Interim report for the period 1 January – 31 March 2015

Robust profitable growth

ISS (ISS.CO, ISS DC), one of the world's leading facility services companies, announces its interim financial report for the first three months of 2015:

Highlights

- Robust organic revenue growth of 3.1% (Q4 2014: 2.7%).
- Improved operating margin of 4.4% (Q1 2014: 4.3%).
- Strong cash conversion over the last twelve months of 97% (Q4 2014: 98%).
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts increased to DKK 426 million (Q1 2014: DKK 73 million).
- Financial expenses, net, decreased to DKK 216 million (Q1 2014: DKK 557 million) and included a DKK 54 million, non-cash, net loss on foreign exchange.
- Net profit increased to DKK 297 million compared to a loss of DKK 33 million in Q1 2014.
- Revenue generated from IFS increased 9% in local currency, and represent 32% of Group revenue (FY 2014: 31%). Significant IFS contract wins in Q1 included UBS in the United Kingdom, Huawei in China and a retender and expansion with RWE in the Czech Republic.
- Revenue from Global Corporate Clients represented 10% of Group revenue (FY 2014: 9%), an increase of 6% in local currencies.
- The strategic initiatives including customer segmentation, organisational structure and excellence projects such as our procurement programme are progressing according to plans and support margin improvement.
- The 2015 outlook for organic growth, operating margin and cash conversion remains unchanged.

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

"We have had a good start to the year with continued positive momentum on all key parameters. Organic growth increased, driven in particular by strong customer demand for our integrated solutions. New integrated contract wins include UBS (the United Kingdom), Huawei (China), and an expansion with RWE (the Czech Republic). Thanks to our strategic initiatives, our operating margins continue to improve, and cash conversion remains high. We maintain our outlook for the full year result."

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)	Q1 2015	Q1 2014
Income statement		
Revenue	19,150	18,251
Operating profit before other items	843	785
Operating margin	4.4%	4.3%
EBITDA	1,015	861
Adjusted EBITDA	1,034	965
Operating profit	824	681
Financial income	232	73
Financial expenses	(448)	(630)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	426	73
Net profit for the period	297	(33)
Cash flow		
Cash flow from operating activities[2)]	(682)	(1,040)
Acquisition of intangible assets and property, plant and equipment, net	(226)	(195)
Cash conversion	97%	98%
Financial position		
Total assets	49,315	47,529
Goodwill	24,101	23,228
Additions to property, plant and equipment	200	159
Total equity (attributable to owners of ISS A/S)	14,132	11,963
Equity ratio	28.7%	25.2%
Employees		
Number of employees end of period	509,702	529,168
Full-time employees	73%	74%
Growth		
Organic growth	3.1%	2.8%
Divestments, net	(4)%	(5)%
Currency adjustments	6 %	(5)%
Total revenue growth	5 %	(7)%
Financial leverage		
Pro forma adjusted EBITDA (LTM)	4,949	4,788
Net debt	14,369	15,310
Net debt / Pro forma adjusted EBITDA (LTM)	2.9x	3.2x
Stock market ratios		
Basic earnings per share (EPS), DKK	1.6	(0.2)
Diluted earnings per share, DKK	1.6	(0.2)
Adjusted earnings per share, DKK	2.3	0.5
Number of shares issued ('000)	185,668	185,668
Number of treasury shares ('000)	1,777	875
Average number of shares (basic) (in thousands)	184,536	145,313
Average number of shares (diluted) (in thousands)	185,572	145,488

1) See definitions in the Annual Report 2014.
2) Previously, cash flow from Interest received/paid was included in Cash flow from financing activities. Effective 1 January 2015, cash flow from Interest received/paid is included in Cash flow from operating activities as a result of the post IPO capital structure. Comparative figures have been restated accordingly.

Group financial highlights

January – March 2015

Group revenue increased 5% to DKK 19.2 billion. Organic growth amounted to 3.1% (Q4 2014: 2.7%) and the positive currency effect amounted to 6% while the divestment of non-core activities, net, reduced revenue by 4%.

Organic growth was driven by a continued strong performance in emerging markets, the Pacific region, large contract launches in Europe as well as in the integrated facility services (IFS) business in general. All regions, apart from North America, delivered positive organic growth rates with Pacific reporting double-digit growth performance and Western Europe delivering the highest growth rate since Q4 2013. On the other hand, the difficult market conditions in certain European countries held back organic growth.

Operating profit before other items amounted to DKK 843 million (Q1 2014: DKK 785 million) for an operating margin of 4.4% (Q1 2014: 4.3%). The higher operating margin was driven by a strong performance across several regions. The Western Europe and Nordic regions contributed significantly, in part due to the implementation of our strategic initiatives. Corporate costs amounted to 0.8% of revenue (Q1 2014: 0.5%), which was in line with expectations and the increase is mainly related to costs of being a listed company.

Emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey represent 26% of Group revenue, delivered organic growth of 7% and an operating margin of 6.1% in the first three months of 2015 (Q1 2014: 6.0%).

Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts increased to DKK 426 million (Q1 2014: 73 million), supported by improved operating profit before other items and lower financial expenses, net, as a result of the refinancings and the reduced debt post IPO.

The net profit was up by DKK 330 million to DKK 297 million from a loss of DKK 33 million in Q1 2014.

The LTM (last twelve months) cash conversion for March 2015 was 97%, driven by a generally strong cash performance across the Group. Ensuring a strong cash performance continues to be a key strategic priority, and the result reflects our consistent efforts to ensure timely payment for work performed.

Cash flow from operating activities for the first three months was an outflow of DKK 682 million (Q1 2014: DKK 1,040 million). The improvement was primarily due to lower interest payments, net, and changes in provisions, pensions and similar obligations.

Group business highlights

Strategy update

We continue to make progress in our strategic initiatives (referred to as GREAT) which include customer segmentation, organisational structure and excellence projects such as our procurement programme and Business Process Outsourcing (BPO).

We continue our process on customer segmentation by size to establish a more detailed understanding of our customer base as well as additional profitability transparency. By the end of Q1 2015, we have mapped our customer segments in our major countries and will continue to focus on aligning and implementing our strategy through optimising our customer base. Furthermore, we have initiated the mapping process in several of our remaining countries.

We have now completed phases I and II of the procurement excellence programme and the total identified savings amount to DKK 350-450 million to be achieved during 2014-2018. Phase III will be launched in 2015 and we are targeting additional savings from this phase. While some of these cost savings will increase margins, other savings will be re-invested in the business in order to maintain and strengthen competitiveness.

