 June 2013	31 December 2013
Equity and liabilities				
Total equity attributable to owners of ISS A/S		12,444	4,998	4,237
Non-controlling interests		8	10	9
Total equity	10	**12,452**	**5,008**	**4,246**
Loans and borrowings	11	14,191	21,969	20,416
Pensions and similar obligations	12	866	1,247	838
Deferred tax liabilities		1,512	1,532	1,590
Provisions		397	398	470
Non-current liabilities		**16,966**	**25,146**	**23,314**
Loans and borrowings	11	3,377	7,848	5,648
Trade payables		2,810	3,311	3,436
Tax payables		281	636	443
Other liabilities		10,378	10,786	10,156
Provisions		286	350	317
Liabilities classified as held for sale	9	170	400	1,016
Current liabilities		**17,302**	**23,331**	**21,016**
Total liabilities		**34,268**	**48,477**	**44,330**
Total equity and liabilities		**46,720**	**53,485**	**48,576**

Condensed consolidated statement of changes in equity

1 January – 30 June

	Attributable to owners of ISS A/S								
YTD 2014 DKK million	**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	**-**	**-**	**-**	**344**	**-**	**-**	**344**	**1**	**345**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	-	258	-	258	(0)	258
Fair value adjustment of hedges, net	-	-	-	-	-	4	4	-	4
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	-	(7)	(7)	-	(7)
Actuarial gains/(losses) regarding pensions	-	-	-	(89)	-	-	(89)	-	(89)
Impact from asset ceiling regarding pensions	-	-	-	36	-	-	36	-	36
Tax	-	-	-	12	-	1	13	-	13
Total other comprehensive income/(loss)	**-**	**-**	**-**	**(41)**	**258**	**(2)**	**215**	**(0)**	**215**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**303**	**258**	**(2)**	**559**	**1**	**560**
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)
Dividends paid	-	-	-	-	-	-	-	(2)	(2)
Total transactions with owners	**50**	**7,738**	**(140)**	**-**	**-**	**-**	**7,648**	**(2)**	**7,646**
Total changes in equity	**50**	**7,738**	**(140)**	**303**	**258**	**(2)**	**8,207**	**(1)**	**8,206**
Equity at 30 June	**185**	**19,168**	**(140)**	**(6,566)**	**(170)**	**(33)**	**12,444**	**8**	**12,452**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 30 June

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	**-**	**-**	**129**	**-**	**-**	**129**	**2**	**131**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	(388)	-	(388)	(1)	(389)
Fair value adjustment of hedges, net	-	-	-	-	30	30	-	30
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	42	42	-	42
Actuarial gains/(losses) regarding pensions	-	-	136	-	-	136	-	136
Tax	-	-	(30)	-	(18)	(48)	-	(48)
Total other comprehensive income/(loss)	**-**	**-**	**106**	**(388)**	**54**	**(228)**	**(1)**	**(229)**
Total comprehensive income/(loss) for the period	**-**	**-**	**235**	**(388)**	**54**	**(99)**	**1**	**(98)**
Transactions with owners								
Dividends paid	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Total changes in equity	**-**	**-**	**235**	**(388)**	**54**	**(99)**	**0**	**(99)**
Equity at 30 June	**135**	**11,430**	**(6,506)**	**(21)**	**(40)**	**4,998**	**10**	**5,008**

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 - 30 June 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 six 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 these condensed consolidated interim financial statements, 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]	18,548	7,831	3,916	2,187	1,753	1,661	773	24	**36,693**
Operating profit before other items [2]	954	457	276	93	85	46	44	(1)	**1,954**
Operating profit [3]	934	428	274	89	83	45	43	(1)	**1,895**
Total assets	25,185	13,372	4,352	2,618	1,681	1,815	1,297	9	**50,329**
Total liabilities	15,683	7,298	1,721	1,555	2,028	1,049	522	9	**29,865**

YTD 2013

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	19,852	8,677	3,964	2,734	1,897	1,730	814	16	**39,684**
Operating profit before other items [2]	1,002	496	292	125	75	37	44	(1)	**2,070**
Operating profit [3]	1,013	431	291	639	55	(33)	42	(1)	**2,437**
Total assets	29,559	14,973	4,487	2,966	1,702	1,884	1,284	8	**56,863**
Total liabilities	20,531	9,231	1,936	1,924	1,919	983	536	7	**37,067**

