INTERIM REPORT FOR THE PERIOD 1 JANUARY – 30 JUNE 2016

Good performance for the first six months of 2016

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first six months of 2016:

Highlights

- Organic revenue growth of 3.8% in H1 and 3.8% in Q2 (Q1 2016: 3.7%).
- Total revenue growth of negative 1% in H1 and negative 2% in Q2 (Q1 2016: 0%), driven by currency effects which reduced revenue by 4% in H1 and 5% in Q2.
- Operating margin of 4.9% in H1 (H1 2015: 4.9%) and 5.4% in Q2 (Q2 2015: 5.3%).
- Cash conversion over the last twelve months of 97% (Q1 2016: 99%).
- Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,155 million in H1 (H1 2015: DKK 1,027 million).
- Net profit increased to DKK 897 million in H1 (H1 2015: DKK 776 million).
- Leverage at 30 June 2016 was 2.5x (31 December 2015: 2.1x). Our capital allocation and leverage objectives remain unchanged.
- Revenue generated from IFS increased by 15% in local currency in Q2 (Q1 2016: 11%), leading to a total share of 37% of Group revenue (Q1 2016: 35%).
- Revenue from Global Corporate Clients increased by 16% in local currency in Q2 (Q1 2016: 15%) and represents 11% of Group revenue (Q1 2016: 10%).
- Strategic initiatives, including sharper focus on key customers, Business Process Outsourcing and the procurement programme, continue to be implemented according to plan and support margin development.
- Pierre-François Riolacci has been appointed Group Chief Financial Officer and will join ISS in early November 2016.
- The 2016 outlook for organic revenue growth is narrowed to 2.5%-4.0% (from 2%-4% previously). Our expectations for operating margin (above 5.7%) and cash conversion (above 90%) are unchanged.

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

"We continued to deliver a good performance in Q2 both in terms of solid organic growth, driven by growing demand for Integrated Facility Services, and an improved operating margin, underpinned by our strategic initiatives. We have signed new contracts and extensions as well as commenced delivery with numerous clients across the world. These include a major logistics company and a number of public institutions in the United Kingdom, SKANSKA and SEB in Sweden, a major international bank in Mexico and Jakarta Airport in Indonesia. We expect the global macroeconomic conditions to remain challenging for the rest of the year. However, we are confident that we will continue to grow and deliver on our strategic objectives. Given the solid organic growth for the first half of 2016, we have decided to narrow the span for expected full year organic growth from 2-4% to 2.5-4.0%. We maintain our 2016 outlook for margin and 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)	Q2 2016	Q2 2015	1 January - 30 June 2016	1 January - 30 June 2015
Income statement				
Revenue	19,885	20,206	39,063	39,356
Operating profit before other items	1,065	1,067	1,919	1,910
Operating margin	5.4%	5.3%	4.9%	4.9%
EBITDA	1,181	1,212	2,186	2,227
Adjusted EBITDA	1,241	1,256	2,274	2,290
Operating profit	1,005	1,023	1,831	1,847
Financial income	13	14	40	23
Financial expenses	(133)	(178)	(267)	(403)
Profit before amortisation/impairment of acquisition-related intangibles	637	601	1,155	1,027
Net profit for the period	498	479	897	776
Cash flow				
Cash flow from operating activities	802	843	31	161
Acquisition of intangible assets and property, plant and equipment, net	(147)	(228)	(295)	(454)
Cash conversion (LTM)	97%	99%	97%	99%
Financial position				
Total assets	47,726	49,359	47,726	49,359
Goodwill	22,391	24,018	22,391	24,018
Additions to property, plant and equipment	152	213	282	413
Total equity (attributable to owners of ISS A/S)	13,084	13,442	13,084	13,442
Equity ratio	27.4%	27.2%	27.4%	27.2%
Employees				
Number of employees end of period	501,839	509,133	501,839	509,133
Full-time employees	74%	73%	74%	73%
Growth				
Organic growth	3.8%	4.8%	3.8%	4.0%
Acquisitions and divestments, net	(1)%	(1)%	(1)%	(2)%
Currency adjustments	(5)%	6 %	(4)%	5 %
Total revenue growth	(2)%	10 %	(1)%	7 %
Financial leverage				
Pro forma adjusted EBITDA	5,228	5,076	5,228	5,076
Net debt	13,076	14,668	13,076	14,668
Net debt / Pro forma adjusted EBITDA	2.5x	2.9x	2.5x	2.9x
Stock market ratios				
Basic earnings per share (EPS), DKK	2.7	2.6	4.9	4.2
Diluted earnings per share, DKK	2.7	2.6	4.8	4.2
Adjusted earnings per share, DKK	3.4	3.2	6.2	5.5
Number of shares issued (in thousands)	185,668	185,668	185,668	185,668
Number of treasury shares (in thousands)	2,120	1,777	2,120	1,777
Average number of shares (basic) (in thousands)	183,548	183,891	183,679	184,212
Average number of shares (diluted) (in thousands)	184,938	185,072	185,030	185,321

1) See definitions in the Annual Report 2015.

GROUP PERFORMANCE

OPERATING RESULTS

January – June 2016

Group revenue was DKK 39.1 billion, representing a decrease of 1% compared with the same period last year. Organic growth amounted to 3.8%, while the impact from currency effects and acquisitions and divestments, net, reduced revenue by 4% and 1%, respectively.

Organic growth was driven by a continued strong performance in emerging markets, mainly Asia, large contract launches in the Northern and Continental Europe regions and Americas as well as in our integrated facility services (IFS) business in general. All regions delivered positive organic growth rates, although we experienced difficult market conditions in certain European countries and negative organic growth in Brazil and Australia.

Operating profit before other items amounted to DKK 1,919 million (H1 2015: DKK 1,910 million) for an operating margin of 4.9% (H1 2015: 4.9%). The operating margin was supported by margin increases in several countries in Asia & Pacific. This was partly offset by a 7 bps negative group margin impact from divestments, mainly related to the high margin call centre activities in Turkey and a margin decrease in Americas including profitability challenges in Brazil. Corporate costs amounted to 0.8% of revenue (H1 2015: 0.7%), which was in line with expectations.

Emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey represent 25% of Group revenue, delivered organic growth of 9% and an operating margin of 6.2% (H1 2015: 6.1%).

Financial income and expenses, net amounted to an expense of DKK 227 million (H1 2015: DKK 380 million). The decrease was mainly due to foreign exchange gains, net of DKK 23 million (H1 2015: net loss of DKK 60 million) as well as a decline in interest expenses, net, as a result of the lower interest margins combined with the lower average net debt.

