To Luxembourg Stock Exchange
21 August 2013

ISS A/S

Interim Report January – June 2013

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Key figures and financial ratios

DKK million (unless otherwise stated)	Q2 2013	Q2 2012	H1 2013	H1 2012
KEY FIGURES [1]				
Income statement				
Revenue	20,097	19,779	39,642	39,080
Operating profit before other items	1,028	1,036	1,883	1,904
EBITDA	1,318	1,137	2,316	2,219
Adjusted EBITDA	1,224	1,250	2,279	2,330
Operating profit	1,122	923	1,920	1,793
Financial income	(42)	59	110	146
Financial expenses	(671)	(739)	(1,267)	(1,455)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	166	(21)	400	103
Net profit/(loss) for the period	60	(180)	131	(297)
Cash flow				
Cash flow from operating activities	780	915	316	583
Acquisition of intangible assets and property, plant and equipment, net	(194)	(190)	(365)	(371)
Financial position				
Total assets	53,485	54,812	53,485	54,812
Goodwill	25,142	26,927	25,142	26,927
Additions to property, plant and equipment	174	163	352	338
Carrying amount of net debt	25,015	31,050	25,015	31,050
Total equity (attributable to owners of ISS A/S)	4,998	1,837	4,998	1,837
Employees				
Number of employees at 30 June	532,100	537,400	532,100	537,400
Full-time employees, %	74	73	74	73
FINANCIAL RATIOS [1]				
Growth, %				
Organic growth	4.3	1.4	3.5	2.2
Acquisitions	0.1	-	0.1	-
Divestments	(1.3)	(2.5)	(1.1)	(2.5)
Currency adjustments	(1.5)	2.1	(1.1)	1.7
Total revenue growth	1.6	1.0	1.4	1.4
Other financial ratios, %				
Operating margin	5.1	5.2	4.8	4.9
Equity ratio	9.3	3.4	9.3	3.4
Interest coverage	1.7	1.8	2.0	1.8
Cash conversion LTM	98	99	98	99
Basic earnings per share (EPS), DKK	0.4	(1.8)	1.0	(3.0)
Diluted earnings per share, DKK	0.4	(1.8)	1.0	(3.0)
Adjusted earnings per share, DKK	1.2	(0.2)	3.0	1.0

[1] See definitions in the Annual Report 2012.

Financial Leverage

	As of and for the 12-month period ended			
DKK million	30 September 2012	31 December 2012	31 March 2013	30 June 2013
Pro Forma Adj. EBITDA	5,212	5,253	5,235	5,006
Carrying amount of net debt	27,581	25,955	27,083	25,015
Seasonality Adj. Carrying amount of net debt	25,931	25,955	25,890	23,854
Carrying amount of net debt / Pro Forma Adj. EBITDA	5.29x	4.94x	5.17x	5.00x
Seasonality Adj. Carrying amount of net debt / Pro Forma Adj. EBITDA	4.98x	4.94x	4.95x	4.76x

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 H1 2013 ISS followed up on the large multinational contract wins in 2012, by winning Integrated Facility Services (IFS) contracts with H.J. Heinz in Europe and Nordea Bank in the Nordic region. Furthermore, ISS received the top ranking by the International Association of Outsourcing Professionals (IAOP). ISS continued to focus on generating profitable organic growth. For the first six months of 2013 ISS reported an improved organic growth compared with 2012, flat operating margin, a turn to positive net profit and a strong cash conversion.

- Group revenue amounted to DKK 39.6 billion in the first six months of 2013, an increase of 1.4% compared with the same period in 2012, driven by organic growth of 3.5%. This was partly offset by the successful divestment of non-core activities amounting to 1.1% and a negative effect from exchange rate movements of 1.1%.

- The organic growth was driven by positive organic growth in both developed and emerging markets. Western Europe, Asia, Latin America, North America and Eastern Europe 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 1,883 million (2012: DKK 1,904 million) in the first six months of 2013 and was negatively impacted by both currency effects and divestments. The negative effect from exchange rate movements reduced the operating profit before other items by DKK 16 million compared with the same period in 2012. The operating margin (operating profit before other items as a percentage of revenue) was 4.8% for the first six months of 2013 compared with 4.9% for the same period in 2012. The operating margin was in line with expectations and was positively impacted by margin increases especially in the Nordic region and certain countries in Asia. This was offset by the strategic divestments of non-core activities including the washroom activities in the Netherlands, Belgium and Luxembourg and the pest control activities in 12 developed markets as well as the start-up of multinational IFS contracts and the negative impact from operational challenges in certain countries in Europe and the Americas.

Operating results

	Revenue			Operating profit before other items			Operating margin [1)]	
	DKK million			DKK million				
	H1 2013	H1 2012	Change	H1 2013	H1 2012	Change	H1 2013	H1 2012
Western Europe [2)]	19,852	19,482	2 %	1,002	1,020	(2)%	5.0 %	5.2 %
Nordic [3)]	8,677	8,785	(1)%	496	493	1 %	5.7 %	5.6 %
Asia [4)]	3,964	3,516	13 %	292	260	12 %	7.4 %	7.4 %
Pacific [5)]	2,734	2,949	(7)%	125	143	(13)%	4.6 %	4.8 %
Latin America [6)]	1,897	1,885	1 %	75	87	(14)%	3.9 %	4.6 %
North America [7)]	1,730	1,680	3 %	37	51	(27)%	2.1 %	3.1 %
Eastern Europe [8)]	814	797	2 %	44	40	10 %	5.4 %	5.1 %
Other Countries [9)]	16	16	-	(1)	(1)	-	(4.9)%	(4.3)%
Corporate / eliminations	(42)	(30)		(187)	(189)	(1)%	(0.5)%	(0.5)%
Total	**39,642**	**39,080**	**1 %**	**1,883**	**1,904**	**(1)%**	**4.8 %**	**4.9 %**
Emerging Markets [10)]	8,857	8,180	8 %	523	504	4 %	5.9 %	6.2 %

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 net profit amounted to DKK 131 million in the first six months of 2013 compared with a loss of DKK 297 million in the first six months of 2012, positively impacted by growth in revenue, other income and expenses, net, lower financial expenses, net, and lower non-cash expenses related to goodwill impairment and amortisation of customer contracts.

- The LTM (last twelve months) cash conversion for June 2013 was 98% as a result of a strong cash flow performance in all regions. Ensuring a strong cash performance continues to be a key priority, and the result reflects the efforts regarding securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions. This led to a decrease in debtor days of 0.5 day compared with 30 June 2012.

- 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 5.9% in the first six months of 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 as well as 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 June 2013, we have more than 95% of these contracts fully operational.

In 2013, these wins have been followed by the win of an IFS contract with H.J. Heinz, an international food producer, throughout Europe including 15 food manufacturing and office locations in 8 countries. ISS will provide catering, cleaning and a wide range of services including property services, reception services and security as part of the new contract. The contract has been started up progressively through 2013. In addition, an IFS contract with Nordea Bank, covering 39 headquarter buildings in the Nordic region, has been won. ISS will provide facility management, property services, cleaning, catering, security and support services.

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

In April 2013, ISS refinanced its Second Lien Facility and 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.

