ANNUAL REPORT 2008

KEY FIGURES

Amounts in DKK million (unless otherwise stated)	2008	2007	2006	2005 *
Revenue	68,829	63,922	55,772	31,741
Operating profit before other items	4,061	3,835	3,234	1,932
Operating margin before other items, %	5.9	6.0	5.8	6.1
EBITDA [1]	4,622	4,484	3,764	1,979
Adjusted EBITDA [1], [2]	4,930	4,680	3,979	2,383
Operating profit [3]	3,753	3,639	3,019	1,528
Net finance costs	(2,731)	(3,017)	(2,351)	(1,721)
Profit before goodwill impairment/amortisation of brands and customer contracts	494	376	226	(410)
Net profit/(loss) for the year [4]	(631)	(442)	(809)	(945)
Additions to property, plant and equipment, gross	964	938	907	576
Cash flow from operating activities	4,334	3,713	3,195	2,109
Investments in intangible assets, property, plant and equipment, net	(718)	(715)	(843)	(372)
Total assets	53,605	55,348	52,253	46,456
Goodwill	27,259	27,593	26,178	22,995
Carrying amount of net debt [1]	29,385	29,245	26,271	22,741
Total equity [4]	3,533	5,518	5,980	6,774
Financial ratios [1]				
Interest coverage	1.8	1.6	1.7	1.4
Cash conversion, %	103	99	102	145
Employees on full-time, %	69	68	66	61
Number of employees at 31 December	472,800	438,100	391,400	310,800
Growth				
Organic growth, %	5.3	6.0	5.5	-
Acquisitions, net, %	6	9	15	-
Total revenue, %	8	15	20	-
Currency adjustments, %	(3)	(0)	0	-
Other Financial Measures (unaudited) [5]				
Pro Forma Adjusted EBITDA	5,064	4,866	4,203	
Pro Forma Net Debt	29,978	29,981	27,714	
Pro Forma Net Debt / Pro Forma EBITDA	5.92x	6.16x	6.59x	

Note: Except for the key figures that can be directly derived from the consolidated financial statements on pages 51-110 of this report, the key figures and ratios above are not measures of financial performance under Danish GAAP or IFRS. The Group includes these financial measures because it believes that they are appropriate measures of the Group's financial performance. Other companies, including those in ISS's industry, may calculate similarly titled financial measures differently.

* ISS Holding A/S was founded on 11 March 2005, while the activities of ISS were acquired on 9 May 2005. Consequently, the 2005 figures do not represent full year figures and it is therefore not possible to conduct a proper comparison with the 2005 figures.

The applied accounting principles are described in note 1, Significant accounting policies in the consolidated financial statements.

[1] See page 131 for definitions.

[2] Adjusted EBITDA, as calculated by the Group, represents Operating profit before other items plus Depreciation and amortisation. By using Operating profit before other items for the calculation of adjusted EBITDA instead of Operating profit, the Group excludes from the calculation of adjusted EBITDA integration costs relating to acquisitions and those items recorded under Other income and expenses, net, in which the Group includes income and expenses that it believes do not form part of the Group's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, disposals of property, restructuring and certain acquisition related costs. Some of the items that the Group records under the line item Other income and expenses, net, are recurring and some are non-recurring in nature.

[3] Excluding Goodwill impairment and write-down and Amortisation of brands and customer contratcs.

[4] Including minority interests.

[5] The Pro Forma adjusted financial information is for informational purposes only. See page 132, Capital Structure, for further information on Other Financial Measures.

ISS AT A GLANCE

ISS IS ONE OF THE WORLD'S LARGEST COMMERCIAL PROVIDERS OF FACILITY SERVICES WITH SEVERAL HUNDRED THOUSAND BUSINESS-TO-BUSINESS CUSTOMERS ACROSS THE WORLD. THE COMPANY HAS OPERATIONS IN OVER 50 COUNTRIES IN EUROPE, ASIA, PACIFIC, LATIN AMERICA AND NORTH AMERICA.

ISS is among the world's largest private employers, the vast majority of its more than 472,000 employees are in the front-line delivery of services.

Through a network of local operations, ISS offers Facility Services on an international scale, leveraging knowledge and experience between countries to the benefit of its customers. It is ISS's ambition to develop partnerships with its customers, enabling them to focus attention and resources on their core business by outsourcing a broad range of support services to ISS.

Facility Services

ISS's core business is to manage and deliver Facility Services, covering a range of business support services within Cleaning, Office Support, Property Services, Catering, Security and Facility Management.

The services are delivered as Single Services, Multi Services or as an Integrated Facility Services (IFS) solution with on-site management through a single point of contact with the customer.

Organisation

ISS's head office is located in Copenhagen, Denmark. The business is managed through a regional and country-based organisation with corporate excellence centres. This structure enables the Group to customise its service offerings to meet local demands while at the same time offering cross-border solutions.

Ownership

ISS Equity A/S, a company indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners, is the owner and single shareholder of ISS Holding A/S.

Management

Decisions regarding ISS's strategy and financing are the responsibility of the Board of Directors and Executive Group Management. Jørgen Lindegaard is Group Chief Executive Officer.

History

The history of ISS starts more than a hundred years ago. The ISS Group was founded as a small Danish security company in 1901. Selected key milestones of the Group's history are listed opposite.

Vision

ISS has a strong position in the global Facility Services market. To maintain this position, ISS continues to focus on following the ISS vision:

> Lead
> Facility Services
> globally
> by leading
> Facility Services
> locally

ISS MILESTONES

1901 ISS was founded in Copenhagen, Denmark as a small security company with 20 night watchmen named Kjøbenhavn-Frederiksberg Nattevagt (Copenhagen-Frederiksberg Night Watch)

1934 ISS entered the cleaning business with the establishment of Det Danske Rengørings Selskab A/S (The Danish Cleaning Company) as an independent subsidiary of the security company

1946 The first geographical expansion outside Denmark: Swedish subsidiary established

1968 The company adopted the ISS name

1973 Overseas expansion started

1975 Group revenue reached DKK 1 billion

1977 ISS shares listed on the Copenhagen Stock Exchange

1989 The total number of employees in the Group reached 100,000

1997 Strategy aim2002 launched. This strategy focused on multi services – selling a number of services to the same customer

1999 ISS acquired Abilis, the second largest European provider of cleaning and specialised services, in a DKK 3.6 billion acquisition, the Group's largest ever. Abilis had about 50,000 employees and annual revenues of DKK 5.2 billion in 1998. The total number of employees in the Group reached 200,000

2000 A new five-year strategy, create2005, launched, introducing the Facility Services concept

2003 ISS's first major pan-European Integrated Facility Services contract signed

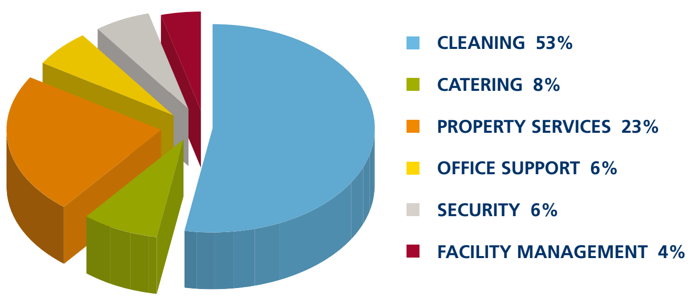
2005 A new strategy was introduced aiming at a continuous transformation of ISS towards an Integrated Facility Services company. ISS A/S was acquired by funds advised by EQT Partners and Goldman Sachs Capital Partners, and de-listed from the Copenhagen Stock Exchange. The total number of employees in the Group reached 300,000

2006 Group revenue passed DKK 50 billion. ISS made the second-largest acquisition in company history, when acquiring the outstanding 51% of the shares in Tempo Services Ltd. in Australia

2007 Group revenue passed DKK 60 billion. ISS entered the US market through the acquisition of Sanitors Inc. The total number of employees in the Group reached 400,000

2008 Introduction of ISS's strategy plan "The ISS Way", which focuses on further aligning the business model and strengthening knowledge-sharing abilities. ISS's largest ever international Integrated Facility Services contract was signed

REVENUE BY SERVICE 2008



ANNUAL REPORT 2008

ISS HOLDING A/S

Cover page: A World of Services
Our staff in action in Norway serving our customers. In Norway we have more than 13,000 employees and annual revenue of DKK 5.7 billion. ISS has been growing consistently over a long period of time and the future growth potential remains vast. ISS would be almost ten times larger if all the countries in the ISS Group had the same size, relative to the local economy, as ISS in Norway.


THE ISS WAY

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ISS delivers a full range of services and is one of the largest employers in Switzerland, with over 10,000 employees. Erwin Wenger is ISS District Manager in the Zürich region and is responsible for the BMW dealership in Dielsdorf, Zürich. At this BMW dealership Patricia Müller, the receptionist, is responsible for greeting the BMW customers and making them feel welcome.

ISS delivers an Integrated Facility Services solution to Fritz Hansen A/S. Louise Agger and her ISS colleagues provide: Cleaning, Catering, Property Services and Office Support to Fritz Hansen's production location and their headquarters in Denmark. Fritz Hansen A/S produces and sells exclusive modern Danish furniture designed and created by famous Danish architects.

LOUISE AGGER

LETTER TO OUR STAKEHOLDERS

The ISS Group achieved a number of milestones in 2008 that moved the company towards the Group's vision to "Lead Facility Services globally – by leading Facility Services locally", and continued the transition towards becoming a true global Integrated Facility Services provider.

ISS introduced "The ISS Way" strategy plan, which builds on previous strategy plans, but takes new steps towards improving the ISS value propositions towards customers, aligning the ISS business model and strengthening knowledge sharing across the Group. The ISS Way focuses on continuing to develop single-service excellence concepts and Integrated Facility Services capabilities, regional and global knowledge and best-practice sharing, as well as focusing on cross-border sales.

ISS continued to develop its service mix to broaden the Group's service offering by building up critical mass of services in selected countries, and expanding further both organically and through acquisitions, particularly in growth regions.

As a direct result of establishing a global Corporate Client organisation in 2007, ISS won its single largest contract in the company's history, with HP, a leading international technology solutions company. This international Integrated Facility Services contract covers more than 45 countries in Europe, the Middle East, Asia and Africa and is a significant milestone in ISS's pursuit of the Group's vision of being the leading global Facility Services provider.

Considering the turmoil in the financial markets and the severe economic challenges experienced in the global economy in the second half of 2008, ISS maintained a satisfactory performance. We sustained our key focus on cash flow and this resulted in a strong cash conversion of 103% and a reduction in debtor days of almost 2 days compared with 2007.

Total Group revenue reached just under DKK 69 billion, an increase of 11% from 2007 excluding foreign exchange adjustments that reduced revenue by 3%. ISS passed another new milestone in October 2008, when monthly revenue exceeded DKK 6 billion for the first time in the company's history. In line with broadening the Group's service offering, revenue from Catering and Security increased by 36% and 28%, respectively, in 2008. IFS solutions accounted for more than 16% of total Group revenue in 2008, illustrating our strategic development towards becoming the leading provider of Integrated Facility Services

ISS delivered an organic growth rate of 5.3% in 2008, fuelled by growth in all regions and almost all countries, with Asia and Latin America once again delivering double-digit organic growth rates.

ISS maintained its focus on operational efficiency and profitability while growth continued across the Group. This resulted in an operating margin before other items of 5.9% in 2008, achieved in more challenging market conditions than in previous years. Operating profit before other items amounted to DKK 4.1 billion, up by 6% compared with 2007. Net finance costs, income taxes and non-cash charges related to goodwill impairment and amortisation of customer contracts led to a net loss for the year of DKK 631 million. The net cash in-flow from operating activities increased by 16% to DKK 4.3 billion in 2008.

The Chairman of the Board of Directors Sir Francis Mackay, decided to step down from the Board in December 2008 and was succeeded by Ole Andersen. We wish to thank Sir Francis for his important contribution to ISS over the years and wish him the very best for the future.

ISS is one of the world's largest private employers and continued to grow in 2008, when almost 35,000 new employees joined the Group. By the end of the year, ISS had more than 472,000 employees in over 50 countries serving more than 200,000 business-to-business customers every day. On behalf of the management of ISS, we would like to welcome the many new employees who joined the company during 2008, and to express our gratitude to all our employees for their dedicated work. They are the primary reason for the successful performance of ISS.

Yours faithfully,

Ole Andersen
Chairman

Jørgen Lindegaard
Group Chief Executive Officer

LEUNG WAI YEE

CHEUNG KA LAM AND CHONG KAM FAI

COMPANY REPORT

BUSINESS HIGHLIGHTS OF THE YEAR

2008 was characterised by the continued focus on cash flow, profitability and growth. During 2008, ISS achieved a number of milestones that moved the company towards the Group's vision to "Lead Facility Services globally – by leading Facility Services locally."

In 2008, ISS introduced "The ISS Way" strategy plan, which continued to focus on the needs of the customers and to drive Integrated Facility Services (IFS) solutions and efficiencies. Furthermore, the strategy takes new steps towards aligning the ISS business model and strengthening knowledge sharing across the Group. The ISS Way focuses on continuing the development of single-service excellence concepts and Integrated Facility Services capabilities, regional and global knowledge and best-practice sharing, as well as increased focus on cross-border sales.

In 2008, total Group revenue amounted to DKK 68.8 billion, an increase of 8% from 2007. ISS passed another new milestone in October 2008, when monthly revenue surpassed DKK 6 billion for the first time in the company's history.

During the year, ISS continued to develop its service mix to broaden the Group's service offerings, by building up critical mass of services in selected countries, and expanding further both organically and through acquisitions, particu-

PERFORMANCE HIGHLIGHTS

- Revenue growth in the continuing business was 13% at constant exchange rates. Adverse foreign exchange adjustments and divestments reduced the growth to 8%
- Operating margin before other items was 5.9% in 2008
- Cash conversion increased from 99% in 2007 to 103% in 2008
- Cash flow from operations increased from DKK 3.7 billion in 2007 to DKK 4.3 billion in 2008
- Financial deleveraging continued with decrease from 6.16x pro forma EBITDA in 2007 to 5.92x pro forma EBITDA in 2008

CyberPort in Hong Kong helps commercialise creative ideas and incubate start-ups. ISS has been its sole supplier of Integrated Facility Services since 2002. 179 ISS employees deliver Cleaning, Property Service, Office Support and Security to more than 4,500 people in CyberPort every day. The total area consists of more than 600,000 m^2, covering four CyberPort buildings, a shopping arcade, two parking areas and a waterfront public park.

larly in growth regions. The transition towards becoming a true global Integrated Facility Services provider continued. Integrated Facility Services sales accounted for 16% of total Group revenue in 2008.

In order to strengthen our service offerings and pursue opportunities in countries with high growth potential, ISS acquired more businesses. By the end of the year, ISS had completed a total of 66 acquisitions with total annual revenue estimated at approximately DKK 3.9 billion.

In line with strategy, ISS focused on acquisitions within Catering and Security services, which accounted for 25% and 22% of total acquired revenue, respectively. ISS continued investing in Cleaning services through acquisitions, which accounted for 26 % of the total acquired revenue.

Considering the turmoil in the financial markets and the severe economic challenges experienced by the global economy in the second half of 2008, ISS maintained a satisfactory performance.

The organic growth for the year was 5.3%, slightly lower than in 2007. All regions and almost all countries added to the organic growth with Asia and Latin America once again achieving double-digit organic growth rates.

Throughout the year, ISS remained focused on operational efficiency. Operating profit before other items amounted to DKK 4.1 billion, up by 6% compared with 2007. ISS maintained a solid operating margin before other items of 5.9% in 2008.

ISS generated positive cash flow and increased the net inflow from operating activities from DKK 3.7 billion in 2007 to DKK 4.3 billion, due to a combination of an improved operational result and a strong cash conversion.

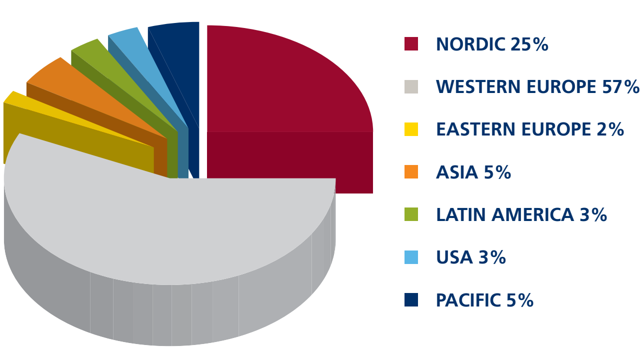
In 2007, ISS implemented a global Corporate Client organisation in order to win IFS contracts with large multinational or global clients. As a direct result, in March 2008, ISS entered into an international Integrated Facility Services contract with HP, a leading international technology solutions company. This contract covers more than 45 countries in Europe, the Middle East, Asia and Africa and is the largest contract in ISS history as well as a significant milestone in ISS's pursuit of the corporate vision of being the leading global Facility Services provider.

At the end of the year, ISS had more than 472,000 employees worldwide. Hence since year-end 2007, a net increase of roughly 35,000 employees joined the company as a result of either organic growth or through acquisitions.

REGIONAL DEVELOPMENT

The "ISS world" consists of seven regions: Nordic, Western Europe, Eastern Europe, Asia, Latin America, the USA and Pacific. The key principle for grouping countries is that countries share market conditions and culture to the largest possible extent. The grouping also reflects the differences between mature regions and growth regions.

2008 REVENUE BY REGIONS



In the fourth quarter of 2008 and the beginning of 2009, those countries in Europe most exposed to the industry segments experienced a slow down, including France, Belgium, Spain and a number of Eastern European countries.

Nordic

The Nordic region comprises Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden.

The Nordic market is one of the more mature markets in the ISS Group, and ISS is the leader within the facility services market throughout the region.

The strategy for the Nordic region continues to focus on mainly organic growth and on developing Single Services and Integrated Facility Services concurrently. A cornerstone for continuous success in the Nordic markets is to provide the best service within each of the single-service markets. Consequently, in 2008, great efforts were made to further develop not only Integrated Facility Services, but also each of the Single Services.

In 2008, revenue in the Nordic region increased by 4% from DKK 16,488 million in 2007 to DKK 17,071 million. The increase was driven by positive organic growth of 5% throughout the region. The main contributors were Norway, Sweden and Finland. Growth from acquisitions contributed 1% growth while currency adjustments decreased revenue by approximately 2% for the region.

Operating profit before other items in the Nordic region amounted to DKK 1,189 million compared with DKK 1,162 million in 2007. The operating margin in the region was 7.0% in 2008, in line with the margin realised in 2007. This was due to an operating margin increase in Denmark, offset by slight margin decreases in the other countries. In Norway, the 2008 performance was negatively impacted by below average margin projects in the building maintenance activities and was positively impacted by a recognised curtailment gain of DKK 30 million related to defined benefit pension plans. The operating margin in 2007 was impacted by curtailment gains on defined benefit schemes of DKK 32 million and DKK 13 million in Sweden and Norway, respectively.

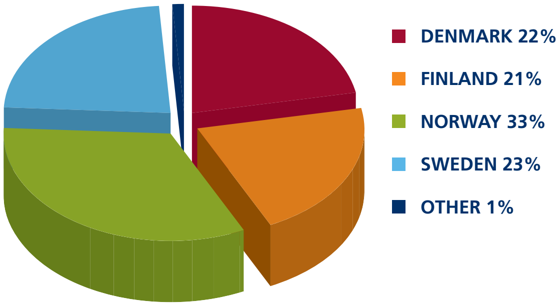
Western Europe

The Western European region comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.

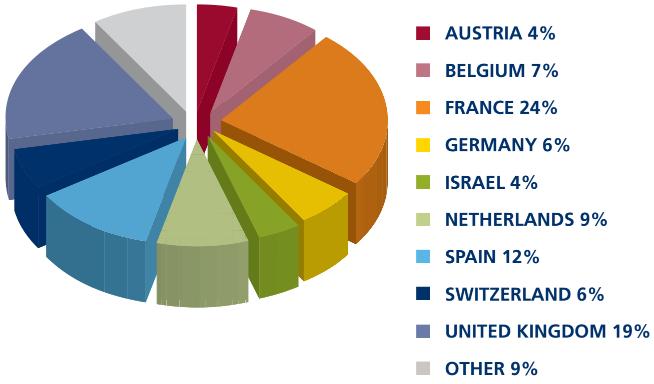
The Western European market is a generally mature market characterised by a high level of single-service outsourcing. The market is becoming increasingly professional and is gradually moving towards Multi Services and Integrated Facility Services driven by customers constantly searching for efficiency and cost reductions while focusing on their own core businesses.

In 2008, revenue in the Western European region increased by 4% from DKK 37,709 million in 2007 to DKK 39,337 million. Organic growth was 4% and growth from acquisitions was 6%, while divestments and currency adjustments

2008 REVENUE NORDIC



2008 REVENUE WESTERN EUROPE



each reduced revenue for the region by approximately 3%. With the exception of the Netherlands and France, organic growth was positive in all countries in the region with Greece, Turkey and Israel delivering double-digit organic growth rates. In France, the largest ISS country, revenue decreased as a result of the divestment of the non-core energy activities, which generated revenue of DKK 909 million in 2007. Adjusted for this effect, revenue in France increased by 1% in 2008.

Operating profit before other items in Western Europe amounted to DKK 2,356 million in 2008, the same as in 2007. The operating margin of 6.0% was 0.2 percentage points lower compared with 2007, which was due to the Netherlands, where operational challenges, mainly in three business units, resulted in losses and a margin reduction from 6.0% in 2007 to 2.9% in 2008. Turnaround plans are being implemented, including changes in management teams, organisational set ups and business processes. The margin is positively impacted by one-off income, net of DKK 45 million related mainly to settlement of a dispute on social charge contributions for prior years. Furthermore, Germany, Switzerland and France realised slightly lower margins than in 2007. The margin decreases were partly offset by margin increases in Ireland and Turkey. In Ireland the increase was due to the successful restructuring of the business activities following the divestment of the landscaping division in August 2007.

Eastern Europe

The Eastern European region comprises Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.

The Eastern European region remained a growth region for ISS in 2008. While continuing to increase critical mass in all countries within Cleaning as the core business platform, the service transformations continued in 2008, within Property Services and Catering in particular, as a result of competence-enhancing acquisitions in 2007 and 2008.

In line with the focus on growth regions, revenue in Eastern Europe increased by 36% from DKK 1,226 million in 2007 to DKK 1,663 million in 2008. The increase was driven by acquisition growth of 19% and organic growth of 9%. The organic growth was positive in all countries in the region with the exception of Slovakia. Currency adjustments increased revenue by 8% compared with 2007.

The operating profit before other items in Eastern Europe increased by 35% to DKK 124 million in 2008. The operating margin was 7.4% in 2008, the same as in 2007. In addition to the significant 2008 revenue growth in the region all countries, apart from Slovenia, Slovakia and Croatia, increased their operating margin in 2008 compared with 2007.

Asia

The Asian region comprises Brunei, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.

The service transformation from predominantly Cleaning to the current service split with which Cleaning only accounts for 51% of revenue is well under way in the region. The key transformational moves have been a number of acquisitions within Office Support, Property Services and Catering, in particular. The latest of these acquisitions is Golden Mind Services in Thailand, a manpower company that added approximately DKK 204 million annual revenue and 9,000 employees to ISS in Thailand.

Revenue in Asia increased by 31% from DKK 2,409 million in 2007 to DKK 3,147 million in 2008. The increase was driven by 20% organic growth and 18% growth from acquisitions, partly offset by a 7% decrease from adverse currency adjustments. The organic growth was driven mainly by India and Indonesia, and organic growth rates were double-digit in all countries in the region except Brunei and Taiwan.

The operating profit before other items in Asia increased by 33% to DKK 210 million in 2008 compared with DKK 158 million in 2007. The operating margin increased to 6.7% compared with 6.6% in 2007. This was due primarily to operating margin increases in Malaysia, India, Taiwan and Singapore, partly offset by margin decreases in the Philippines and Thailand.

Latin America

The Latin American region comprises Argentina, Brazil, Chile, Mexico and Uruguay.

The current regional geographical footprint places ISS in a unique position to exploit the growth potential that categorises Latin America as one of the world's emerging markets. ISS continued to refine its single-service and multi-service delivery model in 2008. Furthermore, as the IFS market in Latin America has a rather low maturity level, ISS has continued to focus on consolidating and expanding the service mix and capabilities to drive the request for service delivery through IFS. During 2008, ISS acquired strategically important catering companies in Mexico and Uruguay, which have significantly strengthened our catering offering in the region. ISS also entered the security market in Chile through an acquisition.

Revenue in Latin America increased by 27% from DKK 1,484 million in 2007 to DKK 1,890 million in 2008. Organic growth was 17% and all countries delivered double-digit growth rates. Growth from acquisitions was 14%, and currency adjustments reduced the revenue for the region by approximately 4%.

The operating profit before other items in Latin America increased by 27% to DKK 109 million in 2008. The operating margin was 5.8%, the same as in 2007. All countries in the region except Brazil increased their operating margin in 2008.

USA

ISS entered the USA in June 2007 through the acquisition of the cleaning company Sanitors, Inc. In April 2008, ISS further strengthened its presence in the USA through the acquisition of BGM Industries, adding DKK 510 million in estimated annual revenue. BGM Industries is primarily a cleaning company with a strong position in the Midwest and a special expertise in airport cleaning. More than 70% of US revenue originates from cleaning, which makes ISS the eighth-largest provider in the US cleaning market.

Outsourcing of Facility Services and Facility Management are already well accepted by US corporations – however only a few providers offer IFS. This represents a significant opportunity for ISS and we will focus on building IFS capabilities suitable for the US market.

Revenue in the USA amounted to DKK 2,131 million in 2008, with organic growth contributing 6%.

The operating profit before other items in the USA amounted to DKK 128 million in 2008 compared with DKK 62 million in 2007, which included only seven months of operations. The operating margin in 2008 was 6.0% compared with 5.6% in 2007.

Pacific

The Pacific region comprises Australia, which ISS entered in 2002 and New Zealand, which ISS entered in 2005. ISS Australia delivers more than 90% of the revenue in the region.

2008 was a year of consolidation with focus on integration and margins in the Pacific region. Furthermore, ISS New Zealand consolidated its position within the security market through the acquisition of the manned guarding and mobile patrolling activities from Chubb, an international security provider in New Zealand, in December.

Revenue in the Pacific region increased by 3% from DKK 3,519 million in 2007 to DKK 3,614 million in 2008. The growth was driven primarily by organic growth of 4% stemming from positive organic growth in both Australia and New Zealand. Acquisitions increased revenue by 5%, while currency adjustments reduced revenue by approximately 6%.

The operating profit before other items in the Pacific region amounted to DKK 230 million in 2008 compared with DKK 225 million in 2007. The operating margin in the region amounted to 6.4% in 2008, the same as in 2007. This was negatively impacted by a decrease in income related to workers compensation incentives received from the Australian government, which decreased from DKK 34 million in 2007 to DKK 20 million in 2008.

BUSINESS DEVELOPMENT IN 2008

In line with The ISS Way strategy, we continue to strengthen the services we offer to the clients. During 2008, country operations continued their ongoing effort to improve single-service offerings and the way in which services are delivered while continuing to develop their Integrated Facility Services capabilities.

SERVICES

Cleaning

ISS's Cleaning offering encompasses a range of services within daily office cleaning, hospital cleaning, food hygiene, industrial cleaning, cleaning in transport systems, dust control, washroom services and specialised cleaning e.g. of windows, communication equipment etc.

In 2008, Cleaning remained ISS's largest business area, representing 53% of total Group revenue, or DKK 36.5 billion compared with 54% in 2007. Measured by revenue, Cleaning grew by 5% from 2007. During 2008, ISS acquired 14 companies specialised completely or primarily in cleaning in 13 different countries. In total, these acquisitions added approximately DKK 1.0 billion to the Group's annual revenue.

Property Services

ISS's Property Services offering encompasses building maintenance, landscaping, pest control and damage control.

In 2008, revenue in Property Services amounted to DKK 15.4 billion representing 22% of total Group revenue compared with 24% in 2007. Revenue was reduced in 2008 following the divestment of the energy activities in France, which generated revenue of DKK 0.9 billion in 2007, as this specialised technical service did not match the strategic fit with the remaining property services offering in France.

During the year, ISS expanded its offering of property services to new geographies and increased density in other markets where the services were already available. The offering of building maintenance and technical services was strengthened through acquisitions in several countries, including acquisitions in Singapore and Hong Kong. The position in landscaping was further consolidated through acquisitions in France and Spain. Finally, several smaller acquisitions of pest control activities were completed throughout the Group in 2008.

Office Support

ISS's Office Support offering encompasses the operation of receptions, internal mail handling, scanning and other office logistics, call centres, manpower supply, and out-placement services.

In 2008, Office Support accounted for approximately 6% of total Group revenue, the same as in 2007. In absolute figures, revenue in Office Support increased from DKK 3.9 billion in 2007 to DKK 4.1 billion in 2008. ISS's service offering within Office Support was strengthened through nine acquisitions spanning several countries mainly within the manpower and temporary staffing activities, which alone added approximately DKK 0.5 billion in annual revenue.

Catering

ISS's Catering offering includes in-house restaurants, catering services e.g. for meetings and events, executive dining and coffee solutions.

Catering accounted for about 8% of total Group revenue in 2008, or DKK 5.7 billion, up by DKK 1.5 billion compared with last year. ISS made strategically important catering acquisitions in several countries, the most significant being Sardunya in Turkey, Topic Catering in Australia, Gastronomia Mediterranea in Spain and Servicoin in Mexico. All in all, the 11 acquisitions of catering companies completed in 2008 added approximately DKK 1.0 billion in annual revenue.

Security

ISS's Security offering includes primarily manned guarding, access control and patrolling.

Annual revenue amounted to DKK 4.3 billion, equivalent to 6% of total revenue in 2008, one percentage point up from 2007. During 2008, ISS's offering of Security was significantly expanded through eight acquisitions of security companies and capabilities in Chile, Finland, Greece, Hong Kong, Israel, New Zealand, Norway, and the United Kingdom, which added approximately DKK 0.9 billion in annual revenue.

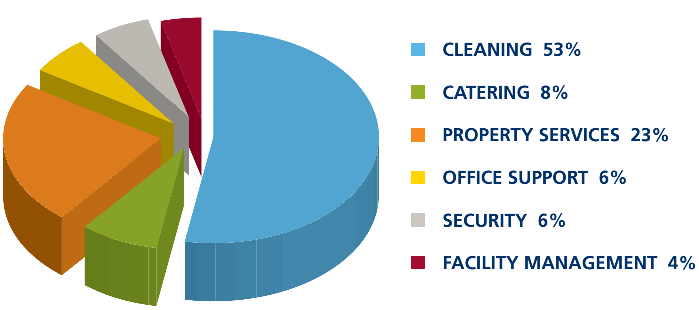
Facility Management (FM)

ISS's offering within Facility Management includes on-site management of facility services, change management, space management and consulting.

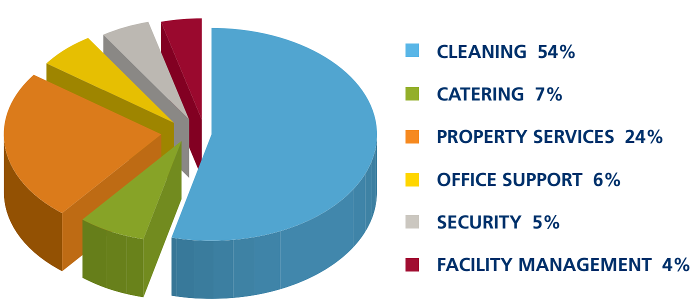
In 2008, Facility Management generated revenue of DKK 2.7 billion, equivalent to 4% of total revenue, the same relative share as the year before but equal to growth of almost DKK 0.2 billion in revenue.

DEVELOPMENT IN REVENUE BY SERVICE

2008



2007



ACQUISITIONS

During 2008, ISS completed 66 acquisitions spanning 28 countries. Twelve of these acquisitions had annualised revenue of more than DKK 100 million, see table below. With the acquisitions, ISS gained annualised revenue of approximately DKK 3.9 billion and almost 40,000 employees.

In 2008, ISS completed the following strategic acquisitions:

Adams Secuforce – Hong Kong

In January, ISS acquired Adams Secuforce in Hong Kong. Adams Secuforce has more than 13 years of experience with security and guarding in both the private and public sectors, and more than 1,600 employees.

Security is a vital component of ISS's Integrated Facility Services strategy in Asia, and the investment in Adams Secuforce adds further depth to ISS's Hong Kong operations. This acquisition firmly establishes ISS as the leading provider of fully integrated property and facility services in Hong Kong and Greater China. The acquisition added approximately DKK 111 million in annual revenue.

Kfir – Israel

In March, ISS acquired Kfir, the fourth largest provider of facility services in Israel. Kfir's position has been achieved primarily through a very good reputation for delivering professional high-quality services resulting in long-term relationships with key customers. Kfir, which is based in Haifa in the northern part of Israel, had approximately 4,500 employees and is a nationwide provider of cleaning services, manned guarding and manpower services for a wide range of public and B2B customers.

Kfir was acquired to expand the range of services offered by ISS Israel through entering the security segment and gaining immediate critical mass. In addition, Kfir adds further critical mass within cleaning and manpower services. The acquisition added approximately DKK 268 million in annual revenue.

ACQUISITIONS IN 2008

Company	Country	Service type	Annual revenue in DKK million [1]
BGM Industries	USA	Security, Cleaning	510
Sardunya	Turkey	Catering	298
Kfir	Israel	Security, Office Support	268
Aspis	Greece	Security	216
Golden Mind	Thailand	Office Support	204
Topic Catering	Australia	Catering	184
Grupo Limpul	Spain	Cleaning	159
Strata	United Kingdom	Security	152
Chubb	New Zealand	Security	132
Adams Secuforce	Hong Kong	Security	111
Loghis Logistica	Brazil	Office Support	108
Gastronomia Mediterranea	Spain	Catering	100
12 acquisitions with more than DKK 100 million in revenue			**2,442**
54 acquisitions with less than DKK 100 million in revenue			**1,445**
Total			**3,887**

[1] Unaudited approximate figures based on information available at the time of acquisition.

Aspis – Greece

In April, ISS acquired Aspis Security S.A., the third-largest security provider in Greece. Aspis Security has 17 years of experience within security and manned guarding in both the private and public sectors and a workforce in excess of 1,400 employees.

This acquisition significantly increases ISS Greece's size and nation-wide presence. Furthermore, the acquisition provides ISS Greece with a solid platform in the security services market while serving as a major step in the strategic transformation of ISS Greece into a leading nation-wide facility services provider. The acquisition added approximately DKK 216 million in annual revenue.

BGM – USA

In April, ISS acquired BGM Industries in the USA, a Midwest facility services provider. BGM has over 30 years of experience in the USA in property services and security, but has expanded its service offering over recent years, and cleaning services is now the company's largest business area.

ISS gained an important presence in the US market when acquiring Sanitors Inc. in 2007 as part of the strategy to be a global leader in facility services. The acquisition of BGM is consistent with ISS's strategic goal of expanding its presence and geographical coverage and strengthening ISS's service offering and market position in the USA. The acquisition added approximately DKK 510 million in annual revenue and 3,800 employees.

Topic Catering – Australia

In June, ISS expanded its business in the Australian market through the acquisition of Topic Catering, a large catering company established in 1988 and centred in Pilbara, a large region dominated by the natural resources industry. Topic's customers are predominantly large mining companies. Furthermore, the acquisition through reference customers provides an opportunity to organically expand catering and camp management services into remote areas of Australia.

The acquisition of Topic is a logical step towards ISS Australia offering fully Integrated Facility Services to the remote natural resources sector. The acquisition added approximately DKK 184 million in annual revenue and approximately 200 employees.

Sardunya – Turkey

In June, ISS acquired Sardunya, the third-largest provider of catering in Turkey. The well respected catering company provides catering services throughout Turkey and is headquartered in Istanbul where more than half of the revenue is generated. Sardunya was established in 1989 and has grown organically to its size at time of acquisition with 94 kitchens and approximately 1,500 employees. The customer portfolio consists of primarily B2B customers, private hospitals and private schools.

The acquisition of Sardunya added catering to ISS Turkey's facility services platform and enables ISS to offer catering in combination with other services in addition to pursuing the potential within the catering market itself in Turkey. The acquisition added approximately DKK 298 million in annual revenue.

Golden Mind – Thailand

In September, ISS expanded its operations in Thailand into the growing office support business segment through the acquisition of Golden Mind Services Ltd., the largest office support and manpower provider in Thailand with about 9,000 employees.

The acquisition established the Office Support pillar within ISS Thailand and added immediate critical mass. In addition, ISS Thailand became a fully fledged provider of facility services and significantly expanded its revenue, customer base and workforce. The acquisition added approximately DKK 204 million in annual revenue.

Chubb – New Zealand

In December, ISS acquired the manned guarding and mobile patrolling activities from the international security provider Chubb in New Zealand. Together with the existing security business, the acquired activities will provide ISS New Zealand with nationwide coverage within the security segment.

Furthermore, the acquisition of Chubb has transformed ISS New Zealand into a national multi-service provider and has thereby significantly increased ISS's size and presence in New Zealand. The acquisition added approximately DKK 132 million in annual revenue and approximately 600 employees.

MANAGEMENT CHANGES

As announced in December 2007, Jeff Gravenhorst was appointed Group Chief Operating Officer (COO) with effect from 1 April 2008. He continued to act as Group Chief Financial Officer (CFO) until his successor, Jakob Stausholm, was appointed on 1 September 2008.

On 20 June 2008 John Murray Allan joined as new member of the Board of Directors of ISS.

On 15 December Ole Andersen was appointed Chairman of the Board of Directors of ISS, replacing Sir Francis Mackay who stepped down from the Board.