Effective tax rate per 30 June 2016 was 28.0% (H1 2015: 30.0%) calculated as Income taxes of DKK 449 million divided by Profit before tax and amortisation/impairment of acquisition-related intangibles of DKK 1,604 million. The effective tax rate of 28.0% is in line with expectations for the year.

Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,155 million (H1 2015: DKK 1,027 million), mainly supported by a decline in financial expenses, net.

Net profit was up by DKK 121 million to DKK 897 million.

Q2 2016

Group revenue in Q2 was DKK 19.9 billion, which is a decrease of 2% compared with the same period last year. Organic growth amounted to 3.8% (Q1 2016: 3.7%) while the impact from currency effects and acquisitions and divestments, net, reduced revenue by 5% and 1%, respectively.

Organic growth in Q2 was driven by a continued strong performance in emerging markets, large contract launches in the Northern and Continental Europe regions and Americas as well as in our integrated facility services (IFS) business in general. All regions delivered positive organic growth rates, although we experienced difficult market conditions in certain European countries and reduced organic growth in Asia & Pacific, as a result of negative organic growth in Australia.

Operating profit before other items amounted to DKK 1,065 million (Q2 2015: DKK 1,067 million) for an operating margin of 5.4% (Q2 2015: 5.3%). The improved operating margin was supported by margin increases in several countries in the Asia & Pacific and Continental Europe regions. This was partly offset by a 7 bps negative group margin impact from divestments, mainly related to the high margin call centre activities in Turkey. Corporate costs amounted to 0.8% of revenue (Q2 2015: 0.7%), which is in line with expectations.

BUSINESS DEVELOPMENT

In Q2, revenue generated from IFS was up by 15% (Q1 2016: 11%) in local currencies to DKK 7.3 billion, which corresponds to approximately 37% of Group revenue (Q1 2016: 35%). Growth was mainly driven by IFS contract launches and expansions including DSB, Danske Bank and Homerton Hospital in the Northern Europe region, Global Corporate Clients contracts in general, changes in our customer mix as well as the successful conversion of existing single service contracts to IFS contracts.

In Q2, ISS United Kingdom won a significant IFS contract within the Transportation & Infrastructure segment and extended an important catering contract within the Education segment. In addition, ISS Sweden extended IFS contracts with SKANSKA, a world leading project development and construction group, SEB, as well as one of the largest retail companies in the Nordic countries. Furthermore, ISS France extended and expanded an IFS contract with a large telecommunication company.

Revenue generated from Global Corporate Clients[1)] increased by 16% (Q1 2016: 15%) in local currencies to DKK 2.1 billion, representing approximately 11% of Group revenue (Q1 2016: 10%).

CASH FLOWS

The LTM (last twelve months) cash conversion for June 2016 was 97%, driven by a generally strong cash performance across the Group. Ensuring a strong cash performance is a key priority, and the result reflects our consistent efforts to ensure timely payment for work

1) Figures have been adjusted for certain Global Corporate Clients contracts where responsibilities have been transferred to regional and local management. Comparative figures have been restated accordingly.

performed and focus on strong working capital processes.

Cash flow from operating activities

Cash flow from operating activities in H1 was a net cash inflow of DKK 31 million (H1 2015: cash inflow of DKK 161 million). The decrease in cash inflow was primarily due to a higher cash outflow from changes in working capital of DKK 124 million mainly related to trade receivables as a result of contract launches, project work and quarterly timing differences. Furthermore, cash outflow from provisions, pensions and similar obligations increased by DKK 80 million, mainly due to a one-off positive impact in 2015 from pension obligations related to new contracts.

Cash flow from operating activities in Q2 represented a net cash inflow of DKK 802 million (Q2 2015: cash inflow of DKK 843 million). The decrease in cash inflow was primarily due to a higher cash outflow from changes in working capital of DKK 115 million, mainly due to quarterly timing differences.

Cash flow from investing activities

Cash flow from investing activities in H1 was a net cash outflow of DKK 315 million (H1 2015: cash outflow of DKK 925 million). Investments in intangible assets and property, plant and equipment, net, was DKK 295 million (H1 2015: DKK 454 million), which represented 0.8% of Group revenue (H1 2015: 1.2%) and is mainly impacted by quarterly timing differences. The cash outflow relating to acquisitions and divestments, net, of DKK 40 million related to the divestment of ISS Greenland as well as adjustments to prior year acquisitions and divestments.

Cash flow from financing activities

Cash flow from financing activities in H1 was a net cash outflow of DKK 1,455 million (H1 2015: net outflow of DKK 454 million). The cash outflow from financing activities was primarily related to dividends paid to shareholders of DKK 1,358 million (H1 2015: DKK 901 million) and purchase of treasury shares of DKK 149 million (H1 2015: DKK 204 million), with the purpose of hedging obligations arising from ISS's share-based incentive programme (LTIP).

Free cash flow

Free cash flow[1)] in H1 was a cash outflow of DKK 264 million compared with a cash outflow of DKK 293 million in H1 2015. The improved free cash outflow was supported by a lower cash outflow from investments in intangible assets and property, plants and equipment, net, which was partly offset by a lower cash inflow from operating activities.

STRATEGIC ACQUISITIONS AND DIVESTMENTS

On 30 April 2016, we divested our activities in Greenland, consistent with our strategy to focus on geographies where we see the greatest opportunities for customer growth. No additional businesses were acquired or divested in the first six months of 2016.

At 30 June 2016, four businesses in Asia & Pacific, the Northern and Continental Europe regions were classified as held for sale. Assets and liabilities held for sale amounted to DKK 1,796 million and DKK 553 million, respectively.

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.

CAPITAL STRUCTURE

ISS's financings mainly consist 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 300 million and a revolving credit facility of EUR 850 million, both maturing in 2019. The applicable drawn margin is determined semi-annually on the basis of a leverage grid.

Our objective is to maintain an investment grade financial profile, and the target is for the financial leverage to be below 2.5x pro forma adjusted EBITDA, taking seasonality into account. At the end of June 2016 the financial leverage was 2.5x (31 December 2015: 2.1x and 30 June 2015: 2.9x).

ISS currently holds the corporate credit rating of BBB / Stable outlook by S&P and Baa2 / Stable outlook by Moody's.

Net debt

Net debt was DKK 13,076 million at 30 June 2016, an increase of DKK 1,961 million compared with 31 December 2015. The increase in net debt is mainly the result of normal seasonality in operating cash flows as well as dividends paid to shareholders.

EQUITY

Total equity was DKK 13,092 million at 30 June 2016 equivalent to an equity ratio of 27.4% (31 December 2015: 29.4%). The DKK 1,412 million decrease in total equity from December 2015 was mainly the result of dividends paid to shareholders of DKK 1,358 million, negative currency adjustments relating to investments in foreign subsidiaries of DKK 574 million and actuarial losses of DKK 275 million net of tax due to decreasing discount rates in Switzerland and the United Kingdom. Furthermore, the purchase of treasury shares had a negative impact of DKK 149 million. This was partly offset by net profit for the period of DKK 897 million. The negative currency adjustments were mainly due to depreciation of GBP, SEK, HKD and USD against DKK.