As part of the excellence projects, we have in 2014 successfully launched a Business Process Outsourcing (BPO) project in the Nordic region covering certain Finance & Accounting processes and targeting improved financial processes and cost savings. As a result of the success and benefits realised in the Nordic region the project has also now been launched in the Netherlands, Belgium and Luxembourg. Furthermore, we have initiated the project in Australia and plan to launch the project in additional European countries in 2015.

IFS and Global Corporate Clients

Revenue generated from IFS was up 9% in local currencies to DKK 6.2 billion, which corresponds to 32% of Group revenue (FY 2014: 31%). Growth was mainly driven by IFS contract launches as well as the successful conversion of existing single service contracts to IFS contracts.

In Q1, we won significant IFS contracts with UBS in the United Kingdom, Huawei in China, the world's largest supplier of mobile telecommunications infrastructure equipment, and a retender and expansion with RWE in the Czech Republic, one of Europe's leading electricity and gas companies. Furthermore, the United Kingdom renewed and expanded a large contract within the healthcare segment.

In May, we won a major expansion of our existing IFS contract with Danske Bank in the Nordic and Eastern Europe regions.

Revenue generated from Global Corporate Clients increased 6% in local currencies to 1.9 billion, representing 10% of Group revenue (FY 2014: 9%).

Acquisition and divestments

In the first three months of 2015, we divested the landscaping activities in Belgium and the route-based security activities in India. In January 2015, we acquired GS Hall plc, a leading technical services company focused on mechanical and electrical engineering, energy management and compliance.

In the first three months of 2015, net cash outflow for the completed acquisition and divestments, net of costs amounted to DKK 538 million.

At 31 March 2015, three business units in the Western Europe and Nordic regions are classified as held for sale, comprising net assets of DKK 387 million.

We will 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.

Financing

ISS's financing mainly consists of senior unsecured bank facilities and corporate bonds issued under an EMTN programme.

The unsecured senior bank facilities consist of a term facility of EUR 800 million and a revolving credit facility of EUR 850 million, both maturing in 2019. The applicable margin is determined bi-annually on the basis of a leverage grid. At year-end 2014 financial leverage was 2.6x, which resulted in a 25bps margin step-down to 125bps.

On 30 March 2015, the outlook was changed from BBB-/Stable to BBB-/Positive by Standard & Poor's. At 31 March 2015 the financial leverage was 2.9x. Our objective is to maintain an investment grade financial profile and to reduce financial leverage to below 2.5x pro forma adjusted EBITDA.

ISS Global A/S established an EUR 2 billion EMTN programme in November 2014 to ensure increased flexibility to pursue refinancings in the bond market when considered relevant. Two bonds have been issued under the programme in December 2014 (EUR 700 million 1.125% expiring in 2020 and EUR 500 million 2.125% expiring in 2024).

REGIONAL OVERVIEW

DKK million	QTD			YTD		
Revenue	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Western Europe [1]	9,759	9,290	5 %	9,759	9,290	5 %
Nordic [2]	3,578	3,835	(7)%	3,578	3,835	(7)%
Asia [3]	2,392	1,937	23 %	2,392	1,937	23 %
Pacific [4]	1,129	1,142	(1)%	1,129	1,142	(1)%
Latin America [5]	946	853	11 %	946	853	11 %
North America [6]	990	833	19 %	990	833	19 %
Eastern Europe [7]	357	373	(4)%	357	373	(4)%
Other Countries [8]	23	12	92 %	23	12	92 %
Corporate / eliminations	(24)	(24)	-	(24)	(24)	-
Group	**19,150**	**18,251**	**5 %**	**19,150**	**18,251**	**5 %**
Emerging markets [9]	4,909	4,210	17 %	4,909	4,210	17 %
Operating profit before other items						
Western Europe	500	427	17 %	500	427	17 %
Nordic	188	193	(3)%	188	193	(3)%
Asia	162	137	18 %	162	137	18 %
Pacific	58	50	16 %	58	50	16 %
Latin America	38	43	(12)%	38	43	(12)%
North America	26	19	37 %	26	19	37 %
Eastern Europe	18	15	20 %	18	15	20 %
Other Countries	(0)	(1)	(33)%	(0)	(1)	(33)%
Corporate / eliminations	(147)	(98)	(50)%	(147)	(98)	(50)%
Group	**843**	**785**	**7 %**	**843**	**785**	**7 %**
Emerging markets	298	252	18 %	298	252	18 %
Operating margin [10]						
Western Europe	5.1 %	4.6 %	0.5 %	5.1 %	4.6 %	0.5 %
Nordic	5.3 %	5.0 %	0.3 %	5.3 %	5.0 %	0.3 %
Asia	6.8 %	7.1 %	(0.3)%	6.8 %	7.1 %	(0.3)%
Pacific	5.1 %	4.4 %	0.7 %	5.1 %	4.4 %	0.7 %
Latin America	4.0 %	5.0 %	(1.0)%	4.0 %	5.0 %	(1.0)%
North America	2.7 %	2.3 %	0.4 %	2.7 %	2.3 %	0.4 %
Eastern Europe	5.0 %	4.0 %	1.0 %	5.0 %	4.0 %	1.0 %
Other Countries	(1.8)%	(5.0)%	3.2 %	(1.8)%	(5.0)%	3.2 %
Corporate / eliminations	(0.8)%	(0.5)%	(0.2)%	(0.8)%	(0.5)%	(0.2)%
Group	**4.4 %**	**4.3 %**	**0.1 %**	**4.4 %**	**4.3 %**	**0.1 %**
Emerging markets	6.1 %	6.0 %	0.1 %	6.1 %	6.0 %	0.1 %

%	QTD 2015				YTD 2015			
Growth components	**Organic**	**Div., net**	**Curr.**	**Total**	**Organic**	**Div., net**	**Curr.**	**Total**
Western Europe	2	(3)	6	5	2	(3)	6	5
Nordic	1	(5)	(3)	(7)	1	(5)	(3)	(7)
Asia	8	(2)	17	23	8	(2)	17	23
Pacific	10	(15)	4	(1)	10	(15)	4	(1)
Latin America	6	-	5	11	6	-	5	11
North America	(2)	-	21	19	(2)	-	21	19
Eastern Europe	1	(1)	(4)	(4)	1	(1)	(4)	(4)
Group	**3.1**	**(4)**	**6**	**5**	**3.1**	**(4)**	**6**	**5**
Emerging markets	7	(2)	12	17	7	(2)	12	17

Grouping of countries into regions:
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 Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Slovenia.
8) Other Countries comprise Bahrain, Cayman Islands, Croatia, Cyprus, Egypt, Guam, Jordan, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine, United Arab Emirates and Vietnam.
9) Emerging Markets comprise 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 review

Western Europe

Revenue increased 5% to DKK 9,759 million in the first three months of 2015. Organic growth amounted to 2% (Q4 2014: 0%), while the impact from acquisition and divestments, net, reduced revenue by 3% (acquisition 1% and divestments negative 4%) and currency effects impacted revenue positively by 6%. Western Europe delivered the highest organic growth rate since Q4 2013 with Switzerland, Germany and Turkey being the main contributors. The strong growth was mainly driven by IFS contract wins including Vattenfall in Germany and Swisscom in Switzerland. The challenging macroeconomic conditions in certain European countries have resulted in non-portfolio services being at a relatively low level.

