To Luxembourg Stock Exchange
12 May 2011

ISS A/S

Interim Report January – March 2011

ISS A/S
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Key figures and financial ratios

DKK million (unless otherwise stated)	Q1 2011	Q1 2010
KEY FIGURES [1]		
Income statement		
Revenue	18,984	17,574
Operating profit before other items	864	806
EBITDA	1,063	849
Adjusted EBITDA	1,076	1,005
Operating profit	851	650
Financial income	44	53
Financial expenses	(692)	(648)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	104	(36)
Net profit/(loss) for the period	(25)	(197)
Cash flow		
Cash flow from operating activities	(443)	13
Acquisition of intangible assets and property, plant and equipment not related to acquisitions, net	(241)	(179)
Financial position		
Total assets	54,672	55,573
Goodwill	27,334	28,081
Additions to property, plant and equipment not related to acquisitions, gross	214	183
Carrying amount of net debt	31,491	31,760
Total equity (attributable to owners of ISS A/S)	2,302	2,309
Employees		
Number of employees at 31 March	526,500	491,300
Full-time employees, %	73	72
FINANCIAL RATIOS [1]		
Growth, %		
Organic growth	5.8	2.1
Acquisitions	0	1
Divestments	(2)	(1)
Currency adjustments	4	3
Total revenue growth	8	5
Other financial ratios, %		
Operating margin	4.6	4.6
Equity ratio	4.2	4.2
Interest coverage	1.7	1.7
Cash conversion LTM	86	106
Basic earnings per share (EPS), DKK	(0.3)	(2.0)
Diluted earnings per share, DKK	(0.3)	(2.0)
Adjusted earnings per share, DKK	1.0	(0.3)

[1] See definitions in the Annual Report 2010.

Financial Leverage

	As of and for the 12-month period ended			
DKK million	30 June 2010	30 September 2010	31 December 2010	31 March 2011
Pro Forma Adj. EBITDA	4,920	4,958	5,068	5,147
Carrying amount of net debt	32,177	31,889	30,619	31,491
Seasonality Adj. Carrying amount of net debt	31,471	31,049	30,619	30,818
Carrying amount of net debt / Pro Forma Adj. EBITDA	6.54x	6.43x	6.04x	6.12x
Seasonality Adj. Carrying amount of net debt / Pro Forma Adj. EBITDA	6.40x	6.26x	6.04x	5.99x

Note: The Pro Forma adjusted financial information set out above is for informational purposes only. ISS includes these financial measures because it believes that they are useful measures of the Group's results of operations and liquidity; however, these items are not measures of financial performance under IFRS and should not be considered as a substitute for operating profit, net profit, cash flow or other financial measures computed in accordance with IFRS. See appendix on pages 29-31 of this report for further information on Capital Structure.

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

For further information about ISS, see ISS's Annual Report 2010, which is available from the Group's website, www.issworld.com.

Business Highlights

ISS experienced a strong start in 2011, strengthening in particular the growth momentum experienced during 2010:

- Group revenue amounted to DKK 19.0 billion in the first quarter of 2011, an increase of 8% compared with the same period in 2010, driven mainly by organic growth of 5.8% and a positive effect from exchange rate movements of 4% which was offset by negative net growth from acquisitions and divestments of 2%.

- The organic growth of 5.8% in the first quarter of 2011 was a continuation of the positive organic growth trend seen in the fourth quarter of 2010, fuelled by the start-up of several large Integrated Facility Services (IFS) contracts. This marks the sixth consecutive quarter with an increase in our organic growth rate. North America, Asia and Latin America delivered double-digit organic growth rates.

- The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey where we have more than half of our employees delivered organic growth of 15% and represent 19% of total revenue and 45% of total organic growth for the Group.

- Operating profit before other items increased by 7% to DKK 864 million in the first quarter of 2011 compared with the same period of 2010. The operating margin (operating profit before other items as a percentage of revenue) of 4.6% for the first three months of 2011 was in line with our expectations and in line with the comparable period in 2010. The margin achieved in the first three months of each year is historically lower due to the seasonality in our business. That trend is expected to reverse in the following quarters where historically significantly higher margins have been achieved. This quarter is impacted by start-up costs of major IFS contracts.

- Operating profit increased by 31% from DKK 650 million in first quarter of 2010 to DKK 851 million in first quarter of 2011. The increase was primarily a result of a decrease in expenses recognised as other income and expenses, net as well as the increase in operating profit before other items as described above.

- The net result improved from a loss of DKK 197 million in the first quarter of 2010 to a loss of DKK 25 million in the first quarter of 2011, positively impacted by growth in revenue in the first quarter of 2011, combined with a decrease in net expenses recognised as other income

Operating results, Q1 2011

	Revenue DKK million			Operating profit before other items DKK million			Operating margin [1]	
	Q1 2011	Q1 2010	Change	Q1 2011	Q1 2010	Change	Q1 2011	Q1 2010
Western Europe [2]	9,686	9,457	2 %	471	436	8 %	4.9 %	4.6 %
Nordic [3]	4,441	4,208	5 %	206	225	(8)%	4.6 %	5.4 %
Asia [4]	1,470	1,147	28 %	109	79	38 %	7.4 %	6.9 %
Pacific [5]	1,352	1,131	20 %	92	72	28 %	6.8 %	6.3 %
Latin America [6]	888	644	38 %	51	38	34 %	5.8 %	5.9 %
North America [7]	770	615	26 %	16	33	(52)%	2.1 %	5.4 %
Eastern Europe [8]	388	382	2 %	19	17	12 %	4.9 %	4.5 %
Other Countries [9]	7	4	70 %	0	1	(73)%	2.4 %	15.2 %
Corporate / eliminations	(18)	(14)		(100)	(95)	5 %	(0.5)%	(0.5)%
Total	**18,984**	**17,574**	**8 %**	**864**	**806**	**7 %**	**4.6 %**	**4.6 %**
Emerging Markets [10]	3,647	2,960	23 %	245	190	29 %	6.7 %	6.4 %

[1] The Group uses Operating profit before other items for the calculation of Operating margin

[2] Western Europe comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.