1) Free cash flow is defined as cash flow from operating activities minus investments in intangible assets and property, plant and equipment, net.

STRATEGY UPDATE

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

We focus our offering on customers looking for value added service performance, as opposed to commodity service delivery, as these customers represent the opportunity to generate market leading growth, profit and cash conversion. To address this market we have created a compelling value proposition. Its key elements are how we leverage our benefits of skill and scale within volume, concepts and talent to meet our target customers' demand. We aim to provide our services through our own employees with the right mind-set, values and capabilities (self delivery) internationally and supported by industry leading best practice. We also deliver these services with a "single point of contact" solution running all of the services necessary to operate the customer's facilities – our integrated facility services solution.

Our operating model is based on a country-by-country organisation to remain close to the local labour market, culture and customers. We are increasingly aligned across the globe in accordance with a well-defined set of business fundamentals.

To further facilitate alignment and boost our customer focus, in September 2015, we established a new and strengthened organisational structure where, among other things, two new roles were created that of a Chief Operating Officer and a Chief Commercial Officer. Our goals in establishing the new roles and the new structure are being fulfilled and the benefits are emerging.

We continue to apply a greater level of technology in our solutions. In June 2016, we signed a commercial agreement with IBM to use technology to transform the management of over 25,000 customer buildings around the world. This will lead to insights from sensors and devices to create more personalised, intuitive and user-friendly buildings as well as support synergies through integration of services.

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).

The customer segmentation and alignment of country organisational structures initiative has been implemented, or is in the process of being implemented for approximately 70% of our revenue. In addition to driving improved transparency and customer focus, benefits so far include minimising the number of management layers between country management and key account managers, resulting in cost reductions above contract level.

We have completed phases I-III of the procurement excellence programme which primarily has focused on Europe. The total identified savings for phases I-III amount to DKK 450-550 million to be achieved during 2014-2019. In 2016, we have initiated phase IV and will expand the geographical span of the procurement programme. While part of these cost savings will increase margins, a substantial amount will be re-invested in the business in order to maintain and strengthen competitiveness.

The Business Process Outsourcing (BPO) project covers certain finance and accounting processes and targets improved financial processes and cost savings. The BPO project has now been implemented in the Nordic countries, the Netherlands, Belgium and Luxembourg, Australia and most recently in Germany and Austria, covering approximately 40% of Group revenue. Transitions are ongoing in additional countries. Furthermore, initiatives have now been launched to harmonise selected sub-processes across the countries that have already launched the BPO project.

SUBSEQUENT EVENTS

On 8 July 2016, we announced the appointment of Pierre-François Riolacci as Group Chief Financial Officer. He will join ISS in early November 2016 and will be based in the Group's Headquarters in Copenhagen, Denmark. Pierre-François Riolacci joins ISS from Air France-KLM, where he has been Chief Financial Officer since 2013.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 30 June 2016, which are expected to have a material impact on the Group's financial position.

OUTLOOK

OUTLOOK 2016

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

Our 2016 full year organic revenue growth expectation has been narrowed from 2%-4% to 2.5%-4.0%. Expectations for margin and cash conversion remain unchanged from our Annual Report 2015. The amendment of the organic growth expectation is mainly a result of the solid organic growth for the first half of 2016 and is supported by the large contract launches in especially Europe and Americas as well as in our IFS business in general. We anticipate to continue to benefit from this for the remainder of 2016, while we remain cautious of the difficult market conditions in certain European countries and Brazil.

The outlook for 2016 for organic growth, operating margin and cash conversion is as follows.

- Organic growth is expected to be 2.5%-4.0%.
- Operating margin in 2016 is expected to be above the 5.7% realised in 2015.
- Cash conversion is expected to remain above 90%.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2016

We expect the divestments and acquisitions completed by 31 July 2016 (including in 2015) to negatively impact the revenue growth in 2016 by approximately 0-1 percentage points. We expect a negative impact on revenue growth in 2016 from the development in foreign exchange rates of approximately 3-4 percentage points based on the forecasted average exchange rates for the year 2016[1]. Consequently, we expect total revenue growth in 2016 to be in the range -2.5 percentage points to 1 percentage point.

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 6. 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 2015 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 2015 of ISS A/S is available at the Group's website, www.issworld.com.

1) The forecasted average exchange rates for the financial year 2016 are calculated using the realised average exchange rates for the first seven months of 2016 and the average forward exchange rates (as of 12 August 2016) for the last five months of 2016.

Q2 2016

DKK million	Revenue Q2 2016	Revenue Q2 2015	Revenue Growth	Growth components Organic	Growth components Acq./div.	Growth components Currency
Continental Europe [1]	7,549	7,585	(0)%	4 %	(2)%	(2)%
Northern Europe [2]	6,837	6,947	(2)%	4 %	(0)%	(6)%
Asia & Pacific [3]	3,602	3,685	(2)%	4 %	-	(6)%
Americas [4]	1,881	1,985	(5)%	4 %	-	(9)%
Other Countries [5]	26	25	6 %	15 %	-	(9)%
Corporate / eliminations	(10)	(21)	52 %	-	-	-
Group	**19,885**	**20,206**	**(2)%**	**3.8 %**	**(1)%**	**(5)%**
Emerging markets [6]	4,956	5,059	(2)%	8 %	(2)%	(8)%

Q2 2016

DKK million	Operating profit before other items Q2 2016	Operating profit before other items Q2 2015	Operating profit before other items Growth	Operating margin [7] Q2 2016	Operating margin [7] Q2 2015
Continental Europe	418	404	3 %	5.5 %	5.3 %
Northern Europe	483	486	(1)%	7.1 %	7.0 %
Asia & Pacific	249	233	7 %	6.9 %	6.3 %
Americas	78	89	(12)%	4.1 %	4.5 %
Other Countries	(0)	(0)	-	(0.7)%	(0.5)%
Corporate / eliminations	(163)	(145)	(12)%	(0.8)%	(0.7)%
Group	**1,065**	**1,067**	**(0)%**	**5.4 %**	**5.3 %**
Emerging markets	308	307	0 %	6.2 %	6.1 %

