To Luxembourg Stock Exchange
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ISS A/S

Interim Report January – March 2013

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Key figures and financial ratios

DKK million (unless otherwise stated)	Q1 2013	Q1 2012
KEY FIGURES [1]		
Income statement		
Revenue	19,545	19,301
Operating profit before other items	855	868
EBITDA	998	1,082
Adjusted EBITDA	1,055	1,080
Operating profit	798	870
Financial income	152	87
Financial expenses	(596)	(714)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	234	125
Net profit/(loss) for the period	71	(116)
Cash flow		
Cash flow from operating activities	(463)	(332)
Acquisition of intangible assets and property, plant and equipment	(171)	(181)
Financial position		
Total assets	54,306	54,620
Goodwill	25,869	26,816
Additions to property, plant and equipment	177	175
Carrying amount of net debt	27,083	30,702
Total equity (attributable to owners of ISS A/S)	5,134	1,980
Employees		
Number of employees at 31 March	531,300	535,400
Full-time employees, %	74	72
FINANCIAL RATIOS [1]		
Growth, %		
Organic growth	2.7	3.1
Acquisitions	0.1	-
Divestments	(1.0)	(2.5)
Currency adjustments	(0.5)	1.1
Total revenue growth	1.3	1.7
Other financial ratios, %		
Operating margin	4.4	4.5
Equity ratio	9.5	3.6
Interest coverage	2.4	1.7
Cash conversion LTM	99	97
Basic earnings per share (EPS), DKK	0.7	(1.2)
Diluted earnings per share, DKK	0.7	(1.2)
Adjusted earnings per share, DKK	2.3	1.3

[1] See definitions in the Annual Report 2012.

Financial Leverage

	As of and for the 12-month period ended			
DKK million	30 June 2012	30 September 2012	31 December 2012	31 March 2013
Pro Forma Adj. EBITDA	5,127	5,212	5,253	5,235
Carrying amount of net debt	31,050	27,581	25,955	27,083
Seasonality Adj. Carrying amount of net debt	30,027	25,931	25,955	25,890
Carrying amount of net debt / Pro Forma Adj. EBITDA	6.06x	5.29x	4.94x	5.17x
Seasonality Adj. Carrying amount of net debt / Pro Forma Adj. EBITDA	5.86x	4.98x	4.94x	4.95x

Note: The Pro Forma adjusted financial information set out above is for informational purposes only. ISS includes these financial measures because it believes that they are useful measures of the Group's results of operations and liquidity; however, these items are not measures of financial performance under IFRS and should not be considered as a substitute for operating profit, net profit, cash flow or other financial measures computed in accordance with IFRS. See appendix on pages 33-35 of this report for further information on Capital Structure.

ISS A/S ("ISS" or "the Group"), is a holding company, and its primary assets consist of shares in ISS World Services A/S.

For further information about ISS, see ISS's Annual Report 2012, which is available at the Group's website, www.issworld.com.

Business Highlights

In Q1 2013 ISS won an Integrated Facility Services (IFS) contract with an international food producer in Europe and received a top ranking by the International Association of Outsourcing Professionals (IAOP) in May 2013. ISS continued to focus on generating profitable organic growth with satisfactory payment conditions. For the first quarter of 2013 ISS reports an improved organic growth compared with 2012, flat operating margin, positive net profit and a strong cash conversion.

- Group revenue amounted to DKK 19.5 billion in the first three months of 2013, an increase of 1% compared with the same period in 2012, driven by organic growth of 2.7%. This was partly offset by the successful divestment of non-core activities amounting to 1.0% and a negative effect from exchange rate movements of 0.5%.

- The organic growth amounted to 2.7% in the first three months of 2013, driven by positive organic growth in both developed and emerging markets. Western Europe, Asia, Latin America and North America delivered positive organic growth rates, with Asia continuing to report double-digit organic growth. The organic growth was mainly driven by the start-ups of the Barclays and Novartis contracts as well as a continued strong growth in the emerging markets. This was partly offset by a continued low level of non-portfolio services and challenging macro-economic conditions, particularly in some European countries.

- Operating profit before other items amounted to DKK 855 million in the first three months of 2013 compared with DKK 868 million in the same period in 2012. The operating margin (operating profit before other items as a percentage of revenue) was 4.4% for the first three months of 2013 compared with 4.5% for the same period in 2012. The operating margin is in line with expectations and was positively impacted by margin increases especially in the Nordic region and certain countries in Asia. However, this was offset by the negative impact from operational challenges in certain countries in Europe and the Americas and the strategic divestments of non-core activities in 2012 including the washroom activities in the Netherlands, Belgium and Luxembourg.

- The net profit amounted to DKK 71 million in the first three months of 2013 compared with a loss of DKK 116 million in the first three months of 2012, positively impacted by growth in revenue, lower financial expenses, net, and lower non-cash expenses related to goodwill impairment. This was partly offset by higher direct operating expenses.

Operating results

	Revenue DKK million			Operating profit before other items DKK million			Operating margin [1]	
	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012
Western Europe [2]	9,696	9,555	1 %	442	467	(5)%	4.6 %	4.9 %
Nordic [3]	4,314	4,408	(2)%	211	208	1 %	4.9 %	4.7 %
Asia [4]	1,913	1,712	12 %	139	123	13 %	7.3 %	7.2 %
Pacific [5]	1,423	1,472	(3)%	79	81	(2)%	5.5 %	5.5 %
Latin America [6]	941	940	0 %	35	47	(26)%	3.7 %	4.9 %
North America [7]	871	820	6 %	25	27	(6)%	2.9 %	3.3 %
Eastern Europe [8]	399	400	(0)%	15	17	(12)%	3.8 %	4.4 %
Other Countries [9]	9	8	13 %	(0)	(0)	900 %	(3.3)%	(4.0)%
Corporate / eliminations	(21)	(14)		(91)	(102)	(11)%	(0.5)%	(0.5)%
Total	**19,545**	**19,301**	**1 %**	**855**	**868**	**(2)%**	**4.4 %**	**4.5 %**
Emerging Markets [10]	4,318	4,018	7 %	252	256	(2)%	5.8 %	6.4 %

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

- The LTM (last twelve months) cash conversion for March 2013 was 99% as a result of a strong cash flow performance in all regions, reflecting continued focus on securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions.

- The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, where we have more than half of our employees, delivered organic growth of 10% and represent 22% of total revenue for the Group. In addition to significantly increasing the Group's organic growth, the emerging markets delivered an operating margin of 5.8% in the first three months of 2013.

On 2 April 2013, ISS announced that it had received commitment for the refinancing of its Second Lien Facility and had received strong support from lenders consenting to a three year extension of the predominant part of the company's senior debt, equivalent to DKK 17.1 billion or 92% of the total senior debt. ISS furthermore received consent for the implementation of other amendments intended to increase both operational and refinancing flexibility around the use of potential future divestment proceeds as well as certain post-IPO flexibilities. The refinancing of the Second Lien Facility and the extension of the relevant facilities was completed on 22 April 2013.

On 7 May 2013, the International Association of Outsourcing Professionals (IAOP) announced that ISS is ranked number one on IAOP's list of the world's leading outsourcing providers – "The Global Outsourcing 100". This underlines that ISS is considered a global, professional and reliable outsourcing partner and is an important milestone in our vision of becoming the world's greatest service organisation.

In 2012, ISS won three new multinational IFS contracts with Barclays, Novartis and Citi in Asia-Pacific. These contracts are some of the largest in the history of ISS and represent a significant milestone for ISS in confirming our position as a leading global facility services provider. At the end of March 2013, we have more than 90% of these contracts fully operational.