SUBSEQUENT EVENTS

ISS has made a number of acquisitions subsequent to 31 December 2008. All acquisitions concluded between 1 January 2009 and 28 February 2009 are listed in note 11, Acquisition and divestment of businesses, to the consolidated financial statements.

With the exception of the above and the events described in this Annual Report, ISS is not aware of events subsequent to 31 December 2008 that are expected to have a material impact on ISS's financial position.

OUTLOOK

The outlook set out below should be read in conjunction with "Forward-looking statements" (see below) and the description of Risk management on pages 38-40 of this report.

In 2009, ISS will continue its strategic course towards offering Integrated Facility Services, strengthening single-service excellence and maintaining its focus on key operational objectives (i) cash flow; (ii) operating margin; and (iii) profitable organic growth. In 2009, ISS will continue rolling out the initiatives included in its strategy plan – The ISS Way, which focuses on further aligning the business model and strengthening knowledge-sharing abilities. The initiatives include the continued development of single-service excellence concepts and Integrated Facility Services capabilities, regional and global knowledge and best-practice sharing, as well as increased focus on cross-border sales by strengthening the global Corporate Client organisation.

During the second half of 2008 the financial markets deteriorated but ISS has committed long-term financing in place with only a part to be refinanced in the second half of 2010. ISS is exploring a range of different refinancing options in order to be well prepared for the upcoming refinancing of the EUR 850 million Medium Term Notes (EMTNs) due to mature in September 2010. ISS also has acquisition facilities available to continue to acquire companies in line with ISS's strategy until May 2009.

ISS's business should be fairly resilient to the current slow down in the global economies and ISS's business model is well positioned to benefit from attractive sales opportunities, as ISS's value proposition can help clients become more efficient through outsourcing. Consequently, at the prevailing currency rates and including acquisitions and divestments completed up to 28 February 2009, ISS expects revenue to continue to grow organically, although at lower levels than in 2008, supplemented by selective acquisitions within more tight constraints both in terms of strategic and financial criteria. The operating margin is expected to be around the current level in 2009.

ISS is determined to continue reducing the Group's financial leverage on a multiple basis.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. 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, that 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 this report 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.

PUNCER TANRIÖVER


SERKAN ÖZDEMIR


MEHNET GELIK


ISMAIL SANCAK

Areva is one of three global players in the transmission and distribution of energy. Areva has an Integrated Facility Services contract with ISS, and 172 ISS employees work at Areva's facilities in Istanbul, Turkey every day. Areva has 1,600 employees at this site, where ISS provides: Cleaning, Catering, Security, Office Support and Property Services 24 hours a day, 7 days a week. Puncer Tanriöver is the ISS Facility Manager at Areva.

COUNTRY OVERVIEW

	2008					2007				
	DKK million					DKK million				
Country	Total revenue	Operating profit before other items	Operating margin %	Organic growth %	Number of employees at year-end	Total revenue	Operating profit before other items	Operating margin %	Organic growth %	Number of employees at year-end
France	9,336	569	6.1	(0)	41,284	10,144	632	6.2	3	42,388
United Kingdom	7,565	511	6.8	9	42,848	7,814	526	6.7	9	42,227
Norway	5,683	394	6.9	7	13,114	5,324	381	7.2	6	13,755
Spain	4,603	287	6.2	6	28,855	3,775	242	6.4	8	27,371
Sweden	3,920	257	6.6	6	10,276	3,861	266	6.9	5	10,417
Denmark	3,702	232	6.3	0	11,073	3,713	205	5.5	0	10,994
Netherlands	3,540	103	2.9	(3)	20,175	3,654	220	6.0	2	20,941
Finland	3,517	285	8.1	4	11,842	3,317	292	8.8	5	12,243
Australia	3,381	220	6.5	4	13,763	3,307	212	6.4	6	13,194
Belgium and Luxembourg	3,094	220	7.1	3	11,192	2,888	204	7.1	7	10,661
Switzerland	2,463	192	7.8	8	10,639	2,228	186	8.4	6	9,415
Germany	2,406	84	3.5	8	11,968	2,235	91	4.1	4	12,534
USA	2,131	128	6.0	6	14,696	1,100	62	5.6	-	10,524
Austria	1,662	94	5.7	0	7,254	1,737	100	5.8	3	8,313
Israel	1,454	73	5.0	11	11,723	900	58	6.5	8	8,133
Turkey	1,221	94	7.7	20	17,799	816	55	6.8	26	14,027
Hong Kong	968	73	7.5	15	12,897	761	58	7.7	11	9,451
Brazil	967	52	5.4	12	16,235	808	50	6.2	10	14,788
Greece	712	50	7.0	22	4,942	329	23	7.1	14	3,124
Singapore	702	47	6.7	19	6,503	515	31	6.1	11	5,688
Portugal	549	40	7.3	5	8,425	499	37	7.3	11	7,216
Czech Republic	484	40	8.3	3	6,211	380	31	8.3	2	6,835
Ireland	471	25	5.2	4	2,649	486	(31)	(6.5)	(5)	2,650
Mexico	393	23	5.9	12	12,552	292	13	4.4	10	11,455
Thailand	363	25	7.0	11	23,431	279	21	7.4	20	13,148
Indonesia	336	33	9.8	38	35,293	268	27	10.0	43	32,609
Slovakia	320	23	7.2	(0)	5,082	271	23	8.5	28	5,425
Chile	267	19	7.1	29	8,403	191	13	6.6	16	6,394
Italy	262	17	6.4	6	1,046	206	20	9.9	(1)	930
New Zealand	234	10	4.3	10	3,063	213	14	6.4	9	1,946
Argentina	217	12	5.4	32	3,549	171	9	5.0	49	3,913
China	211	12	5.6	24	10,526	159	10	6.4	58	12,092
India	194	10	5.2	74	12,634	98	3	2.6	94	10,730
Poland	186	9	4.9	17	2,529	85	3	3.3	(3)	1,784
Taiwan	181	16	9.0	5	2,041	180	12	6.5	-	1,845
Slovenia	164	9	5.5	13	1,269	136	8	6.2	24	1,302
Hungary	141	8	5.4	24	1,882	51	2	4.3	28	548
Estonia	137	8	6.1	9	1,793	123	6	4.6	10	1,800
Romania	137	24	17.4	23	2,734	107	18	17.2	48	2,307
Iceland	134	10	7.6	14	739	173	13	7.7	15	835
Greenland	106	8	7.1	16	306	91	6	7.0	9	267
Philippines	96	3	3.5	15	2,564	40	3	8.4	43	2,286
Malaysia	73	5	7.4	9	2,246	71	3	3.7	3	2,374
Russia	64	3	4.0	36	663	49	(2)	(3.1)	58	676
Uruguay	46	3	7.4	61	1,277	22	2	7.3	109	878
Croatia	30	(0)	(0.7)	21	419	24	0	0.1	14	361
Brunei	17	3	15.3	7	293	17	2	11.9	2	254
Faroe Islands	9	0	1.0	15	0	9	(0)	(2.1)	(3)	34
Japan	6	(0)	(1.4)	-	2	-	-	-	-	-
Sri Lanka	-	-	-	-	-	20	1	2.9	9	4,898
Regional cost, not allocated to countries / eliminations	(2)	(17)	0.0			(2)	(21)	0.0		
Total regions	**68,853**	**4,346**	**6.3**	**5**	**472,699**	**63,935**	**4,140**	**6.5**	**6**	**437,980**
Corporate functions / eliminations	(24)	(285)	(0.4)	-	102	(13)	(305)	(0.5)	-	102
Total	**68,829**	**4,061**	**5.9**	**5**	**472,801**	**63,922**	**3,835**	**6.0**	**6**	**438,082**

FINANCIAL REVIEW

INCOME STATEMENT

Revenue

Revenue amounted to DKK 68,829 million representing revenue growth of 11%, excluding foreign exchange adjustments, compared with 2007. Revenue growth was driven by 5% organic growth and 8% growth from acquisitions. This was partly offset by divestments of 2% and adverse currency exchange-rate movements of 3%. The organic growth was, as expected, driven by double-digit growth rates in the growth economies of Asia and Latin America. Stable organic growth was experienced in all other regions.

Staff costs

Staff costs increased by DKK 3,158 million, or 8%, from DKK 40,998 million in 2007 to DKK 44,156 million in 2008. This increase was due primarily to an increase in the overall number of employees as a result of acquisitions and organic growth. Staff costs as a percentage of revenue increased from 64.1% in 2007 to 64.2% in 2008.

Cost of sales

Cost of sales increased by DKK 520 million, or 9%, from DKK 5,614 million in 2007 to DKK 6,134 million in 2008. This increase was due primarily to acquisitions and organic growth. Cost of sales as a percentage of revenue amounted to 8.9% in 2008, a slight increase compared with 8.8% in 2007.

Other operating expenses

Other operating expenses increased by DKK 979 million, or 8%, from DKK 12,630 million in 2007 to DKK 13,609 million in 2008. This increase was due primarily to acquisitions and organic growth. Other operating expenses as a percentage of revenue totalled 19.8% which was level with 2007.

Depreciation and amortisation

Depreciation and amortisation excluding amortisation of brands and customer contract portfolios and related customer relationships (customer contracts) increased by DKK 24 million, or 3%, from DKK 845 million in 2007 to DKK 869 million in 2008, which as a percentage of revenue was unchanged at 1.3% compared with 2007.

Operating profit before other items

Operating profit before other items increased by DKK 226 million, or 6%, from DKK 3,835 million in 2007 to DKK 4,061 million in 2008. Operating profit before other items as a percentage of revenue, i.e. the operating margin before other items, was 5.9% in 2008 compared with 6.0% in 2007, due to lower earnings in the Netherlands. In line with previous years, a number of non-recurring items affected the Group in 2008, including curtailment gains related to defined benefit plans, income related mainly to settlement of a dispute on social charge contributions for prior years and workers' compensation incentives received. Corporate overhead costs decreased from 0.5% of revenue in 2007 to around 0.4% in 2008.

Other income and expenses, net

Other income and expenses, net, represented a net expense of DKK 242 million in 2008 compared with a net expense of DKK 129 million in 2007. This related partly to losses on divestments of non-core activities, including the energy activities in France as well as the non-strategic temporary staffing and landscaping businesses in Austria and subsequent restructuring of the organisational setups in both France and Austria. Furthermore, other income and expenses included costs related to a restructuring project in the Netherlands comprising changes in management teams, organisational setups and business units, a relocation project in Norway as well as redundancy and severance payment relating to organisational changes.

Other income and expenses, net, in 2007 represented a net expense of DKK 129 million and included a gain on the sale of a call option relating to a property in Norway and a gain related to the sale of a PFI stake in the United Kingdom. These gains were more than offset by losses on divestments related mainly to landscaping activities in Ireland and part of the energy activities in France, restructuring costs related to office relocation and reorganisational projects in Norway and the Netherlands, costs for consolidating properties in central London and Scotland as well as costs related to the IPO feasibility review.

Integration costs

Integration costs amounted to DKK 66 million in 2008, which was level with 2007. Integration costs in 2008 related primarily to redundancy payments and termination of rental obligations with respect to acquired companies in Germany, Spain, the USA, France and Israel.

Operating profit

Operating profit increased by DKK 114 million, or 3%, from DKK 3,639 million in 2007 to DKK 3,753 million in 2008.

OPERATING RESULTS

	Revenue DKK million			Operating profit before other items DKK million			Operating margin before other items	
	2008	2007	Change	2008	2007	Change	2008	2007
Nordic [1]	17,071	16,488	4 %	1,189	1,162	2 %	7.0 %	7.0 %
Western Europe [2]	39,337	37,709	4 %	2,356	2,356	-	6.0 %	6.2 %
Eastern Europe [3]	1,663	1,226	36 %	124	91	35 %	7.4 %	7.4 %
Asia [4]	3,147	2,409	31 %	210	158	33 %	6.7 %	6.6 %
Latin America [5]	1,890	1,484	27 %	109	86	27 %	5.8 %	5.8 %
USA [6]	2,131	1,100	94 %	128	62	106 %	6.0 %	5.6 %
Pacific [7]	3,614	3,519	3 %	230	225	2 %	6.4 %	6.4 %
Corporate / eliminations	(24)	(13)		(285)	(305)	(7)%	(0.4)%	(0.5)%
Total	**68,829**	**63,922**	**8 %**	**4,061**	**3,835**	**6 %**	**5.9 %**	**6.0 %**

[1] Nordic comprises Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden.
[2] Western Europe comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.
[3] Eastern Europe comprises Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.
[4] Asia comprises Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.
[5] Latin America comprises Argentina, Brazil, Chile, Mexico and Uruguay.
[6] USA was established as a region through the acquisition of Sanitors Inc. in June 2007.
[7] Pacific comprises Australia and New Zealand.

REVENUE GROWTH

	Revenue growth, %				
	Organic [1]	Acq./Div., net	Total growth excl. currency	Currency	Total growth
Nordic	5	1	6	(2)	4
Western Europe	4	3	7	(3)	4
Eastern Europe	9	19	28	8	36
Asia	20	18	38	(7)	31
Latin America	17	14	31	(4)	27
USA [2]	6	22	28	(4)	24
Pacific	4	5	9	(6)	3
Total	5	6	11	(3)	8

[1] See page 131 for a definition of organic growth.
[2] USA was established as a region through the acquisition of Sanitors Inc. in June 2007. The growth rates above are presented on a like-for-like basis and represent the development in the seven months ended December 2008 compared with the same period in 2007. The revenue in 2008 increased by 94% compared with 2007.

Share of result from associates

The share of result from associates decreased by DKK 5 million from a profit of DKK 8 million in 2007 to DKK 3 million in 2008.

Net finance costs

Net finance costs decreased by DKK 286 million, or 9%, to DKK 2,731 million in 2008 from DKK 3,017 million in 2007. In 2007, net finance costs included DKK 222 million of non-recurring costs relating to the redemption of Subordinated Floating Rate Notes and a net accounting loss of DKK 338 million as a consequence of ISS Global's refinancing of approximately EUR 390 million of Medium Term Notes (EMTNs) due in 2014. Excluding the impact of the redemption costs and accounting loss, net finance costs increased by 11%. The main reasons for the increase were additional drawings to fund acquisitions in line with expectations and a negative impact from loss on foreign exchange, which were partly offset by the savings impact from the July 2007 refinancing.

In 2008, net finance costs included DKK 2,315 million of net interest expenses, DKK 255 million of net loss on foreign exchange and DKK 63 million of amortisation of financing fees.

In line with the company objectives, the Group's financial leverage, on a multiple basis, was further reduced from 6.16x pro forma EBITDA in 2007 to 5.92x pro forma EBITDA in 2008.

Profit before tax and goodwill impairment/amortisation of brands and customer contracts

Profit before tax and goodwill impairment/amortisation of brands and customer contracts increased by DKK 395 million from DKK 630 million in 2007 to DKK 1,025 million in 2008.

Income taxes

Income taxes increased from DKK 254 million in 2007 to DKK 531 million in 2008. The effective tax rate was 51.8% in 2008 compared with 40.3% in 2007, calculated as the consolidated tax provision of DKK 531 million divided by the profit before tax and goodwill impairment/amortisation of brands and customer contracts of DKK 1,025 million. The tax expense in 2007 was positively impacted by recognition of previously unrecognised tax losses, giving rise to capitalisation of a deferred tax asset of approximately DKK 300 million related to the jointly taxed Danish subsidiaries. These tax losses were capitalised as they are expected to be utilised as a direct consequence of an amendment to the Danish Corporation Tax Act in 2007.

The bill to amend the Corporation Tax Act contained, among others, provisions that limit the right to deduct financial expenses. Due to these provisions, the Group is subject to limitations in deduction of financial expenses of approximately DKK 826 million in 2008. The net effect in the tax expense in 2008 is estimated to be DKK 104 million.

Finally, the tax expense in 2008 was adversely impacted by withholding taxes that are non-proportional to the profit before tax.

Profit before goodwill impairment/amortisation of brands and customer contracts

Profit before goodwill impairment/amortisation of brands and customer contracts increased by DKK 118 million or 31%, from DKK 376 million in 2007 to 494 million in 2008.

Goodwill impairment and write-down

Goodwill impairment and write-down amounted to DKK 399 million, of which DKK 250 million related to ISS's business in Germany and DKK 20 million related to ISS's business in Italy, and was recognised following impairment tests. The impairment losses resulted from an increase in the discount rate applied combined with declining market conditions within certain business activities in which ISS operates. The remaining DKK 129 million related to the divestment of ISS's non-strategic temporary staffing and landscaping businesses in Austria as well as minor divestments in Norway. In 2007, goodwill impairment and write-down amounted to DKK 128 million, and related primarily to the divestments of ISS's landscaping business in Ireland and the first part of the non-core energy activities in France.

Amortisation of brands and customer contracts

Amortisation of brands and customer contracts amounted to DKK 1,008 million in 2008, a decrease from DKK 1,101 million in 2007. The amortisation related primarily to customer contracts, whereas only a minor part of the amortisation related to local brands. As the useful life of the ISS brand is deemed indefinite, ISS does not amortise the value of the ISS brand.

Tax effect

The tax effect of goodwill impairment and write-down and amortisation of brands and customer contracts, which is presented separately in the income statement to show the effective tax percentage before impairment/amortisation of intangibles, was DKK 282 million in 2008 and DKK 411 million in 2007. In 2007, the tax effect related to amortisation of brands and customer contracts was positively impacted by the reduction in corporate income tax rates in several countries in which ISS operates, as the deferred tax liabilities were reduced accordingly.

Net loss
Net loss increased from a loss of DKK 442 million in 2007 to a loss of DKK 631 million in 2008, negatively impacted by higher income tax expense, as well as higher non-cash charges related to goodwill impairment and write-down. This was partly offset by the improved operational performance and lower net finance costs. In 2008, a loss of DKK 641 million was attributable to the equity holders of ISS, whereas a profit of DKK 10 million was attributable to minority interests.

CASH FLOW STATEMENT

Cash flow from operating activities
Cash flow from operating activities was a net inflow of DKK 4,334 million in 2008, up DKK 621 million from DKK 3,713 million in 2007. The improvement was due primarily to the increase in operating profit before other items of DKK 226 million as well as a positive development in cash flow from working capital of DKK 153 million. Cash inflow related to working capital was DKK 109 million, compared with a cash outflow of DKK 44 million in 2007. The positive change stemmed mainly from trade receivables that were maintained at the same level, as the organic growth realised in 2008 was in all material respect offset by lower debtor days.

Cash outflow from changes in provisions decreased from DKK 203 million in 2007 to DKK 96 million in 2008. The amount comprised the effect of net changes in provisions charged to the income statement during 2008 and payments made in relation to such provisions, related predominantly to pension plans in Norway and Switzerland.

Income taxes paid, net, amounted to DKK 363 million in 2008 compared with DKK 434 million in 2007. The decrease related primarily to refunds of tax payments in foreign operations.

Payments related to Other income and expenses, net, amounted to DKK 181 million in 2008, down DKK 27 million compared with 2007. Payments of DKK 54 million related to the re-scoping of the IT outsourcing agreement in 2007 with CSC and, DKK 49 million related to restructuring projects in Norway and the Netherlands.

Cash flow from investing activities
Cash flow from investing activities in 2008 was a net cash outflow of DKK 2,543 million, of which DKK 2,095 million related to acquisitions, most significantly in the USA, Greece, Israel, Turkey and the United Kingdom. This was partly offset by proceeds from divestments of DKK 272 million, related primarily to the divestment of the remaining energy activities in France. Investments in intangible assets and property, plant and equipment, net, were DKK 718 million in 2008, representing 1.0% of revenue. Investments in financial assets, net, totalled an outflow of DKK 2 million in 2008.

In 2007, the net cash flow from investing activities represented an outflow of DKK 3,672 million, due mainly to payments of DKK 2,957 million related to acquisitions and investments in intangible assets and property, plant and equipment, net, (excluding acquisition related intangibles) of DKK 715 million.

Net cash flow from financing activities
Cash flow from financing activities in 2008 was a net cash outflow of DKK 1,348 million. This resulted primarily from interest payments of DKK 2,267 million, partly offset by net drawings on credit facilities primarily to fund acquisitions of DKK 941 million.

In 2007, the net Cash flow from financing activities amounted to a cash inflow of DKK 329 million. This was primarily the result of increased indebtedness to fund acquisitions, partly offset by interest payments of DKK 2,373 million. Furthermore, proceeds from issuance of share capital amounted to DKK 178 million as proceeds from shares and warrants issued by ISS's ultimate parent, FS Invest Sarl, in 2006 under its Management Participation Programme, were made available to ISS.

Cash conversion
In spite of an organic growth rate of 5% in 2008, changes in working capital represented a cash inflow of DKK 109 million. As a result, cash conversion was 103% in 2008 compared with 99% in 2007. The positive change stemmed mainly from trade receivables that were maintained at the same level.

Cash conversion ratios for individual years may vary. The cash flows from operations for the individual periods depend on the timing of a number of payments towards the end of the individual months and years. For a definition of cash conversion, see page 131.

BALANCE SHEET

Total assets
Total assets amounted to DKK 53,605 million at 31 December 2008, of which DKK 39,011 million represented non-current assets, primarily intangible assets, and DKK 14,594 million represented current assets, primarily trade receivables of DKK 10,097 million.

Intangible assets

Intangible assets decreased by DKK 1,149 million from DKK 37,150 million at 31 December 2007 to DKK 36,001 million at 31 December 2008. Intangible assets relate primarily to goodwill, customer contracts and brands. Intangible assets relate primarily to the acquisition of ISS A/S on 9 May 2005, when a carrying amount of intangible assets of DKK 31,844 million, of which DKK 22,035 million related to goodwill, was recognised in ISS's balance sheet.

The negative development in the world economy and financial markets during the second half of 2008 and beginning of 2009, including increased market fluctuations and volatility, has made the valuation of intangible assets subject to larger uncertainties than in recent years.

At 31 December 2008, goodwill amounted to DKK 27,259 million, a decrease of DKK 334 million, or 1%, from DKK 27,593 million in 2007. Additions related to acquisitions in 2008 amounted to DKK 1,515 million while currency adjustments reduced goodwill by DKK 1,432 million. Goodwill was reduced by impairment and write-down of DKK 399 million that related primarily to ISS's impairment in Germany and the divestment of Office support and Landscaping activities in Austria.

Goodwill relates to acquisitions, including the acquisition of ISS A/S, carried out under varying circumstances and at different stages of macroeconomic cycles. The goodwill is distributed on most of the countries in which the Group operates. The acquired companies to which the goodwill relates, comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills. The largest amount of goodwill relates to the Group's operations in France, representing approximately 18% of the total carrying amount of goodwill.

Customer contracts decreased by DKK 775 million to DKK 6,918 million at 31 December 2008, from DKK 7,693 million at 31 December 2007. Amortisation of DKK 997 million and negative foreign exchange adjustments of DKK 415 million were partly offset by additions from acquisitions of DKK 634 million.

Other non-current assets

Non-current assets other than intangible assets amounted to DKK 3,010 million at 31 December 2008, a slight decrease from DKK 3,078 million at 31 December 2007. The decrease related mainly to deferred tax assets that were partly offset by an increase in property, plant and equipment.

Trade receivables

Trade receivables decreased slightly from DKK 10,114 million at 31 December 2007 to DKK 10,097 million at 31 December 2008. This was achieved in spite of the 8% growth in revenue and resulted in a decrease in debtor days from 48.6 in 2007 to 46.7 in 2008.

Cash and cash equivalents

Cash and cash equivalents increased from DKK 2,581 million at 31 December 2007 to DKK 2,961 million at 31 December 2008, of which DKK 1,507 million resided at Group level and the remainder resided at country level. The cash position was positively impacted by working capital inflow in Q4 2008. The cash position during the months may fluctuate significantly as a result of the frequency and timing of cash collection and outgoing payments, e.g. salary payments.

Other current assets

Other current assets comprises inventories, contract work in progress, tax receivables, other receivables, and securities and amounted to DKK 1,536 million at 31 December 2008 (DKK 2,425 million at 31 December 2007). Other receivables decreased from DKK 1,036 million at 31 December 2007 to DKK 776 million at 31 December 2008. Other receivables comprised mainly prepayments. Assets held for sale at 31 December 2007 amounting to DKK 619 million were disposed of in 2008.

Total equity

Total equity decreased from DKK 5,518 million at 31 December 2007 to DKK 3,533 million at 31 December 2008, of which DKK 3,498 million was equity attributable to the equity holders of ISS Holding A/S. The total change in equity for the year attributable to the equity holders of ISS was a reduction of DKK 1,961 million.

Net income and expenses recognised in equity reduced equity by DKK 1,952 million. This included negative currency adjustments of DKK 792 million relating to investments in foreign subsidiaries, net loss for the year of DKK 631 million and negative fair value adjustment of hedges, net, of DKK 310 million. Actuarial losses, net, including the effect of the asset ceiling on defined benefit pension schemes amounted to DKK 157 million. The tax effect of entries recognised directly in equity was an increase of DKK 36 million.

The equity ratio, defined as total equity relative to total assets, decreased from 10.0% at 31 December 2007, to 6.6% at 31 December 2008.

Long-term debt

The increase in Long-term debt from DKK 30,882 million in 2007 to DKK 31,210 million in 2008 was due primarily to borrowings in connection with funding acquisitions in 2008.

Other long-term liabilities

Other long-term liabilities comprises pensions and similar obligations, deferred tax liabilities and other provisions and amounted to DKK 3,729 million at 31 December 2008 (DKK 3,836 million at 31 December 2007).

Pensions and similar obligations amounted to DKK 834 million at 31 December 2008, compared with DKK 724 million at 31 December 2007. The majority of the Group's pension plans are defined contribution plans. The Group's contributions to such plans are accrued and expensed on an ongoing basis. In certain countries, mainly France, Germany, the Netherlands, Sweden, Switzerland and the United Kingdom, ISS has defined benefit plans. As mentioned above, actuarial losses of DKK 157 million, including the net effect from the asset ceiling, were taken directly to equity. The losses stemmed mainly from the United Kingdom, Switzerland and the Netherlands. Due to the current market conditions, the determination of the discount rates in the individual countries is subject to uncertainty.

Other provisions amounted to DKK 832 million at 31 December 2008, of which DKK 397 million had an estimated maturity of more than one year. Comparative figures at 31 December 2007 were DKK 653 million and DKK 326 million, respectively. The provisions comprise acquisition-related provisions and various obligations incurred in the course of business, e.g. self-insurance obligations, labour-related obligations, legal obligations, restructurings, contract closures etc.

Deferred tax liabilities decreased from DKK 2,786 million in 2007 to DKK 2,498 in 2008, attributable mainly to the tax effect related to the amortisation of the brands and customer contracts.

Other current liabilities

Other current liabilities comprises short-term debt, trade payables, tax payables, other provisions and liabilities held for sale and amounted to DKK 4,672 million at 31 December 2008 (DKK 4,618 million at 31 December 2007).

Other liabilities amounted to DKK 10,461 million at 31 December 2008 compared with DKK 10,494 million at 31 December 2007. Other liabilities consist mainly of accrued wages and holiday allowances, tax withholdings, VAT and other payables and accrued expenses.

Carrying amount of net debt

Carrying amount of net debt amounted to DKK 29,385 million at 31 December 2008, up DKK 140 million from DKK 29,245 million at 31 December 2007. The increase was due primarily to acquisitions in 2008. At 31 December 2008, Long-term debt was DKK 31,210 million, short-term debt amounted to DKK 1,279 million while securities, cash and cash equivalents and receivables from affiliates totalled DKK 3,104 million.

PAULINA MACHLIK

STRATEGY – THE ISS WAY

THE ISS WAY IS THE STRATEGY PREPARED IN EARLY 2008 AND IMPLEMENTATION BEGAN IN THE SECOND HALF OF 2008. THE ISS WAY REPRESENTS THE NEXT PHASE IN ISS'S STRATEGY AND BUILDS ON THE PREVIOUS STRATEGY PLANS.

VISION AND VALUES

Everything we do at ISS must respect our corporate values and be guided by our vision:

"LEAD FACILITY SERVICES GLOBALLY – BY LEADING FACILITY SERVICES LOCALLY"

We aim to lead:

> globally with presence in all main regions and countries
> locally with leading positions in all established markets based on our ambition to quickly achieve this position in new markets
> the industry by offering best-in-class Single Services and Integrated Facility Services (IFS) where appropriate

The road travelled to fulfil the vision must start with our corporate values – honesty, entrepreneurship, responsibility and quality.

> **HONESTY – WE RESPECT**
Our honesty is not negotiable. We respect our customers, our colleagues and our company. Honesty comes first.

> **ENTREPRENEURSHIP – WE ACT**
Action speaks louder than words. All our employees have a 'licence to act' and are expected to do so.

> **RESPONSIBILITY – WE CARE**
Indifference is immoral. We care about what we do and for whom we do it.

> **QUALITY – WE DELIVER**
We are professionals with a passion for quality. We deliver on our promises.

Aker Solutions is a leading global provider of engineering and construction services. It is one of ISS's biggest Integrated Facility Services contracts in Norway, where 150 ISS employees deliver: Cleaning, Catering, Property Services, Security and Office Support. The location covers 56,000 m² and 2,200 Aker employees work at the facilities. Paulina Machlik from ISS Catering Services has her daily work in the popular coffee bar at Aker Solutions in Oslo, Norway.

A strategy designed around customer needs

The ISS Way has been developed with customer needs in mind. In cooperation with our customers around the globe we work to determine which of their businesses are non-core and can benefit from being outsourced. ISS's business model is based on creating value for these customers by taking over these non-core activities, leveraging global scale, best practice, integrating services and driving out synergies.

Our strategy and the IFS delivery model reflects customer needs, allowing them to outsource multiple services where ISS takes on responsibility for both managing the ongoing delivery of these services and actually delivers them through our own organisation. Furthermore, we ensure that our offering evolves with our customers.

OUR CORNERSTONES

The ISS Way is built on four cornerstones: Service Excellence, the Integrated Facility Services strategy, a focus on Portfolio-based business and a Multi-local approach.

Service Excellence

Service Excellence is the core of every ISS delivery. Ensuring a consistent and high level of quality in the delivery of our services to customers will continue to be central to our success.

The best way to promote and develop our Service Excellence is to share knowledge, methodology and best practices across the organisation.

IFS Strategy

We are continuing to pursue an Integrated Facility Services strategy which enables us to manage and self-deliver a range of services. ISS is the first broad-service provider to exploit this market opportunity and for many years we have been working with determination to roll out this service delivery model all over the world. While serving customers through our single-service and multi-service delivery models, we will continue to focus on IFS as a vital means of differentiating our value proposition from those of our competitors.

Portfolio-based business

The success of ISS has, in part, been founded on our ability to generate and manage a large portfolio – as opposed to “once only” business. This focus on portfolio-based business yields many advantages, including recurring revenue and operational and financial visibility.

Linked to the benefits of our portfolio-based business is our ability to self-deliver and to provide excellence – either through our approach to Service Excellence or through our ability to manage and integrate a suite of services for the benefit of the customer through IFS.

Multi-local approach

At ISS, we build our business on strong, highly autonomous local leadership. This ensures strong entrepreneurs who are close to the customers and know their markets and can act quickly in response to local market opportunities.

Going forward, ISS will combine these strong local capabilities with a standardised delivery model and increased use of best practices across the Group. We also intend to continue growing and prospering by further emphasising knowledge sharing and collaboration.

This is the essence of “The ISS Way”.

THE BUSINESS MODEL

ISS distinguishes between services offered and the way in which these services are delivered. The services offered include: Cleaning, Catering, Property Services, Office Support, Security and Facility Management. The way the services are delivered (delivery model) includes: Single Service, Multi Services and Integrated Facility Services.

In 2008, ISS continued to develop and strengthen our Single Service excellence concepts and Integrated Facility Services capabilities. Similarly, ISS increased focus on cross-border sales by strengthening our global Corporate Clients organisation.

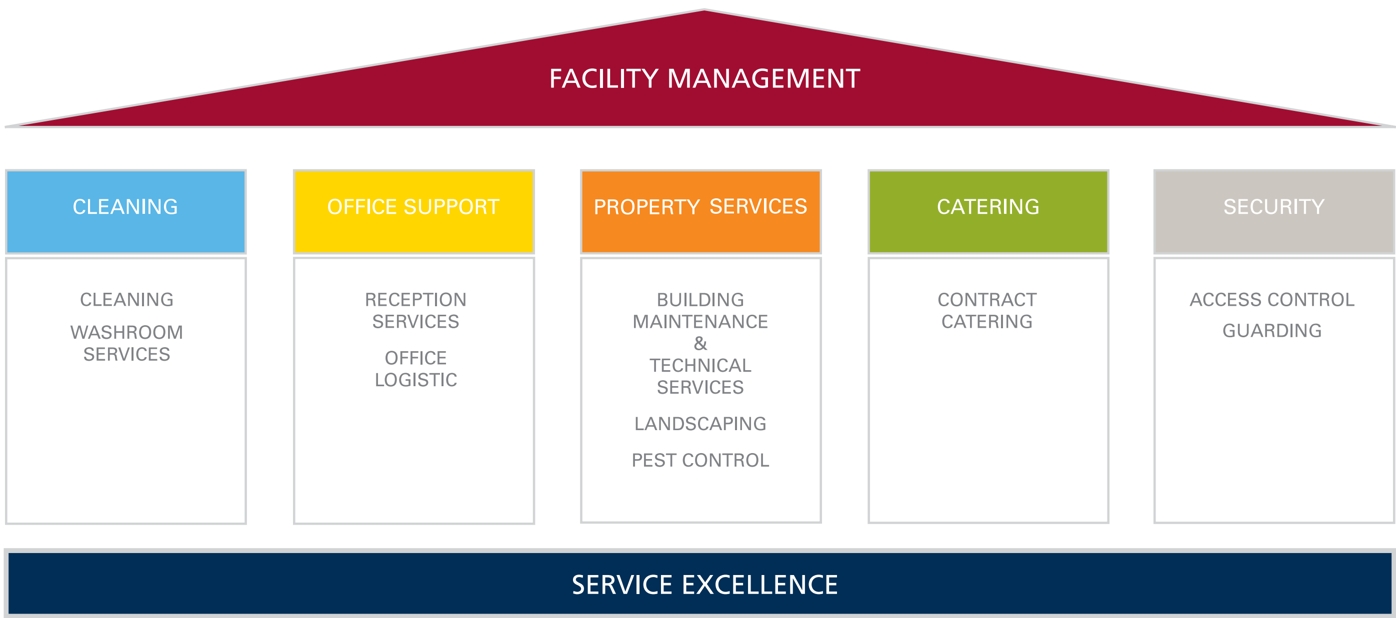
THE SERVICE OFFERING

As a leading global Facility Services company, ISS’ core business is to deliver and manage facility services. These cover a range of business support services within cleaning, office support, property services, catering, security and facility management.

The service offering is illustrated by the “ISS House”, which has five pillars: Cleaning, Office Support, Property Services, Catering and Security. The “roof”, Facility Management, represents the sixth service and our capabilities within facilities service integration. The ISS House is built on a strong foundation of Service Excellence.

ISS focuses primarily on delivering portfolio and site-based services, where ISS employees become an integrated part of the clients’ daily operations. ISS also offers selected route-

THE ISS HOUSE



based services, such as pest control and wash room services. Not all country operations necessarily offer all services within the six business areas. Local offerings depend on factors such as customer demand, market conditions and access to qualified staff.

If the country does not self-deliver all six business areas, the use of subcontractors ensures a one-stop shop opportunity for customers. Each country aims at building up services according to market demand. In time, all ISS countries are expected to be able to self-deliver the most significant components of the full ISS House of services.

THE DELIVERY MODEL

ISS delivers services to customers in three different ways: Single Services, Multi Services or Integrated Facility Services. In most cases ISS delivers the services through its own personnel.

With Single-Service outsourcing, the customer buys one service solution from ISS, for instance outsourcing of cleaning, so they can focus more on their core business activities.

With Multi-Service outsourcing, which consists of two or more services but is not a fully integrated solution, the customer achieves the same benefits as with single-service outsourcing with the benefits of service integration where possible.

In an Integrated Facility Services solution, ISS delivers two or more services under one contract with a single point of contact on-site, and ISS takes over all or most of the facility services functions at the customer's premises. The customer receives both the full potential of Single-Service outsourcing and the advantages of integrating services.

IFS contracts constituted around 16%, or DKK 11.2 billion, of total annual revenue in 2008, up from 15% in 2007.

DEVELOPMENT AND METHODS

In line with The ISS Way, ISS will standardise and intensify exchange of knowledge, methods and standards worldwide. ISS must continuously work to improve the methods and technologies for providing superior service within each service area.

Excellence Centres and Knowledge Forums

Being a leading facility services company requires constant attention to delivering service excellence in every service area. ISS will continue its substantial focus on developing and spreading Single-Service excellence throughout the organisation. In 2008, significant resources were added to the Excellence Centres across services.

The Cleaning Excellence concept provides individual country operations with knowledge and support to assist them in delivering services optimally by using, for example, the most efficient tools and methods, superior training, improved logistics and an efficient supply chain. The concept will also contribute to improved ergonomics for the cleaning staff as well as reduced environmental impacts.

To facilitate knowledge sharing and best practices between countries and within the service lines ISS established a number of Knowledge Forums as a corporate initiative in 2007. The Knowledge Forum activities were expanded in 2008, where eight Knowledge Forums were established covering a range of our services as well as an IFS Knowledge Forum.

With more than 300 participants at these Knowledge Forums, they constitute one of the important methods of sharing best practices, enabling ISS to decide on levels of service consistency and ensuring continuous development of our services.