Following the completed divestment of the pest control activities in 12 developed markets, ISS in June initiated an excess proceeds offer and a conditional partial redemption of its EUR 581.5 million 8.875% Senior Subordinated Notes due 2016. The

Revenue growth, January - June 2013

	Revenue growth, % [1]					
	Organic	Acq.	Div.	Total growth excl. currency	Currency	Total growth
Western Europe	4	-	(2)	2	(0)	2
Nordic	(1)	-	(1)	(2)	1	(1)
Asia	14	1	-	15	(2)	13
Pacific	(2)	-	(1)	(3)	(4)	(7)
Latin America	6	-	-	6	(5)	1
North America	4	-	-	4	(1)	3
Eastern Europe	2	-	-	2	(0)	2
Other Countries	12	-	-	12	(11)	1
Total	3.5	0.1	(1.1)	2.5	(1.1)	1.4
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.

outcome was that Noteholders of an aggregate principal amount of EUR 45.5 million accepted the proceeds offer and an additional aggregate principal amount of EUR 186.5 million were redeemed at a call price of 101.479, which was settled on 8 July 2013. The aggregate principal amount of Notes outstanding following this process is EUR 349.5 million.

In August 2013, the securitisation programme was extended with one year to September 2015 and the pricing on the programme was reduced by 25 bps on the interest margin.

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 six months of 2013 sold 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. Furthermore, in August the sale of the Nordic damage control activities was completed. Finally, minor divestments within property service and support service activities have been completed in Europe in the first six months of 2013. The divestments reflect an increased strategic focus in the affected countries resulting in a more focused business platform. At the end of June 2013, we had six businesses classified as held for sale as a result of this on-going review of our business platform. The proceeds from the divestments have and will be used to repay debt, thereby contributing to the continued deleveraging of ISS.

Strategy Update

ISS operates in the USD 1 trillion global facilities services market. In this vast market, we have chosen to focus on B-t-B customers where our services make a difference to the customers' business. In essence most customers demand reliable, responsive, convenient, and cost effective services – leading to 100% uptime of their facilities. In addition to these requirements, we support customers in delivering on their business objectives e.g. in hospitals where we provide an environment to help patients heal faster and banks where we maintain and service facilities for optimal value creation.

ISS's business model is based on creating value for our customers by offering a range of self-delivered facility services within cleaning services, support services, property services, catering services, security services and facility management services. ISS's facility management approach represents a unique offering whereby the service delivery can be integrated into one seamless solution – our integrated facility services (IFS) solution.

In April 2013, we launched a new vision – "We are going to be the world's greatest service organisation." The new vision raises the ambitions of ISS. We do not only want to 'lead facility services', we want to be the world's greatest service organisation. The new vision also means that ISS will benchmark against and outperform not only relevant peer companies and competitors but also relevant service organisations from other industries. This new vision does not imply a change of strategy, however it will inspire all of ISS to stretch even further towards our desired state.

Implementation of The ISS Way strategy is progressing well. Initiatives focused on driving growth and expanding margins continue to deliver results. We continue to win multinational contracts for the delivery of services to large corporations. Together with our footprint in emerging markets and unique IFS offering this enhances growth and provides a balance against some of the impact of the macroeconomic environment in Europe.

We have specific initiatives underway which are addressing performance issues in selected Western European markets and are deliberately reducing our exposure to certain customer segments - mostly relating to the public sector.

We remain focused on aligning our business behind the services demanded by our customer segments and, in this regard, have divested certain non-core activities during 2013 including the completion of the sale of our pest control activities in developed markets and the Nordic damage control activities. This is an on-going process and further divestments can be expected. The divestment of non-core activities focuses management's attention to our operational excellence in the recurring core activities and also accelerates our deleveraging towards a potential IPO and leading to lower net financial expenses.

Financial Review

Western Europe

Revenue in the Western Europe region increased by 2% to DKK 19,852 million (2012: DKK 19,482 million) in the first six months of 2013 driven by organic growth of 4%. Revenue was reduced by the successful divestment of non-core activities in 2012 and 2013, representing 2% of revenue. Operating profit before other items decreased by 2% to DKK 1,002 million (2012: DKK 1,020 million) for an operating margin of 5.0%, down 0.2 percentage point compared with the first six 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 and the pest control activities in certain countries in 2013 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. In the Mediterranean focus is on ensuring the right customer base, while 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 Germany, Austria and Portugal contributing to the positive development. However, the demand for non-portfolio services continues to be at a low level.

Major contract wins and extensions in the second quarter of 2013 included a large cleaning contract with Co-operative Group Ltd in The United Kingdom and a large cleaning contract with Eurotunnel in France. Furthermore, Switzerland won a large IFS contract with PwC.

Nordic

Revenue in the Nordic region decreased 1% to DKK 8,677 million (2012: DKK 8,785 million) in the first six 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 and 2013 while currency adjustments increased revenue by 1%. Operating profit before other items amounted to DKK 496 million (2012: DKK 493 million), reflecting an operating margin of 5.7% compared with 5.6% in 2012.

The negative organic growth of 1% reflects a strong development in Norway which was more than offset by negative organic growth in Finland, Sweden and Denmark. The organic growth in Norway was driven by increased sales to large IFS customers. The negative organic growth in Finland, Sweden and Denmark was mainly a result of a lower demand for non-portfolio services from a number of large customers and exit of certain contracts in 2012 and 2013.

The increase in the operating margin to 5.7% was a result of a margin increase in Finland due to improvement in the operational performance across most services lines. This was partly offset by a margin decrease in Sweden.

Contract wins and extensions in the region in the second quarter of 2013 included an IFS contract with Nordea Bank for the region, a large IFS contract with Skanska AB in Sweden and a catering contract with DNB, the largest financial services group in Norway. Furthermore, the specialised multiservice contract with Danish Crown was renewed and the security contract with Finnair was extended.

Asia

The Asia region delivered a strong performance in the first six months of 2013. Revenue was DKK 3,964 million (2012: DKK 3,516 million), an increase of 13%, driven by organic growth of 14%. Currency adjustments reduced revenue by 2% while acquisitions increased revenue by 1%. Operating profit before other items increased by 12% to DKK 292 million reflecting an operating margin of 7.4%, whereby Asia continued to deliver the highest margin of any ISS region.

Double-digit organic growth rates were seen in several countries with Indonesia being the largest nominal contributor to the organic growth in the region with an organic growth rate of 22%, mainly due to the positive impact from a high level of new sales in Q4 2012 and increases in minimum wages. Thailand, India, Hong Kong and China also continued the positive trends driven by a strong retention of existing customers as well as a high rate of new sales.

The unchanged operating margin of 7.4% was mainly a result of improved operational performance on certain contracts, primarily in Thailand and Indonesia. This was 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 second quarter of 2013, ISS Hong Kong won a security contract with Discovery Bay.

Pacific

Revenue in the Pacific region decreased by 7% to DKK 2,734 million for the first six months of 2013 (2012: DKK 2,949 million) negatively impacted by currency adjustments of 4%, negative organic growth of 2% and 1% stemming from the successful divestment of non-core activities in 2013. Operating profit before other items amounted to DKK 125 million (2012: DKK 143 million) equal to an operating margin of 4.6%.

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 0.2 percentage point was mainly a result of the negative impact relating to the Royal North Shore Hospital contract compared with 2012 and the divestment of the pest control activities in 2013.