Operating profit before other items increased by 17% to DKK 500 million equal to an improved operating margin of 5.1% (Q1 2014: 4.6%). The increase in operating margin for the region was driven by France, Germany, the United Kingdom and Turkey. The increase was mainly due to strong performance from our portfolio contracts, the impact from our strategic initiatives including cost savings initiatives, a strong growth within the IFS division in Germany and the divestment of the margin dilutive landscaping activities in France in March 2014. Furthermore, Switzerland continued to deliver a solid margin in addition to delivering strong organic growth. The operating margin was negatively impacted by the Netherlands where profitability remains low.

Nordic

Revenue in the first three months of 2015 was DKK 3,578 million and organic growth was 1% (Q4 2014: 3%). The divestment of non-core activities in 2014 reduced revenue by 5% while currency effects reduced revenue by 3%. The organic growth reflected a strong performance in Finland and Sweden driven by higher demand for non-portfolio services as well as strong performance from portfolio contracts. This was partly offset by reduced growth in Denmark as Q4 2014 was positively impacted by a large contract start-up and negative organic growth in Norway mainly due to contract losses in 2014.

Operating profit before other items amounted to DKK 188 million (2014: DKK 193 million), reflecting an improved operating margin of 5.3% (Q1 2014: 5.0%). The improvement was primarily driven by Norway and Finland due to the effect from the strategic initiatives implemented in 2014, including optimisation of organisational and cost structures.

Asia

Revenue increased 23% to DKK 2,392 million driven by strong organic growth of 8% (Q4 2014: 7%), while currency effects impacted revenue positively with 17% and the impact from divestments reduced revenue by 2%. Double-digit organic growth rates were seen in several countries with India, Indonesia and China being the largest nominal contributors in the region. The growth was mainly due to strong performance primarily from Global Corporate Clients contracts in India, the security division in Indonesia and contract wins in China. Thailand and Singapore also continued the positive trends supported by contract wins and renewals as well as price increases.

Operating profit before other items increased by 18% to DKK 162 million reflecting an operating margin of 6.8% (Q1 2014: 7.1%). Several countries delivered strong operating margins, but this was more than offset by a margin decrease in India mainly as a result of investments in operational improvements and the divestment of the margin accretive CVS security activities in 2014.

Pacific

Revenue decreased 1% to DKK 1,129 million. Organic growth was 10% (Q4 2014: 13%), which was more than offset by divestments of the commercial security activities of 15% while the positive currency effects amounted to 4%. The strong growth was a continuation of the growth seen in the second half of 2014, mainly driven by the remote site resource segment as well as a higher demand for non-portfolio services within the Aviation segment in Australia.

Operating profit before other items was DKK 58 million equal to an operating margin of 5.1% (Q1 2014: 4.4%). The increase in operating margin was mainly due to improved performance in the Healthcare and Facility Management divisions as well as the divestment of the margin dilutive commercial security activities in Australia and New Zealand.

Latin America

Revenue was DKK 946 million, up 11% compared to the same period last year. Organic growth was 6% (Q4 2014: 6%), while currency effects impacted revenue positively with 5%. The organic growth was mainly supported by a strong performance from IFS contracts and a higher demand for non-portfolio services in Chile, price increases passed on to customers in Argentina as well as the impact from a Global Corporate Clients contract commenced after Q1 2014 in Mexico. This was partly offset by a negative organic growth in Brazil due to contract losses and a negative economic environment impacting the scope of some existing contracts.

Operating profit before other items decreased by 12% to DKK 38 million, reflecting an operating margin of 4.0% (Q1 2014: 5.0%). The operating margin reflected a strong performance in Chile, Mexico and Argentina which was more than offset by a margin decrease in Brazil mainly due to contract losses, cost increases and scope reductions.

North America

Revenue was DKK 990 million (2014: DKK 833 million). Organic growth was negative by 2% (Q4 2014: 2%), while the positive impact from currency effects increased revenue by 21%. Organic growth was positively impacted by the start-up of Molson Coors as well as a higher demand for non-portfolio services from Global Corporate Clients contracts. This was more than offset by the impact from contract exits and losses in 2014 and 2015, in line with the margin accretive transformation of the region towards more focus on IFS and large customers.

Operating profit before other items was DKK 26 million resulting in an operating margin of 2.7% (Q1 2014: 2.3%). The increase in operating margin was mainly due to Global Corporate Clients contracts, which was positively impacted by the increase in demand for non-portfolio services combined with the impact from our strategic initiatives.

Eastern Europe

Revenue decreased 4% to DKK 357 million. Organic growth was 1% (Q4 2014: 3%), which was more than offset by divestments and negative currency effects of 1% and 4%, respectively. Organic growth was supported by strong growth in Russia from new contracts commenced in 2014 and 2015. Furthermore, the Czech Republic, Slovenia and Romania delivered positive organic growth mainly due to new contracts started up in 2014.

Operating profit before other items was DKK 18 million reflecting an operating margin of 5.0% (Q1 2014: 4.0%). The increase in operating margin was mainly due to strong performance from Global Corporate Clients contracts in Slovenia, higher demand for non-portfolio services in Slovakia as well as termination of less profitable contracts and a continued focus on cost savings in Poland.

Management changes

At the annual general meeting on 15 April 2015, Cynthia Mary Trudell and Claire Chiang were elected as new independent members of the Board of Directors. Jennie Chua was not up for re-election due to the age limit in the Company's Articles of Association and Morten Hummelmose and Andrew Evan Wolff did not seek re-election as members of the Board of Directors due to FS Invest II S.à r.l's disposal of all its shares in the Company.

On 26 February 2015, we announced that Michelle Healy was appointed as new Chief People & Culture Officer and a member of the Executive Group Management. The appointment allows us to further reinforce our focus on people and on building a stronger ISS culture.

Outlook

Outlook 2015

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

The outlook for 2015 for organic growth, operating margin and cash conversion remains unchanged from our Annual Report 2014.

- Organic growth is expected to be 2%-4%.
- Operating margin in 2015 is expected to be above the 5.6% realised in 2014.
- Cash conversion is expected to remain above 90%.