[3] Nordic comprises Denmark, Finland, Greenland, Iceland, Norway and Sweden.

[4] Asia comprises Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

[5] Pacific comprises Australia and New Zealand.

[6] Latin America comprises Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela.

[7] North America comprises Canada and the USA.

[8] Eastern Europe comprises Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.

[9] Other Countries comprises Bahrain, Nigeria, Pakistan, South Africa, Ukraine and United Arab Emirates.

[10] Emerging Markets comprises Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey.

and expenses, net partly offset by an increase in financial expenses, net.

- The LTM cash conversion for the first quarter of 2011 was 86%. This should be seen in the light of a low working capital position at 31 March 2010 where the LTM cash conversion was 106%, i.e. the average LTM cash conversion over the last two years was 96%.

Ensuring the successful start-up of several international IFS contract wins from 2010 has been a key focus area for ISS in first quarter of 2011. ISS is already delivering under the sizeable IFS contracts with Hewlett-Packard in North America and Citi for EMEA, and both contract implementations are progressing as planned. In addition, ISS commenced service delivery on 31 March 2011 throughout the APAC region with the United Kingdom Foreign & Commonwealth Office.

In May 2011, the International Association of Outsourcing Professionals (IAOP) announced that ISS is ranked number 2 on IAOP's list of the world's leading outsourcing providers – The Global Outsourcing 100. ISS thereby steps up four places from last year and underlines that ISS is considered a professional and reliable outsourcing partner of choice not only within the facility services industry but measured against all outsourcing companies across industries.

ISS A/S's planned Initial Public Offering (IPO) in March 2011 coincided with an extraordinary period in global markets resulting in high levels of uncertainty and volatility. Notwithstanding this context, the IPO was oversubscribed within our price range and comprised a book of demand from over 150 institutions around the world and more than 10,000 retail subscribers in Denmark. However, given the underlying level of volatility and uncertainty and the existing shareholders' and the company's desire to achieve a successful IPO with an orderly aftermarket, it was decided to postpone the IPO. ISS will publicly disclose new information on the IPO process when relevant.

Financial Review

Income Statement

Revenue in the first quarter of 2011 amounted to DKK 18,984 million representing year-on-year revenue growth of 8%. Revenue growth was driven by organic growth of 5.8% and positive exchange rate movements of 4% partly offset by 2% negative growth from acquisitions and divestments, net. All regions delivered positive organic growth with the exception of Eastern Europe where organic growth was flat. North America, Asia and Latin America delivered double-digit organic growth rates. The positive exchange rate movement of 4% was mainly stemming from an appreciation of AUD, SEK, CHF and GBP against DKK.

In the first quarter of 2011, revenue in the Western European region increased by 2% to DKK 9,686 million. Organic growth was positive by 3% and currency adjustments increased revenue for the region by approximately 2%. This was offset by 3% negative growth from acquisitions and divestments, net. All countries in Western Europe except for Ireland and France delivered positive organic growth rates in the first quarter of 2011 and begin to harvest on the sales initiatives, which continue to be rolled out across the region. Double-digit organic growth rates were seen in Italy, Germany, Israel and Turkey.

Revenue in the Nordic region increased by 5% from DKK 4,208 million in the first quarter of 2010 to DKK 4,441 million in the first quarter of 2011. Organic growth amounted to 3% driven by Finland and Sweden as a result of new sales and was achieved despite a lower level of non-recurring services such as snow removal in the first quarter of 2011 compared with the same period in 2010. The impact from divestments was a revenue reduction of 2%, resulting primarily from the divestments completed in Norway, Denmark and Sweden in 2010. Currency adjustments increased revenue for the region by approximately 4%, which stemmed mainly from an appreciation of SEK and NOK against DKK.

Revenue growth, Q1 2011

	Revenue growth, % [1)]					
	Organic	**Acq.**	**Div.**	**Total growth excl. currency**	**Currency**	**Total growth**
Western Europe	3	-	(3)	0	2	2
Nordic	3	-	(2)	1	4	5
Asia	14	7	-	21	7	28
Pacific	7	-	-	7	13	20
Latin America	29	-	-	29	9	38
North America	24	-	-	24	2	26
Eastern Europe	(0)	-	-	(0)	2	2
Other Countries	57	-	-	57	13	70
Total	5.8	0	(2)	4	4	8
Emerging Markets	15	3	-	18	5	23

1) For a description of the method applied in calculating organic growth and the other revenue growth components, see ISS's Annual Report 2010, which is available at the Group's website, www.issworld.com.

Revenue in Asia increased by 28% from DKK 1,147 million in first quarter of 2010 to DKK 1,470 million in the first quarter of 2011. The increase was driven by organic growth of 14% and acquisition-driven growth of 7% as well as a positive impact of 7% from currency adjustments. All countries in the region except for Brunei, Hong Kong, Malaysia and Thailand delivered double-digit organic growth rates. The strong organic growth continues to be driven by strong GDP development in the countries in the region. However, in most countries in the region, ISS delivered organic growth rates in excess of the GDP growth as a result of among other things new sales and cross-selling activities. India was the largest contributor to the organic growth of the region with an organic growth rate of 46%.

Revenue in the Pacific region increased by 20% to DKK 1,352 million in the first quarter of 2011. Organic growth continued the positive trend from 2010 and increased revenue by 7% in the first quarter of 2011 reflecting in particular excellent customer retention. Currency adjustments increased revenue for the region by approximately 13%.