In 2013, these wins have been followed by the win of an Integrated Facility Services (IFS) contract with an international food producer throughout Europe including 15 food manufacturing and office locations in 8 countries. ISS will provide catering, cleaning, a wide range of services including property services, reception services and security as part of the new contract. The contract is started up progressively through 2013.

Our Global Corporate Clients organisation will continue focusing on the implementation and operation of the new contracts as well as on winning new contracts within selected customer segments where ISS can offer market-leading value propositions.

In addition to the new Global Corporate Client contracts, several other important contract wins have been secured in the first three months of 2013 comprising both new contracts and expanding the scope of existing contracts including contracts within our selected customer segments.

The strategic rationale and fit of our business units continue to be reviewed on an on-going basis in the light of The ISS Way strategy, which leads to the identification and evaluation of certain activities that are non-core to The ISS Way strategy. As part of this evaluation, ISS has in the first three months of 2013 signed an agreement to sell the pest control activities in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland for an enterprise value of approximately DKK 2 billion. The transaction is subject to approval from the relevant authorities and closing is expected at the end of May

Revenue growth, January - March 2013

	Revenue growth, % [1]					
	Organic	**Acq.**	**Div.**	**Total growth excl. currency**	**Currency**	**Total growth**
Western Europe	3	-	(1)	2	(1)	1
Nordic	(1)	-	(1)	(2)	0	(2)
Asia	13	1	-	14	(2)	12
Pacific	(2)	-	-	(2)	(1)	(3)
Latin America	7	-	-	7	(7)	0
North America	7	-	-	7	(1)	6
Eastern Europe	(0)	-	-	(0)	(0)	(0)
Other Countries	19	-	-	19	(11)	8
Total	2.7	0.1	(1.0)	1.8	(0.5)	1.3
Emerging Markets	10	0	-	10	(2)	8

1) For a description of the method applied in calculating organic growth and the other revenue growth components, see ISS's Annual Report 2012, which is available at the Group's website, www.issworld.com.

2013. The divestment reflects an increased strategic focus in the affected countries resulting in a more focused business platform. At the end of March 2013, we had eight businesses classified as held for sale as a result of this on-going review of our business platform. The proceeds from the divestment will be used to repay debt, thereby contributing to the continued deleveraging of ISS.

Financial Review

Western Europe
Revenue in the Western Europe region increased by 1% to DKK 9,696 million (2012: DKK 9,555 million) in the first three months of 2013. Organic growth was positive by 3% while currency adjustments decreased revenue for the region by 1%. The revenue was further reduced by the successful divestment of non-core activities in 2012, representing 1% of revenue. Operating profit before other items decreased by 5% to DKK 442 million (2012: DKK 467 million) for an operating margin of 4.6% down 0.3 percentage point compared with the first three months of 2012. The margin was influenced by operational challenges in certain countries and the start-up of the Barclays and Novartis contracts as a result of initial investments. Furthermore, the divestment of the washroom activities in the Netherlands, Belgium and Luxembourg in 2012 had an adverse impact on the margin compared with the same period in 2012.

The development and performance varies across the region with strong performances in countries such as the United Kingdom, Switzerland and Turkey and challenging conditions in the Mediterranean countries, France and the Netherlands. Focus in France and the Netherlands remains on resolving certain structural and operational challenges.

Several countries delivered strong organic growth rates, especially the United Kingdom, Switzerland and Turkey with double digit growth and Portugal, Germany and Austria contributing to the positive development. However, the demand for non-portfolio services continues to be on a low level, thereby negatively impacting the overall growth rate.

Nordic
Revenue in the Nordic region decreased 2% to DKK 4,314 million (2012: DKK 4,408 million) in the first three months of 2013, driven by negative organic growth of 1%. The revenue was further reduced by 1% stemming from the successful divestment of non-core activities in 2012. Operating profit before other items amounted to DKK 211 million (2012: DKK 208 million), reflecting an increase in operating margin from 4.7% in the first three months of 2012 to 4.9% in 2013.
The negative organic growth of 1% reflects a strong development in Norway which was more than offset by negative organic growth in Denmark, Finland and Sweden. The organic growth in Norway was driven by increased sales to larger IFS customers. The negative organic growth in Denmark, Finland and Sweden is mainly a result of a lower demand for non-portfolio services from a number of large customers and exit of certain contracts in 2012.

The increase in the operating margin to 4.9% was a result of margin increases in Finland and Norway due to improvement in the operational performance across most services combined with lower direct operating costs. This was partly offset by a margin decrease in Denmark.

Contract wins in the region in the first quarter of 2013 included large contracts for ISS Norway within the real estate sector. Furthermore, ISS Sweden won a large IFS contract with a large Nordic bank and ISS Denmark won an IFS contract with the Maersk Group.

Asia
The Asia region delivered a strong performance in the first three months of 2013. Revenue was DKK 1,913 million (2012: DKK 1,712 million), an increase of 12%, driven by organic growth of 13%. Currency adjustments reduced revenue by 2% while acquisitions increased revenue by 1%. Operating profit before other items increased by 13% to DKK 139 million reflecting an operating margin of 7.3%, whereby Asia continued to deliver the highest margin of any ISS region.

Double-digit organic growth rates were seen in several countries with Thailand being the largest nominal contributor to the organic growth in the region with an organic growth rate of 25%, mainly due to the positive impact from a high level of new sales in Q4 2012. Japan, the Philippines, China, Indonesia and India also continued the positive trends driven by a strong retention of existing customers as well as a high rate of new sales.

The increase in operating margin of 0.1 percentage point was mainly a result of improved operational performance on certain contracts, primarily in Thailand and Singapore. This was partly offset by the start-up of the Barclays contract and the Citi contract in Asia-Pacific which in the short term have impacted the margin negatively as a result of initial investments.

During the first three months of 2013, ISS China won an important contract with Shenzhen BaoAn International Airport, mainly providing cleaning.

Pacific
Revenue in the Pacific region decreased by 3% to DKK 1,423 million for the first three months of 2013 (2012: DKK 1,472 million) negatively impacted by currency adjustments of 1% and negative organic growth of 2%. Operating profit before other items amounted to DKK 67 million (2012: DKK 81 million) equal to an operating margin of 4.7%.

The organic growth was negatively impacted by the loss of some large contracts and a reduction in services delivered on certain contracts in Australia.

The decrease in operating margin of 0.8 percentage point was mainly a result of the negative impact relating to the Royal North Shore Hospital contract compared with 2012 and the start-up of a large security contract in Australia.

In the first quarter of 2013, ISS Australia won a large IFS contract with the global resources company BHP Billiton.

Latin America
Revenue in Latin America was DKK 941 million (2012: DKK 940 million) in the first three months of 2013, driven by organic growth of 7%, while currency adjustments decreased revenue by 7%. Operating profit before other items decreased by 26% to DKK 35 million, reflecting an operating margin of 3.7% which was 1.2 percentage points lower than in the first three months of 2012.

All countries in the region reported positive organic growth rates driven by a continued high level of new sales.

The decrease in operating margin was mainly a result of reduced margin in Brazil, Mexico and Uruguay compared with the Q1 2012. In all three countries the decreases were mainly a result of restoring the run-rate profitability from our contract portfolio following the restructuring in 2012.

Contract wins in the region in the first quarter of 2013 included the win of a large IFS contract with Philip Morris in Argentina and IFS contracts with ITAU in the banking segment and Claro in the telecommunications segment both in Brazil.

