Interim report for the period 1 January – 30 September 2014

Resilient growth and strong margin performance

ISS (ISS.CO, ISS DC), one of the world's leading facility services companies, announces its interim financial report for the first nine months of 2014:

Highlights

- Resilient organic revenue growth of 2.4% in the first nine months (2013: 4.1%) and 2.4% in Q3 (2013: 5.2%).
- Strong operating margin of 5.3% in the first nine months (2013: 5.3%) and 6.4% in Q3 (2013: 6.3%). Adjusted for the impact of the divested pest control activities in 2013, the YTD operating margin increased from 5.2% in 2013 to 5.3% in 2014.
- Strong cash conversion over the last twelve months of 97% (2013: 109%) as a result of continued focus on cash flows across the Group.
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts increased to DKK 1,210 million in the first nine months (2013: DKK 726 million).
- The strategic initiatives including customer segmentation and central procurement are progressing according to plan and support margin progression.
- Emerging markets represent 24% of total revenue for the Group (2013: 23%) and delivered 10% organic growth (2013: 11%) and 6.1% operating margin in the first nine months (2013: 6.1%). Western Europe represents 51% of total revenue for the Group (2013: 50%) and delivered flat organic growth against a backdrop of difficult market conditions (2013: 5%) and 5.7% operating margin in the first nine months of 2014 (2013: 5.4%).
- Revenue generated from Integrated Facility Services contracts increased 9% (currency adjusted) in the first nine months and amounted to DKK 16.5 billion representing 30% of overall revenue (2013: 26%). Significant IFS contract wins in Q3 included Bankia and Aller. The IFS segment includes Global Corporate Clients, where revenue increased 4% (currency adjusted) in the first nine months.
- An EMTN programme is being established to give ISS increased flexibility to pursue refinancings in the bond market when considered relevant. European investor marketing will commence shortly and issuance of bonds may follow subject to market conditions.
- The 2014 outlook for organic growth, operating margin and cash conversion remains unchanged from our Q2 Interim report.

Jeff Gravenhorst, Group CEO, ISS A/S, said:
"ISS has delivered a resilient performance in the third quarter as we continue to grow profitably within the attractive global facility services market.

Against a softer global macro backdrop, we realised resilient organic growth supported by strong performance in Emerging Markets and an increasing share of IFS revenue, now 30% of Group total. Significant contract wins in this quarter included Bankia, Vattenfall, Aller, Norwegian Defence Forces and Molson Coors.

Our focus on profitable contracts along with progress on our strategic initiatives such as customer segmentation, central procurement, business process outsourcing and the successful divestment of non-core activities has supported another quarter of strong operating margins.

Whilst we expect operating conditions, particularly in Europe, to remain challenging through the rest of this year and into next, we remain confident in our ability to grow organically, with strong operating margins and excellent cash conversion."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

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Key figures and financial ratios[1)]

DKK million (unless otherwise stated)	Q3 2014	Q3 2013	1 January - 30 September 2014	1 January - 30 September 2013
Income statement				
Revenue	18,410	19,143	55,058	58,785
Operating profit before other items	1,178	1,214	2,919	3,097
Operating margin, %	6.4	6.3	5.3	5.3
EBITDA	1,380	1,461	3,351	3,777
Adjusted EBITDA	1,360	1,413	3,464	3,692
Operating profit	1,198	1,262	2,806	3,182
Financial income	174	104	291	366
Financial expenses	(422)	(647)	(1,315)	(2,066)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	651	326	1,210	726
Net profit for the period	545	(119)	890	12
Cash flow				
Cash flow from operating activities	857	932	719	1,248
Acquisition of intangible assets and property, plant and equipment, net	(213)	(180)	(608)	(545)
Cash conversion (LTM), %	97	109	97	109
Financial position				
Total assets	47,252	50,959	47,252	50,959
Goodwill	23,553	23,969	23,553	23,969
Additions to property, plant and equipment	183	173	517	525
Total equity (attributable to owners of ISS A/S)	13,377	4,727	13,377	4,727
Equity ratio, %	28.3	9.3	28.3	9.3
Employees				
Number of employees end of period	518,700	535,900	518,700	535,900
Full-time employees, %	74	74	74	74
Growth, %				
Organic growth	2.4	5.2	2.4	4.1
Acquisitions	-	0	0	0
Divestments	(6)	(3)	(6)	(2)
Currency adjustments	(0)	(6)	(2)	(2)
Total revenue growth	(4)	(4)	(6)	(0)
Financial leverage				
Pro Forma Adj. EBITDA	4,786	4,986	4,786	4,986
Net debt	15,023	24,320	15,023	24,320
Net debt / Pro Forma Adj. EBITDA	3.1x	4.9x	3.1x	4.9x
Stock market ratios				
Basic earnings per share (EPS), DKK	2.9	(0.9)	5.2	0.1
Diluted earnings per share, DKK	2.9	(0.9)	5.1	0.1
Adjusted earnings per share, DKK	3.5	2.4	7.0	5.4
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	171,778	135,443
Average number of shares (diluted) (in thousands)	185,668	135,443	172,422	135,443

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1) See definitions in the Annual Report 2013.

Group financial highlights

January – September 2014

Revenue was DKK 55.1 billion in the first nine months of 2014 compared with DKK 58.8 billion in 2013. Organic growth amounted to 2.4% (2013: 4.1%). The successful divestment of non-core activities impacted revenue negatively by 6% and the negative impact from exchange rate movements was 2%.

The organic growth was supported by positive organic growth rates in all regions, except for Eastern Europe, with Latin America reporting a double-digit performance. The organic growth was mainly driven by continued strong performance in emerging markets and the Pacific region as well as for Integrated Facility Services in general. 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 new Global Corporate Clients contracts impacted organic growth.

Operating profit before other items amounted to DKK 2,919 million (2013: DKK 3,097 million). The operating margin was 5.3% for the first nine months of 2014 (2013: 5.3%) which is in line with expectations. Adjusted for the impact of the divested pest control activities the operating margin increased from 5.2% in 2013 to 5.3% in 2014. The operating margin was supported by improved margins in several regions, especially Western Europe and the Nordics, driven mainly by the implementation of our strategic initiatives.

Financial income and expenses, net decreased 40% to a net expense of DKK 1,024 million (2013: DKK 1,700 million) following the IPO, the full redemption of the Senior Subordinated Notes Due 2016, the securitisation programme and full repayment of the senior secured facilities.