YTD June 2016

DKK million	Revenue 2016	Revenue 2015	Revenue Growth	Growth components Organic	Growth components Acq./div.	Growth components Currency
Continental Europe	14,919	14,933	(0)%	4 %	(2)%	(2)%
Northern Europe	13,224	13,293	(1)%	3 %	0 %	(4)%
Asia & Pacific	7,213	7,206	0 %	5 %	(0)%	(5)%
Americas	3,691	3,921	(6)%	3 %	-	(9)%
Other Countries	49	48	1 %	8 %	-	(7)%
Corporate / eliminations	(33)	(45)	27 %	-	-	-
Group	**39,063**	**39,356**	**(1)%**	**3.8 %**	**(1)%**	**(4)%**
Emerging markets	9,839	9,968	(1)%	9 %	(2)%	(8)%

YTD June 2016

DKK million	Operating profit before other items 2016	Operating profit before other items 2015	Operating profit before other items Growth	Operating margin 2016	Operating margin 2015
Continental Europe	737	736	0 %	4.9 %	4.9 %
Northern Europe	856	859	(0)%	6.5 %	6.5 %
Asia & Pacific	486	452	8 %	6.7 %	6.3 %
Americas	135	154	(12)%	3.7 %	3.9 %
Other Countries	(1)	(1)	-	(1.2)%	(1.1)%
Corporate / eliminations	(294)	(290)	(1)%	(0.8)%	(0.7)%
Group	**1,919**	**1,910**	**0 %**	**4.9 %**	**4.9 %**
Emerging markets	607	604	0 %	6.2 %	6.1 %

Grouping of countries into regions:
1) Continental Europe comprises Austria, Belgium & Luxembourg, Bulgaria, the Czech Republic, Estonia, France, Germany, Greece, Hungary, Israel, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Switzerland, Turkey.
2) Northern Europe comprises Denmark, Finland, Greenland, Iceland, Ireland, Norway, Sweden and the United Kingdom.
3) Asia & Pacific comprises Australia, Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand.
4) Americas comprises Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay, the USA and Venezuela.
5) Other Countries comprise Algeria, Bahrain, Cayman Islands, Croatia, Cyprus, Egypt, Guam, Jordan, Kuwait, Monaco, Morocco, Nigeria, Pakistan, Qatar, South Africa, South Korea, Ukraine, United Arab Emirates and Vietnam.
6) Emerging Markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey. See country overview in the Annual Report 2015.
7) The Group uses Operating profit before other items for the calculation of Operating margin.

REGIONAL PERFORMANCE

Following the changed organisational structure in 2015, the regional management structure has been adjusted to include four regions; 1) Continental Europe, 2) Northern Europe, 3) Asia & Pacific and 4) Americas. The structure is consistent with how we manage our business geographically.

CONTINENTAL EUROPE

Revenue was DKK 14,919 million in the first six months of 2016. Organic growth amounted to 4%, while the impact from divestments reduced revenue by 2% and currency effects impacted revenue negatively by 2%. Continental Europe delivered strong organic growth with Turkey, Austria, Switzerland, Spain and Belgium being the main contributors. The strong organic growth was mainly driven by price and volume increases in Turkey, contract scope increases in Austria as well as contract launches in Switzerland, Spain and Belgium. This was partly offset by lower activity in Israel.

Operating profit before other items amounted to DKK 737 million equal to an operating margin of 4.9% (H1 2015: 4.9%). The operating margin was mainly supported by good performances in Switzerland, Germany and Austria. The operating margin was negatively impacted by the divestment of the high margin call centre activities in Turkey as well as difficult market conditions in certain Eastern European countries.

In Q2, revenue amounted to DKK 7,549 million driven by strong organic growth of 4% (Q1 2016: 4%) while the impact from divestments and currency effects reduced revenue by 2% and 2%, respectively. The organic growth was positively impacted by contract launches in Belgium and price and volume increases in Turkey, which was partly offset by lower activity in Israel as well as planned contract exits in Greece. Operating profit before other items increased by 3% to DKK 418 million, resulting in an improved operating margin of 5.5% (Q2 2015: 5.3%). The improved operating margin was mainly supported by good performances in Germany and France. This was partly offset by the divestment of the high margin call centre activities in Turkey as well as difficult market conditions in certain Eastern European countries.

NORTHERN EUROPE

Revenue was DKK 13,224 million in the first six months of 2016 and organic growth was 3%, while currency effects reduced revenue by 4% mainly due to a depreciation of GBP and NOK against DKK. Organic growth was mainly driven by contract launches and increased demand for non-portfolio services in Denmark as well as 2015 contract launches in the United Kingdom. This was partly offset by contract downsizing in particular within the technology sector and a lower demand for non-portfolio services in Finland.

Operating profit before other items amounted to DKK 856 million, reflecting an operating margin of 6.5% (H1 2015: 6.5%). The operating margin was supported by good performance across several divisions in the United Kingdom and Finland as well as cost savings initiatives within property services in Denmark. This was partly offset by lower activity in the catering division as well as contract start-ups in Norway.

In Q2, revenue amounted to DKK 6,837 million and organic growth was 4% (Q1 2016: 2%), while the impact from currency effects reduced revenue by 6% mainly due to a depreciation of GBP and NOK against DKK. The organic growth was mainly supported by strong performance within the financial sector and public segment in the United Kingdom as well as contract launches in Denmark and Norway. This was partly offset by Finland mainly as a result of contract downsizing in particular within the technology sector. Operating profit before other items amounted to DKK 483 million, resulting in an operating margin of 7.1% (Q2 2015: 7.0%). The operating margin was supported by good performance mainly within the financial sector and quarterly timing differences in the United Kingdom as well as cost savings initiatives within property services in Denmark. This was partly offset by lower activity in the catering division as well as contract start-ups in Norway.

Thus far, our operations in the United Kingdom have seen no meaningful BREXIT-related impact. A weaker GDP growth in the United Kingdom may have some impact on our business, but we operate a balanced and highly resilient business which has proven to be robust during economic downturns. We continue to pursue some interesting new business opportunities in the United Kingdom. Since our services are produced, delivered and invoiced in GBP with minimal exposure from imported components our business is characterised by a low level of transactional risk[1)].

ASIA & PACIFIC

Revenue was DKK 7,213 million in the first six months of 2016 driven by strong organic growth of 5%, while the impact from currency effects reduced revenue by 5%. The organic growth was mainly driven by Singapore, Indonesia and China with double-digit organic growth rates. The growth in Singapore and China was mainly due to increased demand for non-portfolio services while the growth in Indonesia was impacted by a strong performance within the security division. This was partly offset by reduced services within the remote site resource sector and the loss of a large contract within the hospital sector in Australia.

Operating profit before other items increased to DKK 486 million reflecting an improved operating margin of 6.7% (H1 2015: 6.3%). The increase in operating margin was mainly supported by operational efficiencies in Singapore. Furthermore, the margin was supported by a strong performance in Hong Kong. This was partly offset by the impact from contract losses in Australia as well as investments in operational improvements in Indonesia.