Global Corporate Client organisation

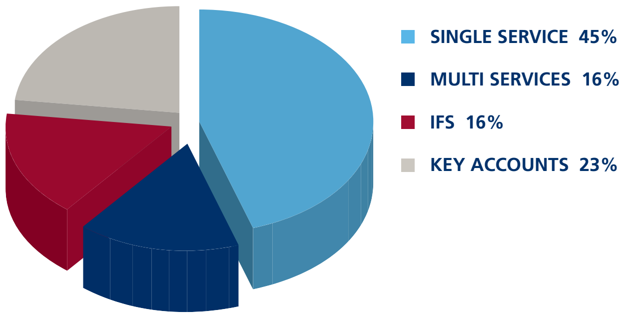
In November 2007, a global Corporate Client organisation was established in order to further leverage and develop the company's position as the leading global facility services company. The Corporate Client organisation will:

> drive new business sales with selected multinational customers
> serve multinational clients through a key account organisation
> support 100% retention of existing multinational customers

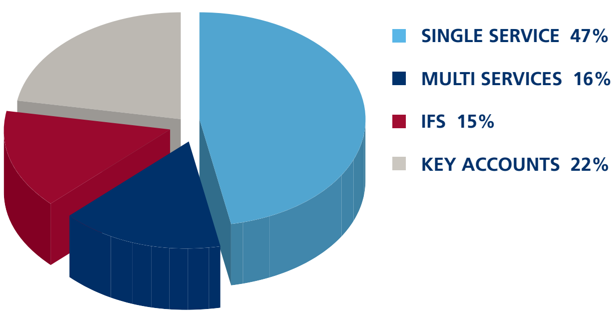
During 2008, the Corporate Client organisation was also significantly expanded e.g. with regional experts and contract

REVENUE BY DELIVERY

2008



2007



managers, and secured the largest international contract for ISS ever to deliver facility services to all of HP's locations outside of the Americas.

THE ISS VALUE CHAIN

The ISS Value Chain is one of our most important management tools for implementing The ISS Way. It illustrates the interdependency between every action of every country or business unit – and ensures that we deliver a complete and coherent service solution that makes a valuable difference to our customers.

The symbolism of the chain is that all links must work closely together in the process of creating value (no chain is stronger than its weakest link).

The model is developed by ISS and inspired by the Harvard Business School Value Profit Chain.

The ISS Value Chain starts with the Business Platform that determines which services we choose to deliver, which customers we choose to focus on and in which regions we choose to deliver. It also defines how to structure the organisation to support these decisions.

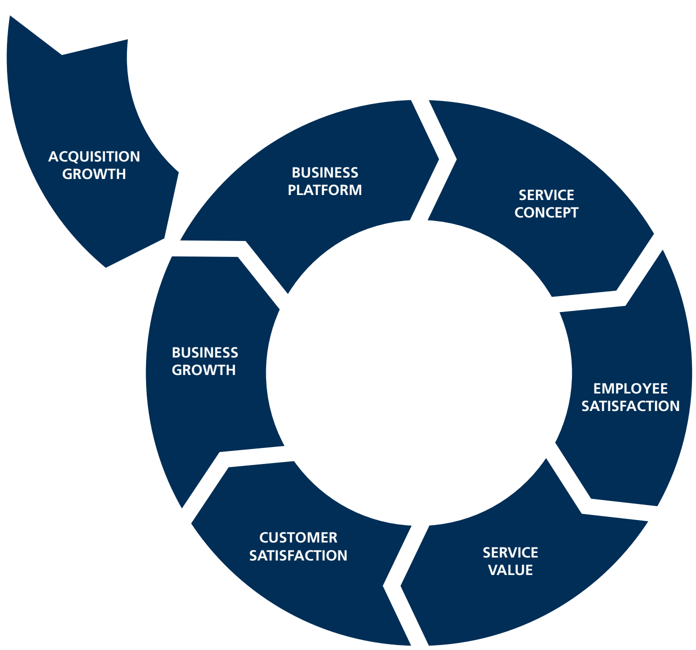
Once the Business Platform process sets the strategic priorities, the Service Concept can take shape, converting the identified priorities into concrete and operational service offerings, for instance by defining how to price, position and deliver a service in its given market and how it will be delivered.

The value of any ISS service depends on the person delivering the service. We therefore focus clearly on recruiting and retaining capable and motivated staff to support low employee turnover, deliver quality service and ensure first-rate customer interaction.

Satisfied and well managed employees directly influence service value which again affects customer satisfaction. The value experienced by the customer must live up to both objective and subjective quality criteria based on clear concepts, work plans and innovative working methods.

Armed with compelling service concepts and supported by intelligence from customer satisfaction surveys, business growth ensures e.g. the generation of new sales and retention of existing customers.

Acquisitions are a useful tool in the continued development of ISS, and will be used selectively to improve the company's



THE ISS VALUE CHAIN

competitiveness, build critical mass and increase service capabilities and capacity where and when appropriate.

The ISS Value Chain is used actively on a strategic, tactical and operational level and forms a central part of The ISS Way of thinking and working.

OPERATIONAL OBJECTIVES

ISS seeks to maintain and enhance operational efficiency by focusing on three well-established and prioritised operational objectives for its local managers: (i) cash flow, (ii) operating margin, and (iii) profitable organic growth. In addition, ISS focuses on reducing financial leverage on a multiple basis.

CASH FLOW

ISS's first objective is to continue to maintain a relatively high rate of cash conversion primarily by operating in a manner that optimises working capital. Through this approach, ISS expects to continue to generate a level of positive cash flow from operations that exceeds its obligations to service its credit facilities.

OPERATING MARGIN

ISS's second objective is to maintain or improve its operating margin. ISS seeks to improve operational efficiency by increasing its local market positions and operational densities, and by implementing companywide best practices. In 2008, ISS further developed regional and global knowledge and best-practice sharing including the establishment of regional forums and competence centres.

PROFITABLE ORGANIC GROWTH

ISS's third objective is to continue to leverage its international market position and service offering in order to increase its local market positions and drive organic growth. ISS continues to work with a wide range of initiatives to: (i) attract new customers, (ii) increase customer retention rates, e.g. by establishing dedicated key account teams, and (iii) cross-selling related services to existing customers. ISS has also continuously increased its market presence and operating platform in selected high-growth economies, particularly in Latin America and Asia and continued to do so during 2008.

REDUCE FINANCIAL LEVERAGE

ISS intends to continue to reduce the financial leverage of the Group on a multiple basis. This is expected to be achieved primarily through a continued focus on cash flow and growth in ISS's operating profit. The latter will be achieved through a focus on operating margin and growth. The extent and timing of ISS's deleveraging on a multiple basis will, however, depend on factors such as ISS's cash flow generation and the scale and timing of payments related to its future acquisition activities, which may temporarily increase its leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA.

ACQUISITIONS

ISS acquires companies in order to further broaden its service offering, to spread its geographical coverage and to establish critical mass.

The acquisitions are based on careful screening and appropriate due diligence processes to ensure that the acquired companies represent a strong strategic fit, match the corporate values of ISS, add value and growth potential to the Group, while also ensuring that the risks and integration processes associated with acquisitions are manageable.

Since the turn of the millennium, ISS has acquired more than 640 companies around the world, adding close to DKK 40 billion in annual revenue. During 2008, ISS completed 66 acquisitions spread across 28 countries and all regions with ISS operations. 35 of the acquisitions had estimated average annual revenue of less than DKK 30 million, confirming the strategy of limiting integration risks. With the acquisitions, ISS gained annualised revenue of approximately DKK 3.9 billion and almost 40,000 employees.

Acquisitions in 2008 followed the strategy to firstly acquire companies in high-growth regions and secondly to expand ISS's service offerings primarily within Catering and Security services. In ISS's high growth regions, which comprise Asia, Eastern Europe and Latin America, the acquired annualised revenue amounted to DKK 1.0 billion or 26% of the total acquired revenue, while these regions accounted for only 10% of the total revenue in 2008. In 2008, the acquisitions within Catering and Security services accounted for 25% and 22%, respectively, of total acquired annualised revenue. ISS continued investing in Cleaning services through acquisitions, which totalled 26% of the total acquired revenue.

Since 2004, ISS has established operations in 11 new geographies characterised by significant market potential for facility services and a strong economic growth outlook. These geographies include countries such as China, India, Mexico and several countries in Eastern Europe. In emerging markets such as Latin America and Asia, the general economic development continues to generate high annual growth rates. This is particularly interesting because global buying power is gradually shifting towards these markets.

Today, ISS has national subsidiaries in over 50 countries. With the expansion into the USA, in 2007, ISS established itself in not only the world's largest economy but also the world's largest market for outsourcing of facility services. In 2008, ISS's US business was strengthened and significantly expanded geographically when ISS acquired BGM Industries, adding DKK 500 million in estimated annual revenue.

No new countries were added to the list of acquisitions in 2008. However, in existing ISS geographies, ISS broadened its service offerings and geographical coverage and continued building up critical mass through acquisitions particularly within Catering and Security services.

In 2009, ISS expects to continue to be a consolidator in the global facilities services industry, although at a slower pace. ISS expects to continue focusing primarily on smaller acquisitions which enhance our business platform in individual countries. ISS cannot provide any assurance, however, that it will not pursue larger acquisitions in the future.

It should be emphasised that acquisition-driven revenue growth will vary widely from year to year, depending on opportunities, organisational capability, financial resources, etc.

CORPORATE SOCIAL RESPONSIBILITY

ISS will continue to conduct its business around the world in a sustainable manner. As a global company operating in over 50 countries with more than 472,000 employees, ISS influences the lives of many people and has a considerable interface with societies around the world.

The following section describes ISS's relationships with a group of stakeholders who influence ISS's way of conducting business and creating value.

Society

For ISS, sustainability is part of day-to-day operations and daily interaction with society in general, locally and globally. Principles and policies form the framework of corporate sustainability. Conduct in day-to-day business is crucial for putting the principles into practice, and ensuring a high standard of sustainable behaviour.

This presents challenges to any company wanting to do business in a sustainable way, because economic, social and environmental issues are inevitably interconnected. ISS therefore builds and maintains relationships based on commitment and trust with key stakeholders in society. ISS believes that this benefits society as well as the company.

ISS continuously works to ensure that employees and business partners are treated fairly, that environmental impacts of ISS's operations are reduced, and that ISS acts as a good corporate citizen in the communities in which it operates.

United Nations Global Compact

ISS has been a signatory and supporter of the United Nations Global Compact since its inception in 1999. In line with membership regulations, ISS endeavours to comply with the ten Global Compact principles, and participates in The Global Compact Nordic Network.

The core of the UN Global Compact comprises principles concerning human rights, labour rights, anti-corruption and environmental protection. The Global Compact calls for companies to:

> support and protect international human rights and to ensure they are not complicit in abuse
> uphold the freedom of association, recognition of collective bargaining, elimination of forced labour, child labour and discrimination at work
> implement a precautionary approach to environmental challenges, promote environmental responsibility and environmentally friendly technologies
> work against all forms of corruption, including extortion and bribery

ISS joined the Amnesty Business Forum in 2002 to discuss human rights protection with Amnesty International Denmark and a group of companies headquartered in Denmark. ISS maintains its dialogue with Amnesty International regarding human rights issues.

The ISS Code of Conduct

In 2003, the Board of Directors adopted an "ISS Code of Conduct".

The Code of Conduct constitutes the key operational framework for ISS's proper conduct and corporate responsibility for the protection of human rights, employee conduct, anti-corruption and bribery, compliance with competition rules, business partner relations and workplace standards in accordance with the UN Global Compact Principles.

Since the adoption of the ISS Code of Conduct, ISS has communicated and enforced its standards across the Group. Our commitment to human rights protection has been communicated to suppliers, major customers and employees by means of leaflets, meetings, management training sessions, employee magazines etc. Local country managers are responsible for compliance. When acquiring new companies and entering new markets and joint venture opportunities, we promote business conducted in compliance with the ISS Code of Conduct.

Human and Labour Rights

The UN Global Compact calls for companies to:

- support and protect international human rights and ensure they are not complicit in abuse
- uphold the freedom of association, recognition of collective bargaining, and elimination of forced labour, child labour and discrimination at work

ISS profoundly respects and aims to support and protect human rights. ISS recognises labour rights and maintains close ties and an open dialogue with unions. In 2003, ISS signed a letter with The Union Network International (UNI), a union representing 20 million workers globally, committing itself to 12 fundamental principles in the workplace. The principles are based on ILO conventions and cover the following areas: forced/bonded labour, discrimination, child labour, freedom of association, unions, legal minimum wages, working hours, health and safety, harassment, training, employers' obligations and environmental protection. UNI has in turn pledged to address and disclose companies that undermine fundamental standards in the service industry.

In 2008, the letter of agreement with UNI was renewed. The new agreement is the most advanced to date between a global company and UNI Global Union, and takes the mutual commitment to a new and higher level. The agreement aims at enabling all ISS employees worldwide to be able to exercise rights to union membership and collective bargaining. ISS will work with and support unions to ensure that they have the best possible access to inform employees about union membership and to recruit employees wishing to join a union. As part of the agreement, ISS will donate EUR 100,000 annually to a jointly managed fund aimed at monitoring and raising standards in specific markets where current conditions are inadequate.

Subsequently, UNI named ISS as an employer that treats its workers well and is setting a good example for other global employers.

ISS uses no forced, compulsory or child labour and tolerates no form of discrimination.

ISS plays an active role in employing vulnerable groups. As a large employer, ISS has both the capability and motivation to conduct training and reintegration programmes for immigrants, long-term unemployed and other groups for whom it is difficult to gain access to the labour market. ISS often forms partnerships with local authorities in order to establish and run employment programmes with this aim.

ISS has taken initiatives in this field in more than two-thirds of the countries. Positions are found both in administrative and service-operative functions.

Environmental protection

The UN Global Compact calls for companies to implement a precautionary approach to environmental challenges, and promote environmental responsibility and environmentally friendly technologies.

Environmental protection is a key component of ISS's overall approach to sustainable development. The corporate environmental policy provides a Group-wide framework for local environmental policies and initiatives and spells out ISS's key environmental objectives:

- to minimise emissions and effluents (primarily arising from transport and use of chemicals in cleaning)
- to minimise the use of energy and water
- to reduce, manage and recycle waste
- to use safe products and materials

ISS's country organisations implement local environmental policies and management systems based on corporate policies. In most countries, the environmental policies and systems are already in place and many of them are ISO 14001 certified. In addition, environmental responsibility is promoted through staff training and awareness programmes.

ISS aims at increasing fuel efficiency by raising the share of diesel-fuelled cars in its fleet management programme. Diesel-fuelled cars account for approximately 83% of the entire ISS fleet and the aim is to gradually increase this percentage.

As ISS has around 18,000 vehicles on the road, the high proportion that are fuelled by diesel has lowered fuel consumption per kilometre, offering a potential for considerable environmental benefits.

ISS continuously works to reduce the environmental impact from the use of cleaning products and has entered into a new global agreement on delivery of environmentally friendly cleaning products. The use of highly concentrated products, which requires less use of raw materials and packaging, as well as increased use of dosing systems is expected to reduce the carbon dioxide emissions considerably in the coming years.

Through Office Support services, ISS offers scanning of documents to electronic format and thereby reduces the amount of paper copies. ISS also offers paper destruction i.e. paper is first shredded and then sent for recycling.

Anti-corruption

The UN Global Compact calls for companies to work against all forms of corruption, including extortion and bribery.

ISS welcomes the tenth Global Compact principle on anti-corruption. The ISS Code of Conduct expresses a clear commitment to combating all forms of corruptive practice. Through the ISS Code of Conduct, the anti-corruption position is communicated to the entire Group.

During 2008, the ISS University hosted a range of training seminars covering sustainability and the Code of Conduct. More than 200 ISS managers from around the world attended the seminars. At these sessions, ISS's approach to sustainability, including anti-corruption, was presented and the participants were engaged in dilemma training on these issues.

The appointment of ombudsmen in the local organisations over the last few years has improved the procedure for raising concerns, for example about all types of breaches of the ISS Code of Conduct. Employees can confidentially report what they see as breaches of the Code or other wrongful behaviour to the local ISS ombudsman, if normal organisational reporting channels are unsuitable.

In 2009, ISS will revise and strengthen the corporate guidelines on anti-corruption.

EMPLOYEES

In 2008, the number of ISS employees rose by roughly 35,000, an increase of 8% compared with 2007. A large number of these additional employees joined as a result of ISS expanding in the US market as well as through other acquisitions. At the end of 2008, ISS had more than 472,000 employees in Europe, Asia, Pacific, Latin America and the USA.

Human Capital

The ISS Human Capital Vision "to be the preferred employer in our industry" was made explicit in 2007. Aligned with the Group strategy, it focuses on: upgrading leadership and management capabilities, enhancing customers' service experience, integrating acquired businesses, and ensuring competitiveness through cost efficiency.

The Human Capital strategy is implemented through "ISS International HR Standards", which will be the future framework for local HR initiatives. To ensure relevance, human resource executives from across the Group collaborated on formulating these minimum standards during International HR Community meetings in 2007. Other main topics were employee appraisals and performance management, which were discussed by all country management teams in 2008.

Training remains the cornerstone of the Human Capital strategy. Resources are invested in staff and management development – ranging from basic skills training through middle management programmes to full corporate MBAs. The philosophy is to offer tailored training at all functional levels in order to enhance employee skills and upward staff mobility. Much attention is devoted to developing the first management layer e.g. team leaders, supervisors and contract managers, who are responsible for the immediate staff and customer interface. Most training is conducted at ISS academies and training facilities in national and local operations.

The first participants from the second intake of the ISS MBA programme graduated in 2008. In line with Group strategy, the MBA programme will continue in local settings.

The IFS Academy conducted centralised training in Calculation for Planners and the ISS Facility Management System introduction. As in previous years, the ISS University programme portfolio consisted of internal and external seminars designed in cooperation with suppliers such as IMD, Henley Management College and INSEAD.

The management induction programme, ISS Advantage, continues with executives from throughout the Group. During 2008, approximately 700 senior managers and specialists from the entire Group attended a total of 38 workshops and programmes at ISS University.

Health and Safety

We operate on client premises in a number of challenging environments including in the transport sector, major hospitals, workplace restaurants and public parks and gardens. We promote the fact that all employees are responsible for their own safety and the safety of others who may be affected by their work activities. Our efforts are concentrated on ensuring the right working environment and giving our employees the training and equipment necessary to perform their work safely.

We aim for continuous improvement in our Health and Safety performance and plan to embrace it as part of overall business operations. For example, we provide regular Health and Safety training to our frontline managers in the

United Kingdom and support them with a dedicated team of 51 Health and Safety professionals.

Employee loyalty

The service industry in general has high levels of employee turnover, as part of the industry is often considered suitable for short-term or secondary employment. ISS pursues a range of strategies to retain its employees by offering more full-time and daytime work, multi-task jobs, teamwork, skills development, career opportunities, leisure activities, etc. In 2008, the share of full-time employees (working 25 hours or more a week) rose to 69%. This indicator is important, as, on average, full-time employees develop stronger ties with ISS. The distribution of employee seniority (in years) provides another perspective on employee loyalty within ISS. In 2008, approximately 65% of the Group's employees had been with ISS for more than one year.

Equal opportunities

ISS rewards its people solely on the basis of merit. When recruiting, developing and promoting, ISS focuses on the individual capabilities and qualifications of a candidate and not on the person's gender, age, ethnic origin, religion, political views, etc.

Thanks to the corporate culture, and aided by language courses and adapted training materials, today ISS is an employer of choice for many immigrants and ethnic minorities. In countries such as Belgium, Denmark, France, Norway, Sweden and the United Kingdom, ISS is among the largest employers of ethnic minorities. In ISS Denmark, an initiative to develop management skills among employees with an immigrant background was established in 2007. The goal is to train 300 employees over a four-year period to fill management positions.

The Danish "Charter for Women in Management" was signed in 2008 by Group CEO Jørgen Lindegaard, on behalf of the Group head office, to ensure commitment to including women as candidates for executive positions.

European Works Council

Employee and trade union relations are a natural part of a people-centred business such as ISS. The corporate policy of involvement and dialogue is applied locally in the country operations. Established in 1995, the European Works Council (EWC) is a forum for dialogue between ISS executives and employee representatives from across Europe.

A total of 13 countries as well as representatives from the Danish Union 3F and the Union Network International took part in the 2008 annual meeting. The participants discussed primarily a new agreement between ISS and EWC. Negotiations are still ongoing.

Sylvie Durand is the ISS Site Manager at Merck Serono, a biopharmaceutical company in Geneva, Switzerland. With 90,000 m^2 of glass surfaces, window cleaning is an important part of the cleaning services delivered by ISS. ISS employees work every day keeping this glass structure sparkling clean and safe, as well as cleaning the building and handling part of the office support.


ANTONIO FARIA


KEVIN SUTER AND SYLVIE DURAND

ACACIO DA SILVA

CORPORATE GOVERNANCE

[1] As described in note 34 to the consolidated financial statements, certain members of the Board, the EGM members and a number of senior officers of the Group have invested, directly or indirectly, in shares and warrants in FS Invest S.à r.l. The total number of shares held by these officers is below 2% of the total share capital.

Note: The ultimate parent company for which consolidated financial statements are prepared is FS Invest S.à r.l. The consolidated financial statements can be obtained from FS Invest S.à r.l, 9-11 Grand Rue, L-1661 Luxembourg.

The Board of Directors regularly considers the Group's corporate governance in relation to the Group's activities, external environment and statutory requirements. Good corporate governance in ISS is a dynamic process with the Board of Directors and the Company continuously assessing the need for adjustments for the benefit of ISS's stakeholders and the business itself.

The ISS corporate governance policies and procedures take into account the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Action Plan for Corporate Social Responsibility (CSR), the Danish Venture Capital and Private Equity Association's guidelines for responsible ownership and good corporate governance as well as good corporate governance practices for companies of ISS's size and global reach.

Reporting on Corporate Social Responsibility (CSR) is included in the "Strategy" chapter.

Shareholders

ISS is a limited liability company incorporated and operating under Danish law. The company's share capital is indirectly owned by funds advised by EQT Partners (EQT) and Goldman Sachs Capital Partners (GS Capital Partners) – EQT and GS Capital Partners are together referred to as the Principal Shareholders and hold 54% and 44% of the share capital respectively. The remaining approximately 2% of the share capital is held by certain members of the Board of Directors, the Executive Group Management and a number of senior officers of ISS through director and management investment programmes.

EQT is a leading private equity group with operations in Northern Europe and Greater China. EQT has raised approximately EUR 12.5 billion in twelve funds. In total, EQT funds have invested approximately EUR 7.3 billion in more than 70 companies. EQT Partners, acting as exclusive investment advisor to EQT, is headquartered in Stockholm and maintains offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, Munich, New York, Oslo, Warsaw and Shanghai.

GS Capital Partners is the private equity vehicle through which the Principal Investment Area (PIA) of Goldman Sachs Group, Inc. conducts its privately negotiated corporate equity investment activities. Since 1986, PIA has raised 15 investment funds (including mezzanine and senior secured loan funds) through three corporate investment vehicles, aggregating over USD 87 billion of capital (including actual and estimated leverage). GS Capital Partners is a global private equity group focused on large, sophisticated business opportunities in which value can be created by leveraging the resources of Goldman Sachs.

The Principal Shareholders have entered into a shareholders' agreement covering all entities through which EQT and GS Capital Partners hold their interest in ISS.

The Board

ISS has a two-tier governance structure consisting of:

> the Board of Directors (the Board), and
> the Executive Group Management (the EGM).

The Board supervises the company's activities, its management and organisation. The EGM is responsible for ISS's day-to-day operations. The two bodies are separate and do not have overlapping members.

The Board functions in accordance with the rules set out in the Danish Companies Act, the shareholders' agreement, the articles of association and its rules of procedure, which provide guidelines for the Board's work in general. Board resolutions are generally passed with a simple majority, and in the event of a tie, the Chairman casts the deciding vote. However, under the shareholders' agreement, certain actions require special approval by the Principal Shareholders.

The Board convenes at least six times a year. Extraordinary meetings are convened whenever specific matters need attention between scheduled meetings. The Board held eight meetings in 2008. The Board receives a monthly financial and operational reporting package and is briefed about important matters in the periods between Board meetings. The Board approves the strategy plan, the annual budget and large or strategic acquisitions based on recommendations from the Acquisition Committee (see "Board Committees" below).

According to the shareholders' agreement, EQT and GS Capital Partners are entitled to nominate three Board members and a deputy member each, and EQT has the right to nominate the Chairman of the Board after consultation with GS Capital Partners.

A further description of the Board members is available on page 43 of this report and in note 34 to the consolidated financial statements. Remuneration to the Board of Directors of the Group is disclosed in note 3 to the consolidated financial statements.

Board committees

The Board has established the following four committees that all report to the Board.

The **Remuneration Committee** decides the remuneration packages and incentive schemes for the Group CEO, and provides input for other members of the Group Management Board, as well as compensation levels and bonus systems in general. The committee consists of at least three members of the Board (currently Ole Andersen, Peter Korsholm and Sanjay Patel), and the Group CEO participates in its meetings. -The committee held two meetings in 2008.

The **Audit Committee** evaluates ISS's external financial reporting, main accounting principles and estimates, and systems of internal controls and risk management. Further, the committee considers the relationship with ISS's external auditor and reviews the audit process. The committee consists of at least three members of the Board (currently Leif Östling, John Murray Allan, Christoph Sander and Steven Sher), and the Group CFO participates in its meetings. The committee held three meetings in 2008.

The **Acquisition Committee** considers ISS's procedures for acquisitions, reviews the acquisition pipeline, approves certain acquisitions in accordance with adopted procedures, and evaluates selected effected acquisitions. The committee consists of at least three members of the Board (currently Christoph Sander, Peter Korsholm and Steven Sher), and the Group COO, Group CFO, Head of Group Strategy and Business Development and Head of Group M&A participate in its meetings. The committee held eight meetings in 2008.

The **Financing Committee** considers ISS's capital structure, financing of future investments and hedging policies. The committee consists of at least two members of the Board (currently Peter Korsholm and Steven Sher), and the Group CFO and Head of Group Treasury participate in its meetings. The committee held four meetings in 2008.

Group Management

The Executive Group Management of ISS consists of Group

CEO Jørgen Lindegaard, Group COO Jeff Gravenhorst and Group CFO Jakob Stausholm (the "EGM"). On 1 September 2008 Jakob Stausholm joined ISS and took over responsibility as Group CFO.

The Group Management Board (the "GMB") comprises the EGM together with COOs Jacob Götzsche, Hans John Oiestad, Stig Pastwa, and Martin Gaarn Thomsen, Head of Group Strategy and Business Development Todd O'Neill, Head of Group M&A Jens Ebbe Olesen, Head of Corporate Clients Magnus Åkerberg, Group General Counsel Bjørn Raasteen, Head of Group Human Capital Helle Havgaard and Group Treasurer Christian Kofoed Jakobsen. The primary tasks of the GMB are to implement Group policies, monitor Group performance, review operational and financial matters, coordinate and evaluate acquisitions, discuss and develop new strategic initiatives and carry out day-to-day management in general.

The members of the GMB are remunerated with a combination of a fixed salary and, for most members, a bonus, which is capped at 50% of their fixed salary. The employment contracts of the GMB members are subject to termination periods of between 12 and 18 months. Directorships in companies in the ISS Group held by members of the GMB are not remunerated separately.

No member of the GMB is permitted to hold directorships in companies outside the ISS Group unless specific consent is granted. Remuneration received in respect of such external directorships is retained by the member, and ISS assumes no liability for such directorships.

Country management

In each of the countries in which ISS operates, country management teams are appointed to manage the business in accordance with ISS Group policies and procedures and local legislation and practice. ISS delegates substantial autonomy and considerable powers to the country management teams including management of operations in their relevant markets, financial reporting, local tax and compliance with local legislation and practices. The country management teams for each relevant country are described on the ISS website.

Management Participation Programme

The Principal Shareholders have established a Management Participation Programme, under which the GMB and a number of senior officers of the Group can invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants in FS Invest (ISS's ultimate parent company) based on market values until the Principal Investors' exit. At the introduction of the programme in 2006, warrants in FS Invest were granted free of charge with a vesting schedule (based on value of shares and time) of which 396,940 were outstanding as of 31 December 2008.

Further, non-executive members of the Board (except representatives of the Principal Shareholders) can participate in a Directors Participation Programme and a Co-investment Scheme, under which they have invested in a mix of shares and warrants in FS Invest based on market values until the Principal Investors' exit.

As of 31 December 2008, the net investments were as follows:

Group	Persons	Investment (DKK million)
Board of Directors	4	27.5
Executive Group Management	3	19.0
Corporate Officers	21	40.4
Country Management	108	125.7

Risk management

ISS continuously seeks to identify and evaluate risk factors that may have an adverse effect on the ISS Group's activities, financial position, results and future growth. For a detailed, non-exhaustive list of the risk factors to which the Group is subject, reference is made to the High Yield Offering Memorandum (pages 33-52) available from the Group's website www.issworld.com.

Overall, operational and financial risks are managed in accordance with policies adopted by the Board. In addition, detailed plans and business procedures for a number of functions are described in manuals and guidelines. The policies for operational and financial risk management and the ISS Group's standards are documented and distributed to the operating companies. ISS's Group Risk Management and Group Treasury departments supervise compliance with these standards. Monthly reporting to the Board contains an overview of the status in these areas.

OPERATIONAL RISK MANAGEMENT

Operational risk management focuses principally on procedures for claims management, entering into contracts, occupational safety, environmental aspects and safeguarding of physical assets. Operational risk is assessed based on the activities of each operating company, historic and current claims events, and the markets in which the companies operate. Operational risk is monitored and mitigated in accordance with ISS Group standards for risk management, risk financing and good operational practice. Operational risk financing is based on insurance and own funding, primarily through local and global insurance programmes including a captive (Global Insurance A/S), all managed centrally in ISS.

ISS considers that the Group is not subject to material operational risks except for risks common in the ordinary course of business in the service industry.

Operational responsibility is delegated to the operating companies under the supervision of regional management.

FINANCIAL RISK MANAGEMENT

Financial risk management focuses primarily on interest rate risk, currency risk and credit risk. The ISS Group's financial risk management is described in note 32 to the consolidated financial statements.

MAIN ELEMENTS OF THE GROUPS INTERNAL CONTROL ENVIRONMENT

The Board and the EGM have overall responsibility for the Groups internal control and risk management systems related to preparation of the consolidated financial statements. The Audit Committee reviews and monitors the EGM in the assessment of material risks and the internal controls and risk management systems that manage the identified risks.

A material risk is considered to be a risk that may cause a material error in the consolidated financial statements of the Group. Internal control procedures at group level have been established to assess the Group's internal control environment and to manage identified risks.

ISS considers strong controls to be an essential management tool. Accordingly, care is taken to ensure that a sound framework of controls is in place for safeguarding the business, the company's assets and the shareholder investments. However, such controls are designed to manage rather than eliminate the risks and can provide only reasonable and not absolute assurance against material misstatements or losses. The policies and procedures set out below reflect the principal features of the ISS Group's internal control environment.

ISS aims at establishing a control environment that provides the Board and the EGM with reasonable assurance that:

- management reporting is reliable and in compliance with applicable laws, regulations, internal policies and procedures and gives a true and fair view of the financial results
- risks are identified and minimised
- internal controls are in place to support the quality and efficiency of the business processes and to safeguard the Group's assets
- ISS's business is conducted in compliance with legislation and ISS policies

The country management teams are responsible for ensuring that the control environment in each operating unit is sufficient to meet the objectives above. The regional management teams provide governance of the country operations. In order to ensure that adequate internal control procedures are maintained locally, the Group Business Controlling department visits the subsidiaries regularly. Controller visits take place according to a plan for the year approved by the Audit Committee and in accordance with the control procedures and standards defined in ISS's control manual. The findings and conclusions of the visits, which include recommendations on how to improve the control environment, are presented in reports addressed to country and regional managements and the external auditor. The controllers perform follow-up reviews to ensure that the recommendations are implemented. The results of the control visits are presented to the Audit Committee and the Audit Committee assesses the results reported and uses this assessment to review the Control Plan for the coming year.

Other key elements of ISS's control environment are:

- strategy reviews – annual meetings with country managers at which the strategy is discussed, and priorities and plans for the coming year are agreed
- business reviews – monthly meetings between regional management and country management with a focus on the current performance and state of the business
- budgets and financial plans – all countries must prepare budgets and plans for the following financial year in a pre-defined procedure and format. Regional managements review the proposed budgets and plans with the countries
- IT solutions – all countries must use a standardised IT reporting tool and the number of different ERP platforms within the Group is continuously being reduced
- acquisitions – all acquisition proposals must be presented in a predefined acquisition report and valuation model for approval. Board approval is required for large or strategic acquisitions
- reporting of cash flow forecasts – countries must report the daily cash flow forecast for the coming month on the third working day of each month. Subsequently, actual figures are continuously monitored by ISS's Group Treasury department for deviations from the forecasted figures

- reporting of financial results – all countries must report a full income statement, balance sheet, cash flow statement, portfolio analysis etc. on a monthly basis. Any significant variance from budgets must be explained
- full-year forecasts – all countries must update and report their year-end estimates twice a year

Auditor

The Board nominates the external auditor for election pursuant to the shareholder's agreement. The nomination follows an assessment of the competencies, objectivity and independence of the external auditor and the effectiveness of the audit process.

An independent business relationship with the ISS Group's external auditor is essential for the control environment. As part of the safeguards to ensure independence, the external auditor may not be used for certain non-audit services for ISS including, but not limited to, preparation of accounting records and financial statements and recruitment for senior management positions.

The company collaborates with its external auditor in relation to procedures and internal controls by exchanging controller reports and audit reports and by generally sharing relevant knowledge.

All Board members receive the external auditor's long-form audit reports in connection with the audit of the annual financial statements and any other long-form audit reports. Auditor reports are discussed in detail in the Audit Committee.

The Board reviews the Annual Report at a Board meeting attended by the external auditor. The potential findings of the external auditor and any major issues arising during the course of the audit are discussed and key accounting principles and audit judgements are reviewed.

At a local hospital in Arizona, USA, ISS is in charge of a landscaping project which involves renovation of the grounds. Part of this project involves planting over 100 new trees and 10,000 new shrubs. The project also includes installation of low-voltage lighting to enhance the landscaped areas to add to the overall aesthetics and beauty of the grounds in the evening.

ANTONIO MADRID

DALE MICETIC AND RICKY LOCKHART

OLE ANDERSEN

LEIF ÖSTLING

JOHN MURRAY ALLAN

PETER KORSHOLM

SANJAY PATEL

CHRISTOPH SANDER

STEVEN SHER

BOARD OF DIRECTORS

BOARD OF DIRECTORS OF ISS HOLDING A/S

Ole Andersen
(1956)
Chairman
Member of the Board since
27 May 2005.
Jointly nominated by EQT and
GS Capital Partners.

Leif Östling
(1945)
Vice-Chairman
Member of the Board
since 26 October 2005.
Jointly nominated by EQT
and GS Capital Partners.
President and CEO of Scania AB.

John Murray Allan
(1948)
Member of the Board
since 20 June 2008.
Jointly nominated by EQT
and GS Capital Partners.
CFO of Deutsche Post World Net.

Peter Korsholm
(1971)
Member of the Board
since 16 April 2008.
Nominated by EQT.
Partner and Head of the
Copenhagen office of
EQT Partners.

Sanjay Patel
(1961)
Member of the Board
since 27 May 2005.
Nominated by GS Capital Partners.
Co-head of Private Equity
in Europe for the Principal
Investment Area of
Goldman Sachs International.

Christoph Sander
(1962)
Member of the Board
since 6 April 2006.
Jointly nominated by EQT and
GS Capital Partners.
Co-founder and Director
of Casper Limited.

Steven Sher
(1970)
Member of the Board
since 12 December 2007.
Nominated by GS Capital Partners.
Managing Director for the
Principal Investment Area of
Goldman Sachs International.

BOARD OF DIRECTORS OF ISS HOLDING A/S

The membership of ISS Holding's Board of Directors is identical to that of the Board of Directors of ISS Equity A/S and ISS A/S (except for elected employee representatives of ISS A/S.)

JAKOB STAUSHOLM, JØRGEN LINDEGAARD AND JEFF GRAVENHORST

JACOB GÖTZSCHE

HANS JOHN OIESTAD

STIG PASTWA

MARTIN GAARN THOMSEN

TODD O'NEILL

JENS EBBE OLESEN

CHRISTIAN K. JAKOBSEN

MAGNUS ÅKERBERG

HELLE HAVGAARD

BJØRN RAASTEEN

MANAGEMENT

GROUP MANAGEMENT BOARD

EXECUTIVE GROUP MANAGEMENT

MANAGEMENT OF ISS HOLDING A/S

Jørgen Lindegaard
(1948)
Group Chief Executive Officer.
Head of Executive
Group Management.
With ISS since 2006.

Jeff Gravenhorst
(1962)
Group Chief Operating Officer.
With ISS since 2002.

Jakob Stausholm
(1968)
Group Chief Financial Officer.
With ISS since 2008.

Jacob Götzsche
(1967)
Chief Operating Officer.
With ISS since 1999.

Hans John Oiestad
(1955)
Chief Operating Officer.
With ISS since 1986.

Stig Pastwa
(1967)
Chief Operating Officer.
With ISS since 1998.

Martin Gaarn Thomsen
(1970)
Chief Operating Officer.
With ISS since 1999.

Todd O'Neill
(1966)
Head of Group Strategy and
Business Development.
With ISS since 2008.

Jens Ebbe Olesen
(1962)
Head of Group M&A.
With ISS since 1998.

Christian K. Jakobsen
(1970)
Group Treasurer.
With ISS since 2004.

Magnus Åkerberg
(1963)
Head of Corporate Clients.
With ISS since 2007.

Helle Havgaard
(1959)
Head of Group Human Capital.
With ISS since 2000.