Impact from divestments, acquisitions and foreign exchange rates in 2015

We expect the divestments and the acquisition completed by 30 April 2015 (including in 2014) to negatively impact the revenue growth in 2015 by approximately 1 percentage point. We expect a positive impact on revenue growth in 2015 from the development in foreign exchange rates of approximately 4-5 percentage points based on the forecasted average exchange rates for the year 2015[1]. Consequently, we expect total revenue growth in 2015 to be positive by 5-8 percentage points.

Subsequent events

At the annual general meeting on 15 April 2015, it was decided to distribute a dividend of DKK 4.90 per share of nominally DKK 1.00, a total of DKK 910 million.

Apart from the above and the events described in these condensed consolidated interim financial statements, the Group is not aware of events subsequent to 31 March 2015, which are expected to have a material impact on the Group's financial position.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 7. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words ''may'', "will", "should", ''expect'', ''anticipate'', ''believe'', ''estimate'', ''plan'', "predict," ''intend' or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS.

Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the Annual Report 2014 of ISS A/S and other information made available by ISS.

As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2014 of ISS A/S is available at the Group's website, www.issworld.com.

1) The forecasted average exchange rates for the financial year 2015 are calculated using the realised average exchange rates for the first four months of 2015 and the forecasted average exchange rates for the last eight months of 2015.

Financial review

Income statement

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

Financial expenses, net, was DKK 216 million at 31 March 2015 (Q1 2014: DKK 557 million). The decrease was mainly due to lower interest expenses, net, as a result of the refinancings and the reduced post IPO debt as well as unamortised financing fees expensed in 2014 as a result of the full repayment of the senior secured facilities in March 2014. Furthermore, financial expenses, net, included a DKK 54 million net loss (Q1 2014: DKK 19 million) on foreign exchange.

Effective tax rate for Q1 2015 was 30.0% (Q1 2014: 41.1%) calculated as Income taxes of DKK 182 million divided by Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts of DKK 608 million. The decrease in the effective tax rate is related to the impact from non-deductible IPO costs and the interest limitation tax rules in Denmark impacting only the effective tax rate in Q1 2014.

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 was a net cash outflow of DKK 682 million (Q1 2014: cash outflow of DKK 1,040 million). The decrease in cash outflow was mainly due to Interest paid, net, being DKK 192 million lower than the same period last year following the refinancings and the reduced post IPO debt. Furthermore, changes in provisions, pensions and similar obligations increased DKK 106 million to a cash inflow of DKK 64 mainly due to pension obligations related to new contracts.

Other expenses paid of DKK 72 million mainly included costs relating to restructuring projects initiated and expensed in 2014 and 2015 as well as acquisition related integration costs.

Cash flow from investing activities was a net cash outflow of DKK 769 million (Q1 2014: cash inflow of DKK 872 million). The cash outflow relating to acquisitions and divestments, net, of DKK 538 million related mainly to the acquisition of GS Hall plc in January. Investments in intangible assets and property, plant and equipment, net, was DKK 226 million (Q1 2014: DKK 195 million), which represented 1.2% of Group revenue (Q1 2014: 1.1%).

Cash flow from financing activities was a net cash inflow of DKK 27 million (Q1 2014: net outflow of DKK 29 million) reflecting the drawings on working capital facilities as a result of the typical seasonality in the first three months of the year. Furthermore, purchase of treasury shares in 2015 resulted in a cash outflow of DKK 204 million.

Statement of financial position

Total equity was DKK 14,143 million at 31 March 2015 equivalent to an equity ratio of 28.7% (31 December 2014: 27.6%). The DKK 1,223 million increase from December 2014 was mainly the result of positive currency adjustments relating to investments in foreign subsidiaries of DKK 1,105 million and net profit of DKK 297 million. This was partly offset by the purchase of treasury shares of DKK 204 million. The positive currency adjustments were mainly due to appreciation of GBP, CHF and HKD against DKK.

Net debt was DKK 14,369 million at 31 March 2015, an increase of DKK 1,722 million compared with 31 December 2014. Net debt is typically higher after the first three months of the financial year than at year-end of the previous year as a result of seasonality in operating cash flow.

At 31 March 2015, non-current loans and borrowings amounted to DKK 14,939 million, current loans and borrowings amounted to DKK 1,796 million, while currency swaps, securities, cash and cash equivalents totalled DKK 2,366 million. At 31 March the Net debt / Pro forma adjusted EBITDA was 2.9x (31 December 2014: 2.6x and 31 March 2014: 3.2x).

The interest rate risk primarily relates to ISS's interest-bearing debt, consisting of bank loans (unsecured senior facilities) and fixed-rate bonds. The interest rate duration of the total debt was at 31 March 2015 4.4 years.

Management statement

Copenhagen, 21 May 2015

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 31 March 2015.

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 31 March 2015 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2015.

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

Claire Chiang

Henrik Poulsen

Jo Taylor

Cynthia Mary Trudell

Pernille Benborg [1)]

Joseph Nazareth [1)]

Palle Fransen Queck [1)]

[1)] Employee representative

Condensed consolidated interim financial statements

Condensed consolidated income statement

1 January – 31 March

DKK million	Note	Q1 2015	Q1 2014	YTD 2015	YTD 2014
Revenue	4	**19,150**	**18,251**	**19,150**	**18,251**
Staff costs		(12,917)	(12,342)	(12,917)	(12,342)
Consumables		(1,686)	(1,583)	(1,686)	(1,583)
Other operating expenses		(3,513)	(3,361)	(3,513)	(3,361)
Depreciation and amortisation [1)]		(191)	(180)	(191)	(180)
Operating profit before other items [2)]		**843**	**785**	**843**	**785**
Other income and expenses, net	5	(19)	(104)	(19)	(104)
Operating profit [1)]	4	**824**	**681**	**824**	**681**
Financial income	8	232	73	232	73
Financial expenses	8	(448)	(630)	(448)	(630)
Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts		**608**	**124**	**608**	**124**
Income taxes [3)]		(182)	(51)	(182)	(51)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts		**426**	**73**	**426**	**73**
Goodwill impairment	6, 7	(6)	-	(6)	-
Amortisation/impairment of brands and customer contracts		(164)	(150)	(164)	(150)
Income tax effect [4)]		41	44	41	44
Net profit for the period		**297**	**(33)**	**297**	**(33)**
Attributable to:					
Owners of ISS A/S		296	(34)	296	(34)
Non-controlling interests		1	1	1	1
Net profit for the period		**297**	**(33)**	**297**	**(33)**
Earnings per share:					
Basic earnings per share (EPS), DKK		1.6	(0.2)	1.6	(0.2)
Diluted earnings per share, DKK		1.6	(0.2)	1.6	(0.2)
Adjusted earnings per share, DKK [5)]		2.3	0.5	2.3	0.5