[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, Jordan, 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	1,895	2,437
Unallocated corporate costs	(213)	(187)
Unallocated other income and expenses, net	(74)	(330)
Operating profit according to the income statement	**1,608**	**1,920**

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	48	589
Other	1	4
Other income	**49**	**593**
Costs related to IPO process	(102)	-
Restructuring projects	(69)	(268)
Loss on divestments	(10)	(3)
Onerous contracts	-	(145)
Labour-related claims	-	(85)
Build-up of IFS capabilities in North America	-	(25)
Other	(1)	(30)
Other expenses	**(182)**	**(556)**
Other income and expenses, net	**(133)**	**37**

NOTE 6 Other income and expenses, net (continued)

Gain on divestments in 2014 mainly related to the sale of certain service activities related to asylum centres in Norway and the pest control activities in India. In 2013, the gain mainly related to sale of the pest control activities in 12 countries.

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

Restructuring projects in 2014 mainly related to structural adjustments in Norway and Denmark following the review of the customer segmentation and organisational structure. The restructuring projects include cost reductions to make ISS more efficient going forward and primarily comprise redundancy payments, termination of leaseholds and relocation costs. In 2013, costs mainly related to structural adjustments in the United Kingdom, Greece, Brazil, Denmark, France, Sweden and Germany as well as exceptional provisions for impairment losses on receivables and severance payments relating to senior management changes.

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

Onerous contracts in 2013 related to the expected losses on a few large specific contracts which were entered into in previous years.

Labour-related claims in 2013 consisted of claims on specific contracts related to previous years.

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	-	88
Goodwill impairment	**-**	**88**

Impairment losses derived from divestment of businesses

In 2013, impairment losses related to remeasurement of net assets of the security activities in the Netherlands, which were subsequently sold in 2013 as well as 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 30 June 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 30 June 2014.

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

NOTE 8 Divestment of businesses

Divestment of businesses

The Group made nine divestments during 1 January - 30 June 2014 (four during 1 January - 30 June 2013). The total sales price amounted to DKK 1,233 million (DKK 1,917 million during 1 January - 30 June 2013). The total annual revenue of the divested businesses (extracted from unaudited financial information) is estimated at DKK 3,388 million (DKK 1,091 million during 1 January - 30 June 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	718	813
Customer contracts	40	202
Other non-current assets	249	106
Trade receivables	564	214
Other current assets	95	32
Provisions	(17)	(53)
Pensions, deferred tax liabilities and non-controlling interests	(59)	(59)
Non-current loans and borrowings	(1)	-
Current loans and borrowings	(2)	-
Other current liabilities	(563)	(109)
Total identifiable net assets	**1,024**	**1,146**
Gain/(loss) on divestment of businesses, net	38	586
Divestment costs, net of tax	171	185
Consideration received	**1,233**	**1,917**
Cash and cash equivalents in divested businesses	(45)	4
Cash consideration received	**1,188**	**1,921**
Contingent and deferred consideration	(31)	(1)
Divestment costs paid, net of tax	(122)	(70)
Net proceeds regarding divestment of businesses	**1,035**	**1,850**

The nine divestments completed before or at 30 June 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
Personnel and Hardware services	Germany	Support services	May	100%	79	411
Hero	Norway	Support services	May	50%[3]	-	653
Security	Germany	Security Services	July	Activities	96	160
Aviation	Finland	Support services	July	Activities	25	61
Total					**3,388**	**8,603**

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

NOTE 8 Divestment of businesses (continued)

At 30 June 2014, the closing accounts related to the divestments of the landscaping activities in France as well as the commercial security activities in Australia and New Zealand have not been finalised.

Divestments subsequent to 30 June 2014

The Group completed no divestments in the period 1 July to 31 July 2014.

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 - 30 June 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	36,648	39,642
Divestments	(527)	(426)
Pro forma revenue	**36,121**	**39,216**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	1,741	1,883
Divestments	4	(83)
Pro forma operating profit before other items	**1,745**	**1,800**

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 30 June 2014, the five businesses in Western Europe, Nordic, 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, the Pest Control activities in India and certain service activities related to asylum centres in Norway. The divestments resulted in the recognition of a net gain of DKK 38 million in the income statement in the first six months of 2014. On 30 June 2014, the sales process was still ongoing for the remaining business in Nordic and this activity continues to be classified as held for sale at 30 June 2014.