Latin America

Revenue in Latin America was DKK 1,897 million (2012: DKK 1,885 million) in the first six months of 2013, driven by organic growth of 6%, while currency adjustments decreased revenue by 5%. Operating profit before other items decreased by 14% to DKK 75 million, reflecting an operating margin of 3.9% which was 0.7 percentage point lower than in the first six 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 Uruguay, Argentina and Mexico compared with the first six months of 2012. In all three countries the decreases were mainly a result of the efforts to restore the run-rate profitability from our contract portfolio following restructurings.

North America
Revenue in the North America region increased by 3% to DKK 1,730 million (2012: DKK 1,680 million) in the first six months of 2013 driven by organic growth of 4% partly offset by currency adjustments of 1%. Operating profit before other items in North America amounted to DKK 37 million (2012: DKK 51 million) in the first six months of 2013, resulting in an operating margin of 2.1%, 1.0 percentage point lower than in the first six months of 2012.

The organic growth of 4% was primarily driven by the Barclays contract which was started up in September 2012.

The decrease in operating margin was mainly a result of loss of a couple of large contracts, a low level of non-portfolio service combined with the initial investments related to the start-up of the Barclays contract.

During the second quarter of 2013, ISS USA won a cleaning contract with Phoenix Sky Harbor International Airport.

Eastern Europe
Revenue in Eastern Europe was DKK 814 million (2012: DKK 797 million) in the first six months of 2013 driven by organic growth of 2%. Operating profit before other items increased to DKK 44 million (2012: DKK 40 million) reflecting an operating margin of 5.4%, 0.3 percentage point higher than in the first six months of 2012.

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

The increase in the operating margin was a result of margin increases in the Czech Republic and Hungary due to strong focus on cost savings. This was partly offset by a margin decrease in Slovenia.

Other income and expenses, net represented a net income of DKK 37 million in the first six months of 2013 compared with a net expense of DKK 111 million in the same period of 2012. Gain on divestments of DKK 589 million mainly related to the sale of the pest control activities. Costs related to restructuring projects primarily in the United Kingdom, Greece, Brazil, Denmark, France, Sweden and Germany amounted to DKK 268 million, costs related to onerous contracts amounted to DKK 145 million and costs related to labour related claims amounted to DKK 85 million.

Financial income and expenses, net decreased by DKK 152 million, or 12%, to a net expense of DKK 1,157 million in the first six months of 2013 from DKK 1,309 million in the same period of 2012. The decrease was mainly a result of reduced interest expenses, net of DKK 233 million primarily due to the redemption of the 11% Senior Notes due 2014 in December 2012 and a lower average Net debt partly offset by increased amortisation of financing fees of DKK 80 million primarily caused by the amendment and extension of the Senior Facility as well as the refinancing of the Second Lien Facility.

In the first six months of 2013, financial income and expenses, net, mainly comprised DKK 877 million of net interest expenses, DKK 152 million in non-cash amortisation of financing fees, DKK 66 million in net loss on foreign exchange and DKK 41 million regarding financial fees.

Income taxes amounted to DKK 365 million in the first six months of 2013 compared with DKK 382 million for the same period in 2012. The effective tax rate in the first six months of 2013 was 47.7% compared with 78.8% in the same period of 2012, calculated as Income taxes of DKK 365 million divided by the Profit before tax and goodwill impairment / amortisation and impairment of brands and customer contracts of DKK 765 million. Rules concerning limitation on the deductibility of financial expenses in Denmark, France and Brazil impacted the tax expense adversely by approximately DKK 59 million in the first six months of 2013. The limitation is significantly impacted by non-deductible costs related to the 2013 refinancing. The effective tax rate amounted to 40% when adjusted for the impact of the limitation on deductibility of financial expenses. The effective tax rate net of interest limitation is adversely impacted by tax related to divestments in the first six months of 2013. The high effective tax rate in 2012 was significantly impacted by a valuation allowance on deferred tax assets in France.

Net profit amounted to DKK 131 million in the first six months of 2013 compared with a loss of DKK 297 million in the same period of 2012, positively impacted by growth in revenue, lower financial expenses, net, improved other income and expenses, net and lower non-cash expenses related to goodwill impairment and amortisation of customer contracts.

Cash Flow Statement
Cash flow from operating activities represented a cash inflow of DKK 316 million in the first six months of 2013, a decrease of DKK 267 million from a net inflow of DKK 583 million in the same period of 2012. This was primarily due to an increase in cash outflow from changes in working capital of DKK 219 million combined with an increase in cash outflow from other expenses of DKK 41 million, partly offset by an improvement of cash outflow from changes in provisions, pensions and similar obligations of DKK 73 million.

The increase in cash outflow from changes in working capital compared with the same period last year was primarily due to the high growth which resulted in a high cash outflow in Trade receivables. 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 188 million mainly related to restructuring projects initiated and expensed in 2012 and 2013 as well as onerous contracts and build-up of IFS capabilities in North America.

Cash flow from investing activities for the first six months of 2013 was a net cash inflow of DKK 1,465 million. DKK 1,846 million was related to acquisitions and divestments, net mainly due to the divestment of the pest control activities in May 2013. This was partly offset by investments in intangible assets and property, plant and equipment, net, of DKK 365 million representing 0.9% of revenue, which is in line with last year.

Cash flow from investing activities for the first six months of 2012 was a net cash outflow of DKK 415 million. DKK 371 million related to investments in intangible assets and property, plant and equipment, net, representing 0.9% of revenue, DKK 89 million related to investments in financial assets which were partly offset by a cash inflow of DKK 45 million from acquisitions and divestments, net.

Cash flow from financing activities in the first six months of 2013 was a net cash outflow of DKK 571 million. This was mainly a result of repayment of borrowings of DKK 4,839 million and interest payments, net of DKK 818. This was partly offset by proceeds from borrowings of DKK 5,087 million. Repayment of borrowings was related to the refinancing of the Second Lien Facility as well as Term Loan B and Acquisition Facility B facilities expiring in 2013. Proceeds from borrowings were mainly related to the two new senior tranches of EUR 330 million and USD 350 million, respectively, refinancing the Second Lien Facilities as well as drawings on working capital facilities as a result of the typical seasonality in the first six months of the year.

Cash flow from financing activities in the first six months of 2012 was a net cash outflow of DKK 947 million. This was mainly a result of interest payments, net of DKK 1,077 million and repayment of borrowings of DKK 726 million partly offset by proceeds from borrowings of DKK 856 million.

Balance Sheet

Total assets amounted to DKK 53,485 million at 30 June 2013 of which DKK 33,845 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 19,640 million represented current assets, primarily trade receivables of DKK 11,801 million.

Intangible assets amounted to DKK 30,856 million at 30 June 2013. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 25,142 million of goodwill, DKK 3,652 million of customer contract portfolios and related customer relationships and DKK 1,604 million of brands.

Assets and liabilities held for sale amounted to DKK 1,056 million and DKK 400 million, respectively, and include the assets and liabilities attributable to five non-core activities in the Nordic and Western Europe regions, including the Nordic damage control activities, as well as one non-core activity in the Asia region for which sales processes have been initiated.

Total equity amounted to DKK 5,008 million at 30 June 2013, DKK 99 million lower than at 31 December 2012. Total other comprehensive income reduced equity by DKK 229 million. This included negative currency adjustments relating to investments in foreign subsidiaries of DKK 389 million and tax on other comprehensive income of DKK 48 million. This was partly offset by actuarial gain of DKK 136 million and positive fair value adjustment of hedges, net of DKK 72 million. Furthermore a net profit for the period of DKK 131 million had a positive impact on total equity.