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

Condensed consolidated statement of comprehensive income

1 January – 31 March

DKK million	Note	Q1 2015	Q1 2014	YTD 2015	YTD 2014
Net profit for the period		**297**	**(33)**	**297**	**(33)**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Impact from asset ceiling regarding pensions		-	(4)	-	(4)
Tax		-	1	-	1
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		1,105	136	1,105	136
Fair value adjustment of hedges, net		(3)	4	(3)	4
Fair value adjustment of hedges, net, transferred to Financial expenses		12	(3)	12	(3)
Tax		(2)	(0)	(2)	(0)
Total other comprehensive income		**1,112**	**134**	**1,112**	**134**
Total comprehensive income for the period		**1,409**	**101**	**1,409**	**101**
Attributable to:					
Owners of ISS A/S		1,408	100	1,408	100
Non-controlling interests		1	1	1	1
Total comprehensive income for the period		**1,409**	**101**	**1,409**	**101**

Condensed consolidated statement of cash flows

1 January – 31 March

DKK million	Note	Q1 2015	Q1 2014	YTD 2015	YTD 2014
Operating profit before other items	4	843	785	843	785
Depreciation and amortisation		191	180	191	180
Share-based payments (non-cash)		18	2	18	2
Changes in working capital		(1,405)	(1,363)	(1,405)	(1,363)
Changes in provisions, pensions and similar obligations		64	(42)	64	(42)
Other expenses paid		(72)	(134)	(72)	(134)
Interest received		10	11	10	11
Interest paid		(114)	(307)	(114)	(307)
Income taxes paid		(217)	(172)	(217)	(172)
Cash flow from operating activities		**(682)**	**(1,040)**	**(682)**	**(1,040)**
Acquisition of businesses	9	(522)	-	(522)	-
Divestment of businesses	9	(16)	1,012	(16)	1,012
Acquisition of intangible assets and property, plant and equipment		(232)	(211)	(232)	(211)
Disposal of intangible assets and property, plant and equipment		6	16	6	16
(Acquisition)/disposal of financial assets		(5)	55	(5)	55
Cash flow from investing activities		**(769)**	**872**	**(769)**	**872**
Proceeds from borrowings		1,202	11,280	1,202	11,280
Repayment of borrowings		(971)	(18,957)	(971)	(18,957)
Proceeds from issuance of share capital		-	7,788	-	7,788
Purchase of treasury shares		(204)	(140)	(204)	(140)
Cash flow from financing activities		**27**	**(29)**	**27**	**(29)**
Total cash flow		**(1,424)**	**(197)**	**(1,424)**	**(197)**
Cash and cash equivalents at the beginning of the period		3,557	3,277	3,557	3,277
Total cash flow		(1,424)	(197)	(1,424)	(197)
Foreign exchange adjustments		196	13	196	13
Cash and cash equivalents at 31 March		**2,329**	**3,093**	**2,329**	**3,093**

Condensed consolidated statement of financial position

DKK million	Note	31 March 2015	31 March 2014	31 December 2014
Assets				
Intangible assets	6, 7	29,017	28,305	27,465
Property, plant and equipment		1,763	1,675	1,638
Deferred tax assets		887	674	755
Other financial assets		440	346	431
Non-current assets		**32,107**	**31,000**	**30,289**
Inventories		338	314	309
Trade receivables		11,869	10,843	10,446
Tax receivables		225	160	212
Other receivables		1,809	1,657	1,449
Cash and cash equivalents		2,329	3,093	3,557
Assets classified as held for sale	10	638	462	472
Current assets		**17,208**	**16,529**	**16,445**
Total assets		**49,315**	**47,529**	**46,734**

DKK million	Note	31 March 2015	31 March 2014	31 December 2014
Equity and liabilities				
Total equity attributable to owners of ISS A/S		14,132	11,963	12,910
Non-controlling interests		11	10	10
Total equity		**14,143**	**11,973**	**12,920**
Loans and borrowings		14,939	11,426	14,887
Pensions and similar obligations		1,591	876	1,415
Deferred tax liabilities		1,493	1,534	1,415
Provisions		362	482	348
Non-current liabilities		**18,385**	**14,318**	**18,065**
Loans and borrowings		1,796	7,015	1,338
Trade payables		3,169	3,109	3,562
Tax payables		195	339	170
Other liabilities		11,146	10,357	10,254
Provisions		230	263	249
Liabilities classified as held for sale	10	251	155	176
Current liabilities		**16,787**	**21,238**	**15,749**
Total liabilities		**35,172**	**35,556**	**33,814**
Total equity and liabilities		**49,315**	**47,529**	**46,734**

Condensed consolidated statement of changes in equity

1 January – 31 March

YTD 2015 DKK million	Share capital	Retained earnings	Translation reserve	Hedging reserve	Treasury shares	Proposed dividends	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S								
Equity at 1 January	**185**	**11,959**	**45**	**(29)**	**(160)**	**910**	**12,910**	**10**	**12,920**
Comprehensive income for the period									
Net profit for the period	**-**	**296**	**-**	**-**	**-**	**-**	**296**	**1**	**297**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	1,105	-	-	-	1,105	0	1,105
Adjustment relating to previous years	-	(22)	-	22	-	-	-	-	-
Fair value adjustment of hedges, net	-	-	-	(3)	-	-	(3)	-	(3)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	12	-	-	12	-	12
Tax	-	0	-	(2)	-	-	(2)	-	(2)
Total other comprehensive income	**-**	**(22)**	**1,105**	**29**	**-**	**-**	**1,112**	**0**	**1,112**
Total comprehensive income for the period	**-**	**274**	**1,105**	**29**	**-**	**-**	**1,408**	**1**	**1,409**
Transactions with owners									
Purchase of treasury shares	-	-	-	-	(204)	-	(204)	-	(204)
Share-based payments	-	18	-	-	-	-	18	-	18
Settlement of vested PSUs	-	(41)	-	-	41	-	-	-	-
Total transactions with owners	**-**	**(23)**	**-**	**-**	**(163)**	**-**	**(186)**	**-**	**(186)**
Total changes in equity	**-**	**251**	**1,105**	**29**	**(163)**	**-**	**1,222**	**1**	**1,223**
Equity at 31 March	**185**	**12,210**	**1,150**	**-**	**(323)**	**910**	**14,132**	**11**	**14,143**