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts increased to DKK 1,210 million in 2014 from DKK 726 million in 2013.

The net profit for the first nine months increased to DKK 890 million compared with a profit of DKK 12 million in 2013.

The LTM (last twelve months) cash conversion for September 2014 was 97% as a result of a strong focus on cash across the Group. Ensuring a strong cash performance continues to be a key strategic priority, and reflects our efforts to ensure payments for work performed.

Cash flow from operating activities for the first nine months represented an inflow of DKK 719 million (2013: inflow of DKK 1,248 million). This was primarily due to the decrease in operating profit before other items of DKK 178 million, driven by the strategic divestments completed in 2013 and 2014, and an increase in cash outflow from working capital of DKK 194 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 90 million compared with 2013.

Emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey represent 24% of total revenue for the Group, delivered organic growth of 10% and an operating margin of 6.1% in the first nine months of 2014 (2013: 6.1%).

Q3 2014

In Q3 2014, revenue was DKK 18.4 billion compared with DKK 19.1 billion in Q3 2013. Organic growth for Q3 amounted to 2.4% (2013: 5.2%) and the successful divestment of non-core activities impacted revenue negatively by 6%. The organic growth was mainly driven by continued strong growth in emerging markets and the Pacific region as well as by Integrated Facility Services in general. Despite a challenging macroeconomic environment in Europe and difficult market conditions in certain European countries organic growth in Western Europe improved from negative 1% in Q2 to positive 1% in Q3.

Operating profit before other items was DKK 1,178 million (2013: 1,214 million) reflecting an operating margin of 6.4% in Q3 2014 compared with 6.3% in the same period last year.

Financial income and expenses, net, included DKK 58 million in net loss on foreign exchange, primarily related to the movement in BRL due to the volatility around the Brazilian elections which caused the BRL to decouple from USD.

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts increased to DKK 651 million in Q3 2014 from DKK 326 million in Q3 2013. In Q3, the net profit increased to DKK 545 million from a net loss of DKK 119 million in Q3 2013, primarily driven by significantly lower financial expenses and goodwill impairment.

Cash flow from operating activities in Q3 represented an inflow of DKK 857 million (2013: inflow of 932 million), negatively impacted primarily by the decrease in operating profit before other items as a result of strategic divestments.

Group business highlights

Strategy update

The implementation of the ISS Way strategy is progressing well. Initiatives focused on driving profitable growth and increasing margins continue to deliver results through the focus on our 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 ten countries across the Nordic, Western Europe, Latin America and Pacific region. Further countries are progressing with the analysis phase including countries in Europe and North America. We now expect to have completed the analysis phase in countries representing approximately 55% 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, continues to progress according to plan. Phase 1 has 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 these cost savings 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 targeting improved financial processes and cost savings has successfully been launched in the Nordic region and is now expected to be launched in further European countries in 2015.

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 currently in the range of 80% - 85%. Due, among others, to a challenging macroeconomic environment in Europe we continue to see a relatively low demand for non-portfolio services.

We continue to review our existing business for potential divestments of non-core activities and likewise will consider making acquisitions which enhance our core competencies subject to tight strategic and financial filters. ISS has not acquired any companies in 2014.

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.

In Q3, ISS received numerous industry awards. ISS was named the Best Facility Management Company of The Year in Asia Pacific, for the second consecutive year, and also received this year's Growth Excellence Leadership Award by Frost & Sullivan. ISS Australia won a record-breaking nine awards at the Customer Service Institute of Australia's (CSIA) 2014 Service Excellence Awards. ISS in the UK was in late October presented with five awards in five days at the Foodservice Cateys, Educatering and BIFM Awards, including the prestigious Profound Impact Award.

IFS and Global Corporate Clients

The revenue generated from IFS amounted to DKK 16.5 billion in the first nine months of 2014, approximately 30% of our total revenue (2013: 26%), which is an increase of 9% (Q3 2014: 16%) compared with the same period in 2013, adjusted for the impact from currency adjustments. Growth was mainly driven by new IFS contract launches as well as the successful conversion from traditional single service contracts to IFS.

In Q3, ISS won significant IFS contracts including Bankia in Spain, Aller in the Nordic region, a renewal of a significant IFS contract within health care in the United Kingdom and an expansion of the IFS contract with the Swedish energy company, Vattenfall. ISS UK recently lost a larger local IFS contract within the health care sector which expired 1 November 2014.

Part of the IFS revenue is generated from Global Corporate Clients. This amounted to DKK 4.9 billion in the first nine months of 2014, approximately 9% of our total revenue, an increase of 4% (Q3 2014: 3%) compared with the same period in 2013, adjusted for the impact from currency adjustments.

In February 2014, ISS Global Corporate Clients 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.

In August 2014, ISS Global Corporate Clients announced 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. Negotiations to expand the contract to further countries are progressing and services are expected to be launched in further countries during 2015.

In November 2014, ISS Global Corporate Clients won a contract with the brewing company Molson Coors in North America.

Divestments and acquisitions

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 nine 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, the aviation activities in Finland and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. The divestments reflect an increased strategic alignment in the affected countries resulting in a more aligned business platform.

In the first nine months of 2014, the impact of the completed divestments amounted to a net gain of DKK 118 million recognised in Other income and expenses, net. Cash consideration amounted to DKK 1.5 billion. In addition, classification of the security activities in Greece as held for sale during Q3 2014 resulted in a loss of DKK 61 million recognised in Other income and expenses, net. On 31 October 2014, ISS completed the divestment of the security activities in Greece.

Effective end of September 2014, we completed the sale of our Nordic temporary labour and staffing activities in Norway, Sweden and Finland with cash proceeds received in October 2014.

At 30 September 2014, three business units in Western Europe and Asia are classified as held for sale, comprising net assets of DKK 0.3 billion.

We continue to review our existing business for potential divestments of non-core activities and likewise will consider making acquisitions which enhance our core competencies subject to tight strategic and financial filters. ISS has not acquired any companies in 2014, but we are currently considering a competence enhancing acquisition opportunity within our core activities representing approximately 1% of 2013 Group turnover. If the acquisition is made, an announcement will be published, expectedly in 2014 or 2015.

Refinancing

Following the successful listing of the ISS shares on Nasdaq Copenhagen on 13 March 2014 we established a new unsecured senior facility.