North America
Revenue in the North America region increased by 6% to DKK 871 million (2012: DKK 820 million) in the first three months of 2013 driven by organic growth of 7% partly offset by currency adjustments of 1%. Operating profit before other items in North America amounted to DKK 25 million (2012: DKK 27 million) in the first three months of 2013, resulting in an operating margin of 2.9%, 0.4 percentage point lower than in the first three months of 2012.

The organic growth of 7% was primarily driven by the Barclays contract which was started up in September 2012.

The slight decrease in operating margin was mainly a result of a reduced level of non-portfolio services combined with the initial investments related to the start-up of the Barclays contract.

Eastern Europe
Revenue in Eastern Europe was DKK 399 million (2012: DKK 400 million) in the first three months of 2013. Operating profit before other items decreased to DKK 15 million (2012: DKK 17 million) reflecting an operating margin of 3.8%, 0.6 percentage point lower than in the first three months of 2012.

Both Russia and Hungary delivered strong organic growth rates, which was offset by negative organic growth in several other countries in the region due to the difficult economic market conditions.

The negative operating margin development was mainly a result of start-up and mobilisation of large contracts in Slovakia and Slovenia.

Eastern Europe continued to progress with the sales strategy focused on delivering our well proven value proposition to blue chip companies in the region. This was illustrated by the win of a large contract with Telenor in Hungary.

Other income and expenses, net represented a net expense of DKK 57 million in the first three months of 2013 compared with a net income of DKK 2 million in the same period of 2012. Costs related to restructuring projects primarily in France, Denmark and Brazil amounted to DKK 29 million and costs related to the strategic build-up of IFS capabilities in North America amounted to DKK 13 million. Focus remains on carrying out restructurings in Europe and Latin America where countries require a change of the business platform or in the services offered.

Financial income and expenses, net decreased by DKK 183 million, or 29%, to a net expense of DKK 444 million in the first three months of 2013 from DKK 627 million in the same period of 2012. The decrease was mainly a result of reduced interest expenses, net of DKK 141 million due to the redemption of the 11% Senior Notes due 2014 in December 2012, a lower average Net debt, a decrease in amortisation of financing fees of DKK 12 million combined with an increase in net gain on foreign exchange of DKK 29 million compared with the same period in 2012.

In the first three months of 2013, financial income and expenses, net, mainly comprised DKK 412 million of net interest expenses, DKK 24 million in non-cash amortisation of financing fees and DKK 21 million regarding financial fees partly offset by DKK 12 million in net gain on foreign exchange.

Income taxes amounted to DKK 120 million in the first three months of 2013 compared with DKK 118 million for the same period in 2012. The effective tax rate in the first three months of 2013 was 33.9% compared with 48.6% in the same period of 2012, calculated as Income taxes of DKK 120 million divided by the Profit before tax and goodwill impairment / amortisation and impairment of brands and customer contracts of DKK 354 million. The rules of limitation on the deductibility of financial expenses in Denmark impacted the tax expense adversely by approximately DKK 5 million in the first three months of 2013. The low impact compared with previous years is a result of the reduced financial expenses. The effective tax rate amounted to 32.4% when adjusted for the impact of the limitation on deductibility of financial expenses.

Net profit amounted to DKK 71 million in the first three months of 2013 compared with a loss of DKK 116 million in the same period of 2012, positively impacted by growth in revenue, lower financial expenses, net, and lower non-cash expenses related to goodwill impairment.

Cash Flow Statement

Cash flow from operating activities represented a cash outflow of DKK 463 million in the first three months of 2013, an increase of DKK 131 million from a net outflow of DKK 332 million in the same period of 2012. This was primarily due to an increase in cash outflow from changes in working capital of DKK 142 million combined with an increase in cash outflow from other expenses of DKK 28 million, partly offset by an improvement of cash outflow from changes in provisions, pensions and similar obligations of DKK 58 million.

The increase in cash outflow from changes in working capital compared with the same period last year was primarily a result of higher debtor days mainly due to the quarter ending on Easter. Partly offsetting this was a decrease in cash outflow regarding other external payments compared with the same period last year.

Other expenses paid of DKK 69 million mainly related to restructuring projects initiated and expensed in 2012 as well as build-up of IFS capabilities in North America.

Cash flow from investing activities for the first three months of 2013 was a net cash outflow of DKK 193 million. DKK 171 million related to investments in intangible assets and property, plant and equipment, net, representing 0.9% of revenue, which is in line with last year, a cash outflow of DKK 11 million related to investments in financial assets and a cash outflow of DKK 11 million from acquisitions and divestments, net.

Cash flow from investing activities for the first three months of 2012 was a net cash outflow of DKK 170 million. DKK 181 million related to investments in intangible assets and property, plant and equipment, net, representing 0.9% of revenue, DKK 66 million related to investments in financial assets which was partly offset by a cash inflow of DKK 77 million from acquisitions and divestments, net.

Cash flow from financing activities in the first three months of 2013 was a net cash inflow of DKK 176 million. This was mainly a result of proceeds from borrowings of DKK 469 million and interest received of DKK 31 million. This was partly offset by interest payments of DKK 324 million. Proceeds from borrowings were related to drawings on working capital facilities as a result of the typical seasonality in the first three months of the year.

Cash flow from financing activities in the first three months of 2012 was a net cash outflow of DKK 53 million. This was mainly a result of interest payments, net of DKK 339 million and repayment of borrowings of DKK 136 million partly offset by proceeds from borrowings of DKK 422 million.

Balance Sheet

Total assets amounted to DKK 54,306 million at 31 March 2013 of which DKK 34,825 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 19,481 million represented current assets, primarily trade receivables of DKK 12,189 million.

Intangible assets amounted to DKK 31,850 million at 31 March 2013. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 25,869 million of goodwill, DKK 3,896 million of customer contract portfolios and related customer relationships and DKK 1,627 million of brands.

Assets and liabilities held for sale amounted to DKK 2,278 million and DKK 699 million, respectively, and include the assets and liabilities attributable to seven non-core activities in the Nordic and Western Europe regions as well as two non-core activities in Asia and the Pacific regions for which sales processes have been initiated.

Total equity amounted to DKK 5,145 million at 31 March 2013, DKK 122 million higher than at 31 December 2012. Total other comprehensive income increased equity by DKK 122 million, including a net profit for the period of DKK 71 million, positive fair value adjustment of hedges, net of DKK 31 million and positive currency adjustments relating to investments in foreign subsidiaries of DKK 26 million.

Carrying amount of net debt amounted to DKK 27,083 million at 31 March 2013, an increase of DKK 1,128 million from DKK 25,955 million at 31 December 2012. The carrying amount of 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 2013, non-current loans and borrowings was DKK 23,922 million, current loans and borrowings amounted to DKK 6,346 million, currency swaps, securities, cash and cash equivalents totalled DKK 3,108 million while receivable from FS Invest was DKK 77 million.

Divestments

We review the strategic rationale and fit of our business units on an on-going basis consistent with our strategy and customer needs. This process leads to the identification and evaluation of certain activities that are non-core to The ISS Way strategy, some of which were divested in 2010-2012.
In the first three months of 2013 we signed an agreement to sell the pest control activities in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland for an enterprise value of approximately DKK 2 billion. The transaction is subject to approval from the relevant

authorities and closing is expected at the end of May 2013. In addition, a minor divestment within property service activities has been completed in Austria.

At 31 March 2013, eight business units are classified as held for sale, comprising net assets of DKK 1.6 billion, including the above mentioned pest control activities.

We will continue the evaluation of our activities in the light of accelerating The ISS Way strategy to ensure that our core businesses remain in focus and the further deleveraging of ISS.