Revenue in Latin America increased by 38% from DKK 644 million in the first quarter of 2010 to DKK 888 million in the first quarter of 2011. All countries in the region delivered significant double-digit organic growth rates in the first quarter of 2011 driven by a continued high level of new sales. Brazil was the largest contributor to the organic growth of the region with an organic growth rate of 29% following an organic growth of 27% in the first quarter of 2010. Currency adjustments increased revenue for the region by approximately 9% compared with first quarter of 2010.

Revenue in the North American region increased by 26% to DKK 770 million in the first quarter of 2011. Organic growth was 24%, mainly driven by the start-up of the Hewlett-Packard contract in North America. Currency adjustments increased revenue for the region by 2%.

Revenue in Eastern Europe increased by 2% from DKK 382 million in the first quarter of 2010 to DKK 388 million in the first quarter of 2011. Organic growth was flat as the Eastern European region continues to be impacted by the challenging economic climate albeit countries such as Russia and Slovenia continue the recovery seen during 2010 leading to significant organic growth in these countries in the first quarter of 2011. Currency adjustments increased revenue for the region by approximately 2%.

Operating profit before other items amounted to DKK 864 million in the first quarter of 2011, an increase of 7% from DKK 806 million in the same period of 2010. The increase was a result of an increase in revenue as a result of organic growth and positive exchange rate movements. The operating margin of 4.6% for the first three months of 2011 was in line with our expectations and in line with the comparable period in 2010. Corporate overhead costs were 0.5% of revenue in the first quarter of 2011, unchanged from the comparable period in 2010.

Operating profit before other items in Western Europe increased by 8% to DKK 471 million in the first quarter of 2011. The operating margin of 4.9% was 0.3 percentage point higher compared with the first quarter of 2010. The increase was a result of a generally stable development in operating margin across the region despite a still challenging economic environment in certain countries. Strong developments in the operating margin were seen in Spain and the United Kingdom as a result of increased sales and focus on operational efficiencies.

Operating profit before other items in the Nordic region amounted to DKK 206 million in the first quarter of 2011 compared with DKK 225 million in the first quarter of 2010. The operating margin was 4.6% compared with 5.4% in the first quarter of 2010. The decrease in operating margin was mainly due to a lower level of once-only revenue such as snow removal in the first quarter of 2011 compared with 2010 and partly due to divestment of certain high margin businesses in 2010.

Operating profit before other items in Asia increased by 38% to DKK 109 million in the first quarter of 2011 compared with DKK 79 million in the same period of 2010. The operating margin increased from 6.9% in the first quarter of 2010 to 7.4% in the first quarter of 2011 and generally reflects a stable and positive development in the operating margin across the region supported by the double-digit growth rates and a continued focus on contract efficiencies.

In the Pacific region, operating profit before other items increased by 28% to DKK 92 million in the first quarter of 2011. The operating margin in the region amounted to 6.8% in the first quarter of 2011, compared with 6.3% in the same period of 2010, which was in line with expectations.

In Latin America, operating profit before other items increased by 34% to DKK 51 million in the first quarter of 2011. The operating margin was 5.8%, 0.1 percentage point lower than in the first quarter of 2010 and in line with expectations. The countries in the region showed stable and a slightly positive margin development except for Argentina and Chile where the operating margins decreased compared with the first three months of 2010.

Operating profit before other items in North America amounted to DKK 16 million in the first quarter of 2011 compared with DKK 33 million in the first quarter of 2010 resulting in an operating margin in the first quarter of 2011 of 2.1% compared with 5.4% in the first quarter of 2010. The decrease in operating margin was a result of start-up of the Hewlett-Packard contract combined with investments in building up the platform to support and deliver on major contracts.

Operating profit before other items in Eastern Europe increased by 12% to DKK 19 million in the first quarter of 2011. The operating margin was 4.9%, 0.4 percentage point higher than in the first quarter of 2010. This was due mainly to continued cost savings and increased contract efficiencies following roll-out and implementation of best practices.

Other income and expenses, net represented a net expense of DKK 12 million in the first three months of 2011 compared with a net expense of DKK 155 million in the same period of 2010. DKK 18 million comprised costs related to the initiated IPO process which was partly offset by a net gain of DKK 6 million related to sale of an associated company which was classified as held for sale at 31 December 2010.

In 2010, the net expense of DKK 155 million related primarily to the effect of prior year adjustments in Norway, loss on divestment of two businesses in France and Denmark and redundancy and severance payments relating to senior management changes.

Financial income and expenses, net represented an increase in net expenses of DKK 54 million, or 9%, to DKK 649 million in the first quarter of 2011 from DKK 595 million in the same period of 2010. The reason for the increase was mainly an increase in the effect from foreign exchange losses of DKK 100 million combined with an increase in amortisation of financing fees of DKK 14 million primarily offset by lower interest expenses, net of DKK 21 million and the loss of DKK 32 million recognised in the first quarter of 2010 related to repayment of the 2010 EMTNs.

In the first three months of 2011, financial income and expenses, net mainly comprised DKK 529 million of net interest expenses, DKK 43 million in amortisation of financing fees and DKK 70 million in net losses on foreign exchange.

Income taxes increased from DKK 92 million in the first three months of 2010 to DKK 99 million in the first three months 2011. The effective tax rate in the first three months of 2011 was 48.8% compared with 164.2% in the same period of 2010, calculated as the consolidated tax expense of DKK 99 million divided by the Profit before tax and goodwill impairment / amortisation and impairment of brands and customer contracts of DKK 203 million. The decrease in effective tax rate in the first quarter of 2011 compared with the same period of 2010 was mainly due to higher earnings in the first quarter of 2011. The tax expense in the first three months of 2011 was adversely impacted by the rules on limitation on the deductibility of financial expenses in Denmark of approximately DKK 61 million. The effective tax rate amounts to 41.3% when adjusted for the impact of the limitation on deductibility of financial expenses. In addition, the tax expense in the period was adversely impacted by Contribution économique territoriale (CET) in France as well as non-deductible costs related to the initiated IPO process.