The new unsecured senior facility consists of a term facility of EUR 1.2 billion with a three year maturity, a term facility of EUR 800 million with a five year maturity and a revolving credit facility of EUR 850 million with a five 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 fully repaid on 22 May 2014, leaving only the EUR 110 million EMTNs outstanding which are due 8 December 2014. Following the planned repayment of the EMTNs 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.

ISS is establishing an EMTN programme to give increased flexibility to pursue refinancings in the bond market when considered relevant. The EUR 2 billion EMTN programme has today been submitted for listing approval with the Luxembourg Stock Exchange with the issuing entity being ISS Global A/S. European investor marketing will commence shortly and issuance of bonds may follow subject to market conditions.

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, Guam, Jordan, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine, United Arab Emirates and Vietnam.
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)]	9,259	9,704	(5)%	27,807	29,556	(6)%
Nordic [2)]	3,750	4,058	(8)%	11,581	12,735	(9)%
Asia [3)]	2,069	2,028	2 %	5,984	5,992	(0)%
Pacific [4)]	1,118	1,168	(4)%	3,305	3,902	(15)%
Latin America [5)]	926	895	3 %	2,679	2,793	(4)%
North America [6)]	878	881	(0)%	2,539	2,612	(3)%
Eastern Europe [7)]	408	421	(3)%	1,181	1,235	(4)%
Other Countries [8)]	36	9	300 %	59	25	136 %
Corporate / eliminations	(34)	(21)	(62)%	(77)	(65)	(18)%
Group	**18,410**	**19,143**	**(4)%**	**55,058**	**58,785**	**(6)%**
Emerging markets [9)]	4,531	4,391	3 %	13,088	13,248	(1)%

Operating profit before other items						
Western Europe	620	590	5 %	1,574	1,592	(1)%
Nordic	384	409	(6)%	842	904	(7)%
Asia	156	159	(2)%	431	452	(5)%
Pacific	62	53	17 %	155	178	(13)%
Latin America	42	36	17 %	127	111	14 %
North America	30	36	(17)%	76	73	4 %
Eastern Europe	31	31	(0)%	75	75	(0)%
Other Countries	0	(0)	(400)%	(1)	(1)	11 %
Corporate / eliminations	(147)	(100)	(47)%	(360)	(287)	(25)%
Group	**1,178**	**1,214**	**(3)%**	**2,919**	**3,097**	**(6)%**
Emerging markets	278	277	0 %	794	811	(2)%

Operating margin [10)]						
Western Europe	6.7 %	6.1 %	0.6 %	5.7 %	5.4 %	0.3 %
Nordic	10.3 %	10.1 %	0.2 %	7.3 %	7.1 %	0.2 %
Asia	7.5 %	7.9 %	(0.4)%	7.2 %	7.5 %	(0.3)%
Pacific	5.6 %	4.5 %	1.1 %	4.7 %	4.6 %	0.1 %
Latin America	4.5 %	4.1 %	0.4 %	4.7 %	4.0 %	0.7 %
North America	3.4 %	4.1 %	(0.7)%	3.0 %	2.8 %	0.2 %
Eastern Europe	7.5 %	7.5 %	0.0 %	6.3 %	6.1 %	0.2 %
Other Countries	1.0 %	(0.8)%	1.8 %	(1.8)%	(3.5)%	1.7 %
Corporate / eliminations	(0.8)%	(0.5)%	(0.3)%	(0.7)%	(0.5)%	(0.2)%
Group	**6.4 %**	**6.3 %**	**0.1 %**	**5.3 %**	**5.3 %**	**0.0 %**
Emerging markets	6.1 %	6.3 %	(0.2)%	6.1 %	6.1 %	(0.0)%

%	QTD 2014					YTD 2014				
Growth components	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**	**Organic**	**Acq.**	**Div.**	**Curr.**	**Total**
Western Europe	1	-	(7)	1	(5)	0	0	(7)	1	(6)
Nordic	1	-	(6)	(3)	(8)	1	-	(7)	(3)	(9)
Asia	5	-	(1)	(2)	2	9	-	(1)	(8)	(0)
Pacific	11	-	(16)	1	(4)	8	-	(15)	(8)	(15)
Latin America	11	-	-	(8)	3	11	-	-	(15)	(4)
North America	0	-	(0)	(0)	(0)	1	-	(1)	(3)	(3)
Eastern Europe	(1)	-	-	(2)	(3)	(1)	-	-	(3)	(4)
Group	**2.4**	**-**	**(6)**	**(0)**	**(4)**	**2.4**	**0**	**(6)**	**(2)**	**(6)**
Emerging markets	9	-	(2)	(4)	3	10	-	(1)	(10)	(1)

See page 5 for footnotes

Regional review

Western Europe

Revenue amounted to DKK 27,807 million in the first nine months of 2014 (2013: DKK 29,556 million). Organic growth amounted to 0% while the successful divestment of non-core activities in 2013 and 2014 reduced revenue with 7% and currency adjustments impacted revenue positively with 1%. Operating profit before other items decreased by 1% to DKK 1,574 million (2013: DKK 1,592 million) equal to an operating margin of 5.7%, which was 0.3 percentage point higher than last year.

Several countries delivered positive organic growth rates, with Turkey, Israel, the United Kingdom and Austria being the main contributors. This was reduced by a relatively low demand for non-portfolio services (albeit showing positive organic growth) as well as challenging macroeconomic conditions in certain European countries which had a negative impact on the overall organic growth rate.

The operating margin for the region was driven by a strong performance in the United Kingdom, Turkey, Belgium and Switzerland and by our strategic initiatives. The operating margin was negatively impacted by operational challenges in the Netherlands and Israel. Furthermore, the divestments 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.

In Q3, the revenue amounted to DKK 9,259 million (2013: DKK 9,704 million) driven by positive organic growth and currency adjustments of 1%, respectively, which was more than offset by a negative impact from the successful divestment of non-core activities of 7%. The organic growth was positively impacted by contract wins in Turkey mainly within the security and cleaning divisions as well as the commencement of contracts in 2014 in the United Kingdom, which was offset by challenging macroeconomic conditions in certain European countries. Despite the lower revenue base the operating profit before other items increased by 5%, resulting in an operating margin of 6.7% (2013: 6.1%). The increase in operating margin was broadly founded with 10 out of 14 countries delivering improved margins and was supported especially by strong performance in Switzerland and the United Kingdom as well as the impact from our strategic initiatives in general.