Condensed consolidated statement of changes in equity

1 January – 31 March

	Attributable to owners of ISS A/S							
YTD 2014 DKK million	**Share capital**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Treasury shares**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January	**135**	**4,536**	**(427)**	**(31)**	**-**	**4,213**	**9**	**4,222**
Comprehensive income for the period								
Net profit for the period	**-**	**(34)**	**-**	**-**	**-**	**(34)**	**1**	**(33)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	136	-	-	136	0	136
Fair value adjustment of hedges, net	-	-	-	4	-	4	-	4
Fair value adjustment of hedges, net, transferred to Financial income	-	-	-	(3)	-	(3)	-	(3)
Impact from asset ceiling regarding pensions	-	(4)	-	-	-	(4)	-	(4)
Tax	-	1	-	(0)	-	1	-	1
Total other comprehensive income	**-**	**(3)**	**136**	**1**	**-**	**134**	**0**	**134**
Total comprehensive income for the period	**-**	**(37)**	**136**	**1**	**-**	**100**	**1**	**101**
Transactions with owners								
Share issue	50	7,986	-	-	-	8,036	-	8,036
Costs related to the share issue	-	(248)	-	-	-	(248)	-	(248)
Purchase of treasury shares	-	-	-	-	(140)	(140)	-	(140)
Share-based payments	-	2	-	-	-	2	-	2
Total transactions with owners	**50**	**7,740**	**-**	**-**	**(140)**	**7,650**	**-**	**7,650**
Total changes in equity	**50**	**7,703**	**136**	**1**	**(140)**	**7,750**	**1**	**7,751**
Equity at 31 March	**185**	**12,239**	**(291)**	**(30)**	**(140)**	**11,963**	**10**	**11,973**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2015 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 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 2014. A full description of the Group's accounting policies is included in the consolidated financial statements for 2014. In respect of description of business combinations, please refer to the consolidated financial statements for 2013.

Changes in accounting policies

With effect from 1 January 2015, the Group has implemented parts of Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. The adoption of these Standards and Interpretations did not affect recognition and measurement in the first three months of 2015.

Change in classification

With effect from 1 January 2015, the Group changed the classification of Interest received/paid in the statement of cash flows to be presented in Cash flow from operating activities instead of Cash flow from financing activities. Following the IPO in 2014 and the changed capital structure, it is management’s assessment that this better reflects the distinction between operating and financing activities. The change in classification resulted in Cash flow from operating activities for the first three months of 2015 decreasing DKK 104 million and a corresponding increase in Cash flow from financing activities. Comparative figures for the first three months of 2014 have been reclassified for consistency, which resulted in Cash flow from operating activities decreasing DKK 296 million and Cash flow from financing activities increasing correspondingly.

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.

Effective 1 January 2015, the Group has prospectively changed the amortisation method for acquisition-related customer contracts from the declining balance method to straight-line amortisation over the estimated useful life. The new method is deemed to better reflect the consumption of the future benefits embodied in the asset. The useful life is estimated to range between 11 and 15 years. In the first three months, the change resulted in an increase in Amortisation/impairment of brands and customer contracts of DKK 74 million and a decrease in Net profit for the period of DKK 54 million.

Except for the above and 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 2014.

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 77 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.

YTD 2015

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	9,759	3,578	2,392	1,129	946	990	357	23	**19,174**
Operating profit before other items [2]	500	188	162	58	38	26	18	(0)	**990**
Operating profit [3]	493	184	162	58	38	18	18	-	**971**
Total assets	26,002	12,107	5,474	2,629	1,618	2,354	1,276	16	**51,476**
Total liabilities	15,004	6,066	2,082	1,494	1,536	1,381	497	13	**28,073**

YTD 2014

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue [1]	9,290	3,835	1,937	1,142	853	833	373	12	**18,275**
Operating profit before other items [2]	427	193	137	50	43	19	15	(1)	**883**
Operating profit [3]	408	187	138	46	42	18	14	(1)	**852**
Total assets	26,302	14,465	4,324	2,827	1,624	1,828	1,271	17	**52,658**
Total liabilities	16,838	8,334	1,780	1,792	1,874	1,082	506	13	**32,219**

[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.

Reconciliation of operating profit

DKK million	YTD 2015	YTD 2014
Operating profit for reportable segments	971	852
Unallocated corporate costs	(147)	(98)
Unallocated other income and expenses, net	(0)	(73)
Operating profit according to the income statement	**824**	**681**

NOTE 5 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2015	YTD 2014
Gain on divestments	0	11
Other income	**0**	**11**
Costs related to the IPO	-	(104)
Loss on divestments	-	(9)
Restructuring projects	(7)	(2)
Acquisition costs	(5)	-
Other	(7)	-
Other expenses	**(19)**	**(115)**
Other income and expenses, net	**(19)**	**(104)**

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

Costs related to the IPO in 2014 comprised costs for external advisors, mainly fees to lawyers, auditors and other advisors, as well as certain transaction bonuses.

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

Restructuring projects related to the implementation of GREAT under which the review of the customer segmentation and organisational structure has led to structural adjustments in a number of countries. The costs primarily comprised redundancy payments, termination of leaseholds and relocation costs. In 2015, costs related to Denmark, Germany and Spain. In 2014, costs related to Norway.

Acquisition costs related to the acquisition of GS Hall plc and mainly consisted of financial and legal fees to advisors.

NOTE 6 INTANGIBLE ASSETS

DKK million	Goodwill	Brands	Customer contracts	Software and other intangible assets	Total
YTD 2015					
Cost at 1 January	25,962	1,615	9,829	1,387	38,793
Foreign exchange adjustments	990	-	433	33	1,456
Additions	342	-	-	44	386
Additions from acquisition of businesses	-	-	254	5	259
Disposals through divestment of businesses	(15)	-	(5)	-	(20)
Disposals	-	-	-	(4)	(4)
Reclassification to Assets classified as held for sale	-	-	-	(4)	(4)
Cost at 31 March	**27,279**	**1,615**	**10,511**	**1,461**	**40,866**
Amortisation and impairment losses at 1 January	(3,166)	(26)	(7,255)	(881)	(11,328)
Foreign exchange adjustments	(12)	-	(297)	(18)	(327)
Amortisation	-	-	(163)	(38)	(201)
Impairment losses [1)]	(6)	-	(1)	-	(7)
Disposals through divestment of businesses	6	-	4	-	10
Disposals	-	-	-	4	4
Amortisation and impairment losses at 31 March	**(3,178)**	**(26)**	**(7,712)**	**(933)**	**(11,849)**
Carrying amount at 31 March	**24,101**	**1,589**	**2,799**	**528**	**29,017**
YTD 2014					
Cost at 1 January	26,074	1,616	9,906	1,218	38,814
Foreign exchange adjustments	130	6	58	5	199
Additions	-	-	-	53	53
Disposals through divestment of businesses	(16)	-	(8)	-	(24)
Disposals	-	-	-	(20)	(20)
Reclassification to Assets classified as held for sale	(54)	-	(27)	-	(81)
Cost at 31 March	**26,134**	**1,622**	**9,929**	**1,256**	**38,941**
Amortisation and impairment losses at 1 January	(2,919)	(26)	(6,745)	(778)	(10,468)
Foreign exchange adjustments	(3)	-	(37)	(3)	(43)
Amortisation	-	-	(150)	(36)	(186)
Disposals through divestment of businesses	16	-	8	-	24
Disposals	-	-	-	18	18
Reclassification to Assets classified as held for sale	-	-	19	-	19
Amortisation and impairment losses at 31 March	**(2,906)**	**(26)**	**(6,905)**	**(799)**	**(10,636)**
Carrying amount at 31 March	**23,228**	**1,596**	**3,024**	**457**	**28,305**