Carrying amount of net debt amounted to DKK 25,015 million at 30 June 2013, a decrease of DKK 940 million from DKK 25,955 million at 31 December 2012. The decrease in carrying amount of net debt is mainly a result of the divestment of non-core activities during 2013 offset by net debt typically being higher after the first six months of the financial year than at year-end of the previous year as a result of seasonality in operating cash flow. At 30 June 2013, non-current loans and borrowings was DKK 21,969 million, current loans and borrowings amounted to DKK 7,848 million, currency swaps, securities, cash and cash equivalents totalled DKK 4,723 million while receivable from FS Invest was DKK 79 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 six months of 2013 we sold 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. Furthermore, in August we completed the sale of the Nordic damage control activities. Finally, minor divestments within property service and support service activities have been completed in Europe in the first six months of 2013.

At 30 June 2013, six business units are classified as held for sale, comprising net assets of DKK 0.7 billion, including the above mentioned damage 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.

The divestments completed in the first six months of 2013 resulted in an impairment loss on goodwill of DKK 20 million. In addition, classification of certain activities in Western Europe as held for sale in the first six months of 2013 has resulted in a non-cash impairment loss on goodwill of DKK 68 million.

Refinancing

On 2 April 2013, ISS announced that it had successfully received commitment for the refinancing of its EUR 600 million Second Lien Facility and received strong support from lenders consenting to a three year extension of the predominant part of the company's senior debt. The refinancing resulted in a new consortium of lenders consisting of both existing and new lenders.

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. As part of the amendments lenders approved the capacity to increase the revolving credit facility by an additional DKK 1.0 billion and implemented 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. As a consequence of the refinancing, unamortised financing fees of DKK 89 million were expensed in April 2013. The new tranches refinancing the EUR 600 million Second Lien Facility were oversubscribed multiple times and were split between two new senior 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.

Following the completed divestment of certain pest control activities, on 3 June 2013 ISS initiated an excess proceeds offer and a conditional partial redemption of its EUR 581.5 million 8.875% Senior Subordinated Notes due 2016. On 5 July 2013, ISS advised that Noteholders of an aggregate principal amount of EUR 45.5 million had accepted the offer and an additional aggregate principal amount of EUR 186.5 million would be redeemed at a call price of 101.479. The excess proceeds offer and the partial redemption were settled on 8 July 2013 leaving an aggregate principal amount of EUR 349.5 million of Notes outstanding. As a consequence, a call premium of DKK 20.6 million and unamortised financing fees of DKK 16.1 million were expensed in June 2013.

In August 2013, the securitisation programme was extended with one year to September 2015 and the pricing on the programme was reduced by 25 bps on the interest margin.

Following the above-mentioned extensions, ISS has no significant short-term financing maturities. For further information, see the Capital Structure on pages 33–35 of this report.

Financial Leverage

Pro Forma Adjusted EBITDA for the 12 months period ended 30 June 2013 amounted to DKK 5,006 million. Carrying amount of net debt amounted to DKK 25,015 million at 30 June 2013, which is a decrease compared with 30 June 2012 of DKK 6,035 million mainly driven by the investment made by Teachers' and KIRKBI in August 2012 as well as the divestment of non-core activities during 2012 and 2013. 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, 69% of ISS's net debt carried fixed interest rates while 31% carried floating interest rates at 30 June 2013, and the interest rate duration of the total debt was 1.4 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. On 3 April 2013, ISS announced that Michel Combes had decided to resign from the Board of Directors. Furthermore, on 31 May 2013, ISS announced that the majority owners of ISS, Goldman Sachs and EQT Partners, had changed their representatives, implying that Steven Sher and Harry Klagsbrun were replaced by Andrew E. Wolff and Morten Hummelmose, respectively.

On 20 March 2013, ISS announced two key appointments strengthening the Executive Group Management Board. 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 replaced Henrik Andersen in August 2013. Furthermore, on 8 July 2013 ISS announced that it was further strengthening and expanding the Executive Group Management Board by appointing John Peri as Group Chief Operating Officer (COO) Americas and Asia Pacific. The appointments allow ISS to further align the organisation and focus deeper on the markets in which ISS operates.

Outlook

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 11.

The outlook for 2013 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 expect to realise around 3% organic growth in 2013.

The divestment of the margin accretive pest control activities in 12 developed markets in May 2013 has been followed by restructuring activities to align the cost structures in the impacted countries. We expect a negative impact on the operating margin from these divestments of around 0.2 percentage point for the Group in 2013. As a result the operating margin for 2013 is expected to be slightly lower than the level realised in 2012. Cash conversion is expected to be maintained above 90%.

Subsequent Events

Subsequent to 30 June 2013, the Group has in July completed the sale of the security activities in the Netherlands, washroom activities in Austria as well as certain landscaping activities in the USA and in August completed the sale of the Nordic damage control activities.

As described above under Refinancing the excess proceeds offer and the partial redemption of the Senior Subordinated Notes was completed on 8 July 2013.

In August 2013, the securitisation programme was extended with one year to September 2015.

Apart from the events described in this Interim Report, the Group is not aware of events subsequent to 30 June 2013, which are expected to have a material impact on the Group's financial position.

Financial Calendar

Interim Report, January – September 2013	12 November 2013

Presentation

A presentation regarding the interim results 1 January – 30 June 2013 will be held on Wednesday 21 August 2013 at 10:00 CET (09:00 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.

+45 35 44 55 80 (Denmark)
+44 203 364 5374 (UK)
+1 855 753 2230 (US)

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 10. 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, 21 August 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 – 30 June 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 30 June 2013 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 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 Operating Officer Europe

Heine Dalsgaard
Group Chief Financial Officer

John Peri
Group Chief Operating Officer Americas and Asia Pacific

BOARD OF DIRECTORS

Ole Andersen
Chairman

Sir Charles Allen

Thomas Berglund

Jennie Chua

Morten Hummelmose

Jo Taylor

Andrew E. Wolff

Pernille Benborg [1)]

Palle Fransen Queck [1)]

Joseph Nazareth [1)]

[1)] Employee representative

Condensed Consolidated Interim Financial Statements for ISS A/S

Condensed consolidated income statement

1 January – 30 June

DKK million	Note	Q2 2013	Q2 2012	H1 2013	H1 2012
Revenue	4	**20,097**	**19,779**	**39,642**	**39,080**
Staff costs		(13,357)	(13,053)	(26,471)	(25,898)
Consumables		(1,838)	(1,716)	(3,530)	(3,388)
Other operating expenses		(3,678)	(3,760)	(7,362)	(7,464)
Depreciation and amortisation [1]		(196)	(214)	(396)	(426)
Operating profit before other items [2]		**1,028**	**1,036**	**1,883**	**1,904**
Other income and expenses, net	5	94	(113)	37	(111)
Operating profit [1]	4	**1,122**	**923**	**1,920**	**1,793**
Share of result from associates and joint ventures		2	1	2	1
Financial income		(42)	59	110	146
Financial expenses		(671)	(739)	(1,267)	(1,455)
Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts		**411**	**244**	**765**	**485**
Income taxes [3]		(245)	(265)	(365)	(382)
Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts		**166**	**(21)**	**400**	**103**
Goodwill impairment	6	(25)	(40)	(88)	(163)
Amortisation and impairment of brands and customer contracts		(125)	(156)	(261)	(319)
Income tax effect [4]		44	37	80	82
Net profit/(loss) for the period		**60**	**(180)**	**131**	**(297)**
Attributable to:					
Owners of ISS A/S		59	(181)	129	(299)
Non-controlling interests		1	1	2	2
Net profit/(loss) for the period		**60**	**(180)**	**131**	**(297)**
Earnings per share:					
Basic earnings per share (EPS), DKK		0.4	(1.8)	1.0	(3.0)
Diluted earnings per share, DKK		0.4	(1.8)	1.0	(3.0)
Adjusted earnings per share, DKK [5]		1.2	(0.2)	3.0	1.0