Nordic

Revenue in the first nine months of 2014 amounted to DKK 11,581 million (2013: DKK 12,735 million). Organic growth amounted to 1%, while the divestment of non-core activities in 2013 and 2014 reduced revenue by 7% and currency adjustments decreased revenue by 3%. Operating profit before other items amounted to DKK 842 million (2013: DKK 904 million), reflecting an operating margin of 7.3% compared with 7.1% in 2013.

The organic growth of 1% reflects a strong performance in Denmark and Norway driven by start-up of new contracts in 2013 and 2014. This was partly offset by a generally low demand for non-portfolio services as well as negative organic growth in Finland due to the impact from exiting contracts in 2013 and 2014.

The increase in the operating margin to 7.3% was primarily a result of a margin increase in Norway and Denmark due to the effect from the strategic initiatives implemented in 2014 regarding customer segmentation and organisational structure as well as a generally strong operational performance across the region.

In Q3, the revenue amounted to DKK 3,750 million (2013: DKK 4,058 million) driven by an organic growth of 1% which was more than offset by a negative impact from the successful divestment of non-core activities and currency adjustments of 6% and 3%, respectively. The organic growth was mainly driven by strong performance in the IFS division in Denmark. The demand for non-portfolio services remained low. Operating profit before other items decreased by 6%, resulting in an operating margin of 10.3% (2013: 10.1%). The increase in operating margin was mainly supported by the effect from strategic initiatives and a generally strong operational performance across the region.

Asia

Revenue amounted to DKK 5,984 million in the first nine months of 2014 (2013: DKK 5,992 million) driven by strong organic growth of 9% while the adverse impact from currency adjustments and divestment of the pest control activities reduced revenue by 8% and 1%, respectively. Operating profit before other items decreased by 5% to DKK 431 million reflecting an operating margin of 7.2%.

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. 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 7.5% to 7.2% in the first nine months of 2014. Several countries continued to deliver high operating margin which was negatively impacted by the divestment of the margin accretive pest control activities in India in 2014.

In Q3, the revenue increased 2% to DKK 2,069 million driven by an organic growth of 5% which was offset by a negative impact from currency adjustments and the successful divestment of non-core activities of 2% and 1%, respectively. The organic growth is, as expected, negatively impacted by the slow-down in certain Asian economies. The organic growth was supported by strong growth in Singapore, Indonesia, China and India. Operating profit before other items amounted to DKK 156 million (2013: DKK 159 million), resulting in an operating margin of 7.5% compared with 7.9% in the same period last year. The decrease in operating margin was partly a result of the divestment of the margin accretive pest control activities in India in 2014.

Pacific

Revenue for the first nine months amounted to DKK 3,305 million (2013: DKK 3,902 million). Organic growth amounted to 8%, which was more than offset by successful divestments as well as a negative impact from currency adjustments of 15% and 8%, respectively. Operating profit before other items amounted to DKK 155 million (2013: DKK 178 million) equal to an operating margin of 4.7% (2013: 4.6%).

The organic growth of 8% is the highest rate since 2010, driven by contract wins and extensions in the fourth quarter of 2013 as well as contract wins within the remote site resource segment in Australia in 2014.

The increase in operating margin of 0.1 percentage point was due to the divestment of the margin dilutive commercial security activities in Australia and New Zealand as well as strong performance in the IFS business in Australia which was partly offset by the divestment of the margin accretive pest control activities in 2013.

In Q3, the revenue amounted to DKK 1,118 million (2013: DKK 1,168 million) driven by an organic growth of 11% and a positive impact from currency adjustments of 1% which was more than offset by a negative impact from the successful divestment of non-core commercial security activities of 16%. The quarterly organic growth was driven by contract wins within the remote site resource segment in Australia. Operating profit before other items increased by 17%, resulting in an operating margin of 5.6% (2013: 4.5%). The increase in the operating margin was due to strong performance mainly in the IFS business in Australia as well as the divestment of the margin dilutive commercial security activities in Australia and New Zealand.

Latin America

Revenue was DKK 2,679 million (2013: DKK 2,793 million), down 4% compared with the first nine months of 2013. Organic growth amounted to 11%, which was more than offset by a negative impact from currency adjustments of 15%. Operating profit before other items increased by 14% to DKK 127 million, reflecting an operating margin of 4.7%, which was 0.7 percentage point higher than the same period last year. Latin America continues to deliver double-digit organic growth and the YTD margin per Q2 and Q3 is the highest 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, Brazil and Argentina.

The increase in operating margin was the result of improved margins in the majority of the countries in the region with Mexico, Argentina and Chile being the main contributors. The improved margins were mainly driven by wins of margin accretive contracts as well as the efforts initiated in 2013 to improve operational efficiencies, including amending or exiting certain customer contracts.

In Q3, the revenue amounted to DKK 926 million (2013: DKK 895 million) driven by an organic growth of 11%, which was partly offset by a negative impact from currency adjustments of 8%. Organic growth was mainly driven by contract wins and increases especially in Chile, Brazil and Argentina. Operating profit before other items increased by 17%, resulting in an operating margin of 4.5% which was 0.4 percentage point higher than the same period last year. The increase in operating margin was mainly due to improved operational efficiencies, in particular optimising the customer contract portfolio, as well as wins of margin accretive contracts during Q1 2014.

North America

Revenue in the region amounted to DKK 2,539 million (2013: DKK 2,612 million). Organic growth was 1%, while the adverse impact of currency adjustments and divestments reduced revenue by 3% and 1%, respectively. Operating profit before other items amounted to DKK 76 million (2013: DKK 73 million) resulting in an operating margin of 3.0% (2013: 2.8%).

The organic growth of 1% was primarily driven by the airport contract wins at the end of 2013 as well as increases on existing IFS contracts.

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.

In Q3, the revenue amounted to DKK 878 million (2013: DKK 881 million). Organic growth amounted to 0% while operating profit before other items decreased to DKK 30 million (2013: DKK 36 million) resulting in an operating margin of 3.4% compared with 4.1% in the same period last year. The revenue was supported by a positive impact from the portfolio business offset by a negative development in the demand for non-portfolio services. The decrease in operating margin was mainly due to timing between quarters in 2013.

Eastern Europe

Revenue in the first nine months was DKK 1,181 million (2013: DKK 1,235 million) negatively impacted by currency adjustments and negative organic growth of 3% and 1%, respectively. Operating profit before other items amounted to DKK 75 million (2013: DKK 75 million) reflecting an operating margin of 6.3% compared with 6.1% in the same period last year.