Net loss improved from a loss of DKK 197 million in the first quarter of 2010 to a loss of DKK 25 million in the first quarter of 2011, positively impacted by growth in revenue in the first quarter of 2011, combined with a decrease in net expenses recognised as other income and expenses, net partly offset by an increase in financial expenses, net. A loss of DKK 28 million was attributable to the owners of ISS, whereas a profit of DKK 3 million was attributable to non-controlling interests.

Cash Flow Statement

Cash flow from operating activities represented a cash outflow of DKK 443 million in the first three months of 2011, down DKK 456 million from a net inflow of DKK 13 million in the same period of 2010. The development was primarily due to an increase in cash outflow from changes in working capital of DKK 501 million partly offset by an increase in operating profit before other items of DKK 58 million and a decrease in cash outflow regarding payments related to other income and expenses, net of DKK 30.

Cash outflow from changes in working capital of DKK 1,261 million was primarily due to a negative cash flow from trade receivables driven by strong revenue growth and an increase in debtor days partly driven by start-up of new large contracts (e.g. the Hewlett-Packard contract in North America).

Payments related to other income and expenses, net of DKK 53 million mainly related to restructuring projects initiated and expensed in 2010 as well as costs related to the initiated IPO process.

Income taxes paid increased from DKK 130 million in the first three months of 2010 to DKK 152 million in the same period of 2011. The increase was a result of improved performance in 2010 and 2011 leading to higher tax payments.

Cash flow from investing activities for the first three months in 2011 was a net cash outflow of DKK 235 million. DKK 241 million related to investments in intangible assets and property, plant and equipment, net (excluding acquisition-related intangibles) representing 1.3% of revenue, DKK 10 million related to payment of earn-outs and deferred payments on acquisitions completed in previous years and a cash outflow from divestments of DKK 11 million related to settlement of litigations on divestments completed in previous years. DKK 27 million from disposal of financial assets related primarily to sale of an associated company which was classified as held for sale at 31 December 2010.

Cash flow from investing activities for the first three months of 2010 was a net cash inflow of DKK 87 million, of which DKK 241 million were related to divestments, most significantly in Norway and Sweden. Investments in intangible assets and property, plant and equipment, net (excluding acquisition related intangibles) amounted to DKK 179 million while investments in financial assets, net was positive by DKK 74 million primarily due to sale of governments bonds in ISS's insurance captive company which activities subsequently ceased in second half of 2010.

Cash flow from financing activities in the first three months of 2011 was a net cash outflow of DKK 183 million. This was mainly a result of interest payments, net of DKK 337 million and repayment of borrowings of DKK 78 million, partly offset by proceeds from borrowings of DKK 234 million. Proceeds from borrowings was related to drawings on working capital facilities as a result of the typical seasonality in the first quarter of the year.

Cash flow from financing activities in the first three months of 2010 was a net cash outflow of DKK 113 million. This was a result of repayment of borrowings of DKK 1,157 million and interest payments of DKK 328 million partly offset by proceeds from borrowings of DKK 1,373 million.

Balance Sheet

Total assets amounted to DKK 54,672 million at 31 March 2011 of which DKK 37,693 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 16,979 million represented current assets, primarily trade receivables of DKK 11,496 million.

Intangible assets amounted to DKK 34,673 million at 31 March 2011. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 27,334 million of goodwill, DKK 5,339 million of customer contract portfolios and related customer relationships and DKK 1,602 million of brands.

Total equity amounted to DKK 2,328 million at 31 March 2011, DKK 323 million lower than at 31 December 2010. Total comprehensive income reduced equity by DKK 321 million. This included negative currency adjustments relating to investments in foreign subsidiaries of DKK 349 million and a net loss for the period of DKK 25 million partly offset by positive fair value adjustment of hedges, net, of DKK 53 million.

Carrying amount of net debt amounted to DKK 31,491 million at 31 March 2011, an increase of DKK 872 million from DKK 30,619 million at 31 December 2010. The carrying amount of net debt is typically higher after the first three months of the financial year than at year-end of the previous financial year due to the fact that ISS's operating cash flow is typically lower in the first quarter of the year as a result of seasonality. At 31 March 2011, non-current loans and borrowings was DKK 28,846 million, current loans and borrowings amounted to DKK 5,361 million while securities, cash and cash equivalents and receivables from companies within the ISS Group totalled DKK 2,716 million.

Acquisitions and Divestments

Apart from the divestment of two insignificant businesses in Western Europe there have been no acquisitions or divestments in the first three months of 2011.

The two non-core activities in Western Europe, which were classified as held for sale at 31 December 2010, continue to be classified as held for sale at 31 March 2011.

Financing

ISS has committed long-term financing in place. For further information, see the Capital Structure on pages 29 – 31 of this report.

Financial Leverage

Pro Forma Adjusted EBITDA for the 12-month period ended 31 March 2011 amounted to DKK 5,147 million. Carrying amount of net debt amounted to DKK 31,491 million at 31 March 2011. The calculation of these figures is prepared according to the principles described in the Capital Structure on pages 29 – 31 of this report.

Interest Rate Risk

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

To reduce some of the floating rate exposure, a part of ISS's interest payments on the bank loans have been swapped to fixed rates with maturities between June 2011 and June 2012. Including the interest rate hedges, 52% of ISS's net debt carried fixed interest rates while 48% carried floating interest rates at 31 March 2011, and the interest rate duration of the total debt was 1.4 years.

Outlook

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 8.

The financial outlook for 2011 remains unchanged.

ISS expects revenue growth in 2011 to be approximately 4%, assuming constant foreign exchange rates and before the impact of any acquisitions or divestments in 2011. This expected revenue growth is negatively impacted by approximately 1 percentage point related to the net effect of the acquisition and divestments completed in 2010.