In Q2, revenue amounted to DKK 3,602 million driven by an organic growth of 4% (Q1 2016: 7%) while the impact from currency effects reduced revenue by 6%. Asia continued to deliver double-digit organic growth rates. The decrease in organic growth compared to Q1 2016 was mainly due to the loss of a large contract within the

1) From an accounting perspective, we are exposed to risks relating to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies.

hospital sector and reduced services within the remote site resource sector in Australia as well as a decreased demand for non-portfolio services in Singapore. Operating profit before other items increased 7%, resulting in an operating margin of 6.9% (Q2 2015: 6.3%). The improvement in operating margin was mainly driven by operational efficiencies in Australia and Singapore as well as cost savings initiatives in India.

AMERICAS

Revenue was DKK 3,691 million, down 6% compared to the same period last year. Organic growth was 3%, while currency effects impacted revenue negatively by 9%. Organic growth was mainly supported by strong performance as well as contract start-ups in the aviation segment in the USA. We remain optimistic about the future growth potential within the USA as a result of market opportunities and investments in our commercial organisation. Furthermore, Argentina delivered a strong organic growth as a result of price increases and increased demand for non-portfolio services within the IFS division. This was partly offset by contract exits in Brazil within certain business units following the initiation of structural adjustments of our business platform.

Operating profit before other items decreased to DKK 135 million, reflecting an operating margin of 3.7% (H1 2015: 3.9%). The operating margin was impacted by margin decreases in Mexico and Chile as well as profitability challenges in Brazil. This was partly offset by a strong performance within the IFS divisions in the USA mainly due to contract wins and increased demand for non-portfolio services.

In Q2, revenue decreased 5% to DKK 1,881 million reflecting an organic growth of 4% (Q1 2016: 2%) and a negative impact from currency effects of 9%. Organic growth was mainly driven by strong performance and contract start-ups within the IFS division and aviation segment in the USA, contract wins and stronger demand for non-portfolio services in Mexico as well as price increases in Argentina. This was partly offset by contract exits in Brazil within certain business units following the initiation of structural adjustments of our business platform. Operating profit before other items was DKK 78 million, resulting in an operating margin of 4.1% for Q2 2016, compared with 4.5% in the same period last year. The decrease in operating margin was mainly due to margin decreases in Mexico and Chile, partly due to timing differences. This was partly offset by a strong performance within the IFS division in the USA mainly due to contract wins and increased demand for non-portfolio services.

MANAGEMENT STATEMENT

Copenhagen, 16 August 2016

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 30 June 2016.

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

In our opinion, the condensed consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2016 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 2016.

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.

Executive Group Management Board

Jeff Gravenhorst
Group Chief Executive Officer

Board of Directors

Lord Allen of Kensington Kt CBE Chairman	Thomas Berglund Deputy Chairman
Claire Chiang	Henrik Poulsen
Ben Stevens	Cynthia Mary Trudell
Pernille Benborg [1]	Joseph Nazareth [1]
Palle Fransen Queck [1]	

[1] Employee representative

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED INCOME STATEMENT

1 January – 30 June

DKK million	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Revenue	4	**19,885**	**20,206**	**39,063**	**39,356**
Staff costs		(12,917)	(13,214)	(25,785)	(26,131)
Consumables		(1,721)	(1,773)	(3,369)	(3,459)
Other operating expenses		(4,006)	(3,963)	(7,635)	(7,476)
Depreciation and amortisation [1]		(176)	(189)	(355)	(380)
Operating profit before other items [2]		**1,065**	**1,067**	**1,919**	**1,910**
Other income and expenses, net	6	(60)	(44)	(88)	(63)
Operating profit [1]	4	**1,005**	**1,023**	**1,831**	**1,847**
Financial income	8	13	14	40	23
Financial expenses	8	(133)	(178)	(267)	(403)
Profit before tax and amortisation/impairment of acquisition-related intangibles		**885**	**859**	**1,604**	**1,467**
Income taxes [3]		(248)	(258)	(449)	(440)
Profit before amortisation/impairment of acquisition-related intangibles		**637**	**601**	**1,155**	**1,027**
Goodwill impairment	7	(24)	-	(24)	(6)
Amortisation/impairment of brands and customer contracts		(156)	(167)	(317)	(331)
Income tax effect [4]		41	45	83	86
Net profit for the period		**498**	**479**	**897**	**776**
Attributable to:					
Owners of ISS A/S		498	477	896	773
Non-controlling interests		0	2	1	3
Net profit for the period		**498**	**479**	**897**	**776**
Earnings per share:					
Basic earnings per share (EPS), DKK		2.7	2.6	4.9	4.2
Diluted earnings per share, DKK		2.7	2.6	4.8	4.2
Adjusted earnings per share, DKK [5]		3.4	3.2	6.2	5.5

[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 amortisation/impairment of acquisition-related intangibles divided by the average number of shares (diluted).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January – 30 June

DKK million	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Net profit for the period		**498**	**479**	**897**	**776**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Actuarial gains/(losses)	11	(353)	(159)	(353)	(159)
Impact from asset ceiling regarding pensions	11	4	-	4	-
Tax		74	35	74	35
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		(134)	(185)	(574)	920
Fair value adjustment of hedges, net		-	-	-	(3)
Fair value adjustment of hedges, net, transferred to Financial expenses		-	-	-	12
Tax		-	-	-	(2)
Total other comprehensive income		**(409)**	**(309)**	**(849)**	**803**
Total comprehensive income for the period		**89**	**170**	**48**	**1,579**
Attributable to:					
Owners of ISS A/S		89	167	47	1,575
Non-controlling interests		0	3	1	4
Total comprehensive income for the period		**89**	**170**	**48**	**1,579**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