[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 – 30 June

DKK million	Q2 2013	Q2 2012	H1 2013	H1 2012
Net profit/(loss) for the period	**60**	**(180)**	**131**	**(297)**
Other comprehensive income				
Items not to be reclassified to the income statement in subsequent periods:				
Actuarial gains/(losses)	136	(328)	136	(328)
Tax	(30)	75	(30)	75
	106	**(253)**	**106**	**(253)**
Items to be reclassified to the income statement in subsequent periods:				
Foreign exchange adjustments of subsidiaries and non-controlling interests	(409)	250	(389)	287
Fair value adjustment of hedges, net	9	20	30	(8)
Fair value adjustment of hedges, net, transferred to Financial expenses	21	(36)	42	(22)
Tax	(7)	-	(18)	-
	(386)	**234**	**(335)**	**257**
Total other comprehensive income	**(280)**	**(19)**	**(229)**	**4**
Total comprehensive income for the period	**(220)**	**(199)**	**(98)**	**(293)**
Attributable to:				
Owners of ISS A/S	(220)	(199)	(99)	(294)
Non-controlling interests	0	0	1	1
Total comprehensive income for the period	**(220)**	**(199)**	**(98)**	**(293)**

Condensed consolidated statement of cash flows

1 January – 30 June

DKK million	Note	Q2 2013	Q2 2012	H1 2013	H1 2012
Operating profit before other items	4	1,028	1,036	1,883	1,904
Depreciation and amortisation		196	214	396	426
Changes in working capital		(45)	31	(1,264)	(1,045)
Changes in provisions, pensions and similar obligations		(20)	(35)	(39)	(112)
Other expenses paid		(119)	(106)	(188)	(147)
Income taxes paid		(260)	(225)	(472)	(443)
Cash flow from operating activities		**780**	**915**	**316**	**583**
Acquisition of businesses	7	(5)	(24)	(4)	(27)
Divestment of businesses	7	1,862	(8)	1,850	72
Acquisition of intangible assets and property, plant and equipment		(228)	(226)	(430)	(436)
Disposal of intangible assets and property, plant and equipment		34	36	65	65
(Acquisition)/disposal of financial assets		(4)	(23)	(8)	(89)
Loan to FS Invest S.à r.l		(2)	-	(8)	-
Cash flow from investing activities		**1,657**	**(245)**	**1,465**	**(415)**
Proceeds from borrowings		4,618	434	5,087	856
Repayment of borrowings		(4,839)	(590)	(4,839)	(726)
Interest received		31	46	62	118
Interest paid		(556)	(784)	(880)	(1,195)
Non-controlling interests		(1)	-	(1)	-
Cash flow from financing activities		**(747)**	**(894)**	**(571)**	**(947)**
Total cash flow		**1,690**	**(224)**	**1,210**	**(779)**
Cash and cash equivalents at the beginning of the period		3,091	3,490	3,528	4,037
Total cash flow		1,690	(224)	1,210	(779)
Foreign exchange adjustments		(82)	28	(39)	36
Cash and cash equivalents at 30 June		**4,699**	**3,294**	**4,699**	**3,294**

Condensed consolidated statement of financial position

DKK million	Note	30 June 2013	30 June 2012	31 December 2012
Assets				
Intangible assets	6, 8	30,856	33,566	31,969
Property, plant and equipment		1,834	1,990	1,887
Investments in associates and joint ventures		5	7	11
Deferred tax assets		723	549	550
Other financial assets		427	396	427
Non-current assets		**33,845**	**36,508**	**34,844**
Inventories		299	350	312
Trade receivables		11,801	12,052	11,433
Contract work in progress		101	102	72
Tax receivables		280	293	207
Other receivables		586	357	585
Prepayments		800	852	622
Securities		18	17	16
Cash and cash equivalents		4,699	3,294	3,528
Assets classified as held for sale	9	1,056	987	2,269
Current assets		**19,640**	**18,304**	**19,044**
Total assets		**53,485**	**54,812**	**53,888**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		4,998	1,837	5,097
Non-controlling interests		10	12	10
Total equity		**5,008**	**1,849**	**5,107**
Loans and borrowings		21,969	27,963	24,011
Pensions and similar obligations	12	1,247	1,426	1,433
Deferred tax liabilities		1,532	1,875	1,755
Provisions		398	354	352
Non-current liabilities		**25,146**	**31,618**	**27,551**
Loans and borrowings		7,848	6,466	5,607
Trade payables		3,311	3,066	3,669
Tax payables		636	354	339
Other liabilities		10,786	10,762	10,657
Provisions		350	236	225
Liabilities classified as held for sale	9	400	461	733
Current liabilities		**23,331**	**21,345**	**21,230**
Total liabilities		**48,477**	**52,963**	**48,781**
Total equity and liabilities		**53,485**	**54,812**	**53,888**

Condensed consolidated statement of changes in equity

1 January – 30 June

DKK million	Attributable to owners of ISS A/S							
H1 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
Change in accounting policy due to implementation of IAS19 (2011)	-	-	84	-	-	84	-	84
Adjusted equity at 1 January	**135**	**11,430**	**(6,739)**	**365**	**(94)**	**5,097**	**10**	**5,107**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**129**	**-**	**-**	**129**	**2**	**131**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	(388)	-	(388)	(1)	(389)
Fair value adjustment of hedges, net	-	-	-	-	30	30	-	30
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	42	42	-	42
Actuarial gains/(losses)	-	-	136	-	-	136	-	136
Tax on other comprehensive income	-	-	(30)	-	(18)	(48)	-	(48)
Total other comprehensive income	**-**	**-**	**106**	**(388)**	**54**	**(228)**	**(1)**	**(229)**
Total comprehensive income for the period	**-**	**-**	**235**	**(388)**	**54**	**(99)**	**1**	**(98)**
Transactions with owners								
Dividends paid	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	-	-	-	-	-	-	**(1)**	**(1)**
Total changes in equity	**-**	**-**	**235**	**(388)**	**54**	**(99)**	**0**	**(99)**
Equity at 30 June	**135**	**11,430**	**(6,504)**	**(23)**	**(40)**	**4,998**	**10**	**5,008**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 30 June