The organic growth rate was negatively impacted by our termination of less profitable contracts as well as contract losses in 2014 in Slovenia. This was partly offset by strong double digit organic growth in Russia.

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

In Q3, the revenue amounted to DKK 408 million (2013: DKK 421 million) driven by negative currency adjustments and a negative organic growth of 2% and 1%, respectively. Organic growth for Q3 was mainly driven by contract terminations and losses in Slovenia which was partly offset by strong double digit organic growth in Russia. Operating profit before other items amounted to DKK 31 million resulting in an operating margin of 7.5% (2013: 7.5%). The operating margin was supported by our termination of less profitable contracts and cost savings in Poland, Slovakia and the Czech Republic.

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.

The outlook for 2014 for organic growth, operating margin and cash conversion remains unchanged from our Q2 Interim Report. 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 nine months of 2014. Developments in foreign exchange rates have increased the expected negative impact on revenue growth in 2014 from previously 1-2 percentage points to now approximately 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 5.5%.

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 31 October 2014, ISS completed the divestment of the security activities in Greece.

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 September 2014, which are expected to have a material impact on the Group's financial position.

1) Calculated revenue for 2014 at forecasted average exchange rates for the financial year 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. The average exchange rates for the financial year 2014 are calculated using the realised average exchange rates for the first nine months of 2014 and the forecasted average exchange rates for the last three months of 2014.

2) The outlook includes only divestments completed as of and including 31 October 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, the aviation activities in Finland, the Nordic temporary labour and staffing activities in Norway, Sweden and Finland and the security activities in Greece.

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 113 million in the first nine months of 2014 compared with a net income of DKK 85 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 loss on divestments of DKK 73 million mainly related to the remeasurement of net assets of the security activities in Greece in connection with the classification as held for sale as per 30 September 2014. Restructuring projects primarily in Norway and Denmark amounted to DKK 67 million while gain on divestments of DKK 130 million mainly related to the sale of certain service activities related to asylum centres in Norway and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. For further information, refer to note 6.

Financial income and expenses, net decreased 40% to a net expense of DKK 1,024 million compared with DKK 1,700 million in 2013. The development was mainly a result of reduced interest expenses primarily due to the full redemption of the Senior Subordinated Notes Due 2016, the securitisation programme as well as the full repayment of ISS's senior secured facilities.

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 in addition to DKK 52 million in net loss on foreign exchange. The net loss on foreign exchange was primarily related to the movement in BRL due to the volatility around the Brazilian elections which caused the BRL to decouple from USD.

Income taxes amounted to DKK 573 million in the first nine months of 2014 compared with DKK 762 million for the same period in 2013. The effective tax rate in the first nine months of 2014 was 32% compared with 51% 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 inflow of DKK 719 million in the first nine months of 2014 against a net inflow of DKK 1,248 million in 2013. This was primarily due to an increase in cash outflow from changes in working capital of DKK 194 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 178 million due mainly to divestments as well as a higher cash outflow from changes in provisions, pensions and similar obligations of DKK 63 million.

Other expenses paid of DKK 283 million mainly related to IPO costs and restructuring projects initiated and expensed in 2013 and 2014.

Cash flow from investing activities for the first nine months of 2014 was a net cash inflow of DKK 386 million (2013: cash inflow of DKK 1,602 million). DKK 951 million net inflow (2013: net inflow of DKK 2,179 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 608 million (2013: DKK 545 million) representing 1.1% (2013: 0.9%) of revenue.

Cash flow from financing activities in the first nine months of 2014 was a net cash outflow of DKK 2,431 million (2013: net outflow of DKK 2,681 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 nine months of the year. Repayment of borrowings of DKK 23,266 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 borrowings of DKK 13,812 million mainly related to the new unsecured senior facility. Proceeds from issuance of share capital of DKK 7,788 million reflected the net proceeds from the completed IPO.

Statement of financial position

Total assets amounted to DKK 47,252 million at 30 September 2014 of which DKK 31,329 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 15,923 million represented current assets, primarily trade receivables of DKK 10,974 million.

Intangible assets amounted to DKK 28,443 million at 30 September 2014. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 23,553 million of goodwill, DKK 2,771 million of customer contract portfolios and related customer relationships and DKK 1,608 million of brands.

Assets and liabilities held for sale amounted to DKK 370 million and DKK 104 million, respectively, and included the assets and liabilities attributable to three non-core activities in Western Europe and Asia for which sales processes have been initiated.

Total equity amounted to DKK 13,387 million at 30 September 2014, DKK 9,141 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 890 million and total other comprehensive income amounted to DKK 605 million including a positive currency adjustment relating to investments in foreign subsidiaries of DKK 647 million. This was partly offset by the purchase of treasury shares of DKK 140 million.

The equity ratio increased to 28.3% at 30 September 2014, compared with 9.3% at 30 September 2013.

Net debt amounted to DKK 15,023 million at 30 September 2014, a decrease of DKK 7,628 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 September 2014, non-current loans and borrowings was DKK 14,372 million, current loans and borrowings amounted to DKK 2,709 million, while currency swaps, securities, cash and cash equivalents totalled DKK 2,058 million. At 30 September the Net debt / Pro Forma Adj. EBITDA amounted to 3.1x.

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 0.3 year.

Management statement

Copenhagen, 12 November 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 September 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 September 2014 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 September 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 financial statements

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Condensed consolidated income statement

1 January – 30 September

DKK million	Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Revenue	4	**18,410**	**19,143**	**55,058**	**58,785**
Staff costs	5	(11,688)	(12,384)	(36,446)	(38,855)
Consumables		(1,558)	(1,687)	(4,734)	(5,217)
Other operating expenses		(3,804)	(3,659)	(10,414)	(11,021)
Depreciation and amortisation [1]		(182)	(199)	(545)	(595)
Operating profit before other items [2]		**1,178**	**1,214**	**2,919**	**3,097**
Other income and expenses, net	6	20	48	(113)	85
Operating profit [1]	4	**1,198**	**1,262**	**2,806**	**3,182**
Share of result from equity-accounted investees		-	4	1	6
Financial income		174	104	291	366
Financial expenses		(422)	(647)	(1,315)	(2,066)
Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts		**950**	**723**	**1,783**	**1,488**
Income taxes [3]		(299)	(397)	(573)	(762)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts		**651**	**326**	**1,210**	**726**
Goodwill impairment	7	-	(347)	-	(435)
Amortisation/impairment of brands and customer contracts		(147)	(130)	(448)	(391)
Income tax effect [4]		41	32	128	112
Net profit/(loss) for the period		**545**	**(119)**	**890**	**12**
Attributable to:					
Owners of ISS A/S		544	(119)	888	10
Non-controlling interests		1	-	2	2
Net profit/(loss) for the period		**545**	**(119)**	**890**	**12**
Earnings per share:					
Basic earnings per share (EPS), DKK		2.9	(0.9)	5.2	0.1
Diluted earnings per share, DKK		2.9	(0.9)	5.1	0.1
Adjusted earnings per share, DKK [5]		3.5	2.4	7.0	5.4