The operating margin in 2011 is expected to be slightly above the level realised in 2010, and cash conversion for 2011 is expected to be similar to the level realised in 2010.

Subsequent Events

Apart from the above and the events described in this interim report, the Group is not aware of events subsequent to 31 March 2011, which are expected to have a material impact on the Group's financial position.

Forward-looking statements
This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 7 and 8. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words ''may'', "will", "should", ''expect'', ''anticipate'', ''believe'', ''estimate'', ''plan'', "predict," ''intend' or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the annual report 2010 of ISS A/S and other information made available by ISS.

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

The Annual Report 2010 of ISS A/S is available from the Group's website, www.issworld.com.

Financial Calendar 2011

Interim Report, January – June 2011	25 August 2011
Interim Report, January – September 2011	9 November 2011

Telephone conference

A telephone conference will be held on Thursday, 12 May 2011 at 15:00 CET (14:00 UK time).

The telephone numbers for the conference are:

+45 32 72 76 25 (Denmark)
+44 (0) 1452 555 566 (UK)
Conference ID: 65011838

The conference call will also be available on live audio webcast. If you wish to listen to the conference call and view the presentation simultaneously, please visit:

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

Management Statement

COPENHAGEN, 12 May 2011

The Board of Directors and the Executive Group Management have today discussed and approved the interim report of ISS A/S for the period 1 January – 31 March 2011.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2011 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2011.

Furthermore, in our opinion the Management’s review gives a fair review of the development and performance of the Group's activities and of the Group's financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group may face.

EXECUTIVE GROUP MANAGEMENT

Jeff Gravenhorst
Group Chief Executive Officer

Jakob Stausholm
Group Chief Financial Officer

BOARD OF DIRECTORS

Ole Andersen
Chairman

Leif Östling
Vice-Chairman

John Allan

Michel Combes

Peter Korsholm

Jørgen Lindegaard

Steven Sher

Pernille Benborg [1)]

Palle Queck Fransen [1)]

Joseph Nazareth [1)]

Flemming Quist [1)]

[1)] Employee representative

Condensed Consolidated Interim Financial Statements for ISS A/S

Condensed consolidated income statement

1 January – 31 March

DKK million	Note	Q1 2011	Q1 2010
Revenue	4	**18,984**	**17,574**
Staff costs		(12,474)	(11,691)
Consumables		(1,609)	(1,453)
Other operating expenses		(3,825)	(3,425)
Depreciation and amortisation [1]		(212)	(199)
Operating profit before other items [2]		**864**	**806**
Other income and expenses, net	5	(12)	(155)
Acquisition and integration costs		(1)	(1)
Operating profit [1]	4	**851**	**650**
Share of result from associates		0	1
Financial income		44	53
Financial expenses		(692)	(648)
Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts		**203**	**56**
Income taxes [3]		(99)	(92)
Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts		**104**	**(36)**
Goodwill impairment	7	-	(4)
Amortisation and impairment of brands and customer contracts [4]		(183)	(216)
Income tax effect [5]		54	59
Net profit/(loss) for the period		**(25)**	**(197)**
Attributable to:			
Owners of ISS A/S		(28)	(202)
Non-controlling interests		3	5
Net profit/(loss) for the period		**(25)**	**(197)**
Earnings per share:			
Basic earnings per share (EPS), DKK		(0.3)	(2.0)
Diluted earnings per share, DKK		(0.3)	(2.0)
Adjusted earnings per share, DKK [6]		1.0	(0.3)

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

Condensed consolidated statement of comprehensive income

1 January – 31 March

DKK million	Q1 2011	Q1 2010
Net profit/(loss) for the period	**(25)**	**(197)**
Other comprehensive income		
Foreign exchange adjustments of subsidiaries and non-controlling interests	(349)	402
Fair value adjustment of hedges, net	31	(183)
Fair value adjustment of hedges, net, transferred to Financial expenses	40	102
Tax regarding other comprehensive income	(18)	0
Total other comprehensive income	**(296)**	**321**
Total comprehensive income for the period	**(321)**	**124**
Attributable to:		
Owners of ISS A/S	(324)	118
Non-controlling interests	3	6
Total comprehensive income for the period	**(321)**	**124**

Condensed consolidated statement of cash flows

1 January – 31 March

DKK million	Note	Q1 2011	Q1 2010
Operating profit before other items	4	864	806
Depreciation and amortisation		212	199
Changes in working capital		(1,261)	(760)
Changes in provisions, pensions and similar obligations		(53)	(15)
Other expenses paid		(53)	(83)
Integration costs paid		-	(4)
Income taxes paid		(152)	(130)
Cash flow from operating activities		**(443)**	**13**
Acquisition of businesses	6	(10)	(49)
Divestment of businesses	6	(11)	241
Acquisition of intangible assets and property, plant and equipment		(248)	(192)
Disposal of intangible assets and property, plant and equipment		7	13
(Acquisition)/disposal of financial assets		27	74
Cash flow from investing activities		**(235)**	**87**
Proceeds from borrowings		234	1,373
Repayment of borrowings		(78)	(1,157)
Interest received		34	52
Interest paid		(371)	(380)
Non-controlling interests		(2)	(1)
Cash flow from financing activities		**(183)**	**(113)**
Total cash flow		**(861)**	**(13)**
Cash and cash equivalents at 1 January		3,606	3,364
Total cash flow		(861)	(13)
Foreign exchange adjustments		(47)	49
Cash and cash equivalents at 31 March		**2,698**	**3,400**