DKK million	Attributable to owners of ISS A/S							
H1 2012	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January	100	7,772	(5,947)	177	(32)	2,070	12	2,082
Change in accounting policy due to implementation of IAS19 (2011)	-	-	58	-	-	58	-	58
Adjusted equity at 1 January	**100**	**7,772**	**(5,889)**	**177**	**(32)**	**2,128**	**12**	**2,140**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(299)**	**-**	**-**	**(299)**	**2**	**(297)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	288	-	288	(1)	287
Fair value adjustment of hedges, net	-	-	-	-	(8)	(8)	-	(8)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	(22)	(22)	-	(22)
Actuarial gains/(losses)	-	-	(328)	-		(328)	-	(328)
Limitation to interest deduction	-	-	-	-	(7)	(7)	-	(7)
Tax on other comprehensive income	-	-	75	-	7	82	-	82
Total other comprehensive income	**-**	**-**	**(253)**	**288**	**(30)**	**5**	**(1)**	**4**
Total comprehensive income for the period	**-**	**-**	**(552)**	**288**	**(30)**	**(294)**	**1**	**(293)**
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	**-**	**-**	**(549)**	**288**	**(30)**	**(291)**	**(0)**	**(291)**
Equity at 30 June	**100**	**7,772**	**(6,438)**	**465**	**(62)**	**1,837**	**12**	**1,849**

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 - 30 June 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 Interests 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 meet 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 implementation 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. Furthermore, risk sharing between the Group and the plan participants has been changed. Comparative figures have been restated and the impact on Equity is shown in the condensed consolidated statement of changes in equity. The implementation 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 six 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 six months of 2013, management has changed judgements and estimates relating to the following:

* Onerous contracts (see note 5)
* Exceptional impairment losses on receivables (see note 5)
* 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 services.

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 newly established 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
H1 2013									
Revenue [1]	19,852	8,677	3,964	2,734	1,897	1,730	814	16	**39,684**
Operating profit before other items [2]	1,002	496	292	125	75	37	44	(1)	**2,070**
Operating profit [3]	1,013	431	291	639	55	(33)	42	(1)	**2,437**
Total assets	29,559	14,973	4,487	2,966	1,702	1,884	1,284	8	**56,863**
Total liabilities	20,531	9,231	1,936	1,924	1,919	983	536	7	**37,067**
H1 2012									
Revenue [1]	19,482	8,785	3,516	2,949	1,885	1,680	797	16	**39,110**
Operating profit before other items [2]	1,020	493	260	143	87	51	40	(1)	**2,093**
Operating profit [3]	966	519	257	142	48	27	40	(1)	**1,998**
Total assets	30,298	14,646	4,399	3,595	2,043	1,870	1,274	7	**58,132**
Total liabilities	21,262	9,073	1,952	2,715	1,783	866	549	6	**38,206**

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	H1 2013	H1 2012
Operating profit for reportable segments	2,437	1,998
Unallocated corporate costs	(187)	(189)
Unallocated other income and expenses, net	(330)	(16)
Operating profit according to the income statement	**1,920**	**1,793**

NOTE 5 OTHER INCOME AND EXPENSES, NET

DKK million	H1 2013	H1 2012
Gain on divestments	589	37
Other	4	-
Other income	**593**	**37**
Restructuring projects	(268)	(43)
Onerous contracts	(145)	-
Labour related claims	(85)	-
Build-up of IFS capabilities in North America	(25)	(25)
Loss on divestments	(3)	(30)
Other	(30)	(50)
Other expenses	**(556)**	**(148)**
Other income and expenses, net	**37**	**(111)**

Gain on divestments in 2013 mainly related to sale of the pest control activities in 12 countries. In 2012, the income mainly related to sale of Reaktorskolen AS in Norway, the governmental outplacing services in Norway.

Restructuring projects in 2013 amounted to DKK 268 million and related to structural adjustments mainly in the United Kingdom, Greece, Brazil, Denmark, France, Sweden and Germany. The restructuring projects include cost reductions to make ISS more efficient going forward and primarily comprise redundancy payments, termination of leaseholds and relocation costs, exceptional provisions for impairment losses on receivables as well as redundancy and severance payments relating to senior management changes. In 2012, costs amounted to DKK 43 million and mainly related to structural adjustments in the Netherlands and France, consolidation of office locations and other effenciency improvements in Norway as well as redundancy and severance payments relating to senior management changes.

Onerous contracts related to expected losses on contracts which were entered into in previous years. Following recent developments it is not considered probable that the contracts will be profitable over the lifetime and the estimated losses amount to DKK 145 million.

Labour related claims amounted to DKK 85 million and consists of claims on specific contracts related to previous years.

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	H1 2013	H1 2012
Impairment losses derived from divestment of businesses	88	163
Goodwill impairment	**88**	**163**

Impairment losses derived from divestment of businesses

In 2013, impairment losses derived from divestment of businesses of DKK 88 million mainly related to the remeasurement of net assets of non-core activities in Western Europe, which were classified as held for sale at 30 June 2013 and the divestment of a minor activity in Austria. In 2012, the impairment loss of DKK 163 million related to remeasurement of net assets of the office support activities in France, which were subsequently sold.

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 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 30 June 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 one acquisition during 1 January - 30 June 2013 (one during 1 January - 30 June 2012). Adjustments relating to prior years' acquisitions had the following impact on the Group's consolidated financial statements at the reporting date:

DKK million	H1 2013		H1 2012	
	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	6	6	10	10
Changes in prepaid purchase price	(1)	(1)	-	17
Total payments regarding acquisition of businesses	**4**	**4**	**10**	**27**

Lloyd Outsourcing, S.L.

On 30 June 2013 the Group acquired 100% of the shares in the Spanish cleaning company Lloyd Outsourcing, S.L.. The acquisition added an expanded service offering of ISS Spain for cleaning activities within the hotel sector.

The total annual revenue of Lloyd Outsourcing, S.L. was estimated at DKK 8 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. The total number of employees taken over was approximately 35.

In accordance with usual Group procedures, opening balances are prepared during the first months following the acquisition. Hence, an opening balance is not yet available for the acquisition.

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made four divestments during 1 January - 30 June 2013 (two during 1 January - 30 June 2012). The total sales price amounted to DKK 1,917 million (DKK 108 million during 1 January - 30 June 2012). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 1,091 million (DKK 184 million during 1 January - 30 June 2012) based on expectations at the time of divestment.

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

DKK million	H1 2013	H1 2012
Goodwill	813	69
Customer contracts	202	4
Other non-current assets	106	6
Trade receivables	214	30
Other current assets	32	9
Provisions	(53)	(0)
Pensions, deferred tax liabilities and non-controlling interests	(59)	(1)
Non-current loans and borrowings	-	(26)
Other current liabilities	(110)	(27)
Total identifiable net assets	**1,146**	**64**
Gain/(loss) on divestment of businesses, net	586	37
Divestment costs	185	7
Consideration received	**1,917**	**108**
Cash and cash equivalents in divested businesses	4	(1)
Cash consideration received	**1,921**	**107**
Contingent and deferred consideration	(1)	(0)
Divestment costs paid	(70)	(35)
Net proceeds regarding divestment of businesses	**1,850**	**72**

Divestment costs include transaction costs and restructuring costs incurred as a consequence of the divestments. Restructuring costs mainly comprise termination of employees and contract termination costs related to leaseholds.

The four divestments completed by the Group before 30 June 2013 are 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
ISS Document A/S	Denmark	Support Services	May	100%	19	31
Pest Control	Global [2]	Property Services	June	100%	1,042	1,440
Hygiene and Experience	Belgium	Property Services	June	100%	5	6
Total					**1,091**	**1,488**

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

[2] Pest Control activities have been sold in: Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland.