The divestment completed in the first three months of 2013 resulted in an impairment loss on goodwill of DKK 19 million. In addition, classification of certain activities in Western Europe as held for sale in the first three months of 2013 has resulted in a non-cash impairment loss on goodwill of DKK 44 million.

Refinancing

On 4 March 2013, ISS announced that it was seeking consent of its lenders under the Senior Facilities Agreement to amend and extend its debt maturities with additional three years, including a refinancing of the EUR 600 million Second Lien Facility.

Consent was obtained to all requested amendments well in excess of the required majority. Furthermore, extensions were accepted by 92% of the lenders in the tranches for which ISS requested extension, resulting in approximately DKK 17.1 billion of ISS's debt being extended with three years to either December 2017 or April 2018. The new tranches refinancing the EUR 600 million Second Lien Facility were oversubscribed multiple times and were split between two tranches of EUR 330 million and USD 350 million, respectively.

The refinancing of the Second Lien Facilities and the extension of the relevant facilities was completed on 22 April 2013.

A waiver fee of 10 bps was paid to all consenting lenders, and the extending lenders will receive an additional fee of up to 40 bps.

The refinancing results in unamortised financing fees of approximately DKK 90 million being expensed in the income statement in April 2013.

Financial Leverage

Pro Forma Adjusted EBITDA for the 12 months period ended 31 March 2013 amounted to DKK 5,235 million. Carrying amount of net debt amounted to DKK 27,083 million at 31 March 2013, which is a decrease compared with 31 March 2012 of DKK 3,685 million mainly driven by the investment made by Teachers' and KIRKBI in August 2012. The calculation of these figures is prepared according to the principles described in the Capital Structure on pages 33–35 of this report.

Interest Rate Risk

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

To reduce some of the floating rate exposure, a part of ISS's interest payments on the bank loans have been swapped to fixed rates. Including the interest rate hedges, 68% of ISS's net debt carried fixed interest rates while 32% carried floating interest rates at 31 March 2013, and the interest rate duration of the total debt (prior to closing the refinancing) was 1.5 years.

Management Changes

On 7 March 2013, ISS announced that Leif Östling, deputy chairman of the Board of Directors, had decided to leave the board. At the same time, ISS announced that Sir Charles Allen and Thomas Berglund had been elected new members of the Board of Directors. Furthermore, on 3 April 2013, ISS announced that Michel Combes had decided to resign from the Board of Directors, following his appointment as new CEO of Alcatel-Lucent.

On 20 March 2013, ISS announced two key appointments strengthening the Executive Group Management Board. The appointments allow ISS to further align the organisation and gain a further focus on the ISS markets in Europe. Henrik Andersen was appointed to the new position of Group Chief Operating Officer (COO) Europe. Heine Dalsgaard was appointed Group Chief Financial Officer (CFO) and will be replacing Henrik Andersen. Heine Dalsgaard will take up his new position during the third quarter of 2013, and Henrik Andersen will continue to act as Group CFO until then.

Outlook

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 10.

The outlook for 2013 remains unchanged and is based on a mixed global macroeconomic outlook with continued strong growth in emerging markets combined with weak growth and difficult macroeconomic conditions in large parts of Europe, including the uncertainty surrounding current and future austerity measures.

In 2013, we had a solid start following the wins of several large IFS contracts in 2012. Combined with the underlying business development, we therefore expect to realise around 3% organic growth in 2013.

The operating margin for 2013 is expected to be maintained at the level realised in 2012. Cash conversion is expected to be above 90%.

Subsequent Events

Subsequent to 31 March 2013, the Group has divested the non-core ISS document handling activities in Denmark.

Furthermore, as described above under Refinancing the refinancing of the Second Lien Facility and the amendment and extension of the Senior Facilities Agreement was completed on 22 April 2013.

Apart from the events described in this Interim Report, the Group is not aware of events subsequent to 31 March 2013, which are expected to have a material impact on the Group's financial position.

Financial Calendar

Interim Report, January – June 2013	21 August 2013
Interim Report, January – September 2013	12 November 2013

Presentation

A presentation regarding the interim results 1 January – 31 March 2013 will be held on Wednesday, 15 May 2013 at 12:30 CET (11:30 GMT time).

The presentation is available on live audio webcast. If you wish to view the presentation, please visit:

http://inv.issworld.com/events.cfm

The webcast can also be accessed through a conference call. The telephone numbers for the conference are listed below. You will be asked for your name and will then be able to listen to the call.

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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 9. 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 2012 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 2012 of ISS A/S is available at the Group’s website, www.issworld.com.

Management Statement

COPENHAGEN, 15 May 2013

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 2013.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2013 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2013.

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

Henrik Andersen
Group Chief Financial Officer

BOARD OF DIRECTORS

Ole Andersen
Chairman

Sir Charles Allen

Thomas Berglund

Jennie Chua

Harry Klagsbrun

Steven Sher

Jo Taylor

Pernille Benborg [1)]

Palle Fransen Queck [1)]

Joseph Nazareth [1)]

[1)] Employee representative

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Condensed Consolidated Interim Financial Statements for ISS A/S

Condensed consolidated income statement

1 January – 31 March

DKK million	Note	Q1 2013	Q1 2012
Revenue	4	**19,545**	**19,301**
Staff costs		(13,114)	(12,845)
Consumables		(1,692)	(1,672)
Other operating expenses		(3,684)	(3,704)
Depreciation and amortisation [1)		(200)	(212)
Operating profit before other items [2)		**855**	**868**
Other income and expenses, net	5	(57)	2
Operating profit [1)	4	**798**	**870**
Share of result from associates and joint ventures		0	0
Financial income		152	87
Financial expenses		(596)	(714)
Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts		**354**	**243**
Income taxes [3)		(120)	(118)
Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts		**234**	**125**
Goodwill impairment	6	(63)	(123)
Amortisation and impairment of brands and customer contracts		(136)	(163)
Income tax effect [4)		36	45
Net profit/(loss) for the period		**71**	**(116)**
Attributable to:			
Owners of ISS A/S		70	(117)
Non-controlling interests		1	1
Net profit/(loss) for the period		**71**	**(116)**
Earnings per share:			
Basic earnings per share (EPS), DKK		0.7	(1.2)
Diluted earnings per share, DKK		0.7	(1.2)
Adjusted earnings per share, DKK [5)		2.3	1.3

1) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
4) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
5) Calculated as Profit before goodwill impairment/amortisation and 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	Q1 2013	Q1 2012
Net profit/(loss) for the period	**71**	**(116)**
Other comprehensive income		
Items not to be reclassified to the income statement in subsequent periods:		
Change in accounting policy in associate, net of tax	(6)	-
	(6)	**-**
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange adjustments of subsidiaries and non-controlling interests	26	37
Fair value adjustment of hedges, net	21	(28)
Fair value adjustment of hedges, net, transferred to Financial expenses	21	14
Tax	(11)	0
	57	**23**
Total other comprehensive income	**51**	**23**
Total comprehensive income for the period	**122**	**(93)**
Attributable to:		
Owners of ISS A/S	121	(94)
Non-controlling interests	1	1
Total comprehensive income for the period	**122**	**(93)**