[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 September

DKK million	Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net profit/(loss) for the period		**545**	**(119)**	**890**	**12**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Actuarial gains/(losses) regarding pensions		-	-	(89)	136
Impact from asset ceiling regarding pensions		-	-	36	-
Tax regarding pensions		-	-	12	(30)
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		389	(155)	647	(543)
Fair value adjustment of hedges, net		9	(16)	13	14
Fair value adjustment of hedges, net, transferred to Financial expenses		(7)	20	(14)	62
Tax		(1)	(1)	0	(19)
Total other comprehensive income/(loss)		**390**	**(152)**	**605**	**(380)**
Total comprehensive income/(loss) for the period		**935**	**(271)**	**1,495**	**(368)**
Attributable to:					
Owners of ISS A/S		933	(272)	1,492	(370)
Non-controlling interests		2	1	3	2
Total comprehensive income/(loss) for the period		**935**	**(271)**	**1,495**	**(368)**

Condensed consolidated statement of cash flows

1 January – 30 September

DKK million	Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operating profit before other items	4	1,178	1,214	2,919	3,097
Depreciation and amortisation		182	199	545	595
Changes in working capital		(224)	(194)	(1,652)	(1,458)
Changes in provisions, pensions and similar obligations		(49)	(62)	(164)	(101)
Other expenses paid		(59)	(68)	(283)	(256)
Income taxes paid		(171)	(157)	(646)	(629)
Cash flow from operating activities		**857**	**932**	**719**	**1,248**
Acquisition of businesses		(8)	(8)	(18)	(12)
Divestment of businesses	8	(66)	341	969	2,191
Acquisition of intangible assets and property, plant and equipment		(218)	(198)	(647)	(628)
Disposal of intangible assets and property, plant and equipment		5	18	39	83
(Acquisition)/disposal of financial assets		(29)	(16)	43	(32)
Cash flow from investing activities		**(316)**	**137**	**386**	**1,602**
Proceeds from borrowings		39	(24)	13,812	5,063
Repayment of borrowings		(731)	(1,761)	(23,266)	(6,600)
Interest received		34	29	101	91
Interest paid		(157)	(353)	(724)	(1,233)
Proceeds from issuance of share capital		-	-	7,788	-
Purchase of treasury shares		-	-	(140)	-
Non-controlling interests		-	(1)	(2)	(2)
Cash flow from financing activities		**(815)**	**(2,110)**	**(2,431)**	**(2,681)**
Total cash flow		**(274)**	**(1,041)**	**(1,326)**	**169**
Cash and cash equivalents at the beginning of the period		2,252	4,699	3,277	3,528
Total cash flow		(274)	(1,041)	(1,326)	169
Foreign exchange adjustments		45	(50)	72	(89)
Cash and cash equivalents at 30 September		**2,023**	**3,608**	**2,023**	**3,608**

Condensed consolidated statement of financial position

DKK million	Note	30 September 2014	30 September 2013	31 December 2013
Assets				
Intangible assets	7	28,443	29,509	28,346
Property, plant and equipment		1,721	1,707	1,715
Investments in equity-accounted investees		5	5	5
Deferred tax assets		758	589	627
Other financial assets		402	417	302
Non-current assets		**31,329**	**32,227**	**30,995**
Inventories		306	282	309
Trade receivables		10,974	11,143	10,299
Tax receivables		186	185	204
Other receivables		2,064	1,445	1,542
Cash and cash equivalents		2,023	3,608	3,277
Assets classified as held for sale	9	370	2,069	1,950
Current assets		**15,923**	**18,732**	**17,581**
Total assets		**47,252**	**50,959**	**48,576**

DKK million	Note	30 September 2014	30 September 2013	31 December 2013
Equity and liabilities				
Total equity attributable to owners of ISS A/S		13,377	4,727	4,237
Non-controlling interests		10	10	9
Total equity	10	**13,387**	**4,737**	**4,246**
Loans and borrowings	11	14,372	21,937	20,416
Pensions and similar obligations	12	868	1,190	838
Deferred tax liabilities		1,533	1,601	1,590
Provisions		397	417	470
Non-current liabilities		**17,170**	**25,145**	**23,314**
Loans and borrowings	11	2,709	6,124	5,648
Trade payables		2,882	2,915	3,436
Tax payables		422	587	443
Other liabilities		10,336	10,315	10,156
Provisions		242	262	317
Liabilities classified as held for sale	9	104	874	1,016
Current liabilities		**16,695**	**21,077**	**21,016**
Total liabilities		**33,865**	**46,222**	**44,330**
Total equity and liabilities		**47,252**	**50,959**	**48,576**

Condensed consolidated statement of changes in equity

1 January – 30 September

YTD 2014 DKK million	Share capital	Share premium	Treasury shares	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**	**-**	**(6,869)**	**(428)**	**(31)**	**4,237**	**9**	**4,246**
Comprehensive income for the period									
Net profit/(loss) for the period	**-**	**-**	**-**	**888**	**-**	**-**	**888**	**2**	**890**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	-	646	-	646	1	647
Fair value adjustment of hedges, net	-	-	-	-	-	13	13	-	13
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	-	(14)	(14)	-	(14)
Actuarial gains/(losses) regarding pensions	-	-	-	(89)	-	-	(89)	-	(89)
Impact from asset ceiling regarding pensions	-	-	-	36	-	-	36	-	36
Tax	-	-	-	12	-	0	12	-	12
Total other comprehensive income/(loss)	**-**	**-**	**-**	**(41)**	**646**	**(1)**	**604**	**1**	**605**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**847**	**646**	**(1)**	**1,492**	**3**	**1,495**
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)**	**847**	**646**	**(1)**	**9,140**	**1**	**9,141**
Equity at 30 September	**185**	**19,168**	**(140)**	**(6,022)**	**218**	**(32)**	**13,377**	**10**	**13,387**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 30 September