1 January – 30 June

DKK million	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Operating profit before other items	4	1,065	1,067	1,919	1,910
Depreciation and amortisation		176	189	355	380
Share-based payments (non-cash)		23	25	45	43
Changes in working capital		(133)	(18)	(1,547)	(1,423)
Changes in provisions, pensions and similar obligations		(26)	(65)	(81)	(1)
Other expenses paid		(34)	(67)	(85)	(139)
Interest received		12	14	22	24
Interest paid		(48)	(85)	(150)	(199)
Income taxes paid		(233)	(217)	(447)	(434)
Cash flow from operating activities		**802**	**843**	**31**	**161**
Acquisition of businesses	9	-	81	(25)	(441)
Divestment of businesses	9	(11)	7	(15)	(9)
Acquisition of intangible assets and property, plant and equipment		(176)	(258)	(337)	(490)
Disposal of intangible assets and property, plant and equipment		29	30	42	36
(Acquisition)/disposal of financial assets		3	(16)	20	(21)
Cash flow from investing activities		**(155)**	**(156)**	**(315)**	**(925)**
Proceeds from borrowings		-	-	-	795
Repayment of borrowings		-	-	-	(914)
Other financial payments, net		314	411	55	761
Capital increase, non-controlling interests		-	11	-	11
Purchase of treasury shares		-	-	(149)	(204)
Dividends paid to shareholders		(1,358)	(901)	(1,358)	(901)
Dividends paid to non-controlling interests		(3)	(2)	(3)	(2)
Cash flow from financing activities		**(1,047)**	**(481)**	**(1,455)**	**(454)**
Total cash flow		**(400)**	**206**	**(1,739)**	**(1,218)**
Cash and cash equivalents at the beginning of the period		3,126	2,329	4,526	3,557
Total cash flow		(400)	206	(1,739)	(1,218)
Foreign exchange adjustments		(12)	(81)	(73)	115
Cash and cash equivalents at 30 June		**2,714**	**2,454**	**2,714**	**2,454**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK million	Note	30 June 2016	30 June 2015	31 December 2015
Assets				
Intangible assets	7	26,399	28,748	27,242
Property, plant and equipment		1,518	1,720	1,613
Deferred tax assets		978	936	931
Other financial assets		404	473	425
Non-current assets		**29,299**	**31,877**	**30,211**
Inventories		290	324	299
Trade receivables		11,527	11,895	10,770
Tax receivables		226	238	263
Other receivables		1,874	1,880	1,677
Cash and cash equivalents		2,714	2,454	4,526
Assets classified as held for sale	10	1,796	691	1,539
Current assets		**18,427**	**17,482**	**19,074**
Total assets		**47,726**	**49,359**	**49,285**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		13,084	13,442	14,494
Non-controlling interests		8	27	10
Total equity		**13,092**	**13,469**	**14,504**
Loans and borrowings		14,902	14,923	14,926
Pensions and similar obligations	11	1,966	1,732	1,683
Deferred tax liabilities		1,450	1,467	1,475
Provisions		269	275	277
Non-current liabilities		**18,587**	**18,397**	**18,361**
Loans and borrowings		931	2,232	752
Trade payables		3,073	3,215	3,411
Tax payables		264	253	386
Other liabilities		11,053	11,356	11,235
Provisions		173	237	192
Liabilities classified as held for sale	10	553	200	444
Current liabilities		**16,047**	**17,493**	**16,420**
Total liabilities		**34,634**	**35,890**	**34,781**
Total equity and liabilities		**47,726**	**49,359**	**49,285**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 June

YTD 2016 DKK million	Attributable to owners of ISS A/S							
	Share capital	Retained earnings	Trans-lation reserve	Trea-sury shares	Proposed dividends	Total	Non-con-trolling interests	Total equity
Equity at 1 January	**185**	**12,666**	**592**	**(323)**	**1,374**	**14,494**	**10**	**14,504**
Comprehensive income for the period								
Net profit for the period	**-**	**896**	**-**	**-**	**-**	**896**	**1**	**897**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	(574)	-	-	(574)	0	(574)
Actuarial gains/(losses)	-	(353)	-	-	-	(353)	-	(353)
Impact from asset ceiling regarding pensions	-	4	-	-	-	4	-	4
Tax	-	74	-	-	-	74	-	74
Total other comprehensive income	**-**	**(275)**	**(574)**	**-**	**-**	**(849)**	**0**	**(849)**
Total comprehensive income for the period	**-**	**621**	**(574)**	**-**	**-**	**47**	**1**	**48**
Transactions with owners								
Purchase of treasury shares	-	-	-	(149)	-	(149)	-	(149)
Share-based payments	-	45	-	-	-	45	-	45
Settlement of vested PSUs	-	(49)	-	49	-	-	-	-
Settlement of vested RSUs	-	-	-	5	-	5	-	5
Dividends paid to shareholders	-	-	-	-	(1,358)	(1,358)	-	(1,358)
Dividends, treasury shares	-	16	-	-	(16)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3)	(3)
Total transactions with owners	**-**	**12**	**-**	**(95)**	**(1,374)**	**(1,457)**	**(3)**	**(1,460)**
Total changes in equity	**-**	**633**	**(574)**	**(95)**	**(1,374)**	**(1,410)**	**(2)**	**(1,412)**
Equity at 30 June	**185**	**13,299**	**18**	**(418)**	**-**	**13,084**	**8**	**13,092**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 June

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	**-**	**773**	**-**	**-**	**-**	**-**	**773**	**3**	**776**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	919	-	-	-	919	1	920
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
Actuarial gains/(losses)	-	(159)	-	-	-	-	(159)	-	(159)
Tax	-	35	-	(2)	-	-	33	-	33
Total other comprehensive income	**-**	**(146)**	**919**	**29**	**-**	**-**	**802**	**1**	**803**
Total comprehensive income for the period	**-**	**627**	**919**	**29**	**-**	**-**	**1,575**	**4**	**1,579**
Transactions with owners									
Purchase of treasury shares	-	-	-	-	(204)	-	(204)	-	(204)
Share-based payments	-	43	-	-	-	-	43	-	43
Settlement of vested PSUs	-	(41)	-	-	41	-	-	-	-
Disposal of shares in subsidiary	-	(15)	-	-	-	-	(15)	15	-
Capital increase, non-controlling interests	-	34	-	-	-	-	34	-	34
Dividends paid to shareholders	-	-	-	-	-	(901)	(901)	-	(901)
Dividends, treasury shares	-	9	-	-	-	(9)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Total transactions with owners	**-**	**30**	**-**	**-**	**(163)**	**(910)**	**(1,043)**	**13**	**(1,030)**
Total changes in equity	**-**	**657**	**919**	**29**	**(163)**	**(910)**	**532**	**17**	**549**
Equity at 30 June	**185**	**12,616**	**964**	**-**	**(323)**	**-**	**13,442**	**27**	**13,469**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 30 June 2016 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 2015. A full description of the Group's accounting policies is included in the consolidated financial statements for 2015.

Changes in accounting policies

With effect from 1 January 2016, the Group has implemented:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle.

The adoption of these standards and interpretations did not affect recognition and measurement for 2016.

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 2015.

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 75 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 regions. Following the changed organisational structure in 2015, the regional management structure has been adjusted from seven regions to four regions; 1) Continental Europe, 2) Northern Europe, 3) Asia & Pacific and 4) Americas.

Continental Europe consists of the previous Western Europe and Eastern Europe regions excluding the United Kingdom and Ireland. Northern Europe includes the previous Nordic region plus the United Kingdom and Ireland. Asia & Pacific is a merger of the previous two separate regions. Americas is a merger of the previous Latin America and North America regions. Comparative figures have been adjusted to reflect the new regional structure.