Bjørn Raasteen
(1964)
Group General Counsel.
With ISS since 1999.

MANAGEMENT OF ISS HOLDING A/S

The management team of ISS Holding A/S consists of the Executive Group Management. As ISS Holding A/S has no operating activities of its own, it relies on the Group Management Board of ISS A/S, which other than the Executive Group Management consists of certain senior officers responsible for the day-to-day operations of the ISS Group.

VANESSA MANTOVANI

MANAGEMENT STATEMENT

COPENHAGEN, 2 APRIL 2009

The Board of Directors and the Executive Group Management have today discussed and approved the Annual Report 2008 of ISS Holding A/S. The Annual Report 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2008. Furthermore, the section Capital Structure pages 132-135 gives a fair review of the development of the Group's capital structure.

EXECUTIVE GROUP MANAGEMENT

Jørgen Lindegaard
Group Chief Executive Officer

Jeff Gravenhorst
Group Chief Operating Officer

Jakob Stausholm
Group Chief Financial Officer

BOARD OF DIRECTORS

Ole Andersen
Chairman

Leif Östling
Vice-Chairman

John Murray Allan

Peter Korsholm

Sanjay Patel

Christoph Sander

Steven Sher

The Morumbi Stadium in São Paolo, Brazil seats 70,000 spectators and is usually filled to capacity for the 50 football matches and 140 other events each year. ISS manager Vanessa Mantovani and her 49 ISS colleagues are responsible for cleaning the stadium, the VIP areas, the locker rooms and maintaining high standards of hygiene in the stadium's facilities.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of ISS Holding A/S

We have audited the Annual Report of ISS Holding A/S for the financial year 1 January - 31 December 2008 pages 7-131, which comprises the Company Report, Management Statement, Income Statement, Cash Flow Statement, Balance Sheet, Statement of Total Recognised Income and Expense, Statement of Changes in Equity and Notes to the Financial Statements for the Group as well as for the parent company. The Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance regarding whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2008 and of the results of the Group's and the Company's operations and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

KPMG
Statsautoriseret Revisionspartnerselskab

Copenhagen, 2 April 2009

Jesper Ridder Olsen	**Claus Kronbak**
State Authorised	State Authorised
Public Accountant	Public Accountant

Swissotel The Bosphorus is a 60,000 m^2 hotel in Istanbul, Turkey, and is serviced by 130 ISS employees who deliver: cleaning, gardening, window cleaning, carpet cleaning and dry cleaning services. The ISS employees take pride in keeping the Swissotel premises tidy, clean and inviting to the hotel guests.

ILYAS KASIM,

HUSEYIN TURKMAN

ARSLAN AYAR

BAHTIYAR GOLTAS

GERARD HUGHES, CHARLOTTE FURGE AND KWAME AMOATENG

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

1 January – 31 December. Amounts in DKK million

Note		2008	2007
2	**Revenue**	**68,829**	**63,922**
3, 4	Staff costs	(44,156)	(40,998)
19	Cost of sales	(6,134)	(5,614)
5	Other operating expenses	(13,609)	(12,630)
13, 15	Depreciation and amortisation [1]	(869)	(845)
	Operating profit before other items [2]	**4,061**	**3,835**
6	Other income and expenses, net	(242)	(129)
	Integration costs	(66)	(67)
2	**Operating profit [1]**	**3,753**	**3,639**
16	Share of result from associates	3	8
7	Net finance costs	(2,731)	(3,017)
	Profit before tax and goodwill impairment/amortisation of brands and customer contracts	**1,025**	**630**
8	Income taxes [3]	(531)	(254)
	Profit before goodwill impairment/amortisation of brands and customer contracts	**494**	**376**
9, 13, 14	Goodwill impairment and write-down	(399)	(128)
13	Amortisation of brands and customer contracts [4]	(1,008)	(1,101)
8	Income tax effect [5]	282	411
	Net profit/(loss) for the year	**(631)**	**(442)**
	Attributable to:		
	Equity holders of ISS Holding	(641)	(468)
	Minority interests	10	26
	Net profit/(loss) for the year	**(631)**	**(442)**

[1] Excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[2] Other items comprise Other income and expenses, net, Integration costs, Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[3] Excluding tax effect of Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[4] Includes customer contract portfolios and related customer relationships.
[5] Income tax effect of Goodwill impairment and write-down and Amortisation of brands and customer contracts.

The London Eye opened in 2000 and quickly became one of the most iconic landmarks in the centre of London. Since it opened it has welcomed more than 30 million visitors. When The London Eye is closed in the evening it is the responsibility of ISS Security services to ensure that the area remains safe.

CONSOLIDATED CASH FLOW STATEMENT

1 January – 31 December. Amounts in DKK million

Note		2008	2007
	Operating profit before other items	4,061	3,835
13, 15	Depreciation and amortisation	869	845
10	Changes in working capital	109	(44)
	Changes in other provisions, pensions and similar obligations	(96)	(203)
	Payments related to other income and expenses, net	(181)	(208)
	Payments related to integration costs	(65)	(78)
22	Income taxes paid, net	(363)	(434)
	Cash flow from operating activities	**4,334**	**3,713**
11	Acquisition of businesses	(2,095)	(2,957)
11	Divestment of businesses	272	(2)
12	Investments in intangible assets and property, plant and equipment, net	(718)	(715)
12	Investments in financial assets, net	(2)	2
	Cash flow from investing activities	**(2,543)**	**(3,672)**
	Proceeds from borrowings	2,251	15,581
	Repayment of borrowings	(1,310)	(13,043)
	Interest paid, net	(2,267)	(2,373)
	Proceeds from issuance of share capital	-	178
	Minority interests	(22)	(14)
	Cash flow from financing activities	**(1,348)**	**329**
	Total cash flow	**443**	**370**
	Cash and cash equivalents at 1 January	2,581	2,216
	Total cash flow	443	370
	Foreign exchange adjustments	(63)	(5)
25	**Cash and cash equivalents at 31 December**	**2,961**	**2,581**

CONSOLIDATED BALANCE SHEET

At 31 December. Amounts in DKK million

Note		2008	2007
	Assets		
13, 14	Intangible assets	36,001	37,150
15	Property, plant and equipment	2,276	2,223
16	Investments in associates	24	28
17	Deferred tax assets	472	598
18	Other financial assets	238	229
	Total non-current assets	**39,011**	**40,228**
19	Inventories	264	249
20	Trade receivables	10,097	10,114
21	Contract work in progress	182	161
22	Tax receivables	228	277
23	Other receivables	776	1,036
24	Assets held for sale	-	619
25	Securities	86	83
25	Cash and cash equivalents	2,961	2,581
	Total current assets	**14,594**	**15,120**
	Total assets	**53,605**	**55,348**
	Equity and liabilities		
	Total equity attributable to equity holders of ISS Holding	3,498	5,459
	Minority interests	35	59
26	**Total equity**	**3,533**	**5,518**
27	Long-term debt	31,210	30,882
28	Pensions and similar obligations	834	724
17	Deferred tax liabilities	2,498	2,786
29	Other provisions	397	326
	Total long-term liabilities	**34,939**	**34,718**
27	Short-term debt	1,279	1,039
	Trade payables	2,835	2,750
22	Tax payables	123	151
30	Other liabilities	10,461	10,494
29	Other provisions	435	327
24	Liabilities held for sale	-	351
	Total current liabilities	**15,133**	**15,112**
	Total liabilities	**50,072**	**49,830**
	Total equity and liabilities	**53,605**	**55,348**

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

At 31 December. Amounts in DKK million

	Attributable to equity holders of ISS Holding					
2008	Retained earnings	Translation reserve	Hedging reserve	Total	Minority interests	Total equity
Foreign exchange adj. of subsidiaries and minorities	-	(791)	-	(791)	(1)	(792)
Fair value adjustment of hedges, net	-	-	(266)	(266)	-	(266)
Fair value adjustment of hedges, net, transferred to Net finance costs	-	-	(147)	(147)	-	(147)
Actuarial gains/(losses)	(182)	-	-	(182)	-	(182)
Impact from asset ceiling	25	-	-	25	-	25
Share-based payments	5	-	-	5	-	5
Tax of entries recognised directly in equity	(67)	-	103	36	-	36
Net income and expense recognised directly in equity	**(219)**	**(791)**	**(310)**	**(1,320)**	**(1)**	**(1,321)**
Net profit/(loss) for the year	**(641)**	**-**	**-**	**(641)**	**10**	**(631)**
Total recognised income and expense for the year	**(860)**	**(791)**	**(310)**	**(1,961)**	**9**	**(1,952)**

2007						
Foreign exchange adj. of subsidiaries and minorities	-	(263)	-	(263)	(1)	(264)
Fair value adjustment of hedges, net	-	-	134	134	-	134
Fair value adjustment of hedges, net, transferred to Net finance costs	-	-	(87)	(87)	-	(87)
Actuarial gains/(losses)	152	-	-	152	-	152
Impact from asset ceiling	(41)	-	-	(41)	-	(41)
Share-based payments	2	-	-	2	-	2
Fair value adjustment of PFI investments transferred to Other income and expenses, net	(19)	-	-	(19)	-	(19)
Tax of entries recognised directly in equity	(34)	-	(12)	(46)	-	(46)
Net income and expense recognised directly in equity	**60**	**(263)**	**35**	**(168)**	**(1)**	**(169)**
Net profit/(loss) for the year	**(468)**	**-**	**-**	**(468)**	**26**	**(442)**
Total recognised income and expense for the year	**(408)**	**(263)**	**35**	**(636)**	**25**	**(611)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December. Amounts in DKK million

2008	Share capital	Retained earnings	Translation reserve	Hedging reserve	Total	Minority interests	Total equity
	Attributable to equity holders of ISS Holding						
Equity at 1 January 2008	**100**	**5,486**	**(256)**	**129**	**5,459**	**59**	**5,518**
Total recognised income and expense for the year	-	(860)	(791)	(310)	(1,961)	9	(1,952)
Impact from acquired and divested companies, net	-	-	-	-	-	(11)	(11)
Dividends paid	-	-	-	-	-	(22)	(22)
Total changes in equity	**-**	**(860)**	**(791)**	**(310)**	**(1,961)**	**(24)**	**(1,985)**
Equity at 31 December 2008	**100**	**4,626**	**(1,047)**	**(181)**	**3,498**	**35**	**3,533**

2007	Share capital	Retained earnings	Translation reserve	Hedging reserve	Total	Minority interests	Total equity
Equity at 1 January 2007	**100**	**5,716**	**7**	**94**	**5,917**	**63**	**5,980**
Total recognised income and expense for the year	-	(408)	(263)	35	(636)	25	(611)
Share issue	0	178	-	-	178	-	178
Impact from acquired and divested companies, net	-	-	-	-	-	(15)	(15)
Dividends paid	-	-	-	-	-	(14)	(14)
Total changes in equity	**0**	**(230)**	**(263)**	**35**	**(458)**	**(4)**	**(462)**
Equity at 31 December 2007	**100**	**5,486**	**(256)**	**129**	**5,459**	**59**	**5,518**

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries/joint ventures and investments in associates as well as from the translation of long-term intra-group balances which are considered an addition to the net assets of subsidiaries/joint ventures, loans in foreign currency and derivatives hedging net investments in foreign subsidiaries/joint ventures.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The reserve is presented net of the estimated tax effect.

Dividends

No dividends have been proposed or declared before the Annual Report was issued.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of ISS Holding A/S as of and for the year ended 31 December 2008, comprise ISS Holding A/S and its subsidiaries (together referred to as “the Group”) and the Group's interests in associates and jointly controlled entities.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the consolidated financial statements have been prepared in compliance with the IFRSs issued by the IASB.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value: derivatives, financial instruments designated as fair value through the income statement and financial assets classified as available-for-sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

CHANGES IN ACCOUNTING POLICIES

The Group has with effect from 1 January 2008 implemented IFRS 8, "Operating Segments" and IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

IFRS 8 "Operating Segments" introduces a "management approach" whereby the segment reporting is based on operating segments as expressed in the Group's internal management reporting. Consequently, the segments reported under IFRS 8 are changed compared to the previous segment reporting under IAS 14, which required segment reporting to be based on both business segments and geographical segments. IFRS 8 has been adopted before the effective date in accordance with the transitional provisions of the standard.

IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" provides guidance on assessing the limit on the amount of surplus to be recognised as a defined benefit asset as well as the treatment of minimum funding requirements. IFRIC 14 has been adopted before the effective date in accordance with the transitional provisions of the interpretation.

The adoption of these Standards and Interpretations did not affect the recognition and measurement, and consequently the accounting policies set out below have been applied consistently by all entities of the Group to all periods presented in these consolidated financial statements. The new standards and interpretations only resulted in changes to the presentation and disclosures in the notes. Comparative figures have been adjusted accordingly.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgements on carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The Group believes the following are the areas involving critical accounting estimates and judgements used in the preparation of the consolidated financial statements:

> revenue recognition and determination of deferred income
> the valuation of identifiable assets, liabilities and contingent liabilities in connection with the acquisition of businesses
> the impairment testing of goodwill, brands, customer contract portfolios and related customer relationships, and any other acquisition-related intangible assets
> the actuarial calculations regarding pension benefits
> the valuation of provisions other than pension benefits
> the assessment of ongoing litigations and the valuation of contingent liabilities
> the valuation of tax assets and
> bad debt provisions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

BASIS OF CONSOLIDATION

Subsidiaries The consolidated financial statements include ISS Holding A/S and all subsidiaries in which ISS Holding A/S, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest.

The consolidated financial statements are based on the financial statements of ISS Holding A/S and the individual subsidiaries by adding items of a similar nature.

Associates Entities, that are not regarded as subsidiaries, but in which the Group holds investments and exercises a significant, but not a controlling influence are regarded as associates. The proportionate share of the associate’s profit or loss after tax is recognised in the income statement in the consolidated financial statements in accordance with the equity method.

Joint ventures The Group's interests in jointly controlled entities are regarded as joint ventures and recognised in the consolidated financial statements by including the Group's proportionate share of the

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

entities' assets, liabilities, income and expenses on a line-by-line basis with items of a similar nature.

Transactions eliminated on consolidation Intra-group balances and any unrealised gains and losses on income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations Acquired businesses are included in the consolidated financial statements as from the date when control commences. Businesses that are divested or wound-up are included until the date where control ceases or the entity is wound-up. Comparative figures are not restated for businesses acquired, divested or wound-up.

Acquisitions are treated in accordance with the purchase method, under which identifiable assets, liabilities and contingent liabilities of acquired businesses are recognised in the balance sheet at fair value at the date of acquisition. Identifiable intangible assets are recognised if separable or if they arise from contractual or other legal rights, provided that the fair value can be measured reliably. Tax impact related to fair value adjustments is taken into account.

Excess cost of acquisition over the fair value of acquired assets, liabilities and contingent liabilities is capitalised as goodwill. Goodwill is allocated to cash-generating units and tested for impairment annually. The first impairment test is prepared no later than at the end of the year of acquisition.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, adjustments made within twelve months of the acquisition date to the provisional fair value of acquired assets, liabilities and contingent liabilities or cost of the acquisition, are adjusted to the initial goodwill. The adjustment is calculated as if it was recognised at the acquisition date. Comparative figures are restated. Subsequent to this period, goodwill is only adjusted for changes in estimates of the cost of the acquisition being contingent on future events. However, subsequent realisation of deferred tax assets not recognised on acquisition will result in the recognition in the income statement of the tax benefit concurrently with a write-down of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been recognised at the time of the acquisition.

Gains or losses on the divestment or winding-up of businesses or associates are measured as the difference between the sales or winding-up sum adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of goodwill. Accumulated exchange rate adjustments on divested or wound-up subsidiaries or associates recognised in equity are included in the income statement under Net finance costs at the time of divestment or wind-up.

Foreign currency Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner, which is the functional and presentation currency of ISS Holding A/S.

Transactions in foreign currency are translated into the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

The income statements of foreign subsidiaries are translated into Danish kroner using the average exchange rates prevailing during the year, whereas balance sheet items are translated by applying the exchange rates ruling at the balance sheet date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity having a functional currency different from Danish kroner are treated as assets and liabilities belonging to the foreign entity and translated into Danish kroner at the exchange rates ruling at the balance sheet date.

Realised and unrealised exchange gains and losses are included in the income statement under Net finance costs, except gains/losses arising from the translation of:

- the opening balances of net assets of foreign subsidiaries/joint ventures and investments in associates to exchange rates ruling at the balance sheet date
- the income statements of foreign subsidiaries/joint ventures and the share of result from associates from average exchange rates to exchange rates ruling at the balance sheet date
- long-term intra-group balances which are considered an addition to the net assets of subsidiaries/joint ventures
- loans in foreign currency and derivatives hedging net investments in foreign subsidiaries/joint ventures.

Realised and unrealised exchange gains and losses related to the translation of the above four groups of transactions are taken directly to equity. The related tax impact is taken into account.

INCOME STATEMENT

Presentation The income statement is presented in accordance with the "nature of expense" method. Goodwill impairment and write-down and Amortisation of brands and customer contracts as well

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as the Income tax effect hereof are presented in separate line items after Operating profit. This income statement presentation is considered to more appropriately reflect the Group's profitability.

Revenue comprises the value of services provided during the year less VAT and duties as well as price and quantity discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably and the amount of revenue can be measured reliably. Contract work in progress is recognised using the percentage-of-completion method based on the value of work completed at the balance sheet date.

In assessing whether revenue should be reported on a gross or a net basis (i.e. net of related costs), the Group considers whether it: (i) is the primary obligor in the arrangement; (ii) has the general inventory risk; (iii) has latitude in establishing price; (iv) changes the product or performs part of the service; (v) has discretion in supplier selection; (vi) is involved in the determination of product or service specifications; (vii) has physical loss inventory risk; or (viii) carries the credit risk. If these assumptions are fulfilled revenue is reported on a gross basis.

Government grants Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful lifetime of the asset.

Staff costs comprises salaries and wages, pensions, social security expenses and other employee related expenses.

Cost of sales comprises material consumption related to the recognised revenue.

Other operating expenses includes expenses related to the operation of service equipment and other non-current assets, external assistance as well as other selling, distribution and administrative expenses, including expenses related to marketing, transportation, operating leases, subcontractors, audit, legal assistance, realised losses and loss provisions on receivables etc.

Depreciation and amortisation includes depreciation and amortisation of intangible and tangible assets excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts, which are presented in separate line items after Profit before goodwill impairment/amortisation of brands and customer contracts.

Share-based compensation The value of services received in exchange for granted warrants is measured at the fair value of the warrants granted. The fair value of equity-settled programmes is measured at grant date and recognised in the income statement under Other income and expenses, net over the vesting period with a corresponding increase in equity.

The fair value of the warrants granted is measured using the Black-Scholes option pricing model based on the terms and conditions upon which they were granted. Service and non-market vesting conditions are not taken into account when estimating the fair value, but are considered when estimating the number of warrants expected to vest. At each balance sheet date, the Group revises the estimate of number of warrants expected to vest. The impact of this revision, if any, is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Operating leases Operating lease costs are recognised in the income statement on a straight-line basis over the term of the lease. The obligation for the remaining lease period is disclosed in the notes under Contingent liabilities.

Other income and expenses, net consists of income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, the winding-up of operations, disposals of property, restructurings and certain acquisition related costs, etc.

Integration costs includes costs regarding the acquiring Group company and the acquired business that are a consequence of the integration. Integration costs include costs of compensating employees for termination of their employment, closing facilities, and termination of subscriptions and agreements.

Share of result from associates comprises the share of result after tax in associates.

Net finance costs comprises interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on derivatives that do not qualify for hedge accounting.

Income taxes consists of income tax and changes in deferred tax. Deferred tax is recognised based on the balance sheet method and comprises all temporary differences between accounting and tax values of assets and liabilities. Furthermore, a deferred tax liability is recognised for expected re-taxation of tax-deductible losses realised in foreign subsidiaries previously included under Danish joint taxation.

Where the tax base can be calculated using different tax regulations, deferred tax is measured based on the planned use of the asset or the unwinding of the liability, as applicable. Deferred tax is computed based on the tax rate expected to apply when the temporary differences are reversed. No deferred tax provisions are made for undistributed profits of subsidiaries and goodwill not deductible for tax purposes.

Deferred tax assets, including the tax value of losses carried forward, are recognised at the value at which they are expected to be applied

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

either by eliminating tax on future earnings or by setting off deferred tax liabilities within the same legal tax unit and jurisdiction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The recognised income tax is allocated to Income taxes, Tax effect of goodwill impairment and write-down and amortisation of brands and customer contracts and Equity, as applicable.

ISS Holding A/S is jointly taxed with all Danish resident affiliates. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are included in the Danish tax on account scheme. Additions, deductions and allowances are recognised under Net finance costs.

Goodwill impairment and write-down includes impairment losses arising from impairment tests as well as write-down of goodwill in connection with divestments.

Amortisation of brands and customer contracts includes amortisation of acquired brands and acquired customer contract portfolios and related customer relationships, impairment losses arising from impairment tests and write-down in connection with divestments.

Income tax effect of Goodwill impairment and write-down and amortisation of brands and customer contracts is presented in a separate line item in connection with these two line items.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the period stemming from operating, investing and financing activities, the change in its cash position during the year as well as the Group's cash position at the beginning and the end of the year.

The cash flow statement is prepared using the indirect method based on Operating profit before other items.

The liquidity effect of acquisitions and divestments of businesses is shown separately under Cash flow from investing activities. The cash flow statement includes cash flows from acquired businesses from the date of acquisition and cash flows from divested businesses until the date of divestment.

Cash flow from operating activities comprises Operating profit before other items adjusted for non-cash items, changes in working capital and provisions and payments regarding income taxes, other income and expenses and integration costs.

Cash flow from investing activities comprises cash flow from acquisition and divestment of businesses as well as the purchase and sale of non-current assets.

Cash flow from financing activities comprises proceeds from and repayment of loans, dividends, proceeds from share issues, purchase and sale of treasury shares, cash flow related to derivatives hedging net investments and dividends to Minority interests. Furthermore, interest paid and received is included in cash flow from financing activities as this better reflects the distinction between operating and financing activities following the acquisition of ISS A/S by ISS Holding A/S.

Cash and cash equivalents comprises cash and marketable securities, with maturity of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

BALANCE SHEET

Business combinations are accounted for using the purchase method as described under "Basis of consolidation".

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units, which is generally equal to country level. Goodwill is tested for impairment annually and whenever there is an indication that goodwill may be impaired.

An impairment loss is recognised whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. The recoverable amount is calculated as the higher of net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value.

Brands Acquisition related brands are recognised at fair value at the date of acquisition. Subsequently, acquired brands with indefinite useful lives are measured at historical cost less any accumulated impairment losses while acquired brands with finite useful lives are measured at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over the expected useful life of the brand, which is usually in the range 2-5 years.

The valuation of acquired brands is based on a discounted cash flow model using the after-tax royalty payments (the royalty relief method). Cash flows are discounted on an after tax basis using the local Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in the brand.

The net present value of the cash flow is increased with an estimated portion of the discounted tax amortisation benefit applicable for a potential buyer based on the local tax amortisation opportunity available for brand names when bought as a trade and asset purchase. The tax amortisation benefit is discounted. This increased value of the brand equals the fair value at the date of acquisition.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and the tax value. The initial recognition of this deferred tax liability increases the amount of goodwill.

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The value of brands is allocated to cash generating units and tested for impairment as part of the annual impairment test of goodwill.

Customer contract portfolios and related customer relationships ("Customer contracts") Acquisition related customer contracts are recognised at fair value at the date of acquisition and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The value is amortised based on the churn rate of the acquired portfolio using the declining balance method. This churn rate is calculated on a contract by contract basis and has historically averaged approximately 12% to 13% annually. In certain cases the value of customer contracts is amortised on a straight line basis based on the legal duration of the acquired contract.

The valuation of customer contracts is based on a discounted cash flow model using an estimated split of the acquired revenue in business segments and the related churn rates and profitability of the revenue at the time of the acquisition. A contributory asset charge as a cost or return requirement for assets supporting the intangible asset has been included in the model. Cash flows are discounted on an after tax basis using the local Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in customer contracts.

The net present value of the cash flow is increased with an estimated portion of the discounted tax amortisation benefit applicable for a potential buyer based on the local tax amortisation opportunity available for customer contracts when bought as a trade and asset purchase. The tax amortisation benefit is discounted. This increased value of customer contracts equals the fair value at the date of acquisition.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and the tax value. The initial recognition of this deferred tax liability increases the amount of goodwill.

The value of customer contracts is allocated to cash generating units and tested for impairment as part of the annual impairment test of goodwill.

Software and other intangible assets and Property, plant and equipment are measured at cost less accumulated amortisation, depreciation, impairment loss and write-down.

Cost of assets includes cost price as well as costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. To the cost price is added the estimated cost of dismantling and removing the item and restoring the site on which it is located to the extent that this cost is recognised as a provision.

Subsequent costs of replacing part of an item are recognised as an asset if it is probable that the future economic benefits embodied with the item will flow to the Group. The remaining carrying amount of the replaced item is de-recognised in the balance sheet and transferred to the income statement. All other costs for common repairs and maintenance are recognised in the income statement as and when incurred.

When measuring the value of software developed for internal use, external costs to consultants and software as well as internal direct and indirect costs related to the development are capitalised. Other development costs for which it cannot be rendered probable that future economic benefit will flow to the Group are recognised in the income statement as and when incurred.

Amortisation and depreciation is provided on a straight-line basis over the expected useful lives of the assets taking into account the estimated residual value. The amortisation and depreciation methods, useful lives and residual values are reassessed annually.

Non-current assets	**Expected useful life**
Software and other intangible assets	5-10 years
Buildings	20-40 years
Leasehold improvements	(the lease term) 8-12 years
Plant and equipment	3-10 years

If the estimated useful lives of the assets or the estimated residual value is changed the impact on the amortisation and depreciation is recognised prospectively.

Gains and losses arising on the disposal or retirement of non-current assets are measured as the difference between the selling price less direct sales costs and the net carrying amount, and are recognised in the income statement under Other operating expenses in the year of sale, except gains and losses arising on disposals of property, which are recognised under Other income and expenses, net.

Leased assets Assets held under finance leases are at inception of the agreement measured in the balance sheet at the lower of the fair value and the present value of future lease payments. When calculating the present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate. Assets held under finance leases are depreciated in accordance with the policy for non-current assets acquired by the Group.

Financial assets Investments in associates are measured in accordance with the equity method. Associates with a negative net asset value are stated at zero, and amounts owed to the Group by such associates are written down by the Group's share of the negative net asset value to the extent it is considered uncollectible. Should the negative net asset value exceed the receivable, the residual amount is recognised under provisions to the extent the Group has a legal or constructive obligation to cover the negative balance.

Costs related to tenders for public offers for PPP (Public Private Part-

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

nership)/PFI (Private Finance Initiative) contracts are recognised in the income statement as incurred. If the Group is awarded status as preferred bidder, directly attributable costs and investments from that date, if any, are recognised under Financial assets. For PPP/PFI contracts awarded, the costs are amortised over the term of the contract. If the Group is not awarded the contract, all costs are recognised in the income statement.

Investments in PFI contracts are classified as available-for-sale and are measured at fair value at the balance sheet date, with any resulting gains or losses being recognised directly in equity, except for any impairment losses, which are recognised directly in the income statement. When these investments are de-recognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. The fair value is the quoted bid price at the balance sheet date.

Inventories Raw materials and supplies are measured at the lower of cost under the FIFO principle and net realisable value. Finished goods and Work in progress are measured at the lower of cost plus attributable overheads and net realisable value. The cost price of raw materials and supplies includes the purchase price plus costs directly related to the purchase. Net realisable value is the estimated selling price less costs of completion and selling costs.

Receivables are measured at amortised cost less a provision for doubtful debts based on an individual assessment. Provisions and realised losses during the year are recognised under Other operating expenses.

Contract work in progress is measured at the sales value of the proportion of work completed at the balance sheet date. The sales value is calculated based on the stage of completion and the total amount expected to be received for each individual contract. Progress billings related to the completed proportion of work to be performed are deducted from the recognised value, while progress billings exceeding the completed proportion of work to be performed are recognised as Prepayments from customers under Current liabilities.

Securities which are designated as fair value through the income statement are measured at fair value at the balance sheet date, with any resulting gains or losses recognised directly in the income statement.

Treasury shares Proceeds related to the acquisition or disposal of treasury shares are taken directly to equity.

Dividends are recognised in the period in which they are declared.

Financial liabilities are initially measured at the value of the proceeds received less related transaction costs. Subsequently, financial liabilities are measured at amortised cost, equal to the capitalised value when applying a constant effective rate of interest, and the difference between the proceeds initially received and the nominal value is recognised in the income statement over the loan period.

Defined benefit plans Net obligations in respect of defined benefit pension plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. Discount rates are based on the market yield of high quality corporate bonds or government bonds in the country concerned with a maturity approximating to the terms of the Group's pension obligations. The calculations are performed by a qualified actuary using the Projected Unit Credit Method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits vest. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement. Net pension assets are only recognised to the extent that the Group is able to derive future economic benefits in the way of refunds from the plan or reductions of future contributions. Any actuarial gains and losses are recognised directly in equity.

Other long-term employee benefits The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted. Discount rates are based on the market yield of high quality corporate bonds or government bonds in the country concerned with a maturity approximating to the terms of the Group's obligations. The calculations are performed by a qualified actuary using the Projected Unit Credit Method. Any actuarial gains and losses are recognised under Staff costs in the income statement.

Other provisions comprise obligations concerning labour related matters, self-insurance, integration costs related to acquisitions, dismantling costs, and various other operational issues. The provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Derivatives are measured at fair value calculated according to generally accepted valuation methods and are recognised in Other receivables or Other liabilities.

For derivatives hedging the fair value of recognised assets and liabilities the value of the hedged asset or hedged liability is also stated at fair value in respect of the risk being hedged. When a hedging instrument expires or is sold, terminated or exercised but the hedged asset or hedged liability with a determinable maturity still exist, the adjustment recorded as part of the carrying amount of the hedged item is amortised to the income statement from that date onwards using the effective interest method.

The effective part of the changes in the fair value of derivatives hedging

continues

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

future transactions is recognised directly in equity, net of tax. On realisation of the hedged item, value changes recognised under equity are reversed and recognised together with the hedged item. When a hedging instrument expires or is sold, terminated or exercised but the hedged future transactions are still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

Derivatives that qualify as net investment hedges of subsidiaries, joint ventures and associates are recognised directly in equity, net of tax.

For derivatives, which do not comply with the hedge accounting conditions, changes in fair value are recognised as Net finance costs in the income statement as they occur.

Non-current assets held for sale Assets are classified as held for sale when the carrying amount of the assets are expected to primarily be recovered through a sale within 12 months rather than through continuing use. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, assets held for sale are recognised at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are not amortised or depreciated. Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement. Assets and related liabilities are separated in the balance sheet and the main elements are specified in the notes to the financial statements.

Discontinued operations comprises a component of the Group's business that represent a separate major line of business or geographical area of which the operations and cash flows can be clearly distinguished, i.e. as a minimum a cash-generating unit. Classification as discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. The profit or loss is separated in the income statement, assets and related liabilities are separated in the balance sheet, and the cash flows from operating, investing and financing activities are disclosed in the notes to the financial statements. When an operation is classified as discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the beginning of the comparative period.

Segment reporting The Group's reportable segments have been identified based on the Group's internal management reporting. Operations are managed based on a geographical structure in which countries are grouped into 7 regions representing the Group's reportable segments. The regions have been identified based on a key principle of grouping countries that share market conditions and culture.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments. Unallocated items mainly consist of revenue, costs, assets and liabilities relating to the Group's Corporate functions as well as Net finance costs and Income taxes.

For the purpose of IFRS 8, segment profit has been identified as Operating profit (before Goodwill impairment and write-down and Amortisation of brands and customer contracts). Segment assets and segment liabilities have been identified as Total assets and Total liabilities, respectively.

In presenting geographical information segment revenue and non-current assets are based on the geographical location of the individual subsidiary from which the sales transaction originates.

NEW STANDARDS AND INTERPRETATIONS

IASB has published the following new standards, amendments to existing standards and interpretations that are not mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008: IAS 1, 23 and 27, IFRS 2 and 3, IFRIC 13 and 15-18, "amendments to IAS 32 and IAS 1", "amendments to IAS 39" and "amendments to IFRS 1 and IAS 27" and "improvements to IFRSs May 2008". IFRS 3, IAS 27, the mentioned amendments and IFRIC 15-18 have not yet been approved by the EU.

The Group expects to implement the new standards and interpretations when they become mandatory in 2009 and 2010, respectively. The standards and interpretations that are approved with different effective dates in the EU than the corresponding effective dates under IASB will be early adopted so that the implementation follows the effective dates under IASB.

IFRS 3 (Revised) "Business Combinations" (and the simultaneous amendment of IAS 27) is effective for annual periods beginning on or after 1 July 2009. The standard incorporates a number of changes of which the full impact is not yet known. However, it is expected that primarily the following changes are likely to be relevant to the Group's operations:

- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in the income statement.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.

The Group does not expect to apply the possibility of recognising goodwill related to any minority share of acquired businesses. Furthermore, it is expected that the impact of a number of the more technical adjustments to the purchase method will not be significant.

IFRS 3 (Revised) becomes mandatory for the Group's 2010 consolidated financial statements and will be applied prospectively, and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Apart from IFRS 3 (Revised) "Business Combinations" (and the simultaneous amendment of IAS 27), none of the standards and interpretations are expected to have a material impact on the consolidated financial statements of the Group.

2. SEGMENT REPORTING

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, office support, property services, catering, security and facility management.

Operations are managed based on a geographical structure in which countries are grouped into 7 regions. The regions have been identified based on a key principle of grouping countries that share market conditions and culture.

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	Nordic	Western Europe	Eastern Europe	Asia	Latin America	USA	Pacific	Total reportable segments
2008								
Income statement								
Revenue [1)]	**17,071**	**39,337**	**1,663**	**3,147**	**1,890**	**2,131**	**3,614**	**68,853**
Depreciation and amortisation [2)]	(229)	(462)	(26)	(41)	(19)	(13)	(33)	(823)
Operating profit before other items [3)]	**1,189**	**2,356**	**124**	**210**	**109**	**128**	**230**	**4,346**
Other income and expenses, net	(20)	(199)	0	(0)	-	-	-	(219)
Integration costs	(6)	(37)	(2)	(6)	(6)	(4)	(5)	(66)
Operating profit [2)]	**1,163**	**2,120**	**122**	**204**	**103**	**124**	**225**	**4,061**
Goodwill impairment and write-down	(25)	(374)	-	-	-	-	-	(399)
Amortisation of brands and customer contracts	(244)	(580)	(32)	(45)	(17)	(43)	(47)	(1,008)
Balance sheet								
Total assets	**12,971**	**31,660**	**1,352**	**2,564**	**1,014**	**1,612**	**2,404**	**53,577**
Additions excluding acquisitions/divestments	318	565	18	70	26	18	35	1,050
Additions from acquisitions/divestments	104	1,195	120	334	121	282	176	2,332
Additions to non-current assets [4)]	**422**	**1,760**	**138**	**404**	**147**	**300**	**211**	**3,382**
Total liabilities	**8,570**	**20,324**	**896**	**1,261**	**799**	**1,165**	**1,945**	**34,960**

[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 Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[3)] Other items comprise Other income and expenses, net, Integration costs, Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[4)] Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

continues

2. SEGMENT REPORTING (CONTINUED)

DKK million	Nordic	Western Europe	Eastern Europe	Asia	Latin America	USA	Pacific	Total reportable segments
2007								
Income statement								
Revenue [1]	**16,488**	**37,709**	**1,226**	**2,409**	**1,484**	**1,100**	**3,519**	**63,935**
Depreciation and amortisation [2]	(217)	(452)	(21)	(37)	(14)	(7)	(34)	(782)
Operating profit before other items [3]	**1,162**	**2,356**	**91**	**158**	**86**	**62**	**225**	**4,140**
Other income and expenses, net	(12)	(65)	-	3	3	-	-	(71)
Integration costs	(7)	(44)	(1)	(5)	(2)	(3)	(5)	(67)
Operating profit [2]	**1,143**	**2,247**	**90**	**156**	**87**	**59**	**220**	**4,002**
Goodwill impairment and write-down	(16)	(112)	-	-	-	-	-	(128)
Amortisation of brands and customer contracts	(303)	(641)	(26)	(40)	(17)	(24)	(50)	(1,101)
Balance sheet								
Total assets	**14,034**	**32,705**	**1,177**	**2,070**	**900**	**1,195**	**2,548**	**54,629**
Additions excluding acquisitions/divestments	284	566	19	54	20	7	41	991
Additions from acquisitions/divestments	204	1,554	179	306	70	1,049	45	3,407
Additions to non-current assets [4]	**488**	**2,120**	**198**	**360**	**90**	**1,056**	**86**	**4,398**
Total liabilities	**8,446**	**20,530**	**745**	**897**	**780**	**907**	**2,032**	**34,337**

[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 Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[3] Other items comprise Other income and expenses, net, Integration costs, Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[4] Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

Grouping of countries into regions

Nordic:	Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden
Western Europe:	Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom
Eastern Europe:	Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia
Asia:	Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand
Pacific:	Australia and New Zealand
USA:	USA
Latin America:	Argentina, Brazil, Chile, Mexico and Uruguay

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING (CONTINUED)

Products and services

The Group's revenue relates to the following service types:

DKK million	2008	2007
Cleaning	36,528	34,773
Office Support	4,146	3,881
Property Services	15,410	15,186
Catering	5,727	4,198
Security	4,344	3,406
Facility Management	2,674	2,478
Total revenue	**68,829**	**63,922**

Geographical information

Revenue and non-current assets (excluding deferred tax assets) is specified below for each of the Group's significant countries[1]:

	2008		2007	
DKK million	Revenue	Non-current assets	Revenue	Non-current assets
France	9,336	6,904	10,144	7,104
United Kingdom	7,565	2,972	7,814	3,883
Norway	5,683	2,686	5,324	3,282
Spain	4,603	2,198	3,775	1,902
Sweden	3,920	1,907	3,861	2,167
Denmark (country of domicile)	3,702	2,491	3,713	2,474
Netherlands	3,540	2,431	3,654	2,486
Finland	3,517	3,373	3,317	3,437
Other countries [2]	26,963	13,577	22,320	12,895
Total	**68,829**	**38,539**	**63,922**	**39,630**

[1] In this context significant countries are defined as countries representing 5% or more of the Group's revenue.
[2] Including unallocated items and eliminations.