During the first six months of 2014, the continued evaluation of our activities has led to the initiation of sales processes for two additional non-core activities in Western Europe and Asia, respectively. At 30 June 2014, these activities were 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 these reclassifications.

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 the Company and Management hold 1%, leaving the free floating shares at 51% of the share capital including shares held by OTPP and KIRKBI.

	30 June 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 30 June - fully paid	**185**	**185,668**

At 30 June 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 30 June 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 completion of the IPO also resulted in the redemption of all of the outstanding Senior Subordinated Notes Due 2016. Unamortised financing fees of DKK 12 million were expensed in the income statement in connection with the redemption in May 2014.

Furthermore, in May 2014 debt in relation to the securitisation programme was fully repaid, which resulted in unamortised financing fees of DKK 9 million being expensed in the income statement.

The table below provides an overview of the composition of the Group's loans and borrowings as per 30 June 2014 including carrying amounts, terms and maturities. Please refer to the consolidated financial statements for 2013 for an overview of the loans and

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]	30 June 2014 Carrying amount
Issued bonds (fixed interest rate):						
EMTNs	4.50%	EUR	2014	823	-	814
Total issued bonds				**823**	**-**	**814**
Bank loans (floating interest rate):						
Senior Facilities:						
Term Facility A	Euribor + 1.25%	EUR	2017	5,706	5,706	5,623
Term Facility A	Libor + 1.25%	GBP	2017	2,046	-	2,046
Term Facility A	Libor + 1.25%	USD	2017	1,310	-	1,310
Term Facility B	Euribor + 1.50%	EUR	2019	4,353	1,750	4,299
Term Facility B	Libor + 1.50%	CHF	2019	797	-	797
Revolving Credit Facility	Libor + 1.50%	Multi currency	2019	2,253	-	2,194
Bank loans and overdrafts	-	Multi currency	-	286	-	286
Total bank loans				**16,751**	**7,456**	**16,555**
Derivatives:						
Interest rate swaps	-	-	-	40	-	40
Currency swaps	-	-	-	4	-	4
Total derivatives	-	-	-	**44**	-	**44**
Finance lease liabilities	-	-	-	**155**	**-**	**155**
Loans and borrowings	-	-	-	**17,773**	**7,456**	**17,568**
Non-current liabilities						14,191
Current liabilities						3,377
Loans and borrowings						**17,568**

[1] Interest rate swaps.

NOTE 12 Pensions and similar obligations

Generally, for interim periods the Group's defined benefit obligations are based on valuations from external actuaries carried out at the end of the prior financial year taking into account any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. For interim periods actuarial calculations are only updated to the extent that significant changes in applied assumptions have occurred. Based on an overall analysis carried out by management it is determined whether updated actuarial calculations should be obtained for interim periods.

At 30 June 2014, the overall evaluation carried out by management resulted in updated actuarial calculations being obtained for Switzerland due to decreases in discount rates. As a consequence of the updated calculations, at 30 June 2014 actuarial losses of DKK 53 million (DKK 41 million net of tax), including impact from asset ceiling were recognised in Other comprehensive income with a resulting increase in the defined benefit obligation.

NOTE 13 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, Turkey, the United Kingdom and the USA.

Securitisation

Certain countries have participated in the Group's securitisation programme, where securitised trade receivables were provided as security for the securitisation debt. On 22 May 2014, the programme was terminated and debt in relation to the programme was fully repaid. Consequently, trade receivables are no longer provided as security for any of the Group's loans.

Guarantee commitments

Indemnity and guarantee commitments at 30 June 2014 amounted to DKK 480 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 1,593 million (31 December 2013: DKK 1,864 million) of which DKK 1,175 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 30 June 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 30 June 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 30 June 2014.

NOTE 14 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 the Company and Management hold 1% leaving 51% of the share capital as 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 26.5% for EQT (previously 40%) and 21.7% for GSCP (previously 33%).