Condensed consolidated statement of financial position

DKK million	Note	31 March 2011	31 March 2010	31 December 2010
Assets				
Intangible assets	7	34,673	36,058	35,358
Property, plant and equipment		2,022	2,055	2,055
Investments in associates		9	23	9
Deferred tax assets		702	549	655
Other financial assets		287	305	290
Non-current assets		**37,693**	**38,990**	**38,367**
Inventories		324	312	318
Trade receivables		11,496	10,797	10,896
Contract work in progress		176	218	125
Tax receivables		331	351	386
Other receivables		349	398	348
Prepayments		774	648	546
Securities		18	14	19
Cash and cash equivalents		2,698	3,400	3,606
Assets held for sale	8	813	445	824
Current assets		**16,979**	**16,583**	**17,068**
Total assets		**54,672**	**55,573**	**55,435**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		2,302	2,309	2,626
Non-controlling interests		26	28	25
Total equity		**2,328**	**2,337**	**2,651**
Loans and borrowings		28,846	29,818	29,032
Pensions and similar obligations		1,024	869	1,053
Deferred tax liabilities		2,212	2,356	2,305
Provisions		275	294	361
Non-current liabilities		**32,357**	**33,337**	**32,751**
Loans and borrowings		5,361	5,404	5,212
Trade payables		2,607	2,181	2,830
Tax payables		406	308	411
Other liabilities		11,007	11,252	10,946
Provisions		411	504	379
Liabilities related to assets held for sale	8	195	250	255
Current liabilities		**19,987**	**19,899**	**20,033**
Total liabilities		**52,344**	**53,236**	**52,784**
Total equity and liabilities		**54,672**	**55,573**	**55,435**

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million

Q1 2011	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S							
Equity at 1 January	**100**	**7,772**	**(5,276)**	**227**	**(197)**	**2,626**	**25**	**2,651**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(28)**	**-**	**-**	**(28)**	**3**	**(25)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	(349)	-	**(349)**	**(0)**	**(349)**
Fair value adjustment of hedges, net of tax	-	-	-	-	23	**23**	**-**	**23**
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	-	30	**30**	**-**	**30**
Total other comprehensive income	**-**	**-**	-	**(349)**	**53**	**(296)**	**(0)**	**(296)**
Total comprehensive income for the period	**-**	**-**	**(28)**	**(349)**	**53**	**(324)**	**3**	**(321)**
Transactions with owners								
Dividends paid	-	-	-	-	-	**-**	**(2)**	**(2)**
Share-based payments	-	-	0	-	-	**0**	**-**	**0**
Total transactions with owners	**-**	**-**	**0**	**-**	**-**	**0**	**(2)**	**(2)**
Total changes in equity	**-**	**-**	**(28)**	**(349)**	**53**	**(324)**	**1**	**(323)**
Equity at 31 March	**100**	**7,772**	**(5,304)**	**(122)**	**(144)**	**2,302**	**26**	**2,328**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million	Attributable to owners of ISS A/S							
Q1 2010	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-con-trolling interests**	**Total equity**
Equity at 1 January	**100**	**7,772**	**(4,711)**	**(683)**	**(288)**	**2,190**	**23**	**2,213**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(202)**	**-**	**-**	**(202)**	**5**	**(197)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	401	-	**401**	**1**	**402**
Fair value adjustment of hedges, net of tax	-	-	-	-	(137)	**(137)**	**-**	**(137)**
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	-	77	**77**	**-**	**77**
Limitation to interest deduction in Denmark			-	-	(21)	**(21)**	**-**	**(21)**
Total other comprehensive income	**-**	**-**	**-**	**401**	**(81)**	**320**	**1**	**321**
Total comprehensive income for the period	**-**	**-**	**(202)**	**401**	**(81)**	**118**	**6**	**124**
Transactions with owners								
Dividends paid	-	-	-	-	-	**-**	**(1)**	**(1)**
Share-based payments	-	-	1	-	-	**1**	**-**	**1**
Total transactions with owners	**-**	**-**	**1**	**-**	**-**	**1**	**(1)**	**-**
Total changes in equity	**-**	**-**	**(201)**	**401**	**(81)**	**119**	**5**	**124**
Equity at 31 March	**100**	**7,772**	**(4,912)**	**(282)**	**(369)**	**2,309**	**28**	**2,337**

Dividends

No dividends have been proposed or declared.

Notes to the condensed consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2011 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), jointly controlled entities and associates.

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010. A full description of the Group's accounting policies is included in the Consolidated financial statements for 2010.

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2011, the Group has implemented IAS 24 "Related Party Disclosures" (revised 2009), amendments to IFRIC 14 and "Improvements to IFRSs May 2010".

The adoption of these Standards and Interpretations did not affect recognition and measurement.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

NOTE 3 SEASONALITY

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

NOTE 4 SEGMENT INFORMATION

Reportable segments

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

Operations are generally managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with newly established activities managed by the central Corporate Clients organisation are excluded from the geographical segments and combined in a separate segment called "Other countries".

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments.

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Q1 2011									
Revenue [1]	9,686	4,441	1,470	1,352	888	770	388	7	**19,002**
Operating profit before other items [2]	471	206	109	92	51	16	19	0	**964**
Operating profit [3]	470	212	109	92	51	16	19	0	**969**
Total assets	31,324	14,331	3,859	3,272	1,786	1,687	1,369	6	**57,634**
Q1 2010									
Revenue [1]	9,457	4,208	1,147	1,131	644	615	382	4	**17,588**
Operating profit before other items [2]	436	225	79	72	38	33	17	1	**901**
Operating profit [3]	411	111	79	72	38	33	17	1	**762**
Total assets	31,601	13,543	3,345	3,246	1,469	1,639	1,402	10	**56,255**

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

Grouping of countries into regions

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

Reconciliation of operating profit

DKK million	Q1 2011	Q1 2010
Operating profit for reportable segments	969	762
Unallocated corporate costs	(118)	(112)
Operating profit according to the income statement	**851**	**650**

NOTE 5 OTHER INCOME AND EXPENSES, NET

DKK million	Q1 2011	Q1 2010
Gain on sale of investment in associates	6	-
Gain on divestments	-	3
Other	-	1
Other income	**6**	**4**
Costs related to the contemplated initial public offering (IPO) process	(18)	-
Accounting irregularities in Norway in prior years	-	(112)
Loss on divestments	(0)	(30)
Redundancy and severance payments relating to senior management changes	-	(16)
Other	(0)	(1)
Other expenses	**(18)**	**(159)**
Other income and expenses, net	**(12)**	**(155)**

Gain on sale of investment in associates in 2011 related to the sale of the investment in the associate ISS Industriservice AB, which was classified as held for sale at 31 December 2010.