YTD 2013 DKK million	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Total	Non-con-trolling 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	**-**	**-**	**10**	**-**	**-**	**10**	**2**	**12**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	(543)	-	(543)	(0)	(543)
Fair value adjustment of hedges, net	-	-	-	-	14	14	-	14
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	62	62	-	62
Actuarial gains/(losses) regarding pensions	-	-	136	-	-	136	-	136
Tax	-	-	(30)	-	(19)	(49)	-	(49)
Total other comprehensive income/(loss)	**-**	**-**	**106**	**(543)**	**57**	**(380)**	**(0)**	**(380)**
Total comprehensive income/(loss) for the period	**-**	**-**	**116**	**(543)**	**57**	**(370)**	**2**	**(368)**
Transactions with owners								
Dividends paid	-	-	-	-	-	-	(2)	(2)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Total changes in equity	**-**	**-**	**116**	**(543)**	**57**	**(370)**	**(0)**	**(370)**
Equity at 30 September	**135**	**11,430**	**(6,625)**	**(176)**	**(37)**	**4,727**	**10**	**4,737**

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 September 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 nine 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]	27,807	11,581	5,984	3,305	2,679	2,539	1,181	59	**55,135**
Operating profit before other items [2]	1,574	842	431	155	127	76	75	(1)	**3,279**
Operating profit [3]	1,492	889	438	151	124	75	74	(1)	**3,242**
Total assets	25,652	13,694	4,745	2,607	1,712	2,027	1,304	18	**51,759**
Total liabilities	15,913	7,310	1,851	1,529	2,089	1,205	522	14	**30,433**

YTD 2013

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	29,556	12,735	5,992	3,902	2,793	2,612	1,235	25	**58,850**
Operating profit before other items [2]	1,592	904	452	178	111	73	75	(1)	**3,384**
Operating profit [3]	1,566	896	450	671	87	(38)	72	(1)	**3,703**
Total assets	29,719	14,843	4,339	2,894	1,604	1,823	1,298	8	**56,528**
Total liabilities	20,996	8,873	1,825	1,839	1,869	1,004	537	5	**36,948**

[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, Guam, Jordan, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine, the United Arab Emirates and Vietnam

Reconciliation of operating profit

DKK million	YTD 2014	YTD 2013
Operating profit for reportable segments	3,242	3,703
Unallocated corporate costs	(360)	(287)
Unallocated other income and expenses, net	(76)	(234)
Operating profit according to the income statement	**2,806**	**3,182**

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	130	728
Other	-	4
Other income	**130**	**732**
Costs related to IPO process	(102)	-
Loss on divestments	(73)	(40)
Restructuring projects	(67)	(296)
Onerous contracts	-	(139)
Labour-related claims	-	(85)
Build-up of IFS capabilities in North America	-	(38)
Other	(1)	(49)
Other expenses	**(243)**	**(647)**
Other income and expenses, net	**(113)**	**85**

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, the pest control activities in India and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. 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.

Loss on divestments in 2014 mainly related to the sale of the commercial security activities in Australia, the remeasurement of net assets of the security activities in Greece in connection with the classification as held for sale as per 30 September 2014 as well as the property service activities in Belgium. In 2013, the loss mainly related to sale of minor non-core activities in the Netherlands, Belgium, the USA and Italy.

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, France, Denmark, India, Sweden and Germany as well as exceptional provisions for impairment losses on receivables and severance payments relating to senior management changes.

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 identified in impairment tests	-	230
Impairment losses derived from divestment of businesses	-	205
Goodwill impairment	**-**	**435**

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 September 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 and that the value in use exceeds the carrying amount of intangibles at 30 September 2014.

At 30 September 2013, impairment losses related to France following an update of the assumptions in the business plan.

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

Impairment losses derived from divestment of businesses

In 2013, impairment losses related to the divestment of the security activities in the Netherlands, resulting in a loss of DKK 81 million and the divestment of certain landscaping activities in the USA, resulting in a loss of DKK 48 million. The remaining loss related to the divestment of minor non-core activities in Italy, Austria and Belgium, resulting in a total loss of DKK 76 million.

NOTE 8 Divestment of businesses

Divestment of businesses

The Group made 10 divestments during 1 January - 30 September 2014 (13 during 1 January - 30 September 2013). The total sales price amounted to DKK 1,579 million (DKK 2,336 million during 1 January - 30 September 2013). The total annual revenue of the divested businesses (extracted from unaudited financial information) is estimated at DKK 4,211 million (DKK 2,536 million during 1 January - 30 September 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	885	955
Customer contracts	68	209
Other non-current assets	251	174
Trade receivables	710	398
Other current assets	132	48
Provisions	(17)	(56)
Pensions, deferred tax liabilities and non-controlling interests	(70)	(80)
Non-current loans and borrowings	(1)	(4)
Current loans and borrowings	(2)	-
Other current liabilities	(705)	(293)
Total identifiable net assets	**1,251**	**1,351**
Gain/(loss) on divestment of businesses, net	118	688
Divestment costs, net of tax	210	297
Consideration received	**1,579**	**2,336**
Cash and cash equivalents in divested businesses	(71)	3
Cash consideration	**1,508**	**2,339**
Contingent and deferred consideration	(370)	(0)
Divestment costs paid, net of tax	(169)	(148)
Net proceeds regarding divestment of businesses	**969**	**2,191**

The 10 divestments completed before or at 30 September 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	56	61
Personnel services	Nordic [4]	Support Services	September	100%	792	3,052
Total					**4,211**	**11,655**

[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.

[4] Temporary labour and staffing acitivities have been sold in Norway, Sweden and Finland.

NOTE 8 Divestment of businesses (continued)

At 30 September 2014, the closing accounts related to the divestment of the landscaping activities in France have not been finalised.

Divestments subsequent to 30 September 2014

Divestments made by the Group in the period from 1 October to 31 October 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]
Security	Greece	Security Services	October	100%	180	1,361
Total					**180**	**1,361**

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

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 September 2014 were excluded 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	55,058	58,785
Divestments	(1,149)	(1,465)
Pro forma revenue	**53,909**	**57,320**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	2,919	3,097
Divestments	(46)	(100)
Pro forma operating profit before other items	**2,873**	**2,997**

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 September 2014, all six businesses 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, certain service activities related to asylum centres in Norway and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. The divestments resulted in the recognition of a net gain of DKK 125 million in the income statement in the first nine months of 2014.