[1)] For a breakdown of impairment losses on goodwill, see note 7, Goodwill impairment. Impairment losses on customer contracts in 2015 related to divestment of the landscaping activities in Belgium.

NOTE 7 GOODWILL IMPAIRMENT

DKK million	YTD 2015	YTD 2014
Impairment losses derived from divestment of businesses	6	-
Goodwill impairment	**6**	**-**

Impairment losses derived from divestment of businesses

Impairment losses related to the divestment of the landscaping activities in Belgium.

Impairment tests

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

At 31 March 2015, 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 2014 and that the value in use exceeds the carrying amount of intangibles at 31 March 2015.

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

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2015	YTD 2014
Interest income on cash and cash equivalents	8	13
Net change in fair value of cash flow hedges	-	3
Foreign exchange gains	224	57
Financial income	**232**	**73**
Interest expenses on loans and borrowings	(124)	(346)
Amortisation of financing fees	(9)	(14)
Refinancing	-	(152)
Other bank fees	(18)	(37)
Net change in fair value of cash flow hedges	(12)	-
Net interest on defined benefit obligations	(7)	(5)
Foreign exchange losses	(278)	(76)
Financial expenses	**(448)**	**(630)**

Foreign exchange gains and losses mainly related to exchange rate movements on intercompany loans from the parent company to foreign subsidiaries as well as on external loans and borrowings denominated in currencies other than DKK. In addition, fair value adjustments of currency swaps which are used to off-set the above exchange rate movements were included.

Interest expenses on loans and borrowings The refinancing of the pre-IPO debt in March 2014 as well as the lower average net debt during the first three months of 2015 reduced interest expenses compared to 2014.

Amortisation of financing fees At the date of borrowing financing fees are recognised as part of loans and borrowings. Subsequently, financing fees are amortised over the term of the loan and recognised in financial expenses. Amortisation of financing fees are non-cash expenses.

Refinancing The full repayment of the pre-IPO senior secured facilities in March 2014 resulted in non-cash financing fees of DKK 152 million being expensed.

NOTE 9 ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

The Group made one acquisition during 1 January - 31 March 2015 (none during 1 January - 31 March 2014).

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

DKK million	YTD 2015	YTD 2014
Customer contracts	254	-
Other non-current assets	49	-
Trade receivables	209	-
Other current assets	167	-
Pensions, deferred tax liabilities and non-controlling interests	(53)	-
Other current liabilities	(359)	-
Total identifiable net assets	**267**	**-**
Goodwill	342	-
Consideration transferred	**609**	**-**
Cash and cash equivalents in acquired businesses	(27)	-
Cash consideration transferred	**582**	**-**
Contingent and deferred consideration	(60)	-
Total payments regarding acquisition of businesses	**522**	**-**

GS Hall plc

On 20 January 2015, ISS announced the acquisition of GS Hall plc, a leading technical services company with activities in the UK, Ireland and continental Europe. Acquiring GS Hall will strengthen our ability to deliver technical services, including mechanical and technical engineering, energy management and compliance, as part of our integrated facility services offering.

The total annual revenue is estimated at DKK 698 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. In the period from the acquisition date to 31 March 2015, GS Hall plc contributed revenue of DKK 111 million and operating profit before other items of DKK 9.4 million. Total number of employees taken over is approximately 780. The enterprise value amounted to approximately DKK 514 million.

Total consideration transferred amounted to DKK 609 million of which DKK 549 million was cash payment and DKK 60 million is contingent upon achievement of an agreed level of earnings in the 6 months period following the acquisition date. The Group has recognised the full earn-out of DKK 60 million corresponding to the estimated fair value at the acquisition date.

The Group incurred acquisition-related costs of DKK 10 million related to external legal fees and due diligence costs. The costs have been included in the income statement in the line Other income and expenses, net, partly in 2014 and partly in 2015.

Trade receivables of DKK 209 million are included in the provisionally determined opening balance. The trade receivables comprise gross contractual amounts of DKK 211 million of which DKK 2 million were expected to be uncollectible at the acquisition date based on the preliminary assessment.

Due to the short period of time between the acquisition date and the reporting date, the full review of the opening balance of GS Hall plc has not yet been completed. Consequently, the opening balance is provisionally determined as at 31 March 2015. This is in line with usual Group procedures for completion of opening balances of acquired businesses.

Based on the provisionally determined fair values of identifiable net assets goodwill amounts to DKK 342 million. The goodwill recognised is attributable mainly to assembled workforce, technical expertise and technological know how. Goodwill is not expected to be deductible for income tax purposes.

NOTE 9 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made two divestments during 1 January - 31 March 2015 (five during 1 January - 31 March 2014). The total sales price amounted to DKK 23 million (DKK 1,136 million during 1 January - 31 March 2014). The total annual revenue of the divested businesses (extracted from unaudited financial information) is estimated at DKK 87 million (DKK 3,188 million during 1 January - 31 March 2014).

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

DKK million	YTD 2015	YTD 2014
Goodwill	9	716
Customer contracts	1	40
Other non-current assets	1	207
Trade receivables	2	554
Other current assets	9	93
Provisions	(4)	(68)
Pensions, deferred tax liabilities and non-controlling interests	-	(9)
Loans and borrowings	-	(3)
Other current liabilities	(4)	(553)
Total identifiable net assets	**14**	**977**
Gain/(loss) on divestment of businesses, net	0	2
Divestment costs, net of tax	9	157
Consideration received	**23**	**1,136**
Cash and cash equivalents in divested businesses	(8)	(43)
Cash consideration received	**15**	**1,093**
Contingent and deferred consideration	(9)	(30)
Divestment costs paid, net of tax	(22)	(51)
Net proceeds regarding divestment of businesses	**(16)**	**1,012**

The two divestments completed before or at 31 March 2015 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
Route Based Security	India	Security	March	100%	69	5,250
Landscaping	Belgium	Property Services	April	100%	18	18
Total					**87**	**5,268**

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

NOTE 9 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisitions and divestments subsequent to 31 March 2015

The Group made no acquisitions and completed no divestments in the period 1 April to 15 May 2015.