Gain on divestments in 2010 related to completion of the sale of the industry service activities in Norway which were classified as held for sale at 31 December 2009.

Costs related to the contemplated initial public offering (IPO) process comprised costs for external advisors incurred as part of the initiated IPO process.

Accounting irregularities in Norway in prior years related to one of ISS Norway’s subsidiaries and took place in the period from 2005 to 2010 resulting in an accumulated impact of DKK 118 million stemming from an overstatement of revenue of DKK 75 million and an understatement of costs of DKK 43 million. The impact from accounting irregularities carried out prior to 2010 amounted to DKK 113 million of which DKK 112 million was recognised as part of Other income and expenses, net in the first quarter of 2010.

Loss on divestments in 2010 mainly related to completion of the sale of ISS's security business in France which was classified as held for sale at 31 December 2009 and the divestment of the call centre activities in Denmark.

NOTE 6 ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

The Group made no acquisitions during 1 January - 31 March 2011 (no acquisitions during 1 January - 31 March 2010). Adjustments to prior years' acquisitions had the following effect on the Group's assets and liabilities at 31 March:

DKK million	Q1 2011	Q1 2010
Customer contracts	-	-
Other non-current assets	-	(1)
Trade receivables	-	(1)
Other current assets	-	-
Provisions	-	-
Pensions, deferred tax liabilities and non-controlling interests	-	-
Non-current loans and borrowings	-	-
Other current liabilities	-	-
Total identifiable net assets	**-**	**(2)**
Goodwill	1	32
Acquisition costs, net of tax	-	-
Consideration transferred	**1**	**30**
Cash and cash equivalents in acquired businesses	-	-
Cash consideration transferred	**1**	**30**
Contingent and deferred consideration	9	19
Acquisition costs paid, net of tax	-	(0)
Total payments regarding acquisition of businesses	**10**	**49**

The addition to goodwill in Q1 2010 was mainly related to acquiring the remaining 49% of ISS Estonia through settlement of a purchase obligation. The amount recognised in goodwill reflects the excess over the originally estimated purchase obligation already recognised in the statement of financial position.

NOTE 6 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made 2 divestments during 1 January - 31 March 2011 (4 during 1 January - 31 March 2010). The total sales price amounted to DKK 0 million (DKK 42 million during 1 January - 31 March 2010). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 32 million (DKK 686 million during 1 January - 31 March 2010) based on expectations at the time of divestment.

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

DKK million	Q1 2011	Q1 2010
Goodwill	-	15
Customer contracts	-	54
Other non-current assets	0	22
Trade receivables	0	72
Other current assets	2	10
Provisions	(1)	(10)
Pensions, deferred tax liabilities and non-controlling interests	-	(15)
Non-current loans and borrowings	-	(2)
Current loans and borrowings	-	(2)
Other current liabilities	(2)	(95)
Total identifiable net assets	**(1)**	**49**
Gain/(loss) on divestment of businesses, net	(0)	(27)
Divestment costs, net of tax	1	20
Consideration received	**0**	**42**
Cash and cash equivalents in divested businesses	(0)	(3)
Cash consideration received	**0**	**39**
Contingent and deferred consideration	0	209
Divestment costs paid, net of tax	(11)	(7)
Net proceeds regarding divestment of businesses	**(11)**	**241**

The 2 divestments [1] made by the Group during 2011 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [2] (DKK million)	Number of employees [2]
ISS Batiservices	France	Property	January	100%	6	7
mo.hotel	Germany	Facility Management	March	Activities	26	30
Total					**32**	**37**

[1] Includes all divestments completed up until 31 March 2011.

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

Pro forma revenue and operating profit before other items

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

DKK million	Q1 2011	Q1 2010
Pro forma revenue		
Revenue recognised in the income statement	18,984	17,574
Acquisitions	-	-
Revenue adjusted for acquisitions	18,984	17,574
Divestments	(4)	(172)
Pro forma revenue	**18,980**	**17,402**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	864	806
Acquisitions	-	-
Operating profit before other items adjusted for acquisitions	864	806
Divestments	0	16
Pro forma operating profit before other items	**864**	**822**

Applied assumptions

The adjustment of revenue and operating profit before other items is based on estimates made by local ISS management in the respective jurisdictions in which such acquisitions and divestments occurred at the time of such acquisition and divestment or actual results where available. Synergies from acquisitions are not included for periods in which such acquisitions were not controlled by the Group. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items calculated on a pro forma basis based on such adjustments are presented for informational purposes only. This information does not represent the results the Group would have achieved had the acquisitions and divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

Acquisitions and divestments subsequent to 31 March 2011

No acquisitions or divestments were completed subsequent to 31 March 2011.

NOTE 7 IMPAIRMENT TESTS

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

At 31 March 2011, the Group performed a review for indications of impairment of the carrying amount of intangibles. It is management's opinion that there are no significant changes to the assumptions applied in the impairment tests presented in note 16 in the consolidated financial statement for 2010. It is management's assessment that the value in use exceeds the carrying amount of intangibles.