Major customers

No customer comprises more than 10% of the Group's external revenue.

continues

2. SEGMENT REPORTING (CONTINUED)

Reconciliations

DKK million	2008	2007
Revenue		
Revenue for reportable segments	68,853	63,935
Elimination of internal revenue	(24)	(13)
Revenue according to the Consolidated Income Statement	**68,829**	**63,922**
Operating profit		
Operating profit for reportable segments	4,061	4,002
Elimination of internal profit	0	-
Unallocated corporate costs	(285)	(305)
Unallocated other income and expenses, net	(23)	(58)
Operating profit according to the Consolidated Income Statement	**3,753**	**3,639**
Unallocated:		
Share of result from associates	3	8
Net finance costs	(2,731)	(3,017)
Profit before tax and goodwill impairment/amortisation of brands and customer contracts according to the Consolidated Income Statement	**1,025**	**630**
Total assets		
Total assets for reportable segments	53,577	54,629
Elimination of internal assets	(19,846)	(19,139)
Unallocated assets	19,874	19,858
Total assets according to the Consolidated Balance Sheet	**53,605**	**55,348**
Additions to non-current assets [1]		
Additions to non-current assets for reportable segments	3,382	4,398
Unallocated additions to non-current assets	51	80
Total additions to non-current assets according to the Consolidated Balance Sheet	**3,433**	**4,478**
Total liabilities		
Total liabilities for reportable segments	34,960	34,337
Elimination of internal liabilities	(19,447)	(18,743)
Unallocated liabilities	34,559	34,236
Total liabilities according to the Consolidated Balance Sheet	**50,072**	**49,830**

[1] Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

3. STAFF COSTS

DKK million	2008	2007
Wages and salaries	34,188	31,613
Pension costs, defined benefit plans	126	118
Pension costs, defined contribution plans	1,492	1,477
Social charges and other costs	8,350	7,790
Staff costs	**44,156**	**40,998**
Average number of employees	**455,947**	**416,961**

Remuneration to the Board of Directors and Executive Management of the Group

	2008		2007	
DKK thousand	Board of Directors	Executive Management	Board of Directors	Executive Management
Salaries (including benefits) and fees	1,856	18,102	1,613	17,267
Bonus	-	5,148	-	6,510
Severance payments [1]	-	-	-	12,833
	1,856	**23,250**	**1,613**	**36,610**

Executive Management of the Group comprises the Executive Group Management of ISS Holding A/S.

The members of Executive Management are, in the event of termination, entitled to a severance payment of between 12 - 18 months salary plus benefits.

[1] Included in Other income and expenses, net.

4. SHARE-BASED PAYMENTS

Management Participation Programme

Funds advised by EQT Partners and Goldman Sachs Capital Partners (the “Principal Shareholders”) have established a Management Participation Programme, under which Executive Management[1] and a number of senior officers of the Group have been offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest S.a r.l ("FS Invest"), ISS Holding A/S's ultimate parent. As part of the initial programme – in addition to the investments – warrants in FS Invest were granted free of charge to Executive Management and a number of senior officers of the Group.

The direct and indirect investments in FS Invest were made on market terms and hence are not share-based payments within the scope of IFRS 2 Share-based Payment. Further details of the programme and these investments are provided in note 34, Related parties and in Corporate Governance on page 38. The warrants granted to Executive Management and a number of senior officers of the Group are within the scope of IFRS 2.

Warrants granted as part of the Management Participation Programme

The warrants were granted in July 2006 as a one-time grant and were issued in two series, A and B, both expiring on 1 June 2014. The estimated FS Invest share price at the time of the grant was DKK 1,019 per share. The warrants entitle the holder to subscribe for FS Invest shares at an exercise price of DKK 2,039 and DKK 2,549 per share for warrants in series A and series B, respectively, in a proportion which is determined by the exercise restrictions mentioned below. The warrants are exercisable for a period of 30 business days prior to and ending on 1 June 2014. The warrants are non-transferable.

[1] Executive Management comprises Executive Group Management of ISS Holding A/S.

continues

4. SHARE-BASED PAYMENTS (CONTINUED)

The fair value of the warrants was estimated to DKK 25 million at the time of grant measured using the Black-Scholes option pricing model based on the assumptions at the time of grant and exercise restrictions.

The warrants are accounted for as equity-settled transactions. The fair value of these warrants will be expensed in the income statement over the vesting period from July 2006 to June 2014. In 2008, DKK 5 million were recognised under Other income and expenses, net in respect of warrants granted (2007: DKK 2 million).

The warrants are subject to exercise restrictions depending on the share price at the time of exercise. At a share price of 6,114 or more at the time of exercise 100% of the warrants vested can be exercised. The proportion of exercisable warrants decreases in intervals down to 10% at a share price of 2,038. At share prices below 2,038 no warrants are exercisable.

Warrants outstanding at 31 December 2008 and movements during 2007 and 2008 were:

	Executive Management			Senior officers			Total		
Number of warrants	**Series A**	**Series B**	**Total**	**Series A**	**Series B**	**Total**	**Series A**	**Series B**	**Series A and B**
Outstanding at 1 January 2007	-	125,424	125,424	31,367	385,575	416,942	31,367	510,999	542,366
Warrants forfeited	-	-	-	(1,515)	(8,839)	(10,354)	(1,515)	(8,839)	(10,354)
Outstanding at 31 December 2007	-	125,424	125,424	29,852	376,736	406,588	29,852	502,160	532,012
Warrants settled	-	(67,536)	(67,536)	-	(67,536)	(67,536)	-	(135,072)	(135,072)
Outstanding at 31 December 2008	**-**	**57,888**	**57,888**	**29,852**	**309,200**	**339,052**	**29,852**	**367,088**	**396,940**

Warrants settled during 2008 relates to cash settlement by FS Invest of warrants in connection with termination of employment.

5. FEES TO AUDITORS

DKK million	**2008**	**2007**
KPMG		
Audit fees	42	40
Other audit related services	5	12
Tax and VAT advisory services	13	10
Other services	16	26
Total KPMG	**76**	**88**

Audit fees comprised audit of the consolidated and local Annual Reports. Other services mainly comprised work related to acquisitions such as financial and tax due diligence etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER INCOME AND EXPENSES, NET

DKK million	2008	2007
Gain on divestments	6	7
Gain on sale of properties	0	23
Gain on sale of option	-	61
Gain on sale of Private Finance Initiative (PFI) stake in the United Kingdom	-	41
Other	19	14
Other income	**25**	**146**
Restructuring projects	(131)	(70)
Redundancy and severance payments relating to organisational changes	(21)	(13)
Loss on divestments	(43)	(115)
Closedown and subsequent surveillance of landfill site in France	(28)	-
Adjustment to accounting estimate in Belgium	(17)	-
Consolidation projects in the United Kingdom	(4)	(28)
IPO feasibility review	-	(33)
Re-scoping of IT outsourcing agreement	-	(10)
Other	(23)	(6)
Other expenses	**(267)**	**(275)**
Other income and expenses, net	**(242)**	**(129)**

Other income

Gain on sale of properties in 2007 mainly related to sale of buildings within Landscaping activities in the Netherlands.

Gain on sale of option in 2007 related to the sale of a call option for property located in Norway.

Gain on sale of PFI stake in 2007 related to the sale of the Group's interest in Criterion Healthcare (Bishop Auckland) which operates certain facilities at Bishop Auckland Hospital in the United Kingdom.

Other expenses

Restructuring projects in 2008 relates to costs for projects in the Netherlands, Norway, France, Austria and various other countries. In the Netherlands a re-organisation of the organisational setup covering four business units as well as head office was initiated amounting to DKK 70 million. In Norway the office relocation project initiated in 2007 to consolidate several office locations in Norway continued amounting to DKK 16 million. In France, Austria and Norway re-organisations of the organisational setup following the divestments of various activities was carried out amounting to DKK 31 million. Restructuring projects in 2007 related to costs for the office relocation project in Norway amounting to DKK 55 million and re-organisation of the organisational setup within a major business unit in the Netherlands amounting to DKK 15 million. The projects included redundancy payments, termination of leaseholds and relocation costs.

Redundancy and severance payments relating to organisational changes relates to organisational changes carried out by the Group at both corporate level and country management level.

Loss on divestments in 2008 mainly relates to the remaining part of the non-core energy activities in France and non-strategic landscaping activities in Austria. In 2007, divestments mainly related to landscaping activities in Ireland and various other countries as well as the divestment of the initial part of the energy activities in France.

Closedown and subsequent surveillance of landfill site in France relates to additional costs regarding closure and subsequent supervision for 30 years of a landfill site, which was managed by ISS France and closed in 2008. The additional costs were mainly a result of changed expectations and administrative requirements for handling of landfill sites as well as an unfavourable climatic and geological evolution.

Adjustment to accounting estimate in Belgium relates to adjustment of prior years estimate regarding work in progress.

Consolidation projects in the United Kingdom comprise costs related to consolidation of properties in central London and Scotland. The projects include termination of leaseholds, write-off of fixed assets and relocation costs.

IPO feasibility review in 2007 contains incurred costs to external advisors in relation hereto.

Re-scoping of IT outsourcing agreement in 2007 related to incurred re-scoping costs regarding the outsourcing of the Group's operation and maintenance of certain of its information technology systems, primarily as a result of changing the IT outsourcing agreement from a centralised solution to a decentralised solution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. NET FINANCE COSTS

DKK million	2008	2007
Interest income etc.	153	149
Interest income from affiliates	0	5
Amortised gain from settlement of interest rate swaps	27	23
Foreign exchange gain	62	22
Financial income	**242**	**199**
Interest expenses etc.	(2,465)	(2,383)
Interest expenses to affiliates	(3)	(5)
Market price adjustment of bond loans	(125)	(169)
Amortisation of financing fees	(63)	(50)
Foreign exchange loss	(317)	(49)
Loss related to redemption of floating notes	-	(222)
Loss related to partial redemption of EMTN's	-	(338)
Financial expenses	**(2,973)**	**(3,216)**
Net finance costs	**(2,731)**	**(3,017)**

Amortised gain from settlement of interest rate swaps

The interest rate swaps hedging ISS Global's Medium Term Notes (EMTNs) were partially settled in June 2005 and the remaining part was settled in June 2006 resulting in a net gain to be recognised in the consolidated income statement over the remaining term of the EMTNs. A part of the gain is referred to the partially redeemed EMTNs and was recognised in the income statement in connection with the redemption in July 2007. The remaining unrecognised net gain of DKK 28 million at 31 December 2008 (DKK 55 million at 31 December 2007) will be recognised in the income statement in the financial years 2009 - 2014 corresponding to the remaining term of the EMTNs, see note 27, Borrowings.

Loss related to redemption of floating notes

In July 2007, ISS Holding A/S's subordinated floating rate notes were fully redeemed resulting in a loss of DKK 222 million relating to a call premium of DKK 63 million and financing fees of DKK 159 million previously recognised in long-term debt.

Loss related to partial redemption of EMTN's

In July 2007, 77.9% of the EMTN's due in 2014 were redeemed. The notes were acquired at a discount to nominal value. However, due to the market price adjustment of the EMTN's in connection with ISS Holding A/S's acquisition of ISS A/S in 2005 the net book value was lower than the redemption value resulting in a loss of DKK 338 million.

8. INCOME TAXES

DKK million	2008	2007
Current tax regarding profit before impairment/amortisation of intangibles [1)]	361	363
Deferred tax regarding profit before impairment/amortisation of intangibles [1)]	203	(95)
Tax on profit before impairment/amortisation of intangibles [1)]	564	268
Adjustments relating to prior years, net	(33)	(14)
Income taxes	**531**	**254**
Tax effect of impairment/amortisation of intangibles [1)]	**(282)**	**(411)**
Total tax recognised in the income statement	**249**	**(157)**

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAXES (CONTINUED)

DKK million	2008	2007
Current tax regarding equity movements	1	12
Deferred tax regarding equity movements	(37)	34
Total tax recognised directly in equity	**(36)**	**46**
Computation of effective tax rate		
Statutory income tax rate in Denmark	25.0 %	25.0 %
Foreign tax rate differential, net	1.9 %	7.0 %
	26.9 %	32.0 %
Non-tax deductible expenses less non-taxable income	3.8 %	5.3 %
Adjustments relating to prior years, net	(3.2) %	(2.2) %
Change of valuation of net tax assets	9.7 %	2.5 %
Effect of changes in tax rates	(0.8) %	(7.8) %
Other taxes [2)]	5.3 %	10.5 %
Limitation to interest deduction in Denmark	10.1 %	0.0 %
Effective tax rate (excluding effect from impairment/amortisation of intangibles) [1)]	**51.8 %**	**40.3 %**

[1)] Intangibles comprise the value of goodwill, brands and customer contracts.
[2)] Other taxes mainly comprise withholding taxes.

9. GOODWILL IMPAIRMENT AND WRITE-DOWN

DKK million	2008	2007
Impairment	270	-
Write-down	129	128
Goodwill impairment and write-down	**399**	**128**

Goodwill impairment of DKK 270 million in 2008 relates to ISS Germany of DKK 250 million and ISS Italy of DKK 20 million. For further description see note 14, Impairment tests.

Write-down of DKK 129 million in 2008 mainly relates to divestment of the landscaping and office support activities in Austria of DKK 104 million and the construction part of the landscaping activities in region Vestfold and Telemark in Norway of DKK 25 million. The write-down of DKK 128 million in 2007 mainly related to divestment of the landscaping activities in Ireland of DKK 70 million and the energy activities in France of DKK 38 million as well as a number of minor divestments primarily in Denmark.

10. CHANGES IN WORKING CAPITAL

DKK million	2008	2007
Changes in inventories	(28)	2
Changes in receivables	(111)	(520)
Changes in payables	248	474
Changes in working capital	**109**	**(44)**

11. ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

The Group made 66 acquisitions during 2008 (67 during 2007). The total purchase price amounted to DKK 2,139 million (DKK 2,896 million in 2007). The total annual revenue of the acquired businesses (unaudited approximate figure) is estimated at DKK 3,887 million (DKK 4,540 million in 2007) based on expectations at the time of acquisition.

The acquisitions (including adjustments to acquisitions in prior years) had the following effect on the Group's assets and liabilities on the acquisition date:

	Total acquisitions			
		Fair value adj.		
DKK million **2008**	**Pre-acquisition carrying amounts**	**Current year acquisitions**	**Prior year acquisitions**	**Recognised values on acquisition**
Goodwill	7	(7)	-	-
Customer contracts	-	677	1	678
Other non-current assets	158	21	(1)	178
Trade receivables	626	(20)	4	610
Other current assets	248	(27)	(0)	221
Other provisions	(15)	(108)	(9)	(132)
Pensions, deferred tax liabilities and minorities	(3)	(163)	4	(162)
Long-term debt	(23)	(1)	1	(23)
Short-term debt	(193)	(4)	(3)	(200)
Other current liabilities	(498)	(52)	(1)	(551)
Net identifiable assets and liabilities	**307**	**316**	**(4)**	**619**
Goodwill			134	1,588
Acquisition costs, net of tax			(1)	(68)
Purchase price			**129**	**2,139**
Cash and cash equivalents in acquired businesses				(118)
Cash purchase price				**2,021**
Changes in deferred payments and earn-outs				24
Changes in prepaid purchase price				(11)
Acquisition costs paid, net of tax				61
Total payments regarding acquisition of businesses				**2,095**

In 2008, no acquisitions accounted for more than 2% of the Group's revenue on an individual basis. Consequently, all acquisitions are deemed individually immaterial and are therefore shown in aggregate.

Opening balances are recognised in accordance with IFRS 3. At 31 December 2008, certain opening balances have only been provisionally determined. Consequently, fair value adjustments may be recognised against goodwill within 12 months from the acquisition date.

The purchase price of prior years' acquisitions increased by DKK 129 million, mainly due to revised estimates relating to earn-outs for the acquisitions of Carlos Rocha in Spain of DKK 80 million, Ryvola in Czech Republic of DKK 12 million and CMC in Turkey of DKK 10 million.

The goodwill recognised on acquisition is attributable mainly to; i) assembled workforce, ii) technical expertise and technological know how, iii) training expertise and training and recruitment programmes and iv) platform for growth. As the Group is a service company that acquires businesses in order to apply the ISS model and generate value by restructuring and refining the acquired business, the main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisition of businesses (continued)

Acquisitions made in 2007 (including adjustments to acquisitions in prior years) had the following effect on the Group's assets and liabilities on the acquisition date:

DKK million **2007**	Sanitors Inc.			Total acquisitions			
					Fair value adj.		
	Pre-acquisition carrying amounts	Fair value adjustment	Recognised values on acquisition	Pre-acquisition carrying amounts	Current year acquisitions	Prior year acquisitions	Recognised values on acquisition
Goodwill	497	(497)	-	497	(497)	-	-
Brands	-	2	2	-	2	-	2
Customer contracts	-	309	309	-	947	1	948
Other non-current assets	34	(6)	28	216	14	4	234
Trade receivables	223	(13)	210	793	(32)	3	764
Other current assets	27	(3)	24	275	5	(21)	259
Other provisions	(18)	(13)	(31)	(65)	(12)	(5)	(82)
Pensions, deferred tax liabilities and minorities	(17)	(58)	(75)	(35)	(235)	5	(265)
Long-term debt	-	-	-	(91)	4	(0)	(87)
Short-term debt	(1)	(1)	(2)	(205)	11	(15)	(209)
Other current liabilities	(117)	(96)	(213)	(633)	(145)	31	(747)
Net identifiable assets and liabilities	**628**	**(376)**	**252**	**752**	**62**	**3**	**817**
Hereof previously recognised as associates			-			-	(42)
Net identifiable assets and liabilities			**252**			**3**	**775**
Goodwill			706			18	2,201
Acquisition costs, net of tax			(13)			(0)	(80)
Purchase price			**945**			**21**	**2,896**
Cash and cash equivalents in acquired businesses			(13)				(196)
Cash purchase price			**932**				**2,700**
Changes in deferred payments and earn-outs			5				172
Changes in prepaid purchase price			-				(1)
Acquisition costs paid, net of tax			12				86
Total payments regarding acquisition of businesses			**949**				**2,957**

In 2007, only the acquisition of Sanitors Inc. accounted for more than 2% of the Group's revenue on an individual basis. All other acquisitions were deemed individually immaterial and are therefore shown in aggregate.

The purchase price of prior years' acquisitions increased by DKK 21 million in 2007, mainly due to revised estimate relating to an earn-out for the acquisition of Tempo Services Ltd. in 2006.

The goodwill recognised on acquisition is attributable mainly to; i) assembled workforce, ii) technical expertise and technological know how, iii) training expertise and training and recruitment programmes and iv) platform for growth. As the Group is a service company that acquires businesses in order to apply the ISS model and generate value by restructuring and refining the acquired business, the main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisition of businesses (continued)

The 66 acquisitions[1)] made by the Group during 2008 are listed below:

Company	Country	Consolidated in the income statement	Percentage interest	Annual revenue [2)]	Number of employees [2)]
Hoguin Espace Verts SAS	France	January	100%	10	21
Kolberg	Norway	January	Activities	17	12
Rengøringscentralen A/S	Denmark	January	100%	24	120
Catering Tefen Ltd.	Israel	January	50%	26	230
Adams Secuforce Int. Ltd	Hong Kong	January	100%	111	1,627
Triumph Network Services	India	February	Activities	2	35
Profi-Komfort Kft.	Hungary	February	100%	68	1,361
Smartcare	New Zealand	February	Activities	7	85
Kfir Group	Israel	March	100%	268	4,500
Arena21 Ltd.	United Kingdom	March	100%	43	114
Pest Check	Ireland	March	Activities	5	6
Slim S.A.	Chile	March	100%	22	667
TimSar & Hawes Pest	Australia	March	Activities	1	9
Technisch Onderhoud & Services BVBA	Belgium	March	100%	33	35
Strata Security and Combined Services Ltd.	United Kingdom	March	100%	152	635
Schack Firmafrugt	Denmark	April	Activities	34	25
Vigor Services	Norway	April	Activities	7	30
Gastropol Group Spolka z.o.o.	Poland	April	100%	81	670
BGM Industries	USA	April	Activities	510	3,800
Ekå Växtservice AB	Sweden	April	100%	4	6
Complete Cleaning Services Ltd.	Australia	April	100%	30	183
Inbuilt Engineering Pte Ltd.	Singapore	April	100%	94	110
Aspis Security SA	Greece	April	100%	216	1,430
Saneerauspari	Finland	May	Activities	13	26
Paksil & CSS	Turkey	May	100%	88	1,500
Smartkost AS	Norway	May	100%	7	6
Servicoin S.A. de C.V.	Mexico	May	100%	94	987
Provence Faucardage SAS	France	June	100%	15	19
Siddhi Caterers and Allied Services Pvt. Ltd.	India	June	100%	20	500
Naturdes Ambiental S.L.	Spain	June	100%	1	15
ISH Weissenfels	Germany	June	Activities	1	2
Sardunya Hazir Yemek Uretim Tesisleri A.S.	Turkey	June	100%	298	1,500
David Morrisson SARL	Luxembourg	June	100%	2	3
Contract Building Services	USA	June	Activities	9	95
Boracure	New Zealand	June	Activities	11	22
Topic Catering	Australia	June	Activities	184	200
Promocentro	Portugal	June	Activities	47	1,473
Notre Bel Co., Ltd.	Thailand	July	100%	31	1,900
Jardineria Pedro Moral S.L.	Spain	July	100%	5	12
Webdie NV	Belgium	July	100%	11	20
StopFlam SAS	France	July	100%	15	14
Ciape DD, S.L.	Spain	July	100%	9	24
Catering Habitue	Uruguay	July	Activities	18	188
Equipo Blanco SRL	Argentina	July	100%	10	310
Subtotal				**2,654**	**24,527**

1) Includes all acquisitions completed prior to 1 January 2009.
2) Unaudited approximate figures based on information available at the time of acquisition.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisition of businesses (continued)

Company	Country	Consolidated in the income statement	Percentage interest	Annual revenue [1)]	Number of employees [1)]
Subtotal (from previous page)				**2,654**	**24,527**
Gros Environment SAS	France	August	100%	39	42
Hung Fat Cleaning Transportation Company Ltd.	Hong Kong	August	100%	27	183
HTTP	Finland	August	Activities	6	10
Glanzend Ltda	Chile	August	100%	39	774
Personellsikring AS	Norway	August	100%	41	144
Loghis Logistica Integrada Ltda.	Brazil	August	100%	108	1,895
Grupo RV Catering Services	Spain	September	100%	57	250
HRS Helmut Riedl GmbH	Germany	September	100%	2	3
Golden Mind Services Co. Ltd.	Thailand	September	100%	204	9,066
ASL SA	France	October	100%	11	36
Control y Tratamientos Sanitarios, S.L.	Spain	October	100%	6	11
Silvertech E&M Engineering Co. Ltd.	Hong Kong	October	100%	72	145
The Catering People Ltd.	United Kingdom	October	100%	83	275
Frugt Karl Engros	Denmark	October	Activities	3	0
MDN SAS	France	November	100%	40	272
Eltel Security	Finland	November	Activities	11	13
Reaktorskolen AS	Norway	November	100%	54	21
Chubb (guarding & patrol) (Security Salesco NZ Ltd.)	New Zealand	December	100%	132	600
Van Den Brande Technieken	Belgium	December	Activities	38	37
Bartens Pest Guard	Germany	December	Activities	1	3
Gastronomia Mediterranea, S.L. and Limpiezas Masan, S.A.	Spain	December	100%	100	465
Grupo Limpul	Spain	December	100%	159	1,050
Total				**3,887**	**39,822**

1) Unaudited approximate figures based on information available at the time of acquisition.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made 12 divestments during 2008 (14 during 2007). The total sales price amounted to DKK 316 million (DKK 32 million in 2007). The total annual revenue of the divested businesses (unaudited approximate figure) is estimated at DKK 1,281 million (DKK 394 million in 2007) based on expectations at the time of divestment.

The divestments had the following effect on the Group's assets and liabilities (carrying amounts) on the divestment date:

DKK million	2008	2007
Goodwill	(15)	(2)
Customer contracts	(6)	(1)
Other non-current assets	(10)	(45)
Trade receivables	(43)	(47)
Other current assets	(20)	(38)
Assets held for sale	(619)	-
Other provisions	3	-
Pensions, deferred tax liabilities and minorities	12	-
Short-term debt	1	6
Other current liabilities	19	35
Liabilities held for sale	351	-
Net identifiable assets and liabilities	**(327)**	**(92)**
Loss/(gain) on divestment of businesses, net	37	108
Divestment costs, net of tax	(26)	(48)
Sales price	**(316)**	**(32)**
Cash and cash equivalents in divested businesses	12	-
Cash sales price	**(304)**	**(32)**
Changes in deferred payments and earn-outs	1	(6)
Divestment costs paid, net of tax	31	40
Net proceeds regarding divestment of businesses	**(272)**	**2**

The 12 divestments [1] made by the Group during 2008 are listed below:

Company/activity	Country	Excluded from the income statement	Annual revenue [2]
Wood Restoration Business	Spain	January	6
EU Business in L&P	France	January	25
Slotsholmen	Denmark	January	45
ISS Energie	France	January	854
H. Jakober Transport	Switzerland	January	16
Eiendomsinvestor	Norway	February	-
Aquawall	Denmark	March	4
Security Phone Business	Finland	June	5
Austria Office Support	Austria	October	209
ISS Faroe Islands	Faroe Islands	November	10
Austria Landscaping	Austria	November	76
Vestfald & Telemark	Norway	December	31
Total			**1,281**

[1] Includes all divestments completed prior to 1 January 2009.

[2] Unaudited approximate figures based on information available at the time of acquisition.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Pro forma revenue and operating profit

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

DKK million	**2008**	**2007**
Pro forma revenue		
Revenue recognised in the income statement	68,829	63,922
Adjustment, assuming all acquisitions in the year were included as of 1 January	1,641	1,996
Revenue, assuming all acquisitions in the year were included as of 1 January	70,470	65,918
Adjustment, assuming all divestments in the year were carried out as of 1 January	(230)	(181)
Revenue, assuming all acquisitions and divestments in the year were carried out as of 1 January	**70,240**	**65,737**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	4,061	3,835
Adjustment, assuming all acquisitions in the year were included as of 1 January	113	152
Operating profit before other items, assuming all acquisitions in the year were included as of 1 January	4,174	3,987
Adjustment, assuming all divestments in the year were carried out as of 1 January	(0)	7
Operating profit before other items, assuming all acquisitions and divestments in the year were carried out as of 1 January	**4,174**	**3,994**

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.

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 and have not been audited. This information does not represent the results the Group would have achieved had the divestments and acquisitions 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.

The acquiree's profit or loss since the acquisition date

The amount of the acquiree's profit or loss since the acquisition date included in the income statement for the year is not disclosed, since such disclosure is impracticable, as acquired companies are typically merged with (or activities transferred to) existing companies shortly after completion of the acquisition.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisitions and divestments subsequent to 31 December 2008

From 1 January to 29 February the Group made 10 acquisitions and 1 divestment. Acquisitions/divestments had the following effect on the Group's assets and liabilities on the acquisition/divestment date [1)]:

	Acquisitions		Divestments
DKK million	Pre-acquisition carrying amounts	Recognised values on acquisition	Carrying amounts
Customer contracts	-	16	-
Other non-current assets	4	6	(2)
Trade receivables	11	7	-
Other current assets	10	10	-
Other provisions	-	(0)	-
Pensions, deferred tax liabilities and minorities	-	(10)	-
Short-term debt	(1)	(1)	-
Other current liabilities	(20)	(23)	-
Net identifiable assets and liabilities	**4**	**5**	**(2)**
Goodwill		33	-
Acquisition/divestment costs, net of tax		(2)	(0)
Purchase/(sales) price		**36**	**(2)**
Cash and cash equivalents in acquired/divested businesses		(9)	-
Cash purchase/(sales) price		**27**	**(2)**
Changes in deferred payments and earn-outs		32	-
Changes in prepaid purchase price		82	-
Acquisition/divestment costs paid, net of tax		0	-
Total payments regarding acquisition/divestment of businesses		**141**	**(2)**

In accordance with usual Group procedures, opening balances are prepared during the first months following the acquisition. Hence, opening balances are not yet available for all acquisitions completed from 1 January to 28 February 2009. For acquisitions, where the opening balance is not yet available, any purchase price paid is shown in the line Changes in prepaid purchase price above.

[1)] Unaudited figures up until 31 January 2009.

continues

11. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Acquisitions and divestments subsequent to 31 December 2008 (continued)

The 10 acquisitions and 1 divestment made by the Group in the period 1 January to 28 February 2009 are listed below :

Company/activity	Country	Consolidated in/ excluded from the income statement	Percentage interest	Annual revenue [1]	Number of employees [1]
Mettek Hizmet	Turkey	January	100%	137	2,178
Central Property Service	USA	January	Activities	182	917
Industriservice Danmark A/S	Denmark	January	100%	7	13
Vaasan LVI-Huolto	Finland	January	100%	14	13
Sunparking	Indonesia	February	Activities	107	5,000
Aplytec	Spain	February	100%	13	24
Agria-Ved	Hungary	February	100%	7	25
ECO Servis	Bosnia	February	100%	5	65
Karmak	Italy	February	100%	100	412
Suomala	Finland	February	100%	19	105
Acquisitions				**591**	**8,752**
Asker	Norway	January	Activities	31	40
Divestments				**31**	**40**

[1] Unaudited approximate figures based on information available at the time of acquisition/divestment.

12. INVESTMENTS IN NON-CURRENT ASSETS

DKK million	2008	2007
Purchase of intangible assets and property, plant and equipment	(938)	(965)
Sale of intangible assets and property, plant and equipment	220	250
Investments in intangible assets and property, plant and equipment, net [1]	**(718)**	**(715)**
Purchase of financial assets	(4)	(25)
Sale of financial assets [2]	8	54
Changes in financial receivables	(6)	(27)
Investments in financial assets, net	**(2)**	**2**

[1] Excluding goodwill, brands and customer contracts as well as additions related to assets under finance leases.
[2] In 2007, sale of financial assets included proceeds from sale of Private Finance Initiative stake in the United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

DKK million	Goodwill	Brands	Customer contracts	Software and other intangible assets	Total
2008					
Cost at 1 January	27,847	1,637	10,608	341	40,433
Foreign exchange adjustments	(1,435)	(97)	(624)	(21)	(2,177)
Additions	1,515	-	-	137	1,652
Additions from acquired companies, net	(15)	-	634	27	646
Disposals	(129)	-	(22)	(52)	(203)
Transfer from Property, plant and equipment	-	-	-	15	15
Cost at 31 December	**27,783**	**1,540**	**10,596**	**447**	**40,366**
Impairment, write-down and amortisation at 1 January	(254)	(11)	(2,915)	(103)	(3,283)
Foreign exchange adjustments	-	1	210	4	215
Amortisation	-	(4)	(998)	(91)	(1,093)
Amortisation from acquired companies, net	-	-	3	-	3
Impairment	(270)	-	-	-	(270)
Write-down	(129)	-	-	-	(129)
Disposals	129	-	22	43	194
Transfer from Property, plant and equipment	-	-	-	(2)	(2)
Impairment, write-down and amortisation at 31 December	**(524)**	**(14)**	**(3,678)**	**(149)**	**(4,365)**
Carrying amount at 31 December	**27,259**	**1,526**	**6,918**	**298**	**36,001**
2007					
Cost at 1 January	26,428	1,671	9,864	240	38,203
Adjustment of business combinations	(110)	-	-	-	(110)
Foreign exchange adjustments	(299)	(21)	(129)	(2)	(451)
Additions	2,136	-	-	133	2,269
Additions from acquired companies, net	(2)	2	917	5	922
Disposals	(99)	-	-	(33)	(132)
Transfer to Assets held for sale	(207)	(15)	(44)	(2)	(268)
Cost at 31 December	**27,847**	**1,637**	**10,608**	**341**	**40,433**
Impairment, write-down and amortisation at 1 January	(250)	(7)	(1,862)	(52)	(2,171)
Foreign exchange adjustments	(4)	1	37	2	36
Amortisation	-	(5)	(1,096)	(80)	(1,181)
Amortisation from acquired companies, net	-	-	4	(3)	1
Write-down	(128)	-	-	-	(128)
Disposals	99	-	-	29	128
Transfer to Assets held for sale	29	-	2	1	32
Impairment, write-down and amortisation at 31 December	**(254)**	**(11)**	**(2,915)**	**(103)**	**(3,283)**
Carrying amount at 31 December	**27,593**	**1,626**	**7,693**	**238**	**37,150**

The carrying amount of Brands is primarily related to the ISS brand, which is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Factors that played a significant role in determining that the ISS brand has an indefinite useful life are: i) the ISS brand has existed for decades, ii) the Group's strategy is based on the ISS brand, iii) all acquired brands are converted to or co-branded with the ISS brand and iv) the ISS brand is used in the business to business and public segments with low maintenance cost attached.

14. IMPAIRMENT TESTS

The Group performs impairment tests on intangibles[1] annually and whenever there is an indication that intangibles may be impaired. As described in note 9, Goodwill impairment and write-down, impairment losses of DKK 250 million related to the German business and DKK 20 million related to the Italian business have been recognised in 2008.

The Group's intangibles primarily relate to the purchase price allocation following the take-over of ISS A/S as at 9 May 2005. A part of the Group's intangibles relate to acquisitions carried out after the take-over of ISS A/S as at 9 May 2005. Companies acquired after the take-over comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills.

Impairment tests are carried out per country as this represents the lowest level of cash-generating units (CGU) to which the carrying amount of intangibles can be allocated and monitored with any reasonable certainty. This level of allocation and monitoring of intangibles should be seen in the light of the Group's strategy to integrate acquired companies as quickly as possible in order to benefit from synergies.

Acquired companies are typically organisationally integrated and merged with (or activities transferred to) existing Group companies shortly after the completion of the acquisition. Furthermore, synergies and other effects resulting from cooperation with existing Group companies in their geographical or business area normally influence the financial performance of an acquired company. Consequently, after a short period of time, it is generally not possible to track and measure the value of intangibles of the individual acquired companies (or activities) with any reasonable certainty.

As a company based in Europe, the Group assumes the long-term market equity risk premium to be 4.5%. When performing impairment tests for individual CGU's, the risk premium applied may be higher than the Group's. When doing acquisitions the Group typically applies a hurdle rate, which is significantly higher than the calculated cost of capital.

The carrying amount of intangibles and the key assumptions[2] used in the impairment testing for each CGU representing more than 3% of the carrying amount of intangibles are presented below.

	Carrying amount (DKK million)				Applied expected long-term rate		Applied discount rate	
2008	Goodwill	Brands	Customer contracts	Total intangibles	Growth	Margin	Discount rate, net of tax	Discount rate, pre tax
France	4,999	302	932	6,233	3.0%	6.7%	9.3%	12.9%
Finland	2,297	120	699	3,116	3.0%	8.0%	9.1%	11.5%
United Kingdom	2,042	148	634	2,824	3.0%	6.8%	8.8%	11.3%
Norway	1,767	110	564	2,441	3.0%	7.5%	10.1%	13.2%
Netherlands	1,943	121	258	2,322	3.0%	6.6%	9.7%	12.0%
Denmark	1,790	131	341	2,262	3.0%	6.7%	9.7%	12.2%
Spain	1,528	90	432	2,050	3.0%	6.1%	9.2%	12.2%
Belgium	1,573	86	348	2,007	3.0%	7.1%	8.9%	12.4%
Switzerland	1,090	51	318	1,459	3.0%	7.6%	8.3%	10.0%
Sweden	1,090	96	216	1,402	3.0%	6.8%	8.9%	11.3%
Australia	1,128	8	259	1,395	3.0%	6.6%	10.2%	13.7%
Austria	707	49	268	1,024	3.0%	6.4%	9.4%	11.8%
Germany [3]	732	67	101	900	3.0%	4.6%	9.2%	12.2%
Other	4,573	147	1,548	6,268				
Total carrying amount at 31 December 2008	**27,259**	**1,526**	**6,918**	**35,703**				

[1] In this context intangibles cover the value of goodwill, brands and customer contracts resulting from the acquisition of companies.

[2] The key assumptions applied in the impairment tests are used for accounting purposes and should not be considered a forward-looking statement within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations to the future development.

[3] After the recognition of the impairment loss of DKK 250 million, intangibles in Germany no longer represent more than 3% of the total carrying amount of the Group's intangibles.

continues

14. IMPAIRMENT TESTS (CONTINUED)

Estimates used to measure recoverable amount

The recoverable amount of each CGU is determined on the basis of its value-in-use. The value-in-use is established using certain key assumptions as described below. The key assumptions are revenue growth, operating margin (before other items) and discount rates.

Value-in-use cash flow projections are based on financial budgets approved by management covering the following financial year. The operating margin is based on past performance and expectations for the future market development. The assumptions applied in the short to medium term are based on management's expectations regarding the development in growth and operating margin. The terminal growth rates do not exceed the expected long-term average growth rate including inflation for the business in which the CGU's operate.

Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flow is reflected in the discount rate.