Condensed consolidated statement of cash flows

1 January – 31 March

DKK million	Note	Q1 2013	Q1 2012
Operating profit before other items	4	855	868
Depreciation and amortisation		200	212
Changes in working capital		(1,218)	(1,076)
Changes in provisions, pensions and similar obligations		(19)	(77)
Other expenses paid		(69)	(41)
Income taxes paid		(212)	(218)
Cash flow from operating activities		**(463)**	**(332)**
Acquisition of businesses	7	1	(3)
Divestment of businesses	7	(12)	80
Acquisition of intangible assets and property, plant and equipment		(202)	(210)
Disposal of intangible assets and property, plant and equipment		31	29
(Acquisition)/disposal of financial assets		(5)	0
Loan to FS Invest S.à r.l		(6)	(66)
Cash flow from investing activities		**(193)**	**(170)**
Proceeds from borrowings		469	422
Repayment of borrowings		-	(136)
Interest received		31	72
Interest paid		(324)	(411)
Non-controlling interests		-	(0)
Cash flow from financing activities		**176**	**(53)**
Total cash flow		**(480)**	**(555)**
Cash and cash equivalents at the beginning of the period		3,528	4,037
Total cash flow		(480)	(555)
Foreign exchange adjustments		43	8
Cash and cash equivalents at 31 March		**3,091**	**3,490**

Condensed consolidated statement of financial position

DKK million	Note	31 March 2013	31 March 2012	31 December 2012
Assets				
Intangible assets	6,8	31,850	33,564	31,969
Property, plant and equipment		1,908	2,026	1,887
Investments in associates and joint ventures		5	7	11
Deferred tax assets		624	576	574
Other financial assets		438	361	427
Non-current assets		**34,825**	**36,534**	**34,868**
Inventories		317	335	312
Trade receivables		12,189	11,900	11,433
Contract work in progress		100	91	72
Tax receivables		201	353	207
Other receivables		553	333	585
Prepayments		735	865	622
Securities		17	18	16
Cash and cash equivalents	11	3,091	3,490	3,528
Assets classified as held for sale	9	2,278	701	2,269
Current assets		**19,481**	**18,086**	**19,044**
Total assets		**54,306**	**54,620**	**53,912**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		5,134	1,980	5,013
Non-controlling interests		11	11	10
Total equity		**5,145**	**1,991**	**5,023**
Loans and borrowings	10	23,922	28,270	24,011
Pensions and similar obligations		1,549	1,172	1,541
Deferred tax liabilities		1,683	1,971	1,755
Provisions		354	336	352
Non-current liabilities		**27,508**	**31,749**	**27,659**
Loans and borrowings	10	6,346	6,016	5,607
Trade payables		3,208	2,934	3,669
Tax payables		274	376	339
Other liabilities		10,900	10,953	10,657
Provisions		226	236	225
Liabilities classified as held for sale	9	699	365	733
Current liabilities		**21,653**	**20,880**	**21,230**
Total liabilities		**49,161**	**52,629**	**48,889**
Total equity and liabilities		**54,306**	**54,620**	**53,912**

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million	Attributable to owners of ISS A/S							
Q1 2013	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January	**135**	**11,430**	**(6,823)**	**365**	**(94)**	**5,013**	**10**	**5,023**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**70**	**-**	**-**	**70**	**1**	**71**
Other comprehensive income								
Change in accounting policy in associate, net of tax	-	-	(6)	-	-	(6)	-	(6)
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	26	-	26	(0)	26
Fair value adjustment of hedges, net	-	-	-	-	21	21	-	21
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	21	21	-	21
Tax on other comprehensive income	-	-	-	-	(11)	(11)	-	(11)
Total other comprehensive income	**-**	**-**	**(6)**	**26**	**31**	**51**	**(0)**	**51**
Total comprehensive income for the period	**-**	**-**	**64**	**26**	**31**	**121**	**1**	**122**
Total changes in equity	**-**	**-**	**64**	**26**	**31**	**121**	**1**	**122**
Equity at 31 March	**135**	**11,430**	**(6,759)**	**391**	**(63)**	**5,134**	**11**	**5,145**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million	Attributable to owners of ISS A/S							
Q1 2012	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-con-trolling interests**	**Total equity**
Equity at 1 January	**100**	**7,772**	**(5,947)**	**177**	**(32)**	**2,070**	**12**	**2,082**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(117)**	**-**	**-**	**(117)**	**1**	**(116)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	38	-	38	(1)	37
Fair value adjustment of hedges, net	-	-	-	-	(28)	(28)	-	(28)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	14	14	-	14
Limitation to interest deduction in Denmark	-	-	-	-	(4)	(4)	-	(4)
Tax on other comprehensive income	-	-	-	-	4	4	-	4
Total other comprehensive income	**-**	**-**	-	**38**	**(14)**	**24**	**(1)**	**23**
Total comprehensive income for the period	**-**	**-**	**(117)**	**38**	**(14)**	**(93)**	**0**	**(93)**
Transactions with owners								
Impact from acquired and divested companies, net	-	-	-	-	-	-	(1)	(1)
Dividends paid	-	-	-	-	-	-	(0)	(0)
Share-based payments	-	-	3	-	-	3	-	3
Total transactions with owners	**-**	**-**	**3**	**-**	**-**	**3**	**(1)**	**2**
Total changes in equity	**-**	**-**	**(114)**	**38**	**(14)**	**(90)**	**(1)**	**(91)**
Equity at 31 March	**100**	**7,772**	**(6,061)**	**215**	**(46)**	**1,980**	**11**	**1,991**

Dividends

No dividends have been proposed or declared.

Notes to the condensed consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2013 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), associates and joint ventures.

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

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 2012. A full description of the Group's accounting policies is included in the consolidated financial statements for 2012.

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2013, the Group has implemented Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income", Amendments to IFRS 7 "Financial Instrument Disclosures", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interets in Other Entities", IFRS 13 "Fair Value Measurement", IAS 19 (2011) "Employee Benefits" and Annual Improvements to IFRSs 2009-2011.

IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead jointly controlled entities that meets the definition of a joint venture must be accounted for using the equity method. The application of this new standard impacted the Group by replacing proportionate consolidation of the Group's joint ventures with the equity method of accounting. The change did not have a material impact on the Group's condensed consolidated financial statements.

The amendments to IAS 19 resulted in interest income no longer being calculated and recognised in the income statement on the basis of the expected return on plan assets, but instead by using the applied liability discount rate. The change did not have a material impact on the Group's condensed consolidated financial statements.

IFRS 13 changes the principles for calculation of fair value of financial and non-financial assets and liabilities and introduces a number of new disclosure requirements. The Group already complies with the fair value calculation principles. Consequently, the new standard will only impact disclosure requirements for the Group.

Except for IFRS 11 and IAS 19, the adoption of these Standards and Interpretations did not affect recognition and measurement in the first three months of 2013.

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.

During the first three months of 2013, management has changed judgements and estimates relating to the following:

* Reclassification of disposal groups as held-for-sale (see note 9)
* Reclassification of disposal groups that no longer meet the criteria as held-for-sale to held-for-use (see note 9)

Except for the above, in preparing 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 2012.

NOTE 3 SEASONALITY

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

NOTE 4 SEGMENT INFORMATION

Reportable segments

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

Operations are generally managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with activities managed by the central 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.

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Q1 2013									
Revenue [1)]	9,696	4,314	1,913	1,423	941	871	399	9	19,566
Operating profit before other items [2)]	442	211	139	67	35	25	15	(0)	934
Operating profit [3)]	422	206	139	55	30	13	13	(0)	878
Total assets	29,735	15,455	4,647	3,745	1,862	2,005	1,298	7	58,754
Total liabilities	20,742	9,515	2,041	2,849	2,002	1,025	556	6	38,736
Q1 2012									
Revenue [1)]	9,555	4,408	1,712	1,472	940	820	400	8	19,315
Operating profit before other items [2)]	467	208	123	81	47	27	17	(0)	970
Operating profit [3)]	464	234	123	81	47	15	17	(0)	981
Total assets	30,266	14,602	4,222	3,556	2,017	1,796	1,350	6	57,815
Total liabilities	20,702	9,038	1,902	2,694	1,683	840	619	5	37,483

Transactions between reportable segments are made on market terms.