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 2016

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	14,919	13,224	7,213	3,691	49	**39,096**
Operating profit before other items [2)]	737	856	486	135	(1)	**2,213**
Operating profit [3)]	690	829	493	114	(1)	**2,125**
Total assets	19,775	17,734	7,836	3,773	14	**49,132**
Total liabilities	10,915	7,895	3,596	2,396	12	**24,814**

YTD 2015

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	14,933	13,293	7,206	3,921	48	**39,401**
Operating profit before other items [2)]	736	859	452	154	(1)	**2,200**
Operating profit [3)]	711	847	451	134	(1)	**2,142**
Total assets	20,394	18,600	7,851	3,918	15	**50,778**
Total liabilities	12,579	8,630	3,442	2,634	12	**27,297**

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 2016	YTD 2015
Operating profit for reportable segments	2,125	2,142
Unallocated corporate costs	(294)	(290)
Unallocated other income and expenses, net	-	(5)
Operating profit according to the income statement	**1,831**	**1,847**

NOTE 5 SHARE-BASED PAYMENTS

Share-based incentive programmes

Long-Term Incentive Programme (LTIP) On 11 March 2016, new performance-based share units (PSUs) were granted under the LTIP to members of EGM (the EGMB and Corporate Senior Officers of the Group) and other senior officers of the Group. The programme is described in the consolidated financial statements for 2015. The number of PSUs granted was 750,850. In April 2016, additional PSUs were granted to adjust for the distribution of ordinary dividends as adopted at the annual general meeting of ISS A/S on 5 April 2016. The number of additional PSUs granted was 20,492. Like for previous grants under the LTIP, the PSUs are subject to achievement of certain performance targets the following three years and will vest on the date of the third anniversary of the grant. Upon vesting, each PSU entitles the holder to receive one share at no cost.

	LTIP 2016
Total PSUs granted	771,342
Number of participants	138
Number of PSUs expected to vest at grant date	402,249
Fair value of PSUs expected to vest at grant date, DKK million	103

Transition Share Programme (TSP) In March 2016, the remaining 50% of the PSUs under the TSP equal to 249,136 PSUs vested and the participants received shares in ISS A/S at no cost corresponding to their granted number of PSUs. After this vesting, no further PSUs are outstanding and the programme has lapsed.

Deferred bonus programme

50% of the restricted share units (RSUs) equal to 25,988 RSUs, which were granted in settlement of the deferred bonus awarded under the Group's annual bonus programme for the financial year 2014, were converted into shares in ISS A/S in March 2016. Each RSU entitles the holder to receive one share. The remaining 50% will be converted into shares in 2017.

NOTE 6 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2016	YTD 2015
Gain on divestments	1	2
Other	-	6
Other income	**1**	**8**
Restructuring projects	(46)	(55)
Loss on divestments	(41)	(2)
Acquisition and integration costs	(2)	(8)
Other	-	(6)
Other expenses	**(89)**	**(71)**
Other income and expenses, net	**(88)**	**(63)**

Gain on divestments related to adjustments to prior years' divestments.

Restructuring projects mainly 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 as well as the initiation of structural adjustments of the business platform in Brazil which was partly offset by reassessment of previously recognised exceptional provisions for impairment losses on receivables. In general, the costs primarily comprised redundancy payments, termination of leaseholds and relocation costs as well as contract termination costs and related labour claim costs in Brazil. In 2016, costs mainly related to Brazil, Spain, Portugal, Finland, China and Belgium. In 2015, costs related to Belgium, Brazil, Denmark, Germany, Spain and the USA.

Loss on divestments comprised divestment of the Group's activities in Greenland as well as adjustments to prior years' divestments, most significantly the landscaping business in France.

Acquisition and integration costs related to GS Hall and mainly comprised financial and legal fees to advisors as well as costs incurred as a consequence of the integration.

NOTE 7 GOODWILL IMPAIRMENT

DKK million	YTD 2016	YTD 2015
Impairment losses derived from divestment of businesses	24	6
Goodwill impairment	**24**	**6**

Impairment losses derived from divestment of businesses

Impairment losses related to the divestment of the Group's activities in Greenland. In 2015, 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 30 June 2016, 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 2015.

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

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2016	YTD 2015
Interest income on cash and cash equivalents	17	23
Foreign exchange gains	23	-
Financial income	**40**	**23**
Interest expenses on loans and borrowings	(201)	(254)
Other bank fees	(31)	(44)
Amortisation of financing fees	(17)	(18)
Net interest on defined benefit obligations	(18)	(15)
Net change in fair value of cash flow hedges	-	(12)
Foreign exchange losses	-	(60)
Financial expenses	**(267)**	**(403)**

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 were included.

Interest expenses on loans and borrowings The lower leverage and amendment of the unsecured senior facilities in June 2015 resulted in lower interest margins in the first six months of 2016. The lower margins combined with the lower average net debt during the first six months of 2016 reduced interest expenses on loans and borrowings with DKK 53 million compared to the same period of 2015.

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.

NOTE 9 ACQUISITIONS AND DIVESTMENTS

Acquisition impact

DKK million	YTD 2016	YTD 2015
Customer contracts	-	248
Other non-current assets	-	51
Trade receivables	-	182
Other current assets	-	77
Pensions, deferred tax liabilities and non-controlling interests	-	(54)
Current loans and borrowings	-	(103)
Other current liabilities	-	(317)
Total identifiable net assets	**-**	**84**
Goodwill	-	442
Consideration transferred	**-**	**526**
Cash and cash equivalents in acquired businesses	-	(17)
Cash consideration transferred	**-**	**509**
Contingent and deferred consideration	25	(68)
Total payments regarding acquisition of businesses	**25**	**441**

The Group made no acquisitions during 1 January - 30 June 2016 (one during 1 January - 30 June 2015).

YTD 2015

GS Hall plc On 20 January 2015, ISS acquired 100% of the shares in the UK based technical services company GS Hall plc. Please refer to the consolidated financial statements for 2015 for details about the acquisition.

NOTE 9 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Divestment impact

DKK million	YTD 2016	YTD 2015
Goodwill	-	9
Customer contracts	-	1
Other non-current assets	17	1
Trade receivables	7	2
Other current assets	7	10
Pensions, deferred tax liabilities and non-controlling interests	-	(5)
Loans and borrowings	(3)	-
Other current liabilities	(18)	(5)
Total identifiable net assets	**10**	**13**
Gain/(loss) on divestment of businesses, net	(40)	(0)
Divestment costs, net of tax	3	8
Consideration received/(paid)	**(27)**	**21**
Cash and cash equivalents in divested businesses	4	(9)
Cash consideration received/(paid)	**(23)**	**12**
Contingent and deferred consideration	41	21
Divestment costs paid, net of tax	(33)	(42)
Net proceeds received/(paid) regarding divestment of businesses	**(15)**	**(9)**

The Group made one divestment during 1 January - 30 June 2016 (two during 1 January - 30 June 2015).