There were no significant transactions with the parent company during the first six 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 six months 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 six 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 14 Related parties (continued)

Co-investment programmes Following the completion of the IPO in March 2014, the MPP and DPP as described in the consolidated financial statements for 2013 were 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 six 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 94 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Singapore, Brazil, Italy 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 6 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 six 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 2 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 six months of 2014 interest expenses of DKK 12 million was paid as well as the outstanding balance as per 31 December 2013 of DKK 1,343 million.

- affiliates of GSCP are lenders under the new senior facilities. At 30 June 2014, the outstanding balance was DKK 688 million, and during the first six months of 2014 interest expenses amounted to DKK 0.7 million.

- Goldman Sachs International acted as Joint Global Coordinator and Joint Bookrunner of the completed IPO. Fees paid in relation hereto in the first six 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.

- during the first six months of 2014, the Group accrued interest income of DKK 2 million related to a loan to FS Invest (the ultimate controlling party). 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 30 June 2014 relating to prepaid expenses during the first six 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 six 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 six months of 2014.

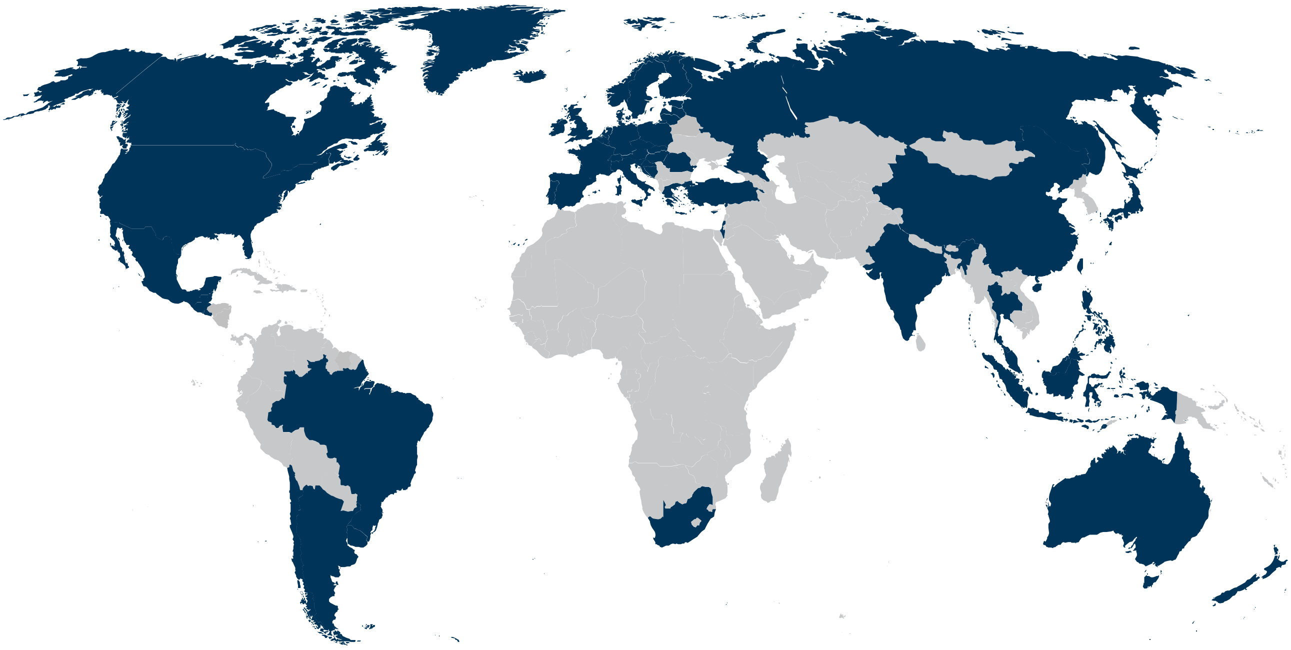
NOTE 15 Subsequent events

Divestments completed subsequent to 30 June 2014 are listed in note 8, Divestment of businesses.

In addition, on 11 July 2014 ISS announced the divestment of the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. The transaction is expected to be completed by the end of September 2014.

Apart from the above and the events described in these condensed consolidated interim financial statements, the Group is not aware of events subsequent to 30 June 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 more than 520,000 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.