1) Segment revenue comprises total revenue of each segment. Due to the nature of the business internal revenue is insignificant and is therefore not disclosed.
2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
3) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.

Grouping of countries into regions

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

NOTE 4 SEGMENT INFORMATION (CONTINUED)

Reconciliation of operating profit

DKK million	Q1 2013	Q1 2012
Operating profit for reportable segments	878	981
Unallocated corporate costs	(80)	(102)
Unallocated other income and expenses, net	-	(9)
Operating profit according to the income statement	**798**	**870**

NOTE 5 OTHER INCOME AND EXPENSES, NET

DKK million	Q1 2013	Q1 2012
Gain on divestments	-	37
Other income	**-**	**37**
Restructuring projects	(29)	(19)
Build-up of IFS capabilities in North America	(13)	(12)
Loss on divestments	(1)	-
Share-based payment	-	(3)
Other	(14)	(1)
Other expenses	**(57)**	**(35)**
Other income and expenses, net	**(57)**	**2**

Gain on divestments in 2012 mainly related to sale of Reaktorskolen AS, the governmental outplacing services in Norway.

Restructuring projects in 2013 amounted to DKK 29 million and related to structural adjustments in France, Denmark, Brazil and Uruguay as well as redundancy and severance payments relating to senior management changes. The restructuring projects include cost reductions to make ISS more efficient going forward and primarily comprise redundancy payments, termination of leaseholds and relocation costs. In 2012, the expenses amounted to DKK 19 million and related to structural adjustments in the Netherlands and consolidation of office locations and other efficiency improvements in Norway as well as redundancy and severance payments relating to senior management changes.

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

NOTE 6 GOODWILL IMPAIRMENT

DKK million	Q1 2013	Q1 2012
Impairment losses derived from divestment of businesses	63	123
Goodwill impairment	**63**	**123**

Impairment losses derived from divestment of businesses

In 2013, impairment losses derived from divestment of businesses of DKK 63 million mainly related to the remeasurement of net assets of non-core activities in Western Europe, which were classified as held for sale at 31 March 2013 and the divestment of a minor activity in Austria. In 2012, the impairment loss of DKK 123 million related to remeasurement of net assets of the office support activities in France, which were subsequently sold.

Impairment losses derived from 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 2013, 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 16 in the consolidated financial statements for 2012. It is management's assessment that the value in use exceeds the carrying amount of intangibles at 31 March 2013.

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

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

The Group made no acquisitions during 1 January - 31 March 2013 (no acquisitions during 1 January - 31 March 2012). Adjustments relating to prior years' acquisitions had the following effect on the Group's assets and liabilities at the reporting date:

	Q1 2013		Q1 2012	
DKK million	Adjustments to prior years' acquisitions	Total acquisitions	Adjustments to prior years' acquisitions	Total acquisitions
Goodwill	(1)	(1)	-	-
Consideration transferred	**(1)**	**(1)**	**-**	**-**
Contingent and deferred consideration	(0)	(0)	3	3
Total payments regarding acquisition of businesses	**(1)**	**(1)**	**3**	**3**

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made 1 divestment during 1 January - 31 March 2013 (2 during 1 January - 31 March 2012). The total sales price amounted to DKK 1 million (DKK 108 million during 1 January - 31 March 2012). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 25 million (DKK 184 million during 1 January - 31 March 2012) based on expectations at the time of divestment.

The divestments had the following impact on the carrying amount of the Group's assets and liabilities at the reporting date:

DKK million	Q1 2013	Q1 2012
Goodwill	-	69
Customer contracts	-	4
Other non-current assets	0	6
Trade receivables	1	30
Other current assets	1	9
Provisions	-	(0)
Pensions, deferred tax liabilities and non-controlling interests	-	(1)
Non-current loans and borrowings	-	(26)
Other current liabilities	-	(27)
Total identifiable net assets	**2**	**64**
Gain/(loss) on divestment of businesses, net	(1)	37
Divestment costs, net of tax	0	7
Consideration received	**1**	**108**
Cash and cash equivalents in divested businesses	-	(1)
Cash consideration received	**1**	**107**
Contingent and deferred consideration	-	(1)
Divestment costs paid, net of tax	(13)	(26)
Net proceeds regarding divestment of businesses	**(12)**	**80**

The divestment completed by the Group before 31 March 2013 is listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
COOLIT, HVAC	Austria	Property Services	April	100%	25	11
Total					**25**	**11**

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

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Pro forma revenue and operating profit before other items

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

DKK million	Q1 2013	Q1 2012
Pro forma revenue		
Revenue recognised in the income statement	19,545	19,301
Acquisitions	-	-
Revenue adjusted for acquisitions	19,545	19,301
Divestments	(6)	(50)
Pro forma revenue	**19,539**	**19,251**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	855	868
Acquisitions	-	-
Operating profit before other items adjusted for acquisitions	855	868
Divestments	1	(6)
Pro forma operating profit before other items	**856**	**862**

Applied assumptions

The adjustment of revenue and operating profit before other items is based on estimates made by local ISS management in the respective jurisdictions in which such acquisitions and divestments occurred at the time of such acquisition and divestment or actual results where available. Synergies from acquisitions are not included for periods in which such 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 calculated on a pro forma basis based on such adjustments 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.

Acquisitions and divestments subsequent to 31 March 2013

Divestments completed by the Group in the period from 1 April to 30 April 2013 are listed below. No acquisitions were completed in the period.

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
ISS Document A/S	Denmark	Support services	May	100%	19	21
Total					**19**	**21**

In accordance with usual Group procedures, divestment balances are finalised during the first months following the divestment.

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

NOTE 8 GOODWILL

DKK million	31 March 2013	31 March 2012
Cost at 1 January	28,225	29,366
Foreign exchange adjustments	72	61
Additions	(1)	-
Disposals through divestment of businesses	(19)	(69)
Reclassification to Assets classified as held for sale	(27)	(344)
Cost at 31 March	**28,250**	**29,014**
Amortisation and impairment losses at 1 January	(2,384)	(2,196)
Foreign exchange adjustments	3	(2)
Impairment losses	(63)	(123)
Disposals through divestment of businesses	19	-
Reclassification to Assets classified as held for sale	44	123
Amortisation and impairment losses at 31 March	**(2,381)**	**(2,198)**
Carrying amount at 31 March	**25,869**	**26,816**

NOTE 9 ASSETS HELD FOR SALE

At 31 December 2012 assets held for sale comprised seven businesses in Western Europe, Nordic, Asia and Pacific. The assets and liabilities of these activities were reclassified and presented separately in the statement of financial position. At 31 March 2013, the sales process of one of these disposal groups had been stalled and consequently it has been reclassified as held-for-use. The impact of the reclassification on the consolidated financial statements was insignificant. Sales processes are still ongoing for the remaining businesses and these acitivities continue to be classified as held for sale at 31 March 2013.

During the first three months of 2013, the continued evaluation of our activities has lead to the initiation of a sales process for one additional non-core activity in Western Europe. At 31 March 2013 this activity is 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 revaluation resulted in a loss of DKK 44 million, which was recognised in the income statement in the line Goodwill impairment.

NOTE 10 LOANS AND BORROWINGS

On 4 March 2013, ISS announced that it was seeking consent of its lenders under the Senior Facilities Agreement to amend and extend its debt maturities with additional three years, including a refinancing of the EUR 600 million Second Lien Facility.