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
ISS Greenland	Denmark	Country exit	May	100%	87	266
Total					**87**	**266**

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

Acquisitions and divestments subsequent to 30 June 2016

The Group made no acquisitions and no divestments subsequent to 30 June 2016.

NOTE 9 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Pro forma revenue and operating profit before other items

Assuming all acquisitions and divestments during 1 January - 30 June 2016 were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2016	YTD 2015
Pro forma revenue		
Revenue recognised in the income statement	39,063	39,356
Acquisitions	-	64
Divestments	(28)	(18)
Pro forma revenue	**39,035**	**39,402**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	1,919	1,910
Acquisitions	-	5
Divestments	1	(1)
Pro forma operating profit before other items	**1,920**	**1,914**

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. Synergies from acquisitions are not included for periods in which the acquisitions were not controlled by the Group. 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.

NOTE 10 DISPOSAL GROUPS

At 31 December 2015, assets classified as held for sale comprised three businesses in Continental Europe and Northern Europe for which sales processes were initiated during 2014 and 2015. At 30 June 2016, sales processes were still ongoing and the three businesses continued to be held for sale at 30 June 2016.

During the first six months of 2016, the continued evaluation of our activities has led to the sales process initiation for one additional business in the Asia & Pacific region. At 30 June 2016, this activity was classified as held for sale and presented in separate line items of the statement of financial position at the lower of the carrying amount and fair value less costs to sell. The reclassification did not result in any impairment losses.

NOTE 11 PENSIONS AND SIMILAR OBLIGATIONS

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 2016, the overall evaluation carried out by management resulted in updated actuarial calculations being obtained for Switzerland and the United Kingdom due to a decrease in the discount rates. As a consequence of the updated calculations, at 30 June 2016 actuarial losses of DKK 349 million (DKK 275 million net of tax), were recognised in Other comprehensive income with a resulting increase in the defined benefit obligation.

NOTE 12 CONTINGENT LIABILITIES

Guarantee commitments
Indemnity and guarantee commitments (mainly towards public authorities and insurance companies) at 30 June 2016 amounted to DKK 472 million (31 December 2015: DKK 480 million).

Performance guarantees
The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,781 million (31 December 2015: DKK 1,773 million) of which DKK 1,308 million (31 December 2015: DKK 1,280 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry to guarantee towards our customers satisfactory completion of work in accordance with service contracts.

Divestments
The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 30 June 2016 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings
The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 30 June 2016.

Restructurings
Restructuring projects, e.g. related to implementation of the strategic initiative GREAT, have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 30 June 2016.

NOTE 13 RELATED PARTIES

Parent and ultimate controlling party
The Group's parent ISS A/S is the ultimate controlling party. At 30 June 2016, ISS had no related parties with either control of the Group or significant influence in the Group.

Key management personnel
Members of the Board of Directors (the Board) and the Executive Group Management (the EGM)[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 six months of 2016 with members of the Board and the EGM.

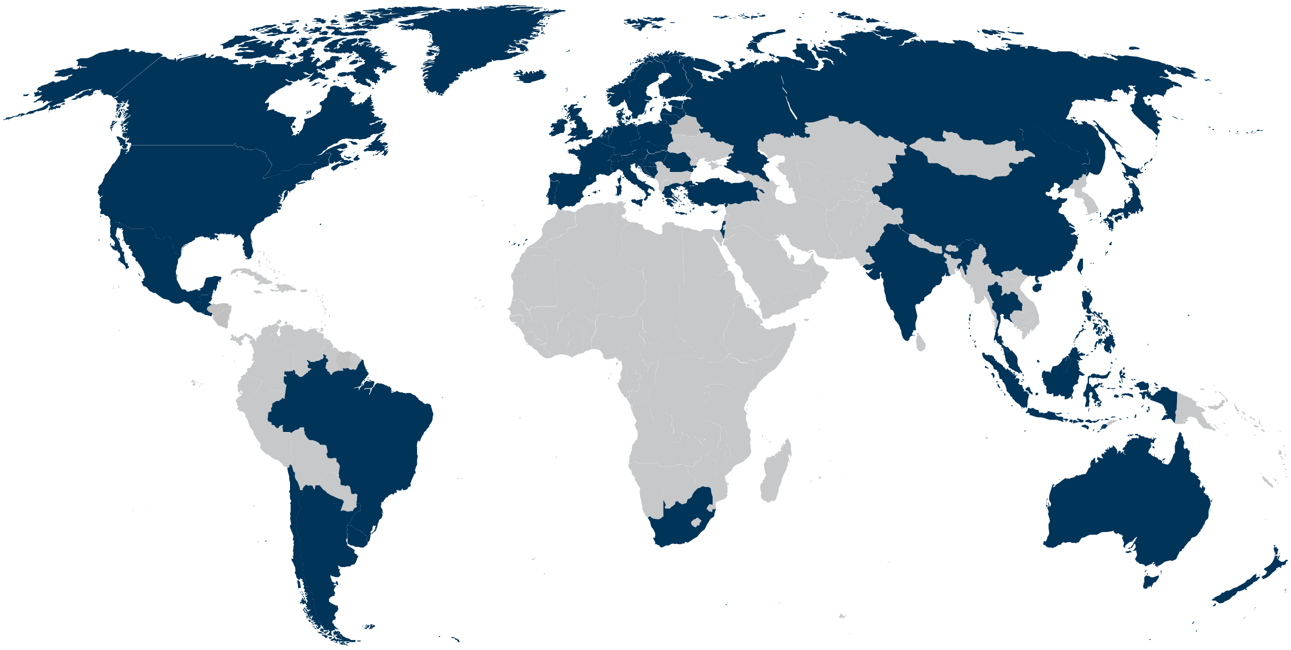
[1)] The EGM comprise the Executive Group Management Board (the EGMB) and Corporate Senior Officers of the Group.

NOTE 14 SUBSEQUENT EVENTS

On 8 July 2016, we announced the appointment of Pierre-François Riolacci as Group Chief Financial Officer. He will join ISS in early November 2016 and will be based in the Group's Headquarters in Copenhagen, Denmark. Pierre-François Riolacci joins ISS from Air France-KLM, where he has been Chief Financial Officer since 2013.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 30 June 2016, 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 79.6 billion in 2015 and ISS has approximately 500,000 employees and activities in more than 75 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.