In determining the country specific discount rates, which are calculated net of tax, a target ratio of 60/40 between the market value of debt and enterprise value is used. A country specific risk premium has been added to the discount rates to reflect the specific risk associated with each CGU.

Impairment test results

The impairment test for ISS Germany has been based on a business plan prepared by management of ISS Germany applying the assumptions set out below. The impairment test resulted in recognition of an impairment loss of DKK 250 million which was caused by declining market conditions within certain business activities in which ISS Germany operates, and thus lower expectations for future earnings combined with an increase in the discount rate applied.

The impairment test for ISS Italy resulted in recognition of an impairment loss of DKK 20 million. The impairment loss was primarily a consequence of a significant increase in the applied discount rate. Furthermore, the Italian business is negatively impacted by a high effective tax rate as a result of a special regional tax on productive activities (IRAP) as well as a decline in the margin. After recognition of the impairment loss of DKK 20 million, the total intangibles in ISS Italy amounts to DKK 153 million.

Sensitivity analysis

A sensitivity analysis on the key assumptions in the impairment testing is presented below. The allowed change represents the percentage points by which the value assigned to the key assumption as applied in the expected long-term rate can change, all other things being equal, before the unit's recoverable amount equals its carrying amount.

	Growth		Margin		Discount rate, net of tax	
2008	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
France	3.0%	0.8%	6.7%	0.8%	9.3%	0.6%
Finland	3.0%	1.3%	8.0%	1.5%	9.1%	1.4%
United Kingdom	3.0%	>3.0%	6.8%	>3.0%	8.8%	>3.0%
Norway	3.0%	>3.0%	7.5%	2.9%	10.1%	>3.0%
Netherlands	3.0%	1.5%	6.6%	1.3%	9.7%	1.1%
Denmark	3.0%	1.0%	6.7%	0.9%	9.7%	1.0%
Spain	3.0%	1.4%	6.1%	1.1%	9.2%	1.4%
Belgium	3.0%	1.2%	7.1%	1.2%	8.9%	1.3%
Switzerland	3.0%	>3.0%	7.6%	>3.0%	8.3%	>3.0%
Sweden	3.0%	>3.0%	6.8%	>3.0%	8.9%	>3.0%
Australia	3.0%	2.0%	6.6%	1.5%	10.2%	2.1%
Austria	3.0%	0.4%	6.4%	0.4%	9.4%	0.5%
Germany	3.0%	0.0%	4.6%	0.0%	9.2%	0.0%

continues

14. IMPAIRMENT TESTS (CONTINUED)

2007	Carrying amount (DKK million) Goodwill	Brands	Customer contracts	Total intangibles	Applied expected long-term rate Growth	Margin	Applied discount rate Discount rate, net of tax	Discount rate, pre tax
France	4,949	303	1,013	6,265	3.0%	7.0%	8.2%	11.2%
United Kingdom	2,603	198	885	3,686	3.0%	6.7%	8.1%	10.2%
Finland	2,283	120	779	3,182	3.0%	8.0%	8.6%	10.7%
Norway	2,162	136	754	3,052	3.0%	7.5%	9.1%	11.7%
Netherlands	1,945	122	307	2,374	3.0%	6.7%	8.7%	10.8%
Denmark	1,777	131	380	2,288	3.0%	7.0%	9.3%	11.5%
Belgium	1,546	86	380	2,012	3.0%	7.3%	7.5%	10.1%
Spain	1,239	90	442	1,771	3.0%	6.2%	8.2%	10.6%
Sweden	1,261	111	282	1,654	3.0%	6.6%	9.1%	11.7%
Australia	1,308	10	314	1,632	3.0%	6.5%	10.5%	13.8%
Switzerland	983	46	336	1,365	3.0%	7.5%	7.7%	9.2%
Austria	817	49	316	1,182	3.0%	6.6%	8.7%	10.8%
Germany	980	68	114	1,162	3.0%	5.5%	8.4%	10.8%
Other	3,740	156	1,391	5,287				
Total carrying amount at 31 December 2007	**27,593**	**1,626**	**7,693**	**36,912**				

2007	Growth Applied expected long-term rate	Growth Allowed decrease	Margin Applied expected long-term rate	Margin Allowed decrease	Discount rate, net of tax Applied rate	Discount rate, net of tax Allowed increase
France	3.0%	2.1%	7.0%	1.4%	8.2%	1.3%
United Kingdom	3.0%	>3.0%	6.7%	3.0%	8.1%	4.3%
Finland	3.0%	2.0%	8.0%	1.7%	8.6%	1.2%
Norway	3.0%	>3.0%	7.5%	2.7%	9.1%	3.6%
Netherlands	3.0%	>3.0%	6.7%	2.3%	8.7%	2.9%
Denmark	3.0%	1.2%	7.0%	1.3%	9.3%	1.2%
Belgium	3.0%	2.0%	7.3%	2.1%	7.5%	2.0%
Spain	3.0%	2.0%	6.2%	1.7%	8.2%	2.0%
Sweden	3.0%	>3.0%	6.6%	3.8%	9.1%	8.5%
Australia	3.0%	>3.0%	6.5%	1.5%	10.5%	2.1%
Switzerland	3.0%	>3.0%	7.5%	4.4%	7.7%	6.8%
Austria	3.0%	1.3%	6.6%	1.2%	8.7%	1.3%
Germany	3.0%	0.5%	5.5%	0.6%	8.4%	0.4%

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15. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
DKK million	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at 1 January	266	3,141	3,407	288	2,561	2,849
Foreign exchange adjustments	(8)	(183)	(191)	2	(55)	(53)
Additions [1]	65	899	964	10	928	938
Additions from acquired companies, net	8	163	171	40	309	349
Disposals	(38)	(674)	(712)	(69)	(544)	(613)
Transfers [2]	(8)	(7)	(15)	(5)	(58)	(63)
Cost at 31 December	**285**	**3,339**	**3,624**	**266**	**3,141**	**3,407**
Depreciation at 1 January	(63)	(1,121)	(1,184)	(26)	(660)	(686)
Foreign exchange adjustments	2	127	129	0	48	48
Depreciation	(18)	(766)	(784)	(15)	(750)	(765)
Depreciation from acquired companies, net	(1)	(99)	(100)	(23)	(197)	(220)
Disposals	31	558	589	1	398	399
Transfers [2]	2	0	2	-	40	40
Depreciation at 31 December	**(47)**	**(1,301)**	**(1,348)**	**(63)**	**(1,121)**	**(1,184)**
Carrying amount at 31 December	**238**	**2,038**	**2,276**	**203**	**2,020**	**2,223**
Hereof assets held under finance leases	**-**	**182**	**182**	**-**	**156**	**156**

Land and buildings with a carrying amount of DKK 5 million (DKK 6 million in 2007) have been provided as collateral for mortgage debt of DKK 0 million (DKK 0 million in 2007). Additionally, a minor part of Land and buildings and Plant and equipment in certain countries has been provided as security for the borrowings under the senior facilities, see note 31, Contingent liabilities.

[1] In 2008, additions includes assets held under finance leases of DKK 155 million (2007: DKK 111 million).
[2] In 2008, DKK 13 million was transferred to Intangible assets. In 2007, DKK 23 million was transferred to Assets held for sale.

16. INVESTMENTS IN ASSOCIATES

DKK million	2008	2007
Cost at 1 January	24	60
Foreign exchange adjustments	(3)	1
Disposals [1]	0	(37)
Cost at 31 December	**21**	**24**
Revaluation at 1 January	4	6
Foreign exchange adjustments	(0)	0
Net result for the year	3	8
Dividends received	(4)	(3)
Disposals [1]	0	(7)
Revaluation at 31 December	**3**	**4**
Carrying amount at 31 December	**24**	**28**

[1] In 2007, disposals included transfers related to associates now fully owned.

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16. INVESTMENTS IN ASSOCIATES (CONTINUED)

DKK million **2008**	Country	Revenue	Operating profit	Net result	Assets	Liabilities	The Group's share Owner-ship %	Equity	Net result
NSB Trafikservice AB	Norway	32	2	2	31	26	45	2	1
ISS Industriservice AB	Sweden	280	11	6	119	88	48	15	3
Other associates		151	0	(2)	43	37		4	(1)
		463	**13**	**6**	**193**	**151**		**21**	**3**
Goodwill at 31 December 2008								3	-
Carrying amount at 31 December 2008								**24**	**3**

DKK million **2007**	Country	Revenue	Operating profit	Net result	Assets	Liabilities	The Group's share Owner-ship %	Equity	Net result
NSB Trafikservice AS	Norway	64	4	3	27	22	45	2	1
ISS Industriservice AB	Sweden	245	24	16	127	91	49	18	8
Other associates		153	1	(3)	50	38		8	(1)
		462	**29**	**16**	**204**	**151**		**28**	**8**
Goodwill at 31 December 2007								-	-
Carrying amount at 31 December 2007								**28**	**8**

17. DEFERRED TAX

DKK million	**2008**	**2007**
Deferred tax liabilities/(assets), net at 1 January	2,188	2,648
Adjustment of business combinations [1)]	-	(110)
Foreign exchange adjustments	(117)	(21)
Additions from acquired companies, net	71	173
Tax regarding equity movements	(37)	34
Transfer to assets held for sale	-	(30)
Tax on profit before impairment/amortisation of intangibles [2)]	203	(95)
Tax effect of impairment/amortisation of intangibles [2)]	(282)	(411)
Deferred tax liabilities/(assets), net at 31 December	**2,026**	**2,188**
Recognised in the balance sheet as follows:		
Deferred tax liabilities	2,498	2,786
Deferred tax assets	(472)	(598)
Deferred tax liabilities/(assets), net	**2,026**	**2,188**

[1)] The adjustment related to prior year acquisitions.
[2)] Intangibles comprise the value of goodwill, brands and customer contracts.

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17. DEFERRED TAX (CONTINUED)

Deferred tax specification

DKK million	2008 Deferred tax assets	2008 Deferred tax liabilities	2007 Deferred tax assets	2007 Deferred tax liabilities
Tax losses carried forward	443	-	504	-
Goodwill	47	265	65	170
Brands	-	433	-	461
Customer contracts	-	1,860	-	2,129
Property, plant and equipment	86	118	139	140
Provisions	153	-	161	-
Bond loans	-	56	-	134
Losses in foreign subsidiaries under Danish joint taxation	-	23	-	23
Set-off within legal tax units and jurisdictions	(257)	(257)	(271)	(271)
Deferred tax	**472**	**2,498**	**598**	**2,786**

The recognition of deferred tax assets regarding tax losses carried forward is supported by expected future profitability in the foreseeable future.

A deferred tax liability associated with investments in subsidiaries, joint ventures and associates has not been recognised, because the Group is able to control the timing of the reversal of the temporary differences and does not expect the temporary differences to reverse in the foreseeable future.

Unrecognised tax assets

The Group had unrecognised deferred tax assets regarding tax losses carried forward in the following countries:

DKK million	2008 Total	2008 Recog-nised	2008 Unrecog-nised	2007 Total	2007 Recog-nised	2007 Unrecog-nised
Germany	254	58	196	239	47	192
Denmark	196	195	1	304	303	1
Brazil	39	2	37	25	2	23
Belgium	22	17	5	12	8	4
USA	22	19	3	12	10	2
Israel	10	3	7	5	1	4
France	8	-	8	-	-	-
Argentina	3	-	3	4	-	4
New Zealand	3	-	3	2	-	2
Austria	2	-	2	-	-	-
Italy	2	-	2	-	-	-
Hong Kong	2	1	1	-	-	-
Greece	1	-	1	-	-	-
Australia	-	-	-	3	1	2
Total			**269**			**234**

The unrecognised tax losses can be carried forward indefinitely in the individual countries. Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future taking into account any restrictions in utilisation in the local tax legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS

DKK million	2008	2007
Costs related to PPP (Public Private Partnerships)/PFI (Private Finance Initiative) contracts	34	61
Regulatory long-term loans	47	46
Other	157	122
Other financial assets	**238**	**229**

Regulatory long-term loans are measured at amortised cost with any resulting adjustment being recognised in the income statement.

19. INVENTORIES

DKK million	2008	2007
Raw materials and supplies	102	95
Work in progress	15	14
Finished goods	147	140
Inventories	**264**	**249**
Inventories expensed	**6,134**	**5,614**

20. TRADE RECEIVABLES

DKK million	2008	2007
Trade receivables (gross)	10,325	10,341
Provision for doubtful debts	(228)	(227)
Trade receivables	**10,097**	**10,114**
The ageing of trade receivables at 31 December was:		
Not past due	7,793	7,586
Past due 1 to 60 days	1,814	2,041
Past due 61 to 180 days	407	417
Past due 181 to 360 days	66	57
More than 360 days	17	13
Trade receivables	**10,097**	**10,114**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE RECEIVABLES (CONTINUED)

DKK million	2008	2007
Movements in the provision for doubtful debts during the year was:		
Provision for doubtful debts at 1 January	(227)	(225)
Foreign exchange adjustments	6	2
Additions from acquired businesses, net	(22)	(47)
Provisions for the year	(73)	(53)
Provisions reversed	51	74
Amounts written off as uncollectible	37	22
Provision for doubtful debts at 31 December	**(228)**	**(227)**

Trade receivables are shown net of provision for doubtful debts. The carrying amount approximates the fair value.

In general, the Group does not receive collateral for sales on credit. However, if collateral is received this is taken into account when assessing the necessary provision for doubtful debts.

21. CONTRACT WORK IN PROGRESS

DKK million	2008	2007
Contract expenses	410	372
Recognised profits	72	61
Contract work in progress (before advances and prepayments)	**482**	**433**
Advances and prepayments	(300)	(272)
Contract work in progress	**182**	**161**

22. TAX RECEIVABLES AND TAX PAYABLES

DKK million	2008	2007
Tax (receivables)/payables, net at 1 January	(126)	(50)
Foreign exchange adjustments	32	(3)
Additions from acquired companies, net	5	4
Adjustments relating to prior years, net	(33)	(14)
Tax on profit before impairment/amortisation of intangibles [1)]	361	363
Tax regarding equity movements	1	12
Reclassification of joint taxation contribution	18	(4)
Tax paid, net	(363)	(434)
Tax (receivables)/payables, net at 31 December	**(105)**	**(126)**
Recognised in the balance sheet as follows:		
Tax payables	123	151
Tax receivables	(228)	(277)
Tax (receivables)/payables, net	**(105)**	**(126)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OTHER RECEIVABLES

DKK million	2008	2007
Receivables from affiliates	57	16
Interest rate swaps	-	159
Prepayments	470	404
Other	249	457
Other receivables	**776**	**1,036**

The carrying amount of other receivables approximates their fair values.

Receivables from affiliates are related to a joint taxation scheme with Danish resident affiliates. The effective interest rate regarding receivables from affiliates was 6.3% (2007: 5.8%).

Interest rate swaps are carried at marked-to-market value. Changes in the fair value are recognised in equity.

Prepayments comprise various prepaid expenses such as rent, leasing and insurance as well as accrued interest expenses.

24. ASSETS AND LIABILITIES HELD FOR SALE

In 2008, no assets or liabilities are classified as held for sale.

In 2007, assets and liabilities held for sale related to the energy activities in France. The first part of the activities was divested in September 2007, and the assets and liabilities attributable to the remaining activity were reclassified as held for sale. The remaining energy activity was disposed 1 January 2008.

DKK million	2008	2007
Goodwill	-	178
Other intangibles	-	58
Property, plant and equipment	-	23
Financial assets	-	3
Inventories	-	50
Trade and other receivables	-	307
Assets held for sale	**-**	**619**
Deferred tax liabilities	-	30
Other provisions	-	8
Bank loan	-	8
Trade and other payables	-	305
Liabilities held for sale	**-**	**351**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. SECURITIES, CASH AND CASH EQUIVALENTS

	2008			2007		
	Carrying amount (DKK million)	Average effective interest rate	Average duration (years)	Carrying amount (DKK million)	Average effective interest rate	Average duration (years)
Bonds	86	4.0%	1.8	83	4.0%	2.7
Securities	**86**			**83**		
Cash and cash equivalents	**2,961**	**2.7%**		**2,581**	**4.1%**	

Bonds consist of listed Danish government bonds measured at fair value through the income statement.

Of the total cash position, DKK 61 million (2007: DKK 50 million) was restricted and DKK 315 million (2007: DKK 198 million) was reserved for amortisation of term facility A and acquisition facility in accordance with the terms of the Senior Facility Agreement.

26. SHARE CAPITAL

DKK million	2008	2007
Share capital at 1 January	100	100
Capital increase	-	0
Share capital at 31 December	**100**	**100**
Number of shares (in thousands of shares)		
Number of shares at 1 January	100,000	100,000
Issued during the year	-	0
Number of shares at 31 December - fully paid	**100,000**	**100,000**

At 31 December 2008, a total of 100,000,001 shares with a nominal value of DKK 1 per share were issued and fully paid (2007: 100,000,001 shares). No shares carry special rights. Shares are not freely transferable.

27. BORROWINGS

DKK million	2008	2007
Issued bonds	10,174	10,069
Bank loans	20,914	20,705
Finance lease obligations	122	108
Long-term debt	**31,210**	**30,882**
Long-term debt due within one year	315	198
Bank loans and overdrafts [1)]	782	733
Finance lease obligations	69	77
Debt to affiliates [2)]	113	31
Short-term debt	**1,279**	**1,039**
Total long-term and short-term debt	**32,489**	**31,921**
Fair value	**29,981**	**32,272**

The fair value of the issued bonds (EMTNs and subordinated notes) is based on the quoted market price on the Luxembourg Stock Exchange. For the remaining part of long-term and short-term debt fair value is equal to the nominal value.

During 2008, financing fees amounting to DKK 0 million (2007: DKK 198 million) have been recognised in long-term debt while accumulated financing fees recognised in long-term debt on 31 December 2008 amounted to DKK 307 million (2007: DKK 370 million).

In 2008 and 2007, the Group had no debt convertible into equity.

[1)] The effective interest rate was 5.9% (2007: 6.9%).
[2)] Debt to affiliates includes 43 million (2007: DKK 20 million) related to a joint taxation scheme with Danish resident affiliates. The effective interest rate regarding debt to affiliates was 6.7% (2007: 7.0%).

Maturity profile of long-term debt

DKK million

2008	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	6,182	-	-	-	3,992	**10,174**
Bank loans and finance lease obligations	822	890	597	14,318	4,409	**21,036**
Long-term debt	**7,004**	**890**	**597**	**14,318**	**8,401**	**31,210**

2007	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	6,101	-	-	3,968	**10,069**
Bank loans and finance lease obligations	484	717	925	625	18,062	**20,813**
Long-term debt	**484**	**6,818**	**925**	**625**	**22,030**	**30,882**

continues

27. BORROWINGS (CONTINUED)

Terms and maturity of long-term debt

DKK million	Weighted average interest rate	Interest rate	Interest rate risk	Year of maturity	Face value	Amount hedged [2]	2008 Carrying amount	2007 Carrying amount
Issued bonds:								
EMTNs due 2010	4.75%	Fixed	Fair value	2010	6,332	-	6,149	6,046
EMTNs due 2014	4.50%	Fixed	Fair value	2014	823	-	706	686
Subordinated notes	8.875%	Fixed	Fair value	2016	3,383	-	3,291	3,282
Interest rate swaps	-	-	-	-	-	-	28	55
Bank loans:								
Senior facilities:								
Term facility A	Libor + 2.00%	Floating	Cash flow	2012	952	1,069	884	1,207
Term facility B	Libor + 2.00%	Floating	Cash flow	2013	12,938	7,766	12,851	13,246
Acquisition facility A	Libor + 2.25%	Floating	Cash flow	2012	1,280	600	1,280	1,384
Acquisition facility B	Libor + 2.25%	Floating	Cash flow	2013	1,467	-	1,467	406
Second lien facility	Euribor + 3.75%	Floating	Cash flow	2015	4,470	4,023	4,409	4,410
Other bank loans	-	-	-	-	23	-	23	52
Finance lease obligations	-	-	-	-	122	-	122	108
Long-term debt	**6.06%** [1]						**31,210**	**30,882**

[1] Weighted average interest rate taking the effect of interest rate hedges into account.
[2] Interest rate swaps hedging the floating interest rates are adjusted to fair value and recognised directly in equity. The amount hedged for term facility A relates to the long-term as well as the short-term part of the debt.

Currency profile of long-term debt

The Group's long-term debt is denominated in the following currencies:

	2008	2007
DKK	0.0%	0.1%
EUR	91.6%	89.7%
GBP	4.1%	5.5%
NOK	1.4%	1.9%
SEK	1.2%	1.7%
USD-related	0.1%	0.1%
Others	1.6%	1.0%
	100.0%	**100.0%**

Finance lease obligations

Finance lease obligations are payable as follows:

	2008			2007		
DKK million	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within 1 year	79	(10)	69	84	(7)	77
1-5 years	136	(15)	121	113	(6)	107
After 5 years	1	(0)	1	1	-	1
	216	**(25)**	**191**	**198**	**(13)**	**185**

28. PENSIONS AND SIMILAR OBLIGATIONS

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the funding by these insurance companies. Pension costs related to such plans are recorded as expenses when incurred.

In some countries, most significantly, the Netherlands, Sweden, Switzerland, France, Germany and the United Kingdom, the Group has pension schemes where the actuarially determined pension obligations are recorded in the consolidated balance sheet (defined benefit plans). The defined benefit plans are primarily based on years of service, and benefits are generally determined on the basis of salary and rank. The majority of the obligations are funded, but in some countries, mainly Sweden and France, the obligation is unfunded.

The Group’s liabilities under defined benefit plans may be significantly affected by changes in the discount rate, the expected return on plan assets, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances.

There can be no assurance that the Group will not incur additional liabilities relating to its pension plans, and these additional liabilities could have a material adverse effect on the Group’s business, results of operations and financial condition. Changes to local legislation and regulations relating to defined benefit plan funding requirements may result in significant deviations in the timing and size of the expected cash contributions under such plans.

In certain countries, the Group participates in multi-employer pension schemes. The funds are currently not able to provide the necessary information in order for the Group to account for the schemes as defined benefit plans. There is a risk that the plans are not sufficiently funded. Furthermore, there is a risk that changes to local legislation will entail that pension plans are reclassified from defined contribution plans to defined benefit plans, requiring the Group to recognise a provision.

In Norway, curtailment gains totalling DKK 30 million have been recognised in the income statement under staff costs, as a consequence of a reduction in the future benefits of the participants in the defined benefit plan.

Recognised in the balance sheet

DKK million	2008	2007
Present value of funded obligations	2,860	2,736
Fair value of plan assets	(2,591)	(2,617)
Funded obligations, net	269	119
Present value of unfunded obligations	478	508
Unrecognised past service costs	1	1
Accumulated effect of asset ceiling	14	44
Recognised in the balance sheet for defined benefit obligations	762	672
Other long-term employee benefits	72	52
Pensions and similar obligations at 31 December	**834**	**724**
Specification of defined benefit obligations:		
Present value of funded obligations	2,860	2,736
Present value of unfunded obligations	478	508
Defined benefit obligations at 31 December	**3,338**	**3,244**

continues

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Recognised in the balance sheet (continued)

DKK million	2008	2007
Movement in defined benefit obligations (funded and unfunded):		
Present value of obligations at 1 January	3,244	3,446
Foreign exchange adjustments	32	(108)
Reclassifications	47	(48)
Additions from acquired companies, net	32	37
Interest on obligation	139	123
Current service costs	149	156
Benefits paid	(96)	(91)
Employee contributions	74	65
Actuarial (gains)/losses	(244)	(200)
Recognised past service costs	2	(0)
Liabilities extinguished on settlements and curtailments	(41)	(136)
Present value of obligations at 31 December	**3,338**	**3,244**
Movement in fair value of plan assets:		
Fair value of plan assets at 1 January	2,617	2,606
Foreign exchange adjustments	43	(91)
Reclassifications	53	(43)
Additions from acquired companies, net	14	-
Expected return on plan assets	134	116
Actuarial gains/(losses)	(426)	(48)
Assets distributed on settlements	(16)	(91)
Contributions	213	221
Benefits paid	(41)	(53)
Fair value of plan assets at 31 December	**2,591**	**2,617**
Realised return on plan assets:		
Expected return on plan assets	134	116
Actuarial gains/(losses)	(426)	(48)
Realised return on plan assets at 31 December	**(292)**	**68**
Major categories of plan assets (% of total plan assets):		
Bonds	60%	54%
Equities	21%	29%
Property	10%	1%
Cash	1%	8%
Other	8%	8%
Total	**100%**	**100%**

The Group expects to contribute DKK 178 million to its defined benefit plans in 2009.

continues

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Recognised in the income statement

DKK million	2008	2007
Current service costs	149	156
Interest on obligation	139	123
Expected return on plan assets	(134)	(116)
Recognised past service costs, net	2	(0)
Gains on curtailments and settlements, net	(30)	(45)
Recognised in the income statement as staff costs	**126**	**118**

Recognised in equity

Cumulative (gains)/losses recognised in equity at 1 January	(35)	76
Actuarial (gains)/losses during the year	182	(152)
Effect of asset ceiling	(25)	41
Cumulative (gains)/losses recognised in equity at 31 December	**122**	**(35)**
Hereof accumulated actuarial (gains)/losses	**103**	**(79)**

Actuarial assumptions

Actuarial calculations and valuations are performed annually for all major defined benefit plans. The actuarial assumptions vary from country to country due to local conditions. The range of actuarial assumptions used is as follows:

	2008	2007
Discount rates at 31 December	1.8-13.0%	3.4-11.0%
Expected return on plan assets at 31 December	1.8-8.0%	3.9-6.9%
Future salary increases	2.0-10.0%	2.0-5.0%
Future pension increases	1.3-5.1%	0.3-3.1%

Discount rates are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the defined benefit obligations. In Switzerland, which represents 56% of the gross obligation (2007: 49%), the discount rate was 3.8% (2007: 3.4%) and in the euro countries representing 23% of the gross obligation (2007: 25%) the discount rate was between 5.6% and 6.0% (2007: 5.15%-5.25%).

Expected return on plan assets is based on the plan asset portfolio and general expectations to the economic development.

Historical information

DKK million	2008	2007	2006	2005
Present value of obligations	3,338	3,244	3,446	2,240
Fair value of plan assets	(2,591)	(2,617)	(2,606)	(1,441)
Unrecognised past service costs	1	1	1	2
Asset ceiling	14	44	3	-
Net obligations at 31 December	**762**	**672**	**844**	**801**
Actuarial (gains)/losses on obligations	(244)	(200)	(59)	134
Actuarial gains/(losses) on plan assets	(426)	(48)	(13)	15
Actuarial (gains)/losses during the year	**182**	**(152)**	**(46)**	**119**
Cumulative actuarial (gains)/losses at 31 December	**103**	**(79)**	**73**	**119**

29. OTHER PROVISIONS

DKK million	Labour-related items	Self-insurance	Acquisition and integration costs	Contingent liabilities in acquisitions	Other	Total
2008						
Other provisions at 1 January	86	167	41	14	345	653
Foreign exchange adjustments	(3)	(17)	(3)	-	(13)	(36)
Transfers, net [1)]	2	8	(1)	-	8	17
Additions from acquired companies, net	23	-	-	31	68	122
Provisions for the year (included in goodwill)	-	-	68	-	-	68
Provisions for the year (included in the income statement)	37	103	66	-	199	405
Provisions for the year (dismantling costs)	-	-	-	-	30	30
Provisions reversed (against the income statement)	(23)	(18)	(1)	-	(42)	(84)
Provisions used during the year	(30)	(77)	(125)	-	(112)	(344)
Unwind of discount	-	-	-	-	1	1
Other provisions at 31 December	**92**	**166**	**45**	**45**	**484**	**832**
Current	68	70	43	13	241	435
Non-current	24	96	2	32	243	397
	92	**166**	**45**	**45**	**484**	**832**
2007						
Other provisions at 1 January	89	120	64	-	472	745
Foreign exchange adjustments	0	(5)	1	-	(4)	(8)
Transfers, net [1)]	4	2	0	-	(19)	(13)
Additions from acquired companies, net	4	26	0	14	38	82
Provisions for the year (included in goodwill)	-	-	80	-	-	80
Provisions for the year (included in the income statement)	48	83	67	-	129	327
Provisions reversed (against the income statement)	(21)	(13)	(5)	-	(135)	(174)
Provisions used during the year	(38)	(46)	(166)	-	(136)	(386)
Other provisions at 31 December	**86**	**167**	**41**	**14**	**345**	**653**
Current	68	49	28	14	168	327
Non-current	18	118	13	0	177	326
	86	**167**	**41**	**14**	**345**	**653**

Labour related items
The provision mainly related to labour related obligations in Belgium, Brazil, France, Israel, the Netherlands, Spain and Turkey.

Self-insurance
In Australia, Ireland, the USA and the United Kingdom, the Group carries an insurance provision on employers' liability. Ireland and the United Kingdom are self-insured up to a yearly limit of DKK 18 million (DKK 35 million in 2007) for employers' liability. The USA is self-insured up to a limit of DKK 1.3 million per claim. Australia is self-insured up to a limit of DKK 1.8 million per claim. ISS Corporate has taken out a group third party liability insurance programme. The ISS captive insurance company Global Insurance A/S carries part of the risk on the third party liability programme with a maximum annual limit of DKK 42 million (DKK 42 million in 2007).

Acquisition and integration costs
The provision includes obligations incurred in the normal course of acquisitions mainly related to transaction costs, redundancy payments and termination of rental of properties. Transaction costs are included in goodwill. Other costs are included in the income statement.

[1)] In 2008, transfers, net consisted of net provisions transferred from Other liabilities and Pensions and similar obligations. In 2007, transfers, net consisted of net provisions transferred to Other liabilities and Pensions and similar obligations and Trade receivables.

continues

29. OTHER PROVISIONS (CONTINUED)

Contingent liabilities in acquisitions

The provision relates to contingent liabilities assumed in connection with acquisitions.

Other

The provision comprises various obligations incurred in the course of business, e.g. provision for restructuring, dismantling costs, operational issues, closure of contracts and legal cases.

30. OTHER LIABILITIES

DKK million	2008	2007
Accrued wages and holiday allowances	4,358	4,267
Tax withholdings, VAT etc.	2,841	2,934
Prepayments from customers	420	446
Interest rate swaps	254	-
Other payables and accrued expenses	2,588	2,847
Other liabilities	**10,461**	**10,494**

The carrying amount of other liabilities approximates their fair value.

Interest rate swaps are carried at marked-to-market value. Changes in the fair value are recognised in equity.

31. CONTINGENT LIABILITIES

Senior Facility Agreement

ISS Holding A/S has executed a share pledge over its shares in ISS A/S as security for the Group's senior facilities and a secondary share pledge over such shares as security for the subordinated notes issued by ISS Holding A/S.

ISS A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, 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 A/S and these subsidiaries. At 31 December 2008, the aggregate approximate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	2008	2007
Goodwill	2.7	3.9
Customer contracts	0.8	1.2
Intellectual property rights	1.5	1.5
Other intangible and tangible assets	0.3	0.3
Trade receivables	3.2	3.8
Other receivables	0.2	0.1
Bank accounts	1.8	1.8
Total	**10.5**	**12.6**

In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore, Switzerland and Turkey have been pledged.

continues

31. CONTINGENT LIABILITIES (CONTINUED)

Operating leases

Operating leases consist of leases and rentals of properties, vehicles (primarily cars) and other equipment. The total expense under operating leases in the income statement amounted to DKK 1,876 million (DKK 1,834 million in 2007). Assuming the current car fleet etc. is maintained, the future minimum lease payments under operating leases are:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payment
At 31 December 2008	1,299	920	649	401	286	395	3,950
At 31 December 2007	1,251	901	661	414	288	433	3,948

Additional future lease payments of DKK 7 million (DKK 5 million in 2007) existed regarding associates at 31 December.

Commitment vehicle leases

On 1 January 2005 the Group entered into a global car fleet lease framework agreement for three years, including an option for extension. The agreement was re-negotiated and extended for another three year term from 1 January 2008 to 31 December 2010. The framework agreement contains an 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 duration of 3-5 years. The disclosed contingent liability includes the Group's total leasing commitment assuming no early termination of any agreement.

Guarantee commitments

Indemnity and guarantee commitments at 31 December 2008 amounted to DKK 318 million (31 December 2007: DKK 405 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,305 million (31 December 2007: DKK 1,229 million) of which DKK 1,112 million (31 December 2007: DKK 979 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Outsourcing of IT

The Group has an IT outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. The Group's contractual obligations related to the agreement at 31 December 2008 amounted to approximately DKK 60 million (31 December 2007: DKK 75 million).

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 December 2008 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 (which are to a large extent labour cases incidental to its business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the balance sheet at 31 December 2008.

32. FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks as a result of its operating activities, investing activities and financing activities, mainly related to fluctuations in exchange rates and interest rates as well as availability of funding. The Group has not identified any additional financial risk exposures in 2008. However, the individual risks associated with the exposures identified have changed following the current financial crisis.

The Group's financial risks are managed centrally in Group Treasury based on policies approved by the Board of Directors. The Group's financial risk management is focused on managing risks arising from the Group's operating and financing activities, mainly by use of interest rate instruments and currency instruments. It is not the Group's policy to take positions in the financial markets.

Currency risk

The service industry is characterised by a relatively low level of transaction risk, since the services are produced and delivered in the same local currency with minimal exposure from imported components.

However, as an international business with the majority of revenue and operating profit stemming from foreign entities, the Group is exposed to risk relating to translation into Danish kroner of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, service fees and interest payments between entities with different functional currencies.

Additionally, the Group has a currency risk to the extent that its interest payments with respect to borrowings are not denominated in the same currencies as the Group's revenue.

The Group hedges the exposure on the intercompany loans to foreign subsidiaries by entering into currency swaps. Foreign exchange gains and losses arising from both the intercompany loans and currency swaps are recognised in the income statement. It is not Group policy to hedge the currency exposure on foreign investments. Consequently, no hedging transactions of net investments in foreign subsidiaries were entered into in 2008 and 2007. However, the Group may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies.

In 2008, the currencies in which the Group's revenue was denominated decreased with an average of 2.6% (2007: decreased with 0.3%) relative to Danish kroner, decreasing the Group's revenue by DKK 1,624 million (2007: a decrease of DKK 160 million). Currency movements decreased the Group's operating profit before other items by DKK 107 million (2007: a decrease of DKK 10 million). The effect of the translation of net assets in foreign subsidiaries decreased equity by DKK 791 million (2007: a decrease of DKK 263 million).

A 5% change in foreign exchange rates of the Group's main currencies would have impacted revenue, operating profit before other items and equity by the amounts shown below. The analysis is based on the assumption that all other variables remain constant.

	2008			2007		
Effect in DKK million	**Revenue**	**Operating profit before other items**	**Net assets in foreign subsidiaries**	**Revenue**	**Operating profit before other items**	**Net assets in foreign subsidiaries**
EUR	1,523	90	448	1,476	93	517
CHF	123	10	59	111	9	51
GBP	378	26	90	390	26	114
NOK	284	20	29	266	19	39
SEK	196	13	27	193	13	30
USD	211	13	65	138	8	47
Other	536	34	101	432	29	103
Total	**3,251**	**206**	**819**	**3,006**	**197**	**901**

continues

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group's most significant interest rate risk relates to interest-bearing debt.

The Group's loan portfolio primarily consists of bank loans (senior facilities and second lien facility) and listed bonds (EMTN's and subordinated notes). To manage the interest rate risk the Group uses fixed-rate bonds and derivatives, such as interest rate swaps. A part of the Group's interest payments on the bank loans and second lien facility have been swapped from floating into fixed rates, see note 27, Borrowings, where a breakdown of the Group's long-term debt and applied interest rate swaps is provided.

The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2008, the duration of net debt was approximately 2.0 years (31 December 2007: 2.8 years). A decrease in interest rates will increase the fair value of the debt with a fixed interest rate, but only part of this increase will be reflected in the income statement and equity as long-term borrowings are stated at amortised cost and therefore not adjusted to fair value. It is estimated that a general increase in relevant interest rates of 1%-point would increase the annual interest expenses, net by DKK 60 million (2007: DKK 54 million), all other things being equal. The estimate is based on net debt adjusted for the effect of hedging instruments as at 31 December 2008.

Liquidity risk

Liquidity risk is the risk of the Group failing to honour its contractual obligations due to insufficient liquidity. The Group's liquid reserves mainly consist of liquid funds and unused credit facilities. As at 31 December 2008, the Group's liquid reserves consisted of liquid funds of DKK 2,900 million (2007: DKK 2,531 million), unused revolving credit facilities of DKK 817 million (2007: DKK 738 million) available for drawing until 30 June 2012 and unused acquisition facilities of DKK 2,033 million (2007: DKK 3,135 million) available for drawing until 11 May 2009. It is the Group's policy to maintain an appropriate level of liquid reserve.

The bank loans and subordinated notes are subject to customary undertakings, covenants (including financial covenants) and other restrictions. Financial covenants comprise the following: i) Debt cover ii) Senior debt cover, iii) Cash flow cover, iv) Interest cover and v) Limitation on Capex spending. The financial covenants are calculated on a last-twelve-months basis and reported quarterly, except for ii) and v), which are only reported at year-end. In the event of a default under those agreements, the debt incurred including accrued interest could be declared immediately due and payable. In 2008 and 2007, all covenants have been complied with.

For a breakdown of the maturity of the Group's long-term debt, see note 27, Borrowings. In 2010, EUR 850 million of the EMTN's will mature. The Group intends to repay the principal amount of the notes at maturity using funds obtained from other financing sources, rather than with cash from operations. In accordance with the provisions of the Group's Intercreditor Agreement, the Group is obliged to publicly announce that it is in negotiations to refinance these EMTN's at least 6 months prior to maturity date.