Consent was obtained to all requested amendments well in excess of the required majority. Furthermore, extensions were accepted by 92% of the lenders in the tranches for which ISS requested extension, resulting in approximately DKK 17.1 billion of ISS's debt being extended to either December 2017 or April 2018. The new tranches refinancing the EUR 600 million Second Lien Facility which were oversubscribed multiple times and were split between two tranches of EUR 330 million and USD 350 million, respectively.

The refinancing of the Second Lien Facilities and the extension of the relevant facilities was completed on 22 April 2013.

A waiver fee of 10 bps was paid to all consenting lenders, and the extending lenders will receive an additional fee of up to 40 bps. With effect from the completion date, the margin has been increased 50 bps on Term Facility B and 25 bps on the Revolving Credit Facility, the Letter of Credit Facility as well as the Acquisition Facility B leaving all extended tranches at an initial margin of 400 bps, but with step-downs applying following a leverage ratchet. On the new term facilities refinancing the Second Lien Facility margins applying to the EUR and USD tranches will initially be 350 bps and 275 bps, respectively.

The refinancing results in unamortised financing fees of approximately DKK 90 million being expensed in the income statement in April 2013.

NOTE 11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note contains the relevant disclosure requirements in relation to the Group's derivative financial instruments and securities being measured at fair value.

The fair values of derivative financial instruments and securities, together with the carrying amounts in the statement of financial position as at 31 March 2013, are shown below:

DKK million	31 March 2013 Fair value	31 March 2013 Carrying amount
Financial assets		
Derivative financial instruments (currency swaps) - level 2	12	12
Securities (fair value option) - level 1	17	17
Financial liabilities		
Derivative financial instruments (currency swaps) - level 2	52	52
Derivative financial instruments designated as cash flow hedge - level 2	77	77

It is the Group's policy to recognise transfers between the levels in the fair value hierarchy when an event or change in circumstances results in a change in classification. During the first three months of 2013, there has been no transfers between levels.

Methods, assumptions and techniques used to determine fair

The methods, assumptions and techniques used in determining the fair values of each category are described below. The methods are unchanged compared with 2012.

Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps and currency swaps) for managing currency and interest risks arising from the Group's operating and financing activities.

The fair value of derivative financial instruments is determined on the basis of observable market data using generally accepted methods. The fair value of interest rate swaps is based on market rates for yield curves. The fair value of currency swaps is based on the difference between the purchase price and the price at the reporting date.

Securities

Securities comprise investment funds related to investments in various listed securities measured at fair value through the income statement. The fair value is determined by reference to their quoted prices at the reporting date.

NOTE 12 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES

Senior Facility Agreement

ISS A/S has executed pledge agreements over (i) its shares in ISS World Services A/S, as security for the Group's senior facilities and on (ii) its bank accounts and (iii) certain intra-group receivables a secondary basis as security for the Subordinated Notes issued by ISS A/S.

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, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS World Services A/S and these subsidiaries. At 31 March 2013, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	31 March 2013	31 March 2012
Goodwill	4.3	4.1
Customer contracts	0.7	0.8
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.5	0.4
Trade receivables	1.8	1.9
Other receivables	0.2	0.2
Bank accounts	0.4	0.9
Total	**9.5**	**9.9**

NOTE 12 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES (CONTINUED)

In addition, the shares in ISS Global A/S's material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Brazil, the Czech Republic, Hong Kong, Ireland, Israel, Portugal, New Zealand, Singapore and Switzerland have been pledged.

Securitisation

Certain countries participate in the Group's securitisation programme where trade receivables of the participating countries are provided as security for the securitisation debt. As at 31 March 2013, trade receivables of DKK 4,866 million (31 March 2012: DKK 4,861 million) have been placed as security for securitisation debt with a face value of DKK 2,645 million (31 March 2012: DKK 2,630 million). In addition hereto DKK 1,231 million (31 March 2012: DKK 1,329 million) cash held by the Group's consolidated SPEs handling the Group's securitisation programme was pledged as security for securitisation debt. Of the total amount of cash held by the Group's SPEs DKK 391 million (31 March 2012: DKK 341 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 31 March 2013 amounted to DKK 732 million (31 March 2012: DKK 443 million). Hereof DKK 298 million relates to loans and borrowings.

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,819 million (31 March 2012: DKK 1,720 million) of which DKK 1,446 million (31 March 2012: DKK 1,380 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 2013 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 2013.

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 2013.

NOTE 13 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 March 2013	1,396	966	650	392	213	413	**4,030**
At 31 March 2012	1,415	967	654	410	263	340	**4,049**

During 1 January - 31 March 2013, DKK 502 million (DKK 514 million during 1 January - 31 March 2012) was recognised as an expense in the income statement in respect of operating leases.

The Group leases a number of properties, vehicles (primarily cars) and other equipment under operating leases. The leases typically run for a period of 2-5 years, with an option to renew the lease after that date.

Leasing of cars is primarily entered under an international car fleet lease framework agreement that was renewed effective 1 January 2011 and is valid until end 2013. The framework agreement contains a quarterly option for the Group to terminate the fleet of an entire country or the entire fleet under the framework agreement with four weeks notice subject to payment of a termination amount. The majority of the underlying agreements have a lifetime duration of 3-5 years.

The disclosed non-cancellable operating lease rentals assume no early termination of any agreement.

NOTE 14 RELATED PARTIES

Parent and ultimate controlling party

The sole shareholder of ISS A/S, FS Invest II S.à r.l (FS Invest II), has controlling influence in the Group. The ultimate controlling company of the Group is FS Invest S.à r.l ("FS Invest"), which is owned by funds advised by EQT Partners (40%), funds advised by Goldman Sachs Capital Partners (33%) as well as Ontario Teachers' Pension Plan and KIRKBI Invest A/S (26%). There were no significant transactions with the parent during the first three months of 2013. Transactions with the ultimate controlling party are described below under Other related party transactions.

Key management personnel

Members of the Board of Directors and the Group Management Board (the GMB) 1) have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel. Apart from remuneration and co-investment programmes described below, there were no significant transactions during the first three months of 2013 with members of the Board of Directors and the GMB.

Co-investment programmes The Executive Group Management Board (the EGM) and a number of senior officers 2) of the Group have invested in the Management Participation Programme (MPP). The EGM and certain senior officers of the Group have invested indirectly shares and warrants of FS Invest, whereas the remaining senior officers of the Group have invested directly or indirectly in shares or loan notes of FS Invest. As of 31 March 2013, the investments amounted to DKK 192.0 million in total for 143 executives and officers.

Certain members of the Board of Directors participate in a Directors Participation Programme under which they have invested in a mix of shares and warrants of FS Invest or loan notes issued by FS Invest amounting to approximately DKK 11.7 million in total. In addition, they have co-invested with EQT Partners and Goldman Sachs Capital Partners for approximately DKK 7.5 million in total.

Other related party transactions

During the first three months of 2013, the Group had the following transactions with other related parties, which were all made on market terms:

- the Group and Goldman Sachs International have agreed general terms and conditions for the supply of facility services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into facility services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements is estimated to DKK 109 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Ireland, Singapore, Brazil and China. Finally, ISS in Spain and Italy are subcontractors to local Goldman Sachs suppliers. The annual revenue from the local and subcontractor agreements is estimated to DKK 8 million.

- the Group and Goldman Sachs International have entered into various agreements on provision of financing and banking related services.

- affiliates of Goldman Sachs Capital Partners are lenders under the senior facilities and holders of 2014 EMTNs.

- the Group has entered into local facility services agreements with various companies owned by EQT. The annual revenue from these agreements is estimated at DKK 25 million.