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 acquisitions and divestments are based on estimates made by local ISS management in the respective jurisdictions in which the acquisitions and divestments occurred at the time of the acquisition and 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 acquisitions and 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 acquisitions and divestments during 1 January - 31 March 2015 were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2015	YTD 2014
Pro forma revenue		
Revenue recognised in the income statement	19,150	18,251
Acquisitions	63	-
Divestments	(18)	(454)
Pro forma revenue	**19,195**	**17,797**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	843	785
Acquisitions	5	-
Divestments	(1)	(20)
Pro forma operating profit before other items	**847**	**765**

NOTE 10 DISPOSAL GROUPS

At 31 December 2014, assets classified as held for sale comprised three businesses in Western Europe and the Nordic region for which sales processes were initiated during 2014. At 31 March 2015, sales processes were still ongoing and the three businesses continued to be held for sale at 31 March 2015.

During the first three months of 2015, no additional businesses were classified as held for sale.

NOTE 11 CONTINGENT LIABILITIES

Senior Facility Agreement

ISS A/S, ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the USA have issued guarantees for the borrowings under the unsecured senior facility agreement.

Guarantee commitments

Indemnity and guarantee commitments at 31 March 2015 amounted to DKK 523 million (31 December 2014: DKK 518 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,748 million (31 December 2014: DKK 1,612 million) of which DKK 1,267 million (31 December 2014: DKK 1,155 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 March 2015 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2015.

Restructurings

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2015.

NOTE 12 RELATED PARTIES

Parent and ultimate controlling party

At 1 January 2015, FS Invest II S.à r.l (FS Invest II) owned 19% of ISS A/S's shares and had significant influence in the Group. FS Invest II is a wholly-owned subsidiary of FS Invest S.à r.l (FS Invest), which is owned by funds advised by EQT Partners (EQT) and funds advised by Goldman Sachs Capital Partners (GSCP). At 1 January 2015, the indirect ownership share of ISS was 10% for EQT and 9% for GSCP.

On 12 March 2015, FS Invest II sold all of its ISS A/S shares pursuant to an accelerated bookbuilt offering in which ISS acquired 1,000,000 treasury shares.

At 31 March 2015, ISS had no related parties with either control of the Group or significant influence in the Group.

Except for the acquired treasury shares, during the first three months of 2015, there were no significant transactions with FS Invest, FS Invest II, EQT and GSCP and there were no significant changes to terms and conditions of agreements between the Group and EQT or GSCP. Transactions with EQT and GSCP are made on market terms and described in note 6.3, Related parties, of the Group's consolidated financial statements for 2014.

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.

Apart from remuneration, there were no significant transactions during the first three months of 2015 with members of the Board of Directors (the Board) and the GMB.

Associates and joint ventures

Transactions with associates and joint ventures are limited to transactions related to shared service agreements. There were no significant transactions with associates and joint ventures during the first three months of 2015. All transactions were made on market terms.

Other

In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated accounts, there were no material transactions with other related parties and shareholders during the first three months of 2015.

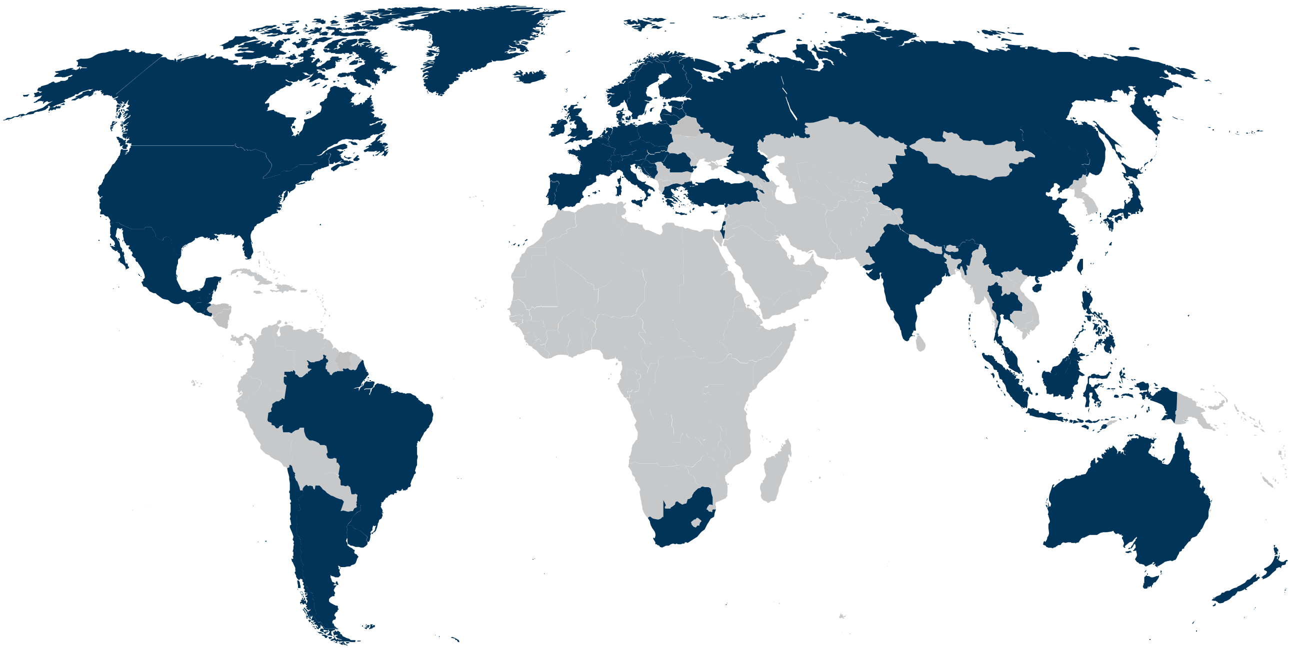
[1)] The GMB comprise the Executive Group Management Board (the EGM) and Corporate Senior Officers of the Group.

NOTE 13 SUBSEQUENT EVENTS

At the annual general meeting on 15 April 2015, it was decided to distribute a dividend of DKK 4.90 per share of nominally DKK 1.00, a total of DKK 910 million.

Apart from the above and the events described in these condensed consolidated interim financial statements, the Group is not aware of events subsequent to 31 March 2015, 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 74.1 billion in 2014 and ISS has approximately 510,000 employees and local operations in more than 70 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.