Capital management

The Group monitors the capital structure and evaluates the need for adjustments on an ongoing basis. The dividend policy and payment of dividends is made subject to the necessary consolidation of equity and the Group's continuing expansion. The Group seeks to reduce the financial leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA[1)]. At 31 December 2008, the Group's net debt to pro forma adjusted EBITDA was 5.92x (2007: 6.16x).

ISS Holding A/S (the Group's parent) is a holding company, and its primary assets consist of shares in ISS A/S and cash in its bank accounts. ISS Holding A/S has no revenue generating operations of its own, and therefore ISS Holding A/S's cash flow and ability to service its indebtedness, will depend primarily on the operating performance and financial condition of ISS A/S and its operating subsidiaries, and the receipt by ISS Holding A/S of funds from ISS A/S and its subsidiaries in the form of dividends or otherwise.

Credit risk

Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Group. The Group's credit risk is mainly related to transactions with financial institutions (liquid funds and derivatives with positive fair value) and service deliveries to customers (trade receivables). It is the Group's policy that financial transactions may be entered into only with financial institutions with a high credit rating.

The Group is not exposed to significant risks relating to individual customers. The Group performs ongoing credit evaluations of the financial condition of the Group's counterparties in order to reduce the credit risk exposure. Losses on bad debt relating to individual customers have historically been relatively low. It is estimated that the provisions made are sufficient to cover expected losses (see note 20, Trade receivables).

[1)] Pro forma information is unaudited and for informational purposes only. For further information, see Capital structure on page 134.

33. DERIVATIVES

Contractual values and unrealised gains and losses are specified below for financial instruments used to hedge the foreign exchange risk and the interest rate risk:

DKK million	Contractual value	Unrealised gain/(loss) on revaluation to fair value	Included in the income statement	Taken directly to equity on 31 December	Maturity
2008					
Forward foreign currency, purchases					
CHF	263	5	5	-	2009
EUR	3,842	(2)	(2)	-	2009
GBP	435	(13)	(13)	-	2009
	4,540	**(10)**	**(10)**	**-**	
Forward foreign currency, sales					
AUD	977	(1)	(1)	-	2009
CZK	151	2	2	-	2009
ILS	205	(3)	(3)	-	2009
MXN	73	4	4	-	2009
NOK	1,098	2	2	-	2009
SEK	280	-	-	-	2009
USD	909	6	6	-	2009
Others	471	3	3	-	2009
	4,164	**13**	**13**	**-**	
Interest rate instruments [1)]					
Interest rate swap - 2009 (CHF), payer	192	(1)	-	(1)	2009
Interest rate swap - 2010 (CHF), payer	169	(2)	-	(2)	2010
Interest rate swap - 2009 (GBP), payer	289	(3)	-	(3)	2009
Interest rate swap - 2010 (GBP), payer	289	(8)	-	(8)	2010
Interest rate swap - 2010 (GBP), payer	994	(38)	-	(38)	2010
Interest rate swap - 2009 (SEK), payer	415	(1)	-	(1)	2009
Interest rate swap - 2010 (SEK), payer	361	(5)	-	(5)	2010
Interest rate swap - 2009 (NOK), payer	462	(0)	-	(0)	2009
Interest rate swap - 2010 (NOK), payer	398	(5)	-	(5)	2010
Interest rate swap - 2009 (EUR), payer	600	(1)	-	(1)	2009
Interest rate swap - 2010 (EUR), payer	600	(7)	-	(7)	2010
Interest rate swap - 2010 (EUR), payer	3,129	(44)	-	(44)	2010
Interest rate swap - 2010 (EUR), payer	3,353	(69)	-	(69)	2010
Interest rate swap - 2010 (EUR), payer	4,023	(70)	-	(70)	2010
	15,274	**(254)**	**-**	**(254)**	
Total financial instruments		**(251)**	**3**	**(254)**	

[1)] The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

continues

33. DERIVATIVES (CONTINUED)

Contractual values and unrealised gains and losses are specified below for financial instruments used to hedge the foreign exchange risk and the interest rate risk:

DKK million	Contractual value	Unrealised gain/(loss) on revaluation to fair value	Included in the income statement	Taken directly to equity on 31 December	Maturity
2007					
Forward foreign currency, purchases					
CHF	220	0	0	-	2008
EUR	5,421	(4)	(4)	-	2008
GBP	679	(10)	(10)	-	2008
HKD	46	(1)	(1)	-	2008
NOK	243	0	0	-	2008
Others	17	0	0	-	2008
	6,626	**(15)**	**(15)**	**-**	
Forward foreign currency, sales					
AUD	1,098	9	9	-	2008
CZK	145	1	1	-	2008
ILS	154	1	1	-	2008
MXN	179	5	5	-	2008
SEK	208	0	0	-	2008
SGD	60	1	1	-	2008
USD	855	18	18	-	2008
Others	226	2	2	-	2008
	2,925	**37**	**37**	**-**	
Interest rate instruments[1)]					
Interest rate swap - 2009 (CHF), payer	173	1	-	1	2009
Interest rate swap - 2009 (SEK), payer	481	8	-	8	2009
Interest rate swap - 2009 (NOK), payer	570	12	-	12	2009
Interest rate swap - 2010 (GBP), payer	384	0	-	0	2010
Interest rate swap - 2010 (EUR), payer	600	10	-	10	2010
Interest rate swap - 2010 (GBP), payer	1,319	3	-	3	2010
Interest rate swap - 2010 (EUR), payer	3,132	59	-	59	2010
Interest rate swap - 2010 (EUR), payer	3,355	11	-	11	2010
Interest rate swap - 2010 (EUR), payer	4,027	55	-	55	2010
	14,041	**159**	**-**	**159**	
Total financial instruments		**181**	**22**	**159**	

[1)] The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

34. RELATED PARTIES

Parent and ultimate controlling party

The sole shareholder of ISS Holding A/S, ISS Equity A/S, has controlling influence in the Group. The ultimate controlling company of the Group is FS Invest S.à r.l ("FS Invest"), which is 54% owned by funds advised by EQT Partners and 44% owned by funds advised by Goldman Sachs Capital Partners, together The Principal Shareholders.

Key management personnel

Members of the Board of Directors and Executive Group Management

Apart from remuneration and co-investment programmes described below there were no significant transactions with members of the Board of Directors or the Executive Group Management during the year.

Co-investment programmes

The Principal Shareholders have established a Management Participation Programme, under which the Executive Group Management and a number of senior officers of the Group were offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS Holding A/S's ultimate parent. As of 31 December 2008, the investments amounted to DKK 185 million in total for 132 executives and officers. As part of the initial programme – in addition to the investments – certain senior officers were granted warrants in FS Invest with a vesting schedule (based on value of shares and time). As of 31 December 2008, 396,940 were outstanding, see note 4, Share-based payments.

Non-executive members of the Board of Directors (except representatives of the Principal Shareholders) were offered to participate in a Directors Participation Programme, under which they have invested in a mix of shares and warrants of FS Invest amounting to approximately DKK 8.3 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 19.2 million in total.

External directorships and external executive positions of the Group's Board of Directors and Executive Group Management

Board of Directors	Board Member	Executive Position
Ole Andersen (Chairman)	Dako A/S	Senior advisor to EQT Partners
Leif Östling (Vice-Chairman)	Scania AB, AB SKF (Chairman of the Board), Svenskt Näringsliv (Confederation of Swedish Enterprise) and Teknikföretagen (The Association of Swedish Engineering Industries)	President and CEO of Scania AB
John Murray Allan	National Grid plc, Deutche Lufthansa AG, Deutsche Postbank AG	CFO of Deutsche Post World Net and other positions in subsidiaries hereof
Peter Korsholm	BTX Group A/S and CaridianBCT Holding Corp	Partner and Head of the Copenhagen office of EQT Partners
Sanjay Patel	Ahlsell Sverige AB and certain holding companies of Ahlsell Sverige AB, Endemol N.V., (Companies relating to Sigma Electric), Get A/S and Expro	Co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs
Christoph Sander	Casper Limited and subsidiaries of Casper Limited	Co-founder and Director of Casper Limited
Steven Sher	Ahlsell Sverige AB, Edam Acquisitions B.V. and certain holding companies of Ahlsell Sverige AB and Endemol N.V.	Managing Director, Goldman Sachs International, Principal Investment Area

Executive Group Management	Board Member	Executive Position
Jørgen Lindegaard	Efsen Engineering A/S	None
Jeff Gravenhorst	None	None
Jakob Stausholm	None	None

continues

34. RELATED PARTIES (CONTINUED)

Affiliates

In 2008, the Group had the following transactions with affiliates:

- the Group received/paid interest from/to affiliates, see note 7, Net finance costs.
- the Group received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S (the ultimate parent company in Denmark).
- the Group and Goldman Sachs 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 at DKK 83 million. Furthermore, the Group have local agreement terms with Goldman Sachs in France, Hong Kong, Ireland, Italy and Singapore. The annual revenue from these agreements is estimated at DKK 8 million.
- the Group and Goldman Sachs have entered into various agreements on provision of financing and banking related services.

All transactions were made on market terms.

Joint ventures and associates

Transactions with joint ventures and associates are limited to transactions related to shared service agreements. There were no significant transactions with joint ventures and associates during the year. 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 related parties and shareholders during the year.

35. INTERESTS IN JOINT VENTURES

As of 31 December 2008, the Group had interests in 10 joint ventures (9 in 2007). The significant joint ventures are specified in note 37, Subsidiaries, joint ventures and associates. The Group's interests in joint ventures are recognised using the proportionate consolidation method. At the balance sheet date the joint ventures had the following effect on the Group's consolidated income statement and balance sheet:

DKK million	**2008**	**2007**
Revenue	202	116
Expenses	(190)	(112)
Operating profit before other items	12	4
Net profit for the year	**7**	**3**
Non-current assets [1)]	16	12
Current assets	76	51
Total assets	**92**	**63**
Equity	22	28
Non-current liabilities	2	2
Current liabilities	68	33
Total equity and liabilities	**92**	**63**
The Group's part of contingent liabilities (operating leases) in joint ventures	**6**	**6**

The aggregate investment in joint ventures is as follows: Sri Lanka DKK 4 million (2007: DKK 4 million), Norway DKK 12.6 million (2007: DKK 18 million), the Netherlands DKK 3.4 million (2007: DKK 6.2 million), Spain DKK 1.7 million (2007: DKK 0.3 million), Hong Kong DKK 0.4 million (2007: DKK (0.4) million) and Israel DKK (0.3) million) (2007: DKK (0.3) million).

[1)] Excluding goodwill arising from the acquisition of the joint ventures.

36. SUBSEQUENT EVENTS

Acquisitions and divestments completed subsequent to 31 December 2008 are listed in note 11, Acquisition and divestment of businesses. Apart from these and the events described in this Annual Report, the Group is not aware of events subsequent to 31 December 2008, which are expected to have a material impact on the Group's financial position.

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

ISS Holding A/S
ISS A/S
ISS Global A/S

ISS Global A/S

Argentina	
Facility Services S.R.L.	100%
ISS Argentina S.A.	100%
Top Service S.R.L.	100%
Australia	
ISS Catering Services Pty Ltd.	100%
ISS Facility Services Australia Ltd.	100%
ISS Facility Services Pty Ltd.	100%
ISS Franchise Services Pty Ltd.	100%
ISS Health Services Pty Ltd.	100%
ISS Holdings Pty Ltd.	100%
ISS Hygiene Services Pty Ltd.	100%
ISS Integrated Services Pty Ltd.	100%
ISS Property Services Pty Ltd.	100%
ISS Security Pty Ltd.	100%
Pacific Invest December 2004 Pty Ltd.	100%
Pacific Service Solutions Pty Ltd.	100%
Prestige Protection Services Pty Ltd.	100%
Austria	
ISS Austria Holding GmbH	100%
ISS Beta Beteiligungsverwaltung GmbH	100%
ISS Facility Services GmbH	100%
ISS Ground Services GmbH	51%
Belgium	
Abilis Cemstobel Wallonie N.V.	100%
BD Food SA	100%
ISS Building Services N.V.	100%
ISS Catering N.V.	100%
ISS Industrial Cleaning N.V.	100%
ISS Industrial Services N.V.	100%
ISS N.V.	100%
ISS Office Support N.V.	100%
Lease Plant International N.V.	100%
National Pest Control Bvba	100%
Party & Dinner N.V.	100%
Pest Management Solutions N.V.	100%
Synerg' ISS SA	100%
Technisch Onederhoud & Services Bvba	100%
Bosnia and Herzegovina	
ISS Facility Services d.o.o. Banja Luka	100%
ISS Facility Services d.o.o. Sarajevo	100%
Brazil	
BJP Manutenção e Operação de Utilidades Ltda.	100%
ISS Biosystem Saneamento Ambiental Ltda.	100%
ISS Catering Sistemas de Alimentação Ltda.	100%
ISS Servisystem do Brasil Ltda.	100%
ISS Sulamericana Brasil Ltda.	100%
Loghis Logistica Integrada Ltda.	100%
SMV Manutenção Volante Ltda	100%
Brunei	
ISS Facility Services Sdn. Bhd.	100%
Bulgaria	
ISS Facility Services EOOD	100%
Ryvola Bulgaria EOOD	100%
Canada	
ISS Facility Services Inc.	100%
Chile	
EFI Ltda.	100%
Glanzend Ltda.	100%
ISS Chile S.A.	100%
ISS Facility Services S.A.	100%
ISS Office Support Ltda.	100%
ISS Servicios Generales Ltda.	100%
Ledan Ltda.	100%
Slim S.A.	100%
China and Hong Kong	
Beijing Hanyang Facility Management Co., Ltd.	100%
Cornerstone Associates Ltd.	100%
Hung Fat Cleaning Transportation Co., Ltd.	100%
ISS Adams Secuforce Limited	100%
ISS Building Consultancy Ltd.	100%
ISS China Holdings I Ltd.	100%
ISS China Holdings Ltd.	100%
ISS EastPoint Properties Ltd.	100%
ISS EastPoint Property Consultants Ltd.	100%
ISS EastPoint Property Management Ltd.	100%
ISS Environmental Services (HK) Ltd.	100%
ISS Facility Services China Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Greater China Ltd.	100%
ISS Hangyang (Beijing) Cleaning Services Co., Ltd.	100%
ISS Hong Kong Services Ltd.	100%
ISS Hongrun Facility Services (Shanghai) Ltd.	60%

continues

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

China and Hong Kong (continued)

ISS Hygiene Services (HK) Ltd.	100%
ISS Macau Services Ltd.	50%*
ISS Mediclean (HK) Ltd.	100%
ISS Pan Asia Security Services Ltd.	100%
ISS Roboclean (HK) Co., Ltd.	100%
ISS Servisystem (China) Ltd.	100%
ISS Shun Tak Company Ltd.	50%*
ISS Thomas Cowan Co., Ltd.	70%
JSL Ltd.	100%
LAWN Environmental Protection Ltd.	100%
Shanghai ISS Houban Catering Management Co., Ltd.	100%
Silvertech E&M Engineering Co., Ltd.	100%

Croatia

ISS Kadrovske uslige d.o.o.	100%
ISS Usluzne djelatnosti d.o.o.	100%

Czech Republic

ISS Facility Services s.r.o	100%
ISS Sprava Budov s.r.o.	100%
Ryvola s.r.o.	100%

Denmark

Global Insurance A/S	100%
House of Coffee A/S	100%
Industriservice Danmark A/S	100%
ISS Document A/S	100%
ISS Facility Services A/S	100%
ISS Finans A/S	100%
ISS Funding A/S	100%
ISS Holding France A/S	100%
ISS Kloak- & Industriservice A/S	100%
ISS Venture A/S	100%

Estonia

Ha&Ho Kinnisvarateenused OÛ	51%
ISS Eesti AS	51%
ISS Haldus OÜ	51%
ISS Holding OÜ	100%
Minu Vara OÛ	51%

Finland

ISS Palvelut Holding Oy	100%
ISS Palvelut Oy	100%
ISS Proko Oy	100%
ISS Security Oy	100%
ISS Teollisuuspalvelut Oy	100%
Suomen Laatutakuu Palvelut Oy	100%

France

BSE SAS	100%
Channel SAS	100%
CPMS SA	100%
Europe Filtration SAS	100%
Europrop SAS	100%
Extincteurs HaaS SAS	100%
Force Protection SAS	100%
FSI SAS	100%
GIE ISS Services	100%
GROS Environnement SAS	100%
Hoguin Espaces Verts SAS	100%
Ifopro Sarl	100%
ISS Abilis France SAS	100%
ISS Accueil & Services SAS	100%
ISS Environnement SAS	100%
ISS Espaces Verts SAS	100%
ISS Facility Service SAS	100%
ISS Holding Paris SAS	100%
ISS Hygiene & Prevention SAS	100%
ISS Hygiène SAS	100%
ISS Logistique et Production SAS	100%
ISS Sécurité SAS	100%
L'Impeccable SAS	100%
Qualitec SAS	100%
STOP FLAM SAS	100%
Verts Paysages & Aménagement SAS	100%

Germany

AA Schädlingsbekämpfung HRS Helmut Riedl GmbH	100%
DEBEOS GmbH	100%
ISS Damage Control Deutschland GmbH	100%
ISS Facility Services GmbH	100%
ISS HWS GmbH & Co. KG	100%
ISS Personalservice GmbH	100%
ISS Schädlingsbekämpfung und Hygiene GmbH	100%
ISS Security GmbH	100%
Klaus Harren GmbH	100%
Vatro GmbH & Co. KG	86%
Vatro Verwaltungs GmbH	86%

Greece

ISS ASPIS Security S.A.	100%
ISS Facility Services S.A.	100%
ISS Human Resources S.A.	100%

Greenland

ISS Grønland A/S	100%

Hungary

ISS Facility Services Kft.	100%
Profi-Komfort Kft.	100%

Iceland

ISS Island ehf.	100%

India

Integrated Siddhi Hospitality Pvt. Ltd.	100%
ISS Catering Services (South) Pvt. Ltd.	100%
ISS Facility Services India Pvt. Ltd.	100%
ISS Integrated Facility Services Pvt. Ltd.	100%
ISS Management Services Pvt. Ltd.	100%
ISS Pest Control Services Pvt. Ltd.	100%
ISS Records Management Solutions Pvt. Ltd.	100%

continues

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Indonesia	
P.T. ISS Catering Services	100%
P.T. ISS Facility Services	100%
P.T. ISS Indonesia	100%
Ireland	
ISS Ireland Holding Ltd.	100%
ISS Ireland Ltd.	100%
U.S. Security Limited	100%
Israel	
A.B Ogen Management Project Ltd.	100%
A.Kfir Holdings Ltd.	100%
Catering Ltd.	100%
Catering Tefen (1991) Ltd.	100%
Glat Chef Ltd.	50%*
ISS Ashmoret Ltd.	100%
ISS Comprehensive Services for Business Ltd.	100%
ISS Israel Manpower Services Ltd.	100%
Jet Gourmet Ltd.	100%
Kfir Electronic Security Systems and Surveillance Ltd.	100%
Kfir Security Guarding and Services Ltd.	100%
M.A.S.H. Mahatz Agencies Ltd.	100%
Norcat Ltd.	100%
Nortec Food Industries (1995) Ltd.	100%
Italy	
ISS Facility Services S.r.l.	100%
G.S. Service S.p.A.	100%
Japan	
Nihon ISS KK	100%
Latvia	
ISS Namu Serviss SIA	51%
Lithuania	
ISS Pastatu Valda UAB	51%
Luxembourg	
ISS Facility Services S.A.	100%
Lux Interim S.A.	100%
Malaysia	
ISS Facility Services Sdn. Bhd.	30%
ISS Hygiene Services Sdn. Bhd.	100%
Kontrekleen Services Sdn. Bhd.	30%
Reliance Suci Environmental Services Sdn. Bhd.	30%
Mexico	
Decoración y Mantenimiento San Rafael, SA de CV	100%
ISS Centro America, S de RL de CV	100%
ISS Servicios Gerenciales, S de RL de CV	100%
ISS Servicios Integrales, S de RL de CV	100%
Mantenimiento Ténico Tapnew, SA de CV	100%
Martex, SA de CV	100%
Netherlands	
Drielanden Bos & Landscapsbouw B.V.	100%
Groene Team B.V.	100%
ISS Arbo Plus B.V.	100%
ISS Building Maintenance Services B.V.	100%
ISS Catering Services B.V.	100%
ISS Contact Centers B.V.	100%
ISS Food Hygiene B.V.	100%
ISS Holding Nederland B.V.	100%
ISS Hospital Services B.V.	100%
ISS Hygiene Services B.V.	100%
ISS Integrated Facility Services B.V.	100%
ISS Landscaping Services B.V.	100%
ISS Nederland B.V.	100%
ISS Reception Services B.V.	100%
ISS Security & Services B.V.	100%
Omring Thuisservice B.V.	50%*
Sure@Calls B.V.	100%
TalentGroep Montaigne Facility Management B.V.	100%
New Zealand	
Basecare Ltd.	100%
First Security Guard Services 2008 Ltd.	100%
ISS Facilities Services Ltd.	100%
ISS Holdings NZ Ltd.	100%
Norway	
ForvaltningsCompagniet AS	100%
Hero Holding AS	50%*
Human Ressource Center AS	100%
IPEC Kristiansand AS	100%
ISS Facility Services AS	100%
ISS Holding AS	100%
ISS Industri AS	100%
ISS Personalhuset AS	100%
ISS Serveringspartner AS	100%
NSB Trafikkservice AS	45%**
Personellsikring AS	100%
Raufoss Beredskap AS	51%
Reaktorskolen AS	100%
Smartkost AS	100%
Varig Gruppen AS	70%
Philippines	
ISS Facility Services Phils., Inc.	100%
Poland	
ISS Facility Services Sp. z.o.o.	100%
Gastropol Group Sp. z.o.o.	100%
Portugal	
ISS Facility Services, Lda	100%
ISS FS Açores, Lda	100%
ISS Human Resources, Lda.	100%
ISS Pest Control, Lda.	100%
ISS Plantiagro, Lda.	100%
ISS Portugal II, Lda.	100%

continues

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Romania	
3D Romania S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Romania Group S.R.L.	100%
Russia	
Facility Services RUS LLC	100%
Singapore	
Inbuilt Engineering Pte Ltd.	100%
ISS Facility Services Pte Ltd.	100%
ISS Hydroculture Pte Ltd.	100%
ISS Landscaping Pte Ltd.	100%
ISS Pest Management Pte. Ltd.	100%
ISS Sanitation Services Pte Ltd.	100%
ISS-CDCS Catering Pte Ltd.	100%
ISS-Woko Catering Pte Ltd.	100%
Serve 1st Services Pte Ltd.	100%
Slovakia	
ISS Aviation Slovakia spol s.r.o.	100%
ISS Facility Services spol s.r.o.	100%
ISS Security spol s.r.o.	100%
Ryvola Slovakia spol s.r.o.	100%
Slovenia	
ISS Facility Services d.o.o.	100%
Magnetik d.o.o.	100%
Spain	
Activa Contrabalx, S.L.	100%
Centro de Actividades Formativas y Educacionales S.L.	100%
Extintores Balear, S.L.	100%
Fabri Facility Management, S.L.	100%
Gelim S.A.	100%
Gelim Valencia S.A.	100%
Gelim Asturias S.A.	100%
Gelim Madrid S.A.	100%
Gelim Baleares S.A.	100%
Integrated Service Solutions, S.L.	100%
Inser Systems S.L.	100%
ISS Facility Services S.A.	100%
ISS Higiene Ambiental 3D S.A.	100%
ISS Logistica Producción y Outsourcing, S.L.	100%
ISS Salud y Servicios Sociosanitarios S.A.	100%
ISS Serv. Auxiliares y Complem. de Oficinas S.A.	100%
ISS Soluciones de Catering, S.A.	100%
ISS Soluciones de Jardinería S.A.	100%
ISS Soluciones de Mantenimiento Gestión Integral S.L.	100%
ISS Soluciones de Seguridad, S.L.	100%
Rocha Vending, S.L.	100%

Sri Lanka	
ISS Abans Environmental Services (PT) Ltd.	50%*
Sweden	
GK Rengörarna AB	100%
ISS Demogruppen AB	100%
ISS Ekonomiförvaltning AB	100%
ISS Facility Services AB	100%
ISS Facility Services Holding AB	100%
ISS Industriservice AB	48%**
ISS Lemonia AB	100%
ISS Mayday AB	100%
ISS Palvelut Holding AB	100%
ISS Teleoffice AB	100%
ISS Terrakultur AB	100%
ISS TraffiCare AB	100%
Switzerland	
Erwin Jakober AG	100%
ISS Aviation AG	100%
ISS Bernasconi SA	100%
ISS Facility Services (Liechtenstein) AG	100%
ISS Facility Services AG	100%
ISS FM Services AG	100%
ISS Holding AG	100%
ISS Pest Control AG	100%
ISS Schweiz AG	100%
Jakober AG	100%
Jakober Transporte und Kanalreinigungs AG	100%
Notter Kanalservice AG	100%
Thailand	
Golden Mind Manufacturing Co., Ltd.	100%
Golden Mind Marketing Co., Ltd.	100%
Golden Mind Services Co., Ltd.	100%
Golden Mind Transportation Co., Ltd.	100%
ISS Facility Services Co., Ltd.	100%
Job Golden Co., Ltd.	100%
MPA Securitas Limited	100%
Notre-Bel Co., Ltd.	100%
SARA Services Co., Ltd.	100%
Taiwan	
ISS Facility Services Ltd.	100%
ISS Fealty Properties Management Co., Ltd.	100%
ISS Security Co., Ltd.	100%

continues

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Turkey

CMC Iletişim Hizmetleri A.Ş.	71%
CSS Guvenlik ve Savunma Sis. San. Tic. A.Ş.	71%
Dört U Haşere Kontrol Hizmetleri A.Ş.	71%
ISS Tesis Yönetim Hizmetleri A.Ş.	71%
Paksil Organizas. Otel Turizm Hizmet San. Tic. Ltd. Sti.	71%
Proser Koruma ve Güvenlik Hizmetleri A.Ş.	71%
Sard unya Hazir Yemek Uretim ve Hizmet A.Ş.	71%

United Kingdom

Arena21 Ltd.	100%
ISS (Brentwood) Ltd.	100%
ISS Damage Control (Scotland) Ltd.	100%
ISS Damage Control Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Mediclean Ltd.	100%
ISS Servicelink Ltd.	100%
ISS UK Holding Ltd.	100%
ISS UK Ltd.	100%
Pegasus Security Holdings Ltd.	100%
RCO Group Ltd.	100%
Spectrum Franchising Ltd.	100%
Spectrum Holdings Ltd.	100%
Strata Security and Combined Services Ltd.	100%
The Catering People Ltd.	100%

Uruguay

ISS Uruguay S.A.	100%

USA

C&S Building Maintenance Corporation	100%
ISS Holding (USA) Inc.	100%
ISS Facility Services Holding, Inc.	100%
ISS Facility Services of California, Inc.	100%
ISS Facility Services of Texas L.P.	100%
ISS Facility Services, Inc.	100%
ISS Grounds Control of Texas L.P.	100%
ISS Grounds Control, Inc.	100%
ISS Management and Finance Co., Inc.	100%
ISS Specialty Services, LLC	100%
ISS TMC Services, Inc.	100%
ISS Uniguard, Inc.	100%
TMC Ridge, LLC	100%
Tri-Enterprise Construction, LLC	100%

Undertakings of immaterial interest are left out.

* Joint venture
** Associate

One of ISS's biggest Integrated Facility Services contracts in Norway is with Aker Solutions, which is a leading global provider of engineering and construction services. Every day 150 ISS employees deliver Cleaning, Catering, Property Services, Security and Office Support to the 2,200 Aker employees working in the large and impressive Aker location which covers 56,000 m2.

BENTE STRAND TORGENSEN AND METTE PRESTERUD

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT OF THE PARENT COMPANY

1 January – 31 December. Amounts in DKK million

Note		2008	2007
2	Other operating expenses	(2)	(1)
	Operating loss	**(2)**	**(1)**
5	Income from subsidiary	1,050	459
3	Net finance costs	(671)	(979)
	Profit/(loss) before tax	**377**	**(521)**
4	Income taxes	72	526
	Net profit for the year	**449**	**5**
	Attributable to:		
	Retained earnings	449	5
	Net profit for the year	**449**	**5**

CASH FLOW STATEMENT OF THE PARENT COMPANY

1 January – 31 December. Amounts in DKK million

Note		2008	2007
	Operating loss	(2)	(1)
	Changes in working capital	(0)	(4)
12	Income taxes received, net	166	303
	Cash flow from operating activities	**164**	**298**
5	Dividends received from subsidiary	1,050	1,000
	Cash flow from investing activities	**1,050**	**1,000**
	Proceeds from borrowings	-	5,518
	Repayment of borrowings	(1,043)	(6,347)
	Interest paid, net	(649)	(938)
	Payments from affiliates, net	478	231
	Proceeds from issuance of share capital	-	178
	Cash flow from financing activities	**(1,214)**	**(1,358)**
	Total cash flow	**(0)**	**(60)**
	Cash and cash equivalents at 1 January	1	61
	Total cash flow	(0)	(60)
7	**Cash and cash equivalents at 31 December**	**1**	**1**

BALANCE SHEET OF THE PARENT COMPANY

At 31 December. Amounts in DKK million

Note		2008	2007
	Assets		
5	Investment in subsidiary	14,153	14,153
7	Receivables from affiliates	324	363
6	Deferred tax assets	191	245
	Total non-current assets	**14,668**	**14,761**
7	Receivables from affiliates	510	950
	Other receivables	0	56
7	Cash and cash equivalents	1	1
	Total current assets	**511**	**1,007**
	Total assets	**15,179**	**15,768**
	Equity and liabilities		
8	**Total equity**	**7,318**	**6,994**
9	Long-term debt	7,700	8,721
	Total long-term liabilities	**7,700**	**8,721**
	Trade payables	0	1
7	Debt to affiliates	39	-
	Other liabilities	122	52
	Total current liabilities	**161**	**53**
	Total liabilities	**7,861**	**8,774**
	Total equity and liabilities	**15,179**	**15,768**

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE OF THE PARENT COMPANY

At 31 December. Amounts in DKK million

2008	Retained earnings	Hedging reserve	Total
Fair value adjustment of hedges, net	-	(82)	(82)
Fair value adjustment of hedges, net, transferred to Net finance costs	-	(43)	(43)
Tax of entries recognised directly in equity	(31)	31	-
Net income and expense recognised directly in equity	**(31)**	**(94)**	**(125)**
Net profit for the year	**449**	**-**	**449**
Total recognised income and expense for the year	**418**	**(94)**	**324**

2007	Retained earnings	Hedging reserve	Total
Fair value adjustment of hedges, net	-	57	57
Fair value adjustment of hedges, net, transferred to Net finance costs	-	(17)	(17)
Tax of entries recognised directly in equity	-	(10)	(10)
Net income and expense recognised directly in equity	**-**	**30**	**30**
Net profit for the year	**5**	**-**	**5**
Total recognised income and expense for the year	**5**	**30**	**35**

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

At 31 December. Amounts in DKK million

2008	Share capital	Retained earnings	Hedging reserve	Total
Equity at 1 January 2008	**100**	**6,852**	**42**	**6,994**
Total recognised income and expense for the year	-	418	(94)	324
Total changes in equity	**-**	**418**	**(94)**	**324**
Equity at 31 December 2008	**100**	**7,270**	**(52)**	**7,318**
2007				
Equity at 1 January 2007	**100**	**6,669**	**12**	**6,781**
Total recognised income and expense for the year	-	5	30	35
Share issue	0	178	-	178
Total changes in equity	**0**	**183**	**30**	**213**
Equity at 31 December 2007	**100**	**6,852**	**42**	**6,994**

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The reserve is presented net of the estimated tax effect.

Dividends

No dividends have been proposed or declared before the Annual Report was issued.

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NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements of ISS Holding A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on 1 January 2008 and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the financial statements have been prepared in compliance with the IFRSs issued by the IASB.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value: derivatives, financial instruments designated as fair value through the income statement and financial assets classified as available-for-sale.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgements on carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. ISS Holding A/S believes the following are the areas involving critical accounting estimates and judgements used in the preparation of the financial statements:

> the valuation of investment in subsidiary
> the assessment of ongoing litigation and the valuation of contingent liabilities
> the valuation of tax assets and
> the valuation of derivatives.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

GENERAL

Foreign currency Transactions in foreign currency are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Realised and unrealised exchange gains and losses are included in the income statement under Net finance costs.

INCOME STATEMENT

Other operating expenses consists of administrative expenses, including audit and legal assistance etc.

Share-based compensation The value of services received in exchange for granted warrants is measured at the fair value of the warrants granted. The fair value of equity-settled programmes is measured at grant date and recognised in the income statement under Other income and expenses, net over the vesting period with a corresponding increase in equity.

The fair value of the warrants granted is measured using the Black-Scholes option pricing model based on the terms and conditions upon which they were granted. Service and non-market vesting conditions are not taken into account when estimating the fair value but are considered when estimating the number of warrants expected to vest. At each balance sheet date, ISS Holding A/S revises the estimate of number of warrants expected to vest. The impact of this revision, if any, is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Income from subsidiary comprises dividends declared in the year and gains and losses from divestment of subsidiaries. If dividends declared exceed the accumulated profit since take-over, the dividend is not recognised in the income statement but instead recognised as a write-down in the cost of the investment.

Net finance costs comprises interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses.

Income taxes consist of income tax and changes in deferred tax. Deferred tax is recognised based on the balance sheet method and comprises all temporary differences between accounting and tax values of assets and liabilities.

Where the tax base can be calculated using different tax regulations, deferred tax is measured based on the planned use of the asset or the unwinding of the liability, as applicable. Deferred tax is computed based on the tax rate expected to apply when the temporary differences are reversed. No deferred tax provisions are made for undistributed

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

profits of subsidiaries and goodwill not deductible for tax purposes. Deferred tax assets, including the tax value of losses carried forward, are recognised at the value at which they are expected to be applied either by eliminating tax on future earnings or by setting off deferred tax liabilities within the same legal tax unit and jurisdiction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The recognised income tax is allocated to Income taxes and Equity, as applicable.

ISS Holding A/S is jointly taxed with all Danish resident affiliates. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are included in the Danish tax on account scheme. Additions, deductions and allowances are recognised under Net finance costs.

CASH FLOW STATEMENT

The cash flow statement shows ISS Holding A/S's cash flows for the year stemming from operating, investing and financing activities, the change in cash position during the year as well as ISS Holding A/S's cash position at the beginning and the end of the year.

The cash flow statement is prepared using the indirect method based on Operating loss.

Cash flow from operating activities comprises Operating loss adjusted for non-cash items, changes in working capital and income taxes.

Cash flow from investing activities comprises investments in or sale of subsidiaries and cash flow from purchase and sale of non-current assets.

Cash flow from financing activities comprises proceeds from and repayment of loans, payments regarding interest, dividends and proceeds from share issues.

Cash and cash equivalents comprises cash and marketable securities, with maturity of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

BALANCE SHEET

Financial assets Investments in subsidiaries are recognised at cost. Investments are written down to the recoverable amount if this is exceeded by the cost. Cost is written down to the extent that the dividends declared exceed the accumulated profit since take-over.

Receivables are measured at amortised cost less a provision for doubtful debts based on an individual assessment. Provisions and realised losses during the year are recognised under Other operating expenses.

Dividends are recognised in the period in which they are declared.

Financial liabilities are initially measured at the value of the proceeds received less related transaction costs. Subsequently, financial liabilities are measured at amortised cost, equal to the capitalised value when applying a constant effective rate of interest, and the difference between the proceeds initially received and the nominal value is recognised in the income statement over the loan period.

Derivatives are measured at fair value calculated according to generally accepted valuation methods and recognised in Other receivables or Other liabilities.

For derivatives hedging the fair value of recognised assets and liabilities the value of the hedged asset or hedged liability is also stated at fair value in respect of the risk being hedged. When a hedging instrument expires or is sold, terminated or exercised but the hedged asset or hedged liability with a determinable maturity still exist, the adjustment recorded as part of the carrying amount of the hedged item is amortised to the income statement from that date onwards using the effective interest method.

The effective part of the changes in the fair value of derivatives hedging future transactions is recognised directly in equity, net of tax. On realisation of the hedged item, value changes recognised under equity are reversed and recognised together with the hedged item. When a hedging instrument expires or is sold, terminated or exercised but the hedged future transactions are still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

For derivatives, which do not comply with the hedge accounting conditions, changes in fair value are recognised as Net finance costs in the income statement as they occur.

2. FEES TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2008	2007
KPMG		
Audit fees	1	1
Tax and VAT advisory services	-	1
Other services	1	-
Total KPMG	**2**	**2**

Audit fees comprised audit of the Annual Report.