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 - 30 June 2013 were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	H1 2013	H1 2012
Pro forma revenue		
Revenue recognised in the income statement	39,642	39,080
Acquisitions	-	-
Revenue adjusted for acquisitions	39,642	39,080
Divestments	(426)	(50)
Pro forma revenue	**39,216**	**39,030**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	1,883	1,904
Acquisitions	-	-
Operating profit before other items adjusted for acquisitions	1,883	1,904
Divestments	(83)	(6)
Pro forma operating profit before other items	**1,800**	**1,898**

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 30 June 2013

Divestments completed by the Group in the period from 1 July to 31 July 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 Security Services	Netherlands	Security	July	100%	291	804
Washroom Services	Austria	Cleaning	July	Activities	15	-
ISS Landscaping Services	USA	Property	August	Activities	52	137
Total					**358**	**941**

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	30 June 2013	30 June 2012
Cost at 1 January	28,225	29,366
Foreign exchange adjustments	(545)	353
Additions	(1)	-
Disposals through divestment of businesses	(105)	(69)
Reclassification to Assets classified as held for sale	(51)	(527)
Cost at 30 June	**27,523**	**29,123**
Amortisation and impairment losses at 1 January	(2,384)	(2,196)
Foreign exchange adjustments	4	-
Impairment losses	(88)	(163)
Disposals through divestment of businesses	19	-
Reclassification to Assets classified as held for sale	68	163
Amortisation and impairment losses at 30 June	**(2,381)**	**(2,196)**
Carrying amount at 30 June	**25,142**	**26,927**

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 30 June 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. Further one disposal group, the Pest Control activities in 12 countries, were divested in May 2013. Sales processes are still ongoing for the remaining five businesses and these activities continue to be classified as held for sale at 30 June 2013.

During the first six 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 30 June 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 68 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. 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 were split between two tranches of EUR 330 million and USD 350 million, respectively, which resulted in a new consortium of lenders consisting of both existing and new lenders.

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

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 resulted in unamortised financing fees of DKK 89 million relating to the previous tranches being expensed in the income statement in April 2013.

NOTE 10 LOANS AND BORROWINGS (CONTINUED)

The table below lists the carrying amounts, terms and maturities of the impacted facilities as per 31 December 2012 (pre refinancing) and 30 June 2013 (post refinancing). Except for the new tranches refinancing of the Second Lien Facility the transaction was carried out as non-cash.

	Pre refinancing				Post refinancing			
DKK million	Carrying amount 31 December 2012	Currency	Nominal interest rate	Maturity	Carrying amount 30 June 2013	Currency	Nominal interest rate	Maturity
Senior Facilities:								
Term Facility A	-	-	-	-	2,435	EUR	Libor + 3.50%	2018
Term Facility B	467	EUR, GBP	Libor + 2.00%	2013	211	EUR, GBP	Libor + 2.00%	2013
Term Facility B	12,110	EUR, GBP	Libor + 3.50%	2015	1,094	EUR, GBP	Libor + 3.50%	2015
Term Facility B	-	-	-	-	10,783	EUR, GBP	Libor + 4.00%	2018
Term Facility B	-	-	-	-	1,996	USD	Libor + 2.75%[1)]	2018
Acquisition Facility B	56	EUR	Libor + 2.25%	2013	26	EUR	Libor + 2.25%	2013
Acquisition Facility B	1,839	EUR	Libor + 3.75%	2015	1,830	EUR	Libor + 4.00%	2018
Revolving Credit Facility	1,815	Multi	Libor + 3.75%	2014	194	Multi	Libor + 3.75%	2014
Revolving Credit Facility	-	-	-	-	2,379	Multi	Libor + 4.00%	2017
Letter of Credit Facility	161	Multi	Libor + 3.75%	2014	2	Multi	Libor + 3.75%	2014
Letter of Credit Facility	-	-	-	-	23	Multi	Libor + 4.00%	2017
Second Lien Facility	599	EUR	Libor + 3.75%	2015	-	-	-	-
Second Lien Facility	3,867	EUR	Libor + 4.25%	2015	-	-	-	-
	20,914				**20,973**			

[1)] 1% Libor floor

Additionally, following the completed divestment of certain pest control activities on 3 June 2013, ISS initiated an excess proceeds offer and a conditional partial redemption of its EUR 581.5 million 8.875% Senior Subordinated Notes due 2016. On 5 July 2013, ISS advised that Noteholders of an aggregate principal amount of EUR 45.5 million had accepted the offer and an additional aggregate principal amount of EUR 186.5 million would be redeemed at a call price of 101.479. The excess proceeds offer and the partial redemption was settled on 8 July 2013 leaving an aggregate principal amount of EUR 349.5 million of Notes outstanding. As a consequence, a call premium of DKK 21 million and unamortised financing fees of DKK 16 million was expensed in June 2013.

Furthermore, in August 2013, the securitisation programme was extended with one year to September 2015 and the pricing on the programme was reduced by 25 bps on the interest margin.

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 30 June 2013, are shown below:

	30 June 2013	
DKK million	Fair value	Carrying amount
Financial assets		
Derivative financial instruments (currency swaps) - level 2	8	8
Securities (fair value option) - level 1	17	17
Financial liabilities		
Derivative financial instruments (currency swaps) - level 2	31	31
Derivative financial instruments designated as cash flow hedge - level 2	54	54

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 six months of 2013, there has been no transfers between levels.

NOTE 11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Methods, assumptions and techniques used to determine fair value

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 interest and currency 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 PENSIONS AND SIMILAR OBLIGATIONS

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

At 30 June 2013, management carried out an overall evaluation, which resulted in updated actuarial calculations being obtained for Switzerland due to significant increases in discount rates. As a consequence of the updated calculations, at 30 June 2013 actuarial gains of DKK 136 million (DKK 106 million net of tax) were recognised in Other comprehensive income with a resulting decrease in the defined benefit obligation.

NOTE 13 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, (ii) its bank accounts and (iii) certain intra-group receivables as security for the Group's senior facilities and on 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 30 June 2013, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	30 June 2013	30 June 2012
Goodwill	3.7	4.2
Customer contracts	0.6	0.8
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.4	0.4
Trade receivables	1.9	1.9
Other receivables	0.3	0.3
Bank accounts	2.2	0.7
Total	**10.7**	**9.9**

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.

NOTE 13 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES (CONTINUED)

Securitisation

Certain countries participate in the Group's securitisation programme where securitised trade receivables of the participating countries are provided as security for the securitisation debt. As at 30 June 2013, trade receivables of DKK 4,569 million (30 June 2012: DKK 4,789 million) have been placed as security for securitisation debt with a face value of DKK 2,767 million (30 June 2012: DKK 2,624 million). In addition hereto DKK 1,185 million (30 June 2012: DKK 1,298 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 394 million (30 June 2012: DKK 102 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 30 June 2013 amounted to DKK 736 million (30 June 2012: DKK 491 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 1,903 million (30 June 2012: DKK 1,756 million) of which DKK 1,467 million (30 June 2012: DKK 1,399 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 30 June 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 30 June 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 30 June 2013.

NOTE 14 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 30 June 2013	1,325	933	625	366	211	339	**3,799**
At 30 June 2012	1,393	968	660	424	254	367	**4,066**

During 1 January - 30 June 2013, DKK 989 million (DKK 1,064 million during 1 January - 30 June 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 which 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 15 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 six 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 six 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 in 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 30 June 2013, the investments amounted to DKK 196.4 million in total for 145 executives and officers.