- the Group has issued a loan to FS Invest (the ultimate controlling party). During the first three months of 2013 the Group issued an additional loan of DKK 4.6 million and received interest income of DKK 1.6 million (2012: DKK 0.1 million) related to the loan. At 31 March 2013, the outstanding balance was DKK 77 million, which was recognised in Other financial assets.

Associates and joint ventures

Transactions with associates and joint ventures are limited to transactions related to shared service agreements. There were no significant transactions with associates and joint ventures during the first three months of 2013. 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 2013.

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

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

3) Corporate officers of the Group comprises Corporate Senior Officers (members of the GMB other than members of the EGM) and other corporate officers.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to 31 March 2013, the Group has divested the non-core ISS Document activities in Denmark.

Furthermore, as described in note 10, Loans and borrowings, the refinancing of the Second Lien Facility and the amendment and extension of the Senior Facilities Agreement was completed on 22 April 2013.

Apart from the events described in these condensed consolidated financial statements, the Group is not aware of events subsequent to 31 March 2013, which are expected to have a material impact on the Group's financial position.

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Capital Structure

This section sets forth the capital structure as per 31 March 2013, and hence does not include the refinancing of the Second Lien Facility and the extension of the Senior Facilities completed on 22 April 2013. For further information please refer to page 4 of this interim report.

The estimated pro forma information presented below is for informational purposes only. This information does not represent the results the Group would have achieved had each of the acquisitions and divestments during the period 1 April 2012 – 31 March 2013 occurred on 1 April 2012.

For further information and definitions, reference is made to the appendix Capital Structure set out in the ISS A/S Annual Report 2012, which can be downloaded from www.issworld.com.

Pro Forma Adjusted EBITDA

Adjusted EBITDA, as calculated by ISS, represents operating profit before other items plus depreciation and amortisation.

Pro Forma Adjusted EBITDA (amounts in DKK million)	**12-month period ended 31 March 2013**
Adjusted EBITDA	5,240
Estimated Pro Forma Adjusted EBITDA of acquired and divested businesses	(5)
Pro Forma Adjusted EBITDA	**5,235**

Carrying amount of Net Debt

The following table sets forth ISS's Carrying amount of Net Debt as of 31 March 2013 and hence not including the refinancing and extension completed on 22 April 2013.

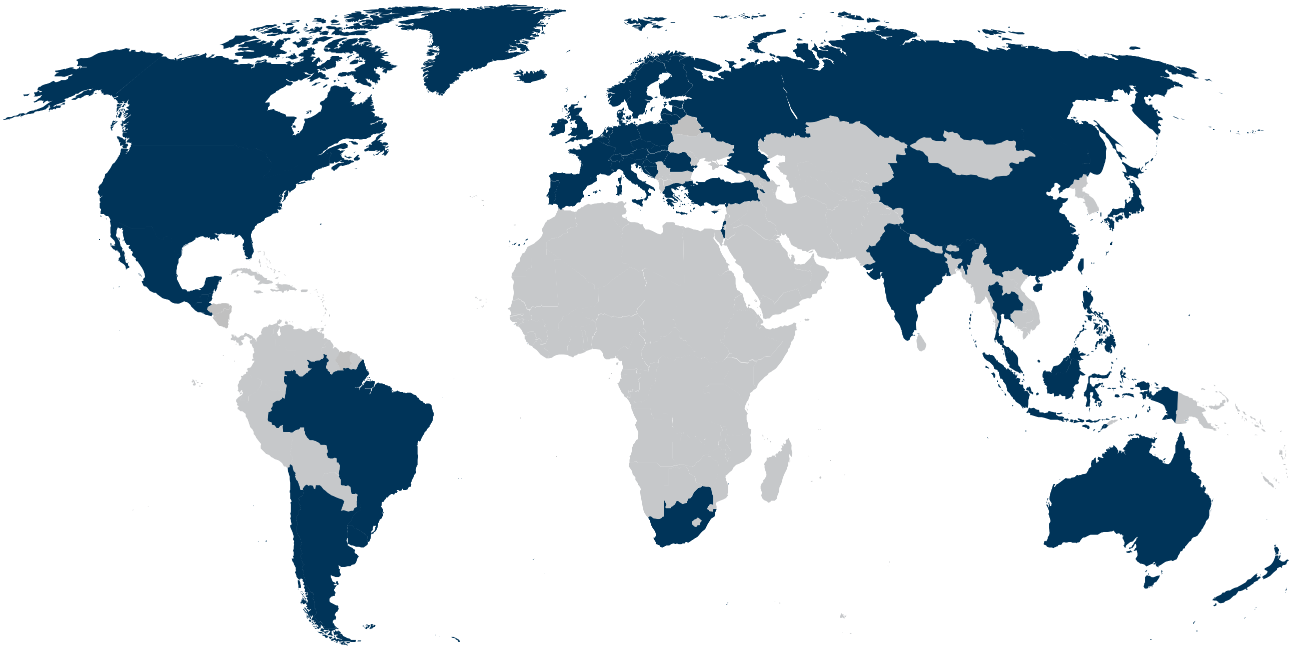
Net Debt as of 31 March 2013	**DKKm Carrying Value**	**Leverage (x Pro forma EBITDA)**	**% of Total**
Senior Facilities	17,265	3.30x	64%
Second lien	4,462	0.85x	16%
Senior Subordinated Notes due 2016	4,290	0.82x	16%
Medium Term Notes due 2014	788	0.15x	3%
Securitisation	2,632	0.50x	10%
Derivatives	118	0.02x	0%
Other current and non-current loans and borrowings	714	0.14x	3%
	30,269	**5.78x**	**112%**
Cash, cash equivalents and securities (1)	(3,186)	(0.61x)	(12%)
Carrying amount of net debt	**27,083**	**5.17x**	**100%**
Changes in working capital, 1 January - 31 March 2013	(1,218)		
Changes in working capital, 1 April 2012 - 31 March 2013	25		
Seasonality adjusted carrying amount of net debt	**25,890**	**4.95x**	

1) Includes a receivable from FS Invest of DKK 77 million.

Summary of Credit Facilities

The following table sets forth ISS's credit facilities as of 31 March 2013 and hence not including the refinancing and extension completed on 22 April 2013.

Summary of Credit Facilities DKK million	**Principal Value**	**Drawn**	**Currency**	**Coupon / margin**	**Maturity**
Bank loans:					
Senior Facilities:					
Term Facility B	463	463	EUR, GBP	+ 200bps	31 Dec 2013
Term Facility B	12,145	12,145	EUR, GBP	+ 350bps	30 Apr 2015
Acquisition Facility B	56	56	EUR	+ 225bps	31 Dec 2013
Acquisition Facility B	1,837	1,837	EUR	+ 375bps	30 Apr 2015
Revolving Credit Facility	3,960	2,792	Multi Currency	+ 375bps	31 Dec 2014
Letter of Credit Facility	490	54	Multi Currency	+ 375bps	31 Dec 2014
Second Lien Facility	598	598	EUR	+ 375bps	30 Jun 2015
Second Lien Facility	3,874	3,874	EUR	+ 425bps	30 Jun 2015
Securitisation	2,981	2,645	Multi Currency	+ 275bps	14 Sep 2014
	26,404	**24,464**			
Bonds:					
Senior Subordinated Notes due 2016	4,334	4,334	EUR	8.875%	15 May 2016
2014 Medium Term Notes	823	823	EUR	4.50%	8 Dec 2014
	5,157	**5,157**			
Total Credit Facilities	**31,560**	**29,621**			



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 79.5 billion in 2012 and ISS now has more than 530,000 employees and local operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.

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