3. NET FINANCE COSTS

DKK million	2008	2007
Interest income etc.	0	0
Interest income from affiliates	94	130
Financial income	**94**	**130**
Interest expenses etc.	(699)	(856)
Interest expenses to affiliates	(2)	-
Amortisation of financing fees	(31)	(26)
Loss related to redemption of floating notes	-	(222)
Foreign exchange loss	(33)	(5)
Financial expenses	**(765)**	**(1,109)**
Net finance costs	**(671)**	**(979)**

Loss related to redemption of floating notes

In July 2007, ISS Holding A/S's subordinated floating rate notes were fully redeemed resulting in a loss of DKK 222 million relating to a call premium of DKK 63 million and financing fees of DKK 159 million previously recognised in long-term debt.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

4. INCOME TAXES

DKK million	2008	2007
Current tax regarding profit before tax	126	281
Deferred tax regarding profit before tax	(54)	245
Tax on profit before tax	72	526
Adjustments relating to prior years, net	0	-
Total tax recognised in the income statement	**72**	**526**
Current tax regarding equity movements	-	(10)
Total tax recognised directly in equity	**-**	**(10)**

5. INVESTMENT IN SUBSIDIARY

DKK million	2008	2007
Cost at 1 January	22,050	22,050
Cost at 31 December	**22,050**	**22,050**
Revaluation at 1 January	(7,897)	(7,356)
Dividends received in excess of accumulated profits	-	(541)
Revaluation at 31 December	**(7,897)**	**(7,897)**
Carrying amount at 31 December	**14,153**	**14,153**
Income from subsidiary		
Received dividends	1,050	1,000
Hereof in excess of accumulated profits	-	(541)
Income from subsidiary	**1,050**	**459**
Subsidiary	**Share %**	**Share %**
ISS A/S, Copenhagen, Denmark	100	100

6. DEFERRED TAX

DKK million	2008	2007
Deferred tax assets, net at 1 January	245	0
Tax on profit before tax	(54)	245
Deferred tax assets, net at 31 December	**191**	**245**

Deferred tax specification

DKK million	2008	2007
Tax losses carried forward	191	297
Bond loan	-	(52)
Deferred tax	**191**	**245**

The recognition of deferred tax assets regarding tax losses carried forward is supported by expected future profitability in the foreseeable future. In addition, ISS Holding A/S has unrecognised deferred tax assets regarding tax losses carried forward of DKK 1 million (2007: DKK 1 million). The unrecognised tax losses can be carried forward indefinitely.

7. FINANCIAL ASSETS AND LIABILITIES

	2008		2007	
	Carrying amount (DKK million)	Average effective interest rate	Carrying amount (DKK million)	Average effective interest rate
Receivables from affiliates, non-current	324	7.0%	363	9.6%
Receivables from affiliates, current	510	6.8%	950	9.2%
Cash and cash equivalents	1	2.2%	1	4.1%
Debt to affiliates, current	39	6.3%	-	-

8. SHARE CAPITAL

DKK million	2008	2007
Share capital at 1 January	100	100
Capital increase	-	0
Share capital at 31 December	**100**	**100**
Share capital (in thousands of shares)		
Number of shares at 1 January	100,000	100,000
Issued during the year	-	0
Number of shares at 31 December – fully paid	**100,000**	**100,000**

At 31 December 2008, a total of 100,000,001 shares with a nominal value of DKK 1 per share were issued and fully paid (2007: 100,000,001 shares). No shares carry special rights. Shares are not freely transferable.

9. BORROWINGS

DKK million	2008	2007
Issued bonds	3,291	3,282
Bank loans	4,409	5,439
Long-term debt	**7,700**	**8,721**
Fair value	**6,382**	**9,013**

The fair value of the issued bonds (subordinated notes) is based on the quoted market price on the Luxembourg Stock Exchange.

During 2008, financing fees amounting to DKK 2 million (2007: DKK 84 million) have been recognised in long-term debt while accumulated financing fees recognised in long-term debt on 31 December 2008 amounted to DKK 153 million (2007: DKK 182 million).

In 2008 and 2007, ISS Holding A/S had no debt convertible into equity.

Maturity profile of long-term debt

DKK million

2008	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	-	-	3,291	**3,291**
Bank loans					4,409	**4,409**
Long-term debt	**-**	**-**	**-**	**-**	**7,700**	**7,700**

2007	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	-	-	3,282	**3,282**
Bank loans					5,439	**5,439**
Long-term debt	**-**	**-**	**-**	**-**	**8,721**	**8,721**

Terms and maturity of long-term debt

DKK million

							2008	2007
	Weighted average interest rate	Interest rate	Interest rate risk	Year of maturity	Face value	Amount hedged [2]	Carrying amount	Carrying amount
Issued bonds:								
Subordinated notes	8.875%	Fixed	Fair value	2016	3,383	-	3,291	3,282
Bank loans:								
Senior facilities:								
Term facility B	Libor + 2.00%	Floating	Cash flow	2013	-	-	-	1,029
Second lien facility	Euribor + 3.75%	Floating	Cash flow	2015	4,470	4,023	4,409	4,410
Long-term debt	**8.1%** [1]						**7,700**	**8,721**

[1] Weighted average interest rate taking the effect of interest rate hedges into account.
[2] Interest rate swaps hedging the floating interest rates are adjusted to fair value and recognised directly in equity.

10. REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT OF ISS HOLDING A/S

	2008		2007	
DKK thousand	Board of Directors	Executive Management	Board of Directors	Executive Management
Salaries (including benefits) and fees	1,856	18,102	1,613	17,267
Bonus	-	5,148	-	6,510
Severance payments [1)]	-	-	-	12,833
	1,856	**23,250**	**1,613**	**36,610**

Executive Management of ISS Holding A/S comprises the Executive Group Management of ISS Holding A/S.

Remuneration to the Board of Directors and Executive Management is paid by ISS A/S.

The members of the Executive Management are, in the event of termination, entitled to a severance payment of between 12-18 months salary plus benefits.

[1)] Included in Other income and expenses, net in ISS A/S.

11. SHARE-BASED PAYMENTS

Management Participation Programme

Funds advised by EQT Partners and Goldman Sachs Capital Partners (the “Principal Shareholders”) have established a Management Participation Programme under which Executive Management[1)] and a number of senior officers of the Group have been offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest S.a r.l ("FS Invest"), ISS Holding A/S's ultimate parent. As part of the initial programme - in addition to the investments - warrants in FS Invest were granted free of charge to Executive Management and a number of senior officers of the Group.

The direct and indirect investments in FS Invest were made on market terms and hence are not share-based payments within the scope of IFRS 2 Share-based Payment. Further details of the programme and these investments are provided in note 16, Related parties and in Corporate Governance on page 32. The warrants granted to Executive Management and a number of senior officers of the Group are within the scope of IFRS 2.

Warrants granted as part of the Management Participation Programme

The warrants were granted in July 2006 as a one-time grant and issued in two series, A and B, both expiring on 1 June 2014. The estimated FS Invest share price at the time of the grant was DKK 1,019 per share. The warrants entitle the holder to subscribe for FS Invest shares at an exercise price of DKK 2,039 and DKK 2,549 per share for warrants in series A and series B, respectively, in a proportion which is determined by the exercise restrictions mentioned below. The warrants are exercisable for a period of 30 business days prior to and ending on 1 June 2014. The warrants are non-transferable.

The fair value of the warrants was estimated to DKK 25 million at the time of grant measured using the Black-Scholes option pricing model based on the assumptions at the time of grant and exercise restrictions.

The warrants are accounted for as equity-settled transactions. The fair value of these warrants will be expensed in the income statement over the vesting period from July 2006 to June 2014. In 2008, DKK 5 million were recognised in the financial statements of ISS A/S under Other income and expenses, net in respect of warrants granted (2007: DKK 2 million).

The warrants are subject to exercise restrictions depending on the share price at the time of exercise. At a share price of 6,114 or more at the time of exercise 100% of the warrants vested can be exercised. The proportion of exercisable warrants decreases in intervals down to 10% at a share price of 2,038. At share prices below 2,038 no warrants are exercisable.

Warrants outstanding at 31 December 2008 and movements during 2007 and 2008 are specified below. As all senior officers of the Group are employed by ISS A/S only warrants granted to Executive Management of ISS Holding A/S are included.

[1)] Executive Management comprises Executive Group Management of ISS Holding A/S.

continues

11. SHARE-BASED PAYMENTS (CONTINUED)

Number of warrants	**Executive Management Series B**
Outstanding at 1 January 2007	125,424
Outstanding at 31 December 2007	125,424
Warrants settled	(67,536)
Outstanding at 31 December 2008	**57,888**

Warrants settled during 2008 relates to cash settlement by FS Invest of warrants in connection with termination of employment.

12. TAX RECEIVABLES AND TAX PAYABLES

DKK million	**2008**	**2007**
Tax payables/(receivables), net at 1 January	-	-
Tax on profit before tax	(126)	(281)
Tax regarding equity movements	-	10
Reclassification of joint taxation contribution	(40)	(32)
Tax received, net	166	303
Tax payables/(receivables), net at 31 December	**-**	**-**

13. CONTINGENT LIABILITIES

Senior Facility Agreement

ISS Holding A/S has executed a share pledge over its shares in ISS A/S as security for the Group's senior facilities and a secondary share pledge over such shares as security for the subordinated notes issued by ISS Holding A/S.

ISS A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, 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 A/S and these subsidiaries.

In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore, Switzerland and Turkey have been pledged.

VAT

ISS Holding A/S and certain Danish affiliates are jointly registered for VAT and are jointly liable for the payment hereof.

14. FINANCIAL RISK MANAGEMENT

ISS Holding A/S's financial risk management is based on policies approved by the Board of Directors. ISS Holding A/S may use derivatives to hedge financial risks.

Interest rate risk

ISS Holding A/S's most significant interest rate risk relates to interest-bearing debt.

ISS Holding A/S's loan portfolio consists of bank loans (senior facilities and second lien facility) and listed bonds (subordinated notes). To manage the interest rate risk ISS Holding A/S uses fixed-rate bonds and derivatives, such as interest rate swaps. A part of ISS Holdings A/S's interest payments on the second lien facility have been swapped from floating into fixed rates, see note 9, Borrowings, where a breakdown of ISS Holding A/S's long-term debt and applied interest rate swaps is provided.

The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2008, the duration of net debt was approximately 3.8 years (31 December 2007: 4.2 years). A decrease in interest rates will increase the fair value of the debt with a fixed interest rate, but only part of this increase will be reflected in the income statement and equity as long-term borrowings are stated at amortised cost and therefore not adjusted to fair value. It is estimated that a general increase in relevant interest rates of 1%-point would increase the annual interest expenses, net by DKK 4 million (2007: DKK 12 million), all other things being equal. The estimate is based on net debt adjusted for the effect of hedging instruments as at 31 December 2008.

Liquidity risk

Liquidity risk is the risk of ISS Holding A/S failing to honour its contractual obligations due to insufficient liquidity. ISS Holding A/S is a holding company, and its primary assets consist of shares in ISS A/S and cash in its bank accounts. ISS Holding A/S has no revenue generating operations of its own, and therefore ISS Holding A/S's cash flow and ability to service its indebtedness, will depend primarily on the operating performance and financial condition of ISS A/S and its operating subsidiaries, and the receipt by ISS Holding A/S of funds from ISS A/S and its subsidiaries in the form of dividends or otherwise.

Credit risk

Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on ISS Holding A/S. ISS Holding A/S's credit risk is mainly related to transactions with financial institutions (liquid funds and derivatives with positive fair value) and receivables from affiliates. It is the ISS Holding A/S's policy that financial transactions may be entered into only with financial institutions with a high credit rating.

15. DERIVATIVES

Contractual values and unrealised gains and losses are specified below for financial instruments used to hedge the interest rate risk:

DKK million	Contractual value	Unrealised gain/(loss) on revaluation to fair value	Included in the income statement	Taken directly to equity on 31 December	Maturity
2008					
Interest rate instruments					
Interest rate swap – 2010 (EUR), payer [1)]	4,023	(70)	-	(70)	2010
2007					
Interest rate instruments					
Interest rate swap – 2010 (EUR), payer [1)]	4,027	55	-	55	2010

[1)] The swap converts a major part of the floating rates on the second lien facility to fixed interest rate.

16. RELATED PARTIES

Parent and the ultimate controlling party

The sole shareholder of ISS Holding A/S, ISS Equity A/S has controlling influence in ISS Holding A/S. The ultimate controlling company of ISS Holding A/S is FS Invest S.à r.l ("FS Invest"), which is 54% owned by funds advised by EQT Partners and 44% owned by Goldman Sachs Capital Partners.

Key management personnel

Members of the Board of Directors and Executive Group Management

Apart from remuneration and incentive programmes described below there were no significant transactions with members of the Board of Directors or the Executive Group Management during the year.

Co-investment Programmes

The Principal Shareholders have established a Management Participation Programme, under which the Executive Group Management and a number of senior officers of the Group were offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS Holding A/S's ultimate parent. As of 31 December 2008, the investments amounted to DKK 185 million in total for 132 executives and officers. As part of the initial programme – in addition to the investments – certain senior officers were granted warrants in FS Invest with a vesting schedule (based on value of shares and time). As of 31 December 2008, 396,940 were outstanding of which 57,888 relates to Executive Group Management of ISS Holding A/S, see note 11, Share-based payments.

Non-executive members of the Board of Directors (except representatives of the Principal Shareholders) have been offered to participate in a Directors Participation Programme, under which they have invested in a mix of shares and warrants of FS Invest amounting to approximately DKK 8.3 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 19.2 million in total.

External directorships and external executive positions of ISS Holding A/S's Board of Directors and Executive Group Management

Board of Directors	Board Member	Executive Position
Ole Andersen (Chairman)	Dako A/S	Senior advisor to EQT Partners
Leif Östling (Vice-Chairman)	Scania AB, AB SKF (Chairman of the Board), Svenskt Näringsliv (Confederation of Swedish Enterprise) and Teknikföretagen (The Association of Swedish Engineering Industries)	President and CEO of Scania AB
John Murray Allan	National Grid plc, Deutsche Lufthansa AG, Deutsche Postbank AG	CFO of Deutsche Post World Net and other positions in subsidiaries hereof
Peter Korsholm	BTX Group A/S and CaridianBCT Holding Corp	Partner and Head of the Copenhagen office of EQT Partners
Sanjay Patel	Ahlsell Sverige AB and certain holding companies of Ahlsell Sverige AB, Endemol N.V., (Companies relating to Sigma Electric), Get A/S and Expro	Co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs
Christoph Sander	Casper Limited and subsidiaries of Casper Limited	Co-founder and Director of Casper Limited
Steven Sher	Ahlsell Sverige AB, Edam Acquisitions B.V. and certain holding companies of Ahlsell Sverige AB and Endemol N.V.	Managing Director, Goldman Sachs International, Principal Investment Area

Executive Group Management	Board Member	Executive Position
Jørgen Lindegaard	Efsen Engineering A/S	None
Jeff Gravenhorst	None	None
Jakob Stausholm	None	None

continues

16. RELATED PARTIES (CONTINUED)

Affiliates

In 2008, ISS Holding A/S had the following transactions with affiliates:

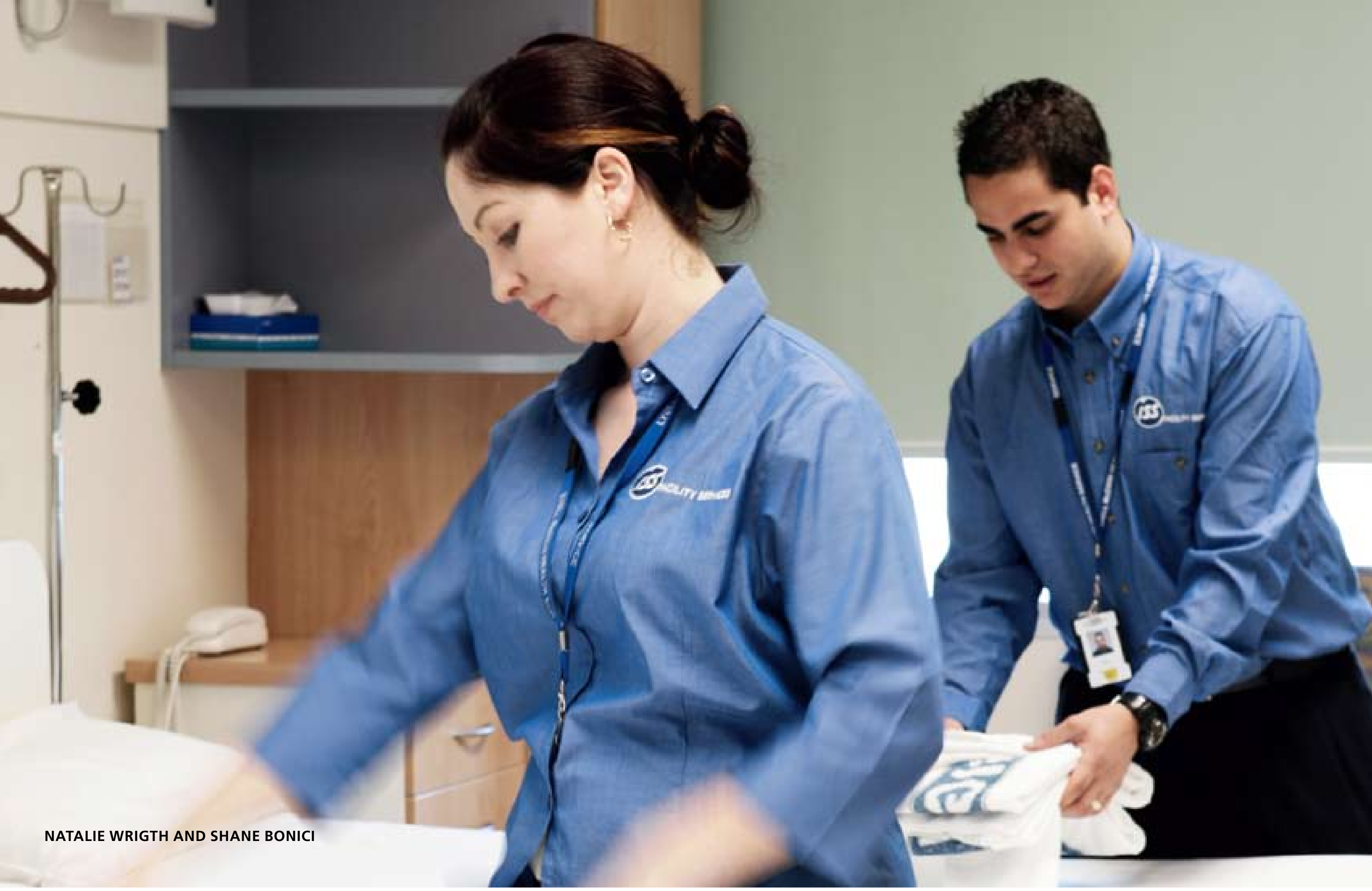
- ISS Holding A/S received/paid interest from/to ISS Global A/S and other affiliates, see note 3, Net finance costs.
- ISS Holding A/S received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S (the ultimate parent company in Denmark), see note 12, Tax receivables and tax payables.
- ISS Holding A/S received dividends from ISS A/S, see note 5, Investment in subsidiary.

All transactions were made on market terms.

ISS in Indonesia is a very successful organisation with a compounded annual growth rate above 40% since 2003 and over 35,000 employees. ISS in Indonesia provides services for 'Pondok Indah' which is an upscale residential area in Jakarta. Among the services delivered for 'Pondok Indah' are Property Services to apartment buildings and Cleaning services to hospitals.

MADI RAHMADI, PONDOK INDAH APARTMENTS

SITI CHOTIJAH, PONDOK INDAH HOSPITAL



NATALIE WRIGTH AND SHANE BONICI

NATALIE WRIGHT

BRIDGET JOHNSON AND SHANE BONICI

DEFINITIONS

Adjusted EBITDA = Operating profit before other items + Depreciation and amortisation

Carrying amount of net debt = Long-term debt + Short-term debt - Receivables from affiliates - Securities - Cash and cash equivalents

$$\text{Cash conversion, \%} = \frac{\text{(Operating profit before other items + Changes in working capital) x 100}}{\text{Operating profit before other items}}$$

EBITDA = Operating profit + Depreciation and amortisation

$$\text{Equity ratio, \%} = \frac{\text{Total equity x 100}}{\text{Total assets}}$$

Interest-bearing debt, net = Carrying amount of net debt - Non-interest-bearing debt, net

$$\text{Interest coverage} = \frac{\text{Operating profit before other items + Depreciation and amortisation}}{\text{Net finance costs}}$$

Non-interest-bearing debt, net = Sum of non-interest-bearing items included in carrying amount of net debt, e.g. marked-to-market value of interest rate swaps, unamortised gains from settlement of interest rate swaps and unamortised loan costs.

$$\text{Operating margin, \%} = \frac{\text{Operating profit before other items x 100}}{\text{Total revenue}}$$

$$\text{Organic growth [1], \%} = \frac{\text{(Comparable revenue current year – comparable revenue prior year) x 100}}{\text{Comparable revenue prior year}}$$

[1] Comparable revenue implies the exclusion of changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. Growth generated by acquired businesses with reported annual revenue of DKK 50 million or more, as well as acquisition of businesses that establish an ISS presence in a new jurisdiction are excluded from the calculation of organic growth during the first 12 months of ISS ownership. The remaining acquisition of businesses are treated as having been integrated into ISS upon acquisition, and ISS's calculation of organic growth includes changes in revenue of these acquired businesses from the date of acquisition. Organic growth is not a measure of financial performance under Danish GAAP or IFRS and the organic growth figures have not been, and cannot be, audited.

ISS delivers specialised Facility Services solutions for hospitals in many countries. Adelaide Lyell McEwin hospital is one of 15 hospitals in Australia serviced by ISS. At this hospital ISS is responsible for an Integrated Facility Services contract that includes: Cleaning, Property Services and Catering.

CAPITAL STRUCTURE

SHARE CAPITAL

ISS is indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners that hold 54% and 44% of the share capital, respectively. In addition, certain members of the Board of Directors, the Executive Group Management and a number of senior officers of ISS hold approximately 2% of the share capital through director and management participation programmes.

On 31 December 2008, the carrying value of Shareholders' Equity (including Minority Interests) was DKK 3,533 million.

BORROWINGS

Standard & Poor's have assigned a BB- long-term credit rating to ISS Holding and its wholly owned subsidiaries, ISS Global A/S (ISS Global) and ISS A/S, and Moody's have assigned ISS Holding and ISS A/S a B2 corporate rating.

Moody's have assigned the subordinated notes issued by ISS Holding a Caa1 rating, and Standard & Poor's have assigned the bonds issued by ISS Holding and ISS Global's EMTN programme a B rating.

Bonds

ISS Holding has issued EUR 454 million of 8.875% subordinated notes maturing on 15 May 2016.

ISS Global has issued senior unsecured EMTNs in two tranches, of which EUR 850 million mature in September 2010 and EUR 110 million mature in December 2014.

CORPORATE CREDIT RATINGS

Standard & Poor's	BB-
Moody's	B2

ISS HOLDING A/S BONDS

Issuer	ISS Holding A/S
Bloomberg	ISS DC
Standard & Poor's rating	B
Moody's	Caa1
Listing	Luxembourg
Amount outstanding	EUR 454 million
Maturity date	15 May 2016
Coupon	8.875%
ISIN securities code	XS0253470644
Reuters	DK025347064=

GLOBAL A/S EMTN BONDS

Issuer	ISS Global A/S
Bloomberg	ISS DC
Standard & Poor's rating	B
Listing	Luxembourg

EMTNS DUE 2010

Amount outstanding	EUR 850 million
Maturity date	18 September 2010
Coupon	4.75%
ISIN securities code	XS0176317054
Reuters	DK017631705=

EMTNS DUE 2014

Amount outstanding	EUR 110 million
Maturity date	8 December 2014
Coupon	4.50%
ISIN securities code	XS0206714247
Reuters	DK020671424=

LOANS

Senior credit facilities

On 31 December 2008, ISS Global had senior credit facilities of DKK 21.9 billion under which DKK 17.6 billion were drawn and DKK 1.4 billion was allocated to support performance bonds issued by operating subsidiaries.

The senior credit facilities include customary loan covenant clauses, which were all complied with in 2008.

The senior lenders comprise a syndicate of international banks and institutional investors. The senior credit facilities mature in 2012 and 2013.

COMPOSITION OF SENIOR CREDIT FACILITIES

TERM LOANS:

ISS has loans of DKK 14,063 million under two term loan facilities, of which DKK 1,125 million were borrowed under Term Facility A and DKK 12,938 million were borrowed under Term Facility B. Term Facility A, which matures on 30 June 2012, is amortising with approximately DKK 173 million in 2009; DKK 346 million in 2010; DKK 346 million in 2011; and DKK 260 million in 2012. Term Facility B, which matures on 31 December 2013, will be repaid in two equal instalments on 30 June 2013 and 31 December 2013.

ACQUISITION FACILITIES

At 31 December 2008, ISS has loans of DKK 2,889 million under two acquisition facilities, of which DKK 1,422 million were drawn under Acqusition Facility A and DKK 1,467 million were drawn under Acquisition Facility B.

Acquisition Facility A was fully drawn at 31 December 2008, matures on 30 June 2012 and is amortising with approximately DKK 142 million in 2009; DKK 356 million in 2010; DKK 569 million in 2011; and DKK 356 in 2012.

At 31 December 2008, DKK 2,033 million were available for further drawings under acquisition facility B until 11 May 2009, when the availability period for the acquisition facilities expire. The drawn amount under Acquisition facility B matures on 31 December 2013 and will be repaid in two equal instalments on 30 June 2013 and 31 December 2013.

REVOLVING CREDIT FACILITY:

ISS has a revolving credit facility (RCF) in an amount equivalent to DKK 2,437 million, of which amounts equivalent to DKK 697 million were drawn as of 31 December 2008. Borrowings under the RCF are primarily provided by local lenders to certain subsidiaries and are included in ”other short-term debt’’ and ‘‘other long-term debt’’ in ISS’s consolidated financial statements. In addition, DKK 923 million of the revolving credit facility was allocated to support performance bonds issued by operating subsidiaries.

The RCF matures on 30 June 2012.

LETTER OF CREDIT FACILITY

ISS has a letter of credit facility in an amount of DKK 500 million. Letters of credit are primarily issued in support of borrowings, other than borrowings under the revolving credit facility or the Secured Local Facilities, and, to the extent these borrowings are deemed to constitute indebtedness, the borrowings are included in ‘‘other short-term debt’’ and ‘‘other long-term debt’’ in ISS’s consolidated financial statements.

The letter of credit facility matures on 30 June 2012.

The Senior Facilities have been drawn in certain currencies in addition to Danish Kroner as specified under the Senior Facilities Agreement.

Second lien facility

On 31 December 2008, ISS had DKK 4.5 billion (EUR 600 million) of second lien facility, as part of the refinancing of ISS Holding's floating-rate subordinated notes. The second lien facility includes customary loan covenant clauses, which were all complied with in 2008.

The second lien lenders comprise a syndicate of international institutional investors. The second lien facility matures on 30 June 2015.

Other credit facilities

Further to the above, ISS had DKK 0.4 billion of other credit facilities as of 31 December 2008. Such facilities mainly comprise finance leases, mortgage debt and other local credit facilities, which are not part of the senior facilities.

SUMMARY OF CREDIT FACILITIES

Credit Facility (DKK million)	Size	Drawn	Currency	Coupon/margin	Maturity
Senior Facilities:					
Term Facility A	1,125	1,125	SEK, NOK, CHF	+ 200bps	30 Jun 2012
Term Facility B	12,938	12,938	EUR, GBP	+ 200bps	31 Dec 2013
Acquisition Facility A	1,422	1,423	Multi Currency	+ 225bps	30 Jun 2012
Acquisition Facility B	3,500	1,467	Multi Currency	+ 225bps	31 Dec 2013
Revolving Credit Facility	2,437	697	Multi Currency	+ 225bps	30 Jun 2012
Letter of Credit Facility	500	0	Multi Currency	+ 225bps	30 Jun 2012
Total Senior Facilities	**21,922**	**17,649**			
EMTNs:					
EMTNs due 2010	6,332	6,332	EUR	4.75%	18 Sep 2010
EMTNs due 2014	822	822	EUR	4.50%	8 Dec 2014
Total EMTNS	**7,154**	**7,154**			
Second Lien Facility	4,470	4,470	EUR	+ 375bps	30 Jun 2015
Subordinated Notes	3,383	3,383	EUR	8.875%	15 May 2016

Financial leverage

A key priority of ISS is to reduce its financial leverage on a multiple basis, which is measured by the ratio of Net Debt to pro forma Adjusted EBITDA.

Pro forma Adjusted EBITDA is adjusted to reflect the full-year effect of acquired or divested businesses. Estimated pro forma Adjusted EBITDA of acquired and divested businesses represents the net aggregate estimated Adjusted EBITDA of businesses acquired or divested for the period from 1 January 2008 to the date of its acquisition or divestment by the Group.

PRO FORMA ADJUSTED EBITDA

(DKK million)	2007	2008
Adjusted EBITDA	4,680	4,930
Estimated pro forma Adjusted EBITDA of acquired and divested businesses	186	134
Pro Forma Adjusted EBITDA	**4,866**	**5,064**

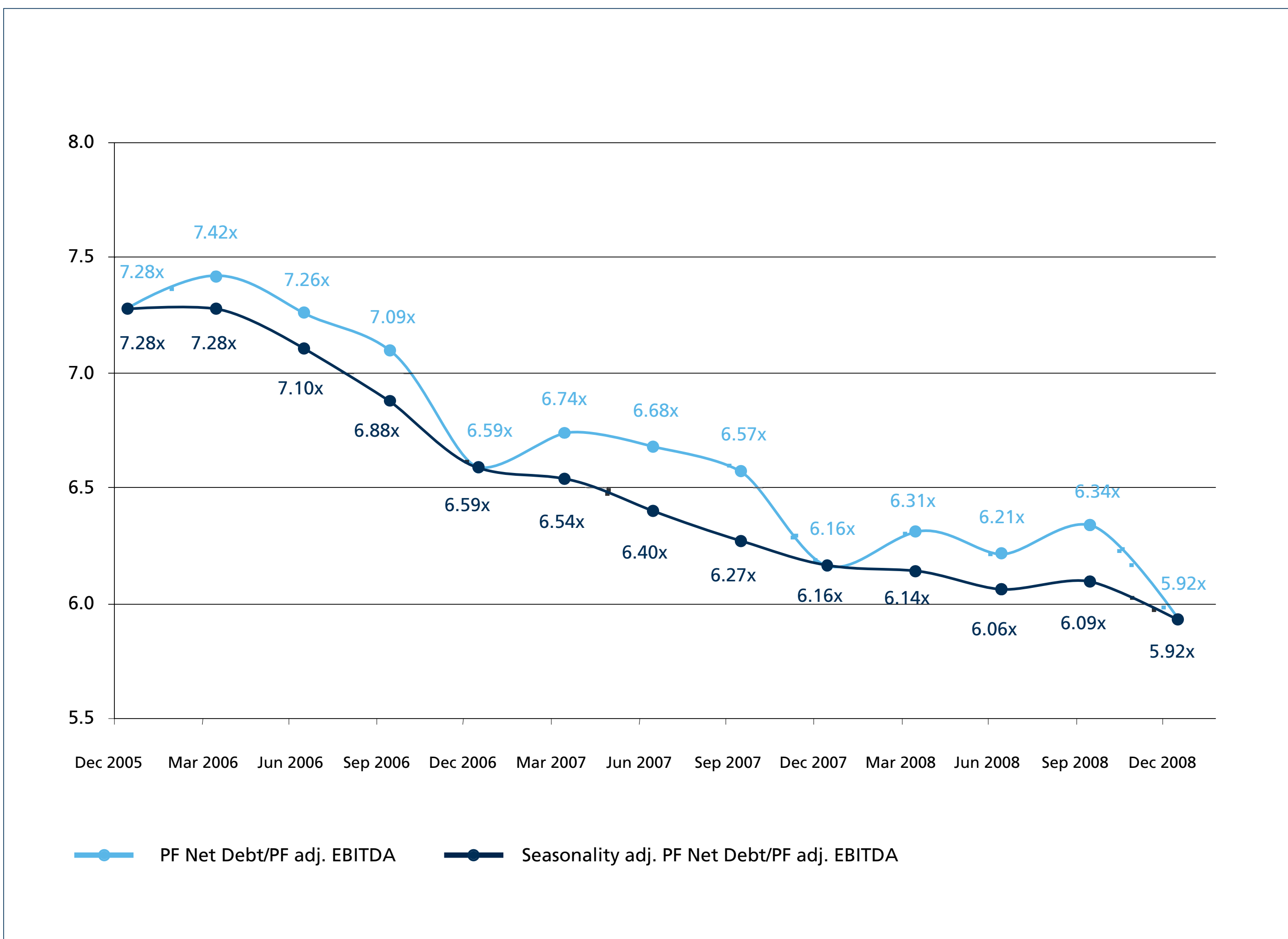
At 31 December 2008, Net debt was DKK 29,987 million and pro forma Adjusted EBITDA was estimated to approximately DKK 5,064 million. Consequently, the ratio of Net Debt to pro forma Adjusted EBITDA was reduced to 5.92x from 6.16x at 31 December 2007. Since December 2005, financial leverage has been reduced by 1.36x pro forma Adjusted EBITDA from 7.28x.

NET DEBT AS OF 31 DECEMBER 2008

	Principal value	Leverage (x Pro forma EBITDA)
Senior Facilities	17,649	3.49x
Euro Medium Term Notes	7,155	1.41x
Second Lien Facility	4,470	0.88x
8.875% Subordinated Notes due 2016	3,383	0.67x
Other short-term and long-term debt	368	0.07x
	33,025	
Total cash and cash equivalents and securities	(3,047)	-0.60x
Net Debt	**29,978**	**5.92x**

Note: For further information on the Group's borrowings, see note 27 to the consolidated financial statements.

NET DEBT TO PRO FORMA EBITDA RATIOS



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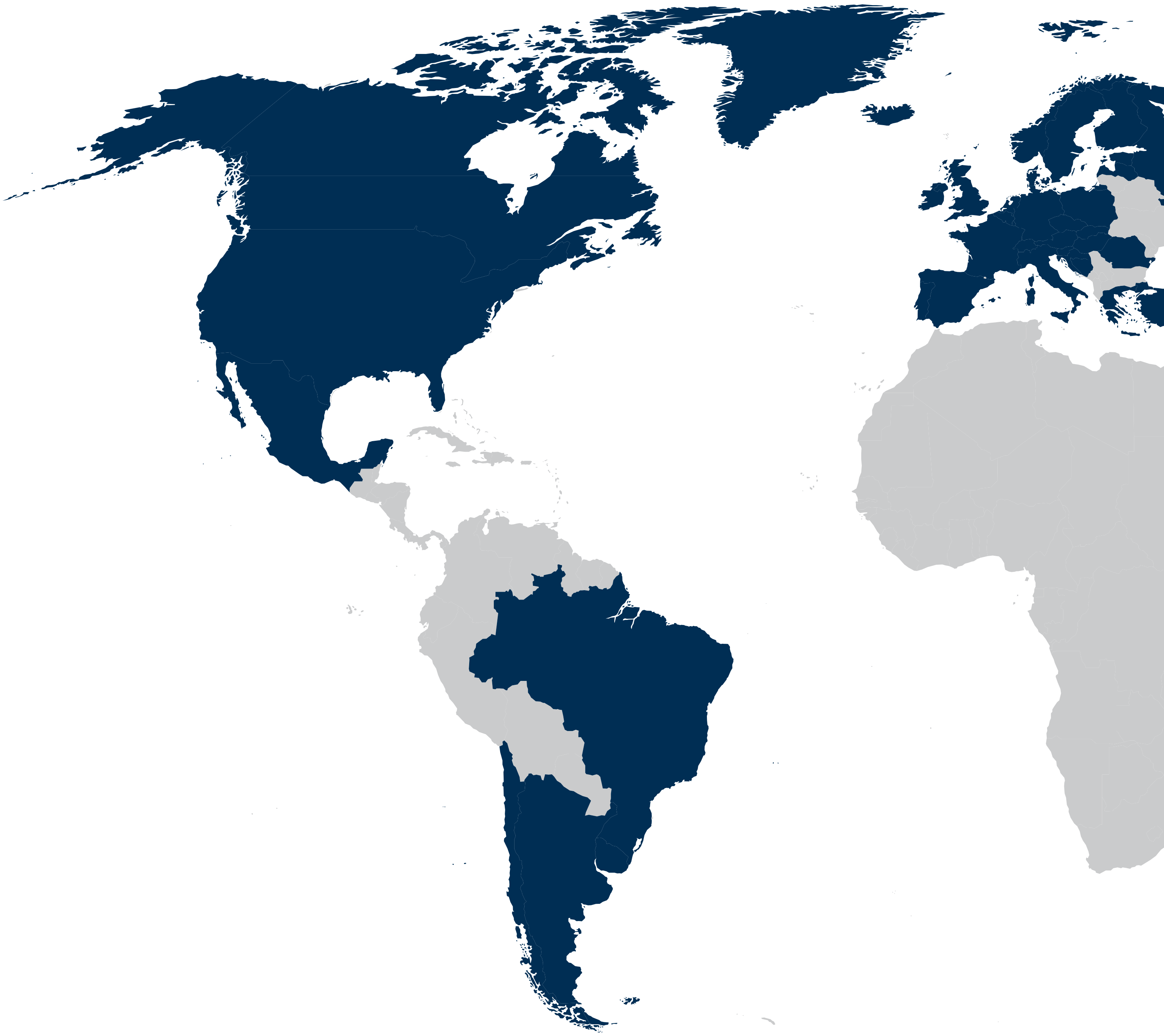

ISS OPERATES IN MORE THAN 50 COUNTRIES IN EUROPE, ASIA, PACIFIC, LATIN AMERICA AND NORTH AMERICA

Argentina	Bosnia and	Canada	Czech Republic	France	Iceland	Israel
Australia	Herzegovina	Chile	Denmark [2]	Germany	India	Italy
Austria	Brazil	China [1]	Estonia	Greece	Indonesia	Japan
Belgium	Brunei	Croatia	Finland	Hungary	Ireland	Latvia

[1] Including Hong Kong
[2] Including Greenland

Lithuania
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Philippines
Poland
Portugal
Romania
Russia
Singapore
Slovakia
Slovenia
Spain
Sweden
Switzerland
Taiwan
Thailand
Turkey
United Kingdom
Uruguay
USA

TORSTEN REIHER

KEY FIGURES

Revenue	DKK 68.8 billion (EUR 9.2 billion)
Operating profit before other items	DKK 4.1 billion (EUR 0.5 billion)
Employees	472,800

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