During the first nine months of 2014, the continued evaluation of our activities has led to the initiation of sales processes for three additional non-core activities in Western Europe and Asia, respectively. At 30 September 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. Revaluation of businesses classified as held for sale at 30 September 2014 resulted in a loss in the income statement of DKK 61 million which was recognised in Other income and expenses, net.

NOTE 10 Share capital

The completion of the IPO in March 2014 resulted in 50.2 million new shares being issued by ISS A/S raising gross proceeds of DKK 8,036 million.

As of 30 September 2014 the share capital was 185.7 million shares of which 33% was owned by FS Invest II S.à r.l. while Company and Management held approximately 1%.

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

At 30 September 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 September 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 September 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)]	30 September 2014 Carrying amount
Issued bonds (fixed interest rate):						
EMTNs	4.50%	EUR	2014	822	-	818
Total issued bonds				**822**	**-**	**818**
Bank loans (floating interest rate):						
Senior Facilities:						
Term Facility A	Euribor + 1.25%	EUR	2017	5,696	5,696	5,619
Term Facility A	Libor + 1.25%	GBP	2017	2,107	-	2,107
Term Facility A	Libor + 1.25%	USD	2017	1,420	-	1,420
Term Facility B	Euribor + 1.50%	EUR	2019	4,348	1,747	4,298
Term Facility B	Libor + 1.50%	CHF	2019	802	-	802
Revolving Credit Facility	Libor + 1.50%	Multi currency	2019	1,501	-	1,446
Bank loans and overdrafts	-	Multi currency	-	371	-	371
Total bank loans				**16,245**	**7,443**	**16,063**
Derivatives:						
Interest rate swaps	-	-	-	30	-	30
Currency swaps	-	-	-	11	-	11
Total derivatives	-	-	-	**41**	-	**41**
Finance lease liabilities	-	-	-	**159**	**-**	**159**
Loans and borrowings	-	-	-	**17,267**	**7,443**	**17,081**
Non-current liabilities						14,372
Current liabilities						2,709
Loans and borrowings						**17,081**

[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.

As per 30 September 2014, the overall analysis did not lead to the conclusion that updated actuarial assumptions should be obtained.

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 September 2014 amounted to DKK 484 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 1,619 million (31 December 2013: DKK 1,864 million) of which DKK 1,202 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 September 2014 are appropriate. 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 September 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 September 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) owned 48% of ISS A/S's shares capital while the Company and Management held 1%. On 9 September 2014, FS Invest II further reduced the ownership share to 33%. FS Invest 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 and the sale of shares in September, the indirect ownership share of ISS was 18% for EQT (previously 40%) and 15% for GSCP (previously 33%).

There were no significant transactions with the parent company during the first nine 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 nine 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 nine 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 nine 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 91 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 nine 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 4 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 nine 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 September 2014, the outstanding balance was DKK 429 million, and during the first nine months of 2014 interest expenses amounted to DKK 0.9 million.

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

- during the first nine months the Group had a receivable with FS Invest of DKK 13 million relating to prepaid expenses. In August 2014, the receivable was fully settled.

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 nine months of 2014. All transactions were made on market terms.

Other

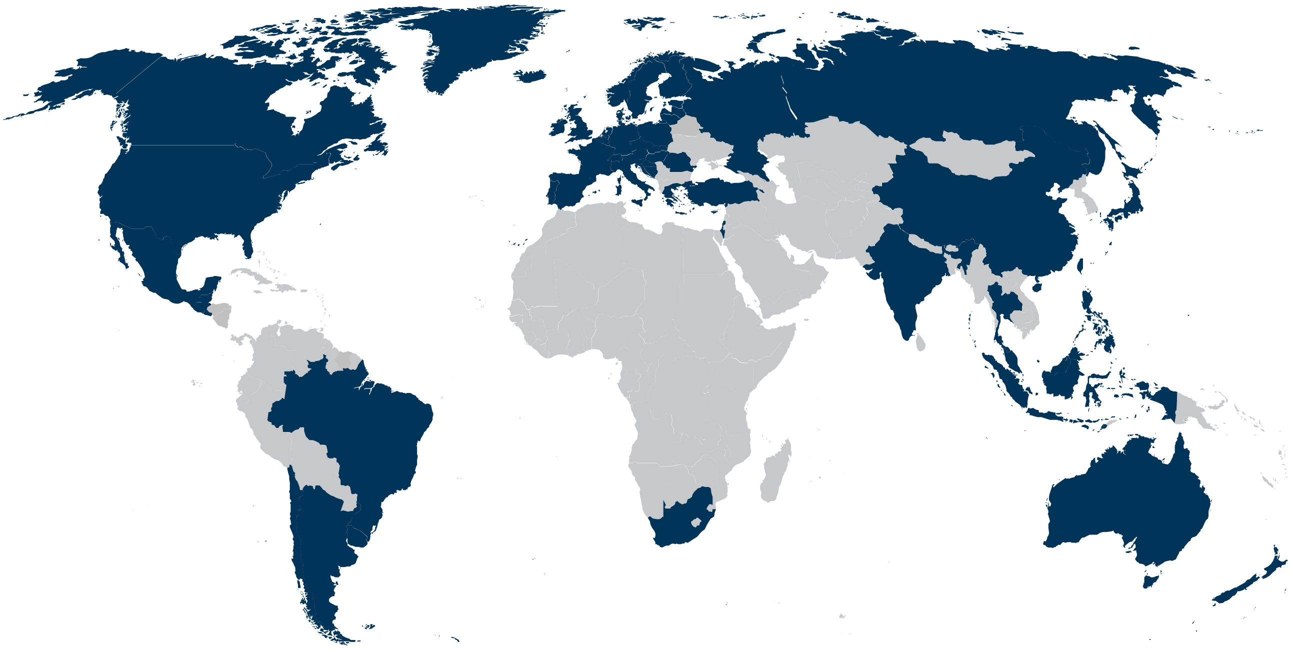
In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated accounts, there were no material transactions with other related parties and shareholders during the first nine months of 2014.

NOTE 15 Subsequent events

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

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 September 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 518,000 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.