Certain former and current 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 six 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 89 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Singapore, Brazil and China. Finally, ISS in Italy are subcontractor to local Goldman Sachs suppliers. The annual revenue from the local and subcontractor agreements is estimated to DKK 7 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 six months of 2013 the Group issued an additional loan of DKK 4.7 million and accrued interest income of DKK 3.3 million (2012: DKK 1.6 million) related to the loan. At 30 June 2013, the outstanding balance was DKK 79 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 six 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 six 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.

NOTE 16 SUBSEQUENT EVENTS

Subsequent to 30 June 2013, the Group has in July completed the sale of the security activities in the Netherlands, washroom activities in Austria as well as certain landscaping activities in the USA and in August completed the sale of the Nordic damage control activities.

As described in note 10, Loans and borrowings, the excess proceeds offer and the partial redemption of the Senior Subordinated Notes was completed on 8 July 2013.

Furthermore, in August 2013, the securitisation programme was extended with one year to September 2015.

Apart from the events described in these condensed consolidated financial statements, the Group is not aware of events subsequent to 30 June 2013, which are expected to have a material impact on the Group's financial position.

Capital Structure

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 July 2012 – 30 June 2013 occurred on 1 July 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 30 June 2013**
Adjusted EBITDA	5,214
Estimated Pro Forma Adjusted EBITDA of acquired and divested businesses	(208)
Pro Forma Adjusted EBITDA	**5,006**

Carrying amount of Net Debt

The following table sets forth ISS's Carrying amount of Net Debt as of 30 June 2013.

Net Debt as of 30 June 2013	**DKKm Carrying Value**	**Leverage (x Pro forma EBITDA)**	**% of Total**
Cash, cash equivalents and securities [1]	(4,802)	(0.96x)	(19%)
Senior Facilities	20,972	4.18x	84%
Securitisation	2,757	0.55x	11%
Derivatives	83	0.02x	0%
Other Senior indebtedness	579	0.12x	2%
Total Net Senior Debt	**19,589**	**3.91x**	**78%**
Medium Term Notes due 2014	794	0.16x	3%
Senior Subordinated Notes due 2016	4,334	0.87x	18%
Other indebtedness	298	0.06x	1%
Total Net Debt	**25,015**	**5.00x**	**100%**
Changes in working capital, 1 January - 30 June 2013	(1,264)		
Changes in working capital, 1 July 2012 - 30 June 2013	103		
Seasonality adjusted carrying amount of net debt	**23,854**	**4.76x**	

1) Includes a receivable from FS Invest of DKK 79 million and DKK 6 million regarding derivative assets.

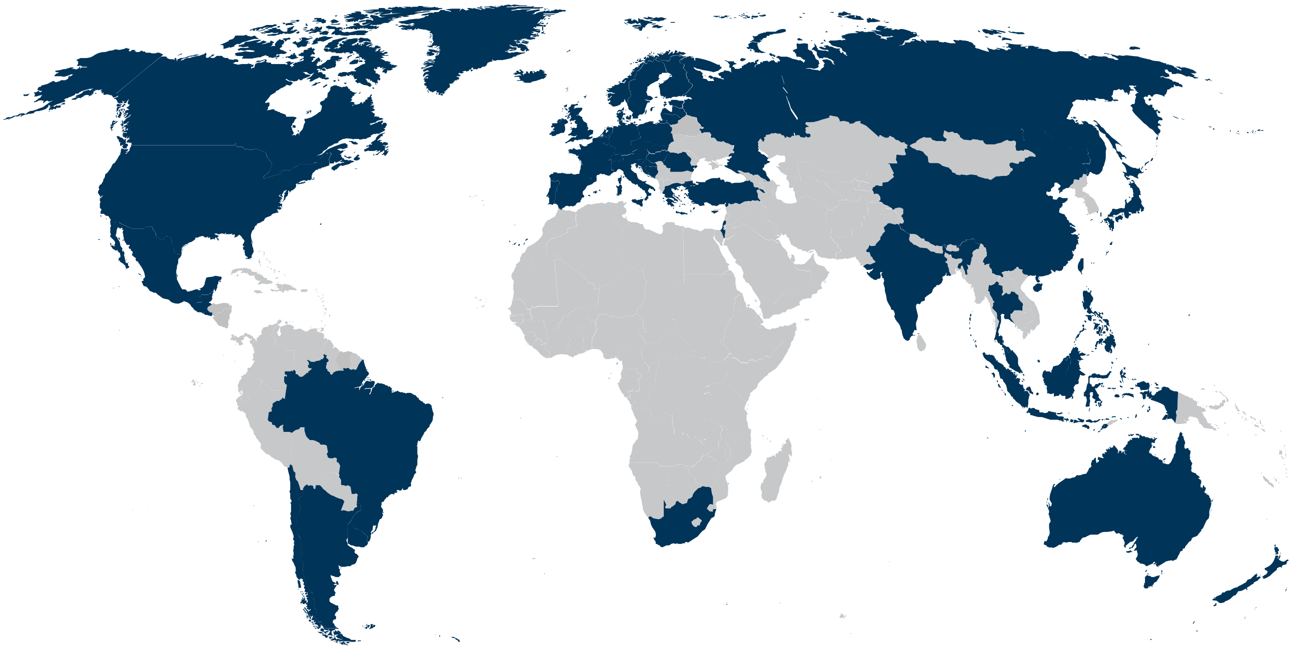
Summary of Credit Facilities

Summary of Credit Facilities DKK million	**Principal Value**	**Drawn**	**Currency**	**Coupon / margin**	**Maturity**
Bank loans:					
Senior Facilities:					
Term Facility A	2,447	2,447	EUR	+ 350bps	30 Apr 2018
Term Facility B	211	211	EUR, GBP	+ 200bps	31 Dec 2013
Term Facility B	1,099	1,099	EUR, GBP	+ 350bps	30 Apr 2015
Term Facility B	10,933	10,933	EUR, GBP	+ 400bps	30 Apr 2018
Term Facility B	1,996	1,996	USD	+ 275bps[1)]	30 Apr 2018
Acquisition Facility B	26	26	EUR	+ 225bps	31 Dec 2013
Acquisition Facility B	1,839	1,839	EUR	+ 400bps	30 Apr 2018
Revolving Credit Facility	332	194	Multi Currency	+ 375bps	31 Dec 2014
Revolving Credit Facility	4,072	2,379	Multi Currency	+ 400bps	31 Dec 2017
Letter of Credit Facility	46	2	Multi Currency	+ 375bps	31 Dec 2014
Letter of Credit Facility	442	23	Multi Currency	+ 400bps	31 Dec 2017
Securitisation[2)]	2,984	2,767	Multi Currency	+ 250bps	14 Sep 2015
	26,426	**23,916**			
Bonds:					
Senior Subordinated Notes due 2016	4,337	4,337	EUR	8.875%	15 May 2016
2014 Medium Term Notes	823	823	EUR	4.50%	8 Dec 2014
	5,161	**5,161**			
Total Credit Facilities	**31,587**	**29,077**			

[1)] 1% LIBOR floor

[2)] Effective in August 2013, the securitisation programme was extended to 14 September 2015, while also reducing the interest margin by 25 bps to 250 bps.

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 79.5 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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