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

NOTE 8 ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2010, sales processes were initiated for two non-core activities in Western Europe, which were classified as held for sale. The assets and liabilities of these activities were reclassified and presented separately in the statement of financial position at the lower of the carrying amount at the date of the classification as held for sale and fair value less costs to sell. No impairment losses were recognised in connection with the reclassification.

At 31 March 2011, the two non-core activities were still held for sale. No impairment losses were recognised in the respect hereof in the first quarter of 2011.

The investment in the associate ISS Industriservice AB, which was also classified as held for sale at 31 December 2010, has been sold in the first quarter of 2011, resulting in a gain of DKK 6 million recognised in Other income and expenses, net.

NOTE 9 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES

Senior Facility Agreement

ISS A/S has executed a share pledge over its shares in ISS World Services 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 A/S.

ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS World Services A/S and these subsidiaries. At 31 March 2011, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	Q1 2011	Q1 2010
Goodwill	3.7	3.6
Customer contracts	0.8	0.9
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.3	0.3
Trade receivables	2.0	2.7
Other receivables	0.3	0.4
Bank accounts	0.7	1.6
Total	**9.4**	**11.1**

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

Securitisation

The Group has during 2009 and 2010 launched a securitisation programme in 10 major countries. Under the securitisation programme securitised trade receivables of the participating countries are provided as security for the securitisation debt. As at 31 March 2011, trade receivables of DKK 5,012 million (31 March 2010: DKK 1,742 million) have been placed as security for securitisation debt. In addition hereto DKK 855 million (31 March 2010: DKK 654 million) cash held by the Group's consolidated SPEs handling the Group's securitisation programme was pledged as security for securitisation debt. Of the total amount of cash held by the Group's SPEs DKK 78 million (31 March 2010: DKK 108 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 31 March 2011 amounted to DKK 567 million (31 March 2010: DKK 423 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,432 million (31 March 2010: DKK 1,582 million) of which DKK 1,077 million (31 March 2010: DKK 1,030 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 March 2011 amounted to approximately DKK 19 million (31 March 2010: DKK 39 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 March 2011 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 statement of financial position at 31 March 2011.

Restructurings

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2011.

NOTE 10 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 March 2011	1,391	922	634	388	257	438	4,030
At 31 March 2010	1,406	923	613	386	271	453	4,052

During 1 January - 31 March 2011, DKK 534 million (DKK 520 million during 1 January - 31 March 2010) was recognised as an expense in the income statement in respect of operating leases.

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

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

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

NOTE 11 RELATED PARTIES

Parent and ultimate controlling party

The sole shareholder of ISS A/S, FS Invest II S.a r.l (FS Invest II), has controlling influence in the Group. The ultimate controlling company of the Group is FS Invest S.à r.l ("FS Invest"), which is 54% owned by funds advised by EQT Partners and 44% owned by funds advised by Goldman Sachs Capital Partners, together The Principal Shareholders. There were no significant transactions with the ultimate controlling party or with the parent during the first three months of 2011.

Key management personnel

Members of the Board of Directors, the Executive Group Management and Corporate Senior Officers have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel. Apart from remuneration and co-investment programmes described below, there were no significant transactions during the first three months of 2011 with members of the Board of Directors, the Executive Group Management or Corporate Senior Officers.

Co-investment programmes The Principal Shareholders have established a Management Participation Programme, under which the Executive Group Management and a number of senior officers [1)] 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 A/S's ultimate parent. As of 31 March 2011, the investments amounted to DKK 180.6 million in total for 146 executives and officers. As part of the initial programme - in addition to the investments - the Executive Group Management and a number of Corporate Officers [2)] were granted warrants in FS Invest with a vesting schedule (based on value of shares and time). As of 31 March 2011, 277,632 warrants were outstanding.

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 19.2 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 8.2 million in total.

Other related party transactions

During the first three months of 2011, the Group had the following transactions with other related parties, which were all made on market terms:

- 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 86 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Ireland, Singapore, Brazil and China. Finally, ISS in Italy is subcontractor to local Goldman Sachs suppliers. The annual revenue from the local and subcontractor agreements is estimated at DKK 9 million.

NOTE 11 RELATED PARTIES (CONTINUED)

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

- the Group has entered into an agreement with Goldman Sachs International, an affiliate of Goldman Sachs Capital Partners (Goldman Sachs), whereby Goldman Sachs International acts as Joint Global Coordinator and Joint Bookrunner of the initiated initial public offering (IPO).

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

- the Group has entered into local facility services agreements with various companies owned by EQT. The annual revenue from these agreements is estimated at DKK 80 million.

Associates and joint ventures

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

[1)] Senior officers of the Group comprises Corporate Senior Officers (members of Group Management other than members of the Executive Group Management) and other Corporate Officers as well as certain members of Country Management of each country.

[2)] Corporate Officers of the Group comprises Corporate Senior Officers (members of Group Management other than members of the Executive Group Management) and other Corporate Officers.

NOTE 12 SUBSEQUENT EVENTS

Apart from the events described in the condensed consolidated interim financial statements, the Group is not aware of events subsequent to 31 March 2011, that are expected to have a material impact on the Group's financial position.

Capital Structure

The estimated pro forma information presented below is for informational purposes only. This information does not represent the results the Group would have achieved had each of the acquisitions and divestments during the period 1 April 2010 – 31 March 2011 occurred on 1 April 2010.

For further information and definitions, reference is made to the appendix Capital Structure set out in the ISS A/S Annual Report 2010, which can be downloaded from www.issworld.com.

Pro Forma Adjusted EBITDA

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

Pro Forma Adjusted EBITDA (amounts in DKK million)	**12-month period ended 31 March 2011**
Adjusted EBITDA	5,188
Estimated Pro Forma Adjusted EBITDA of acquired and divested businesses	(41)
Pro Forma Adjusted EBITDA	**5,147**

Carrying amount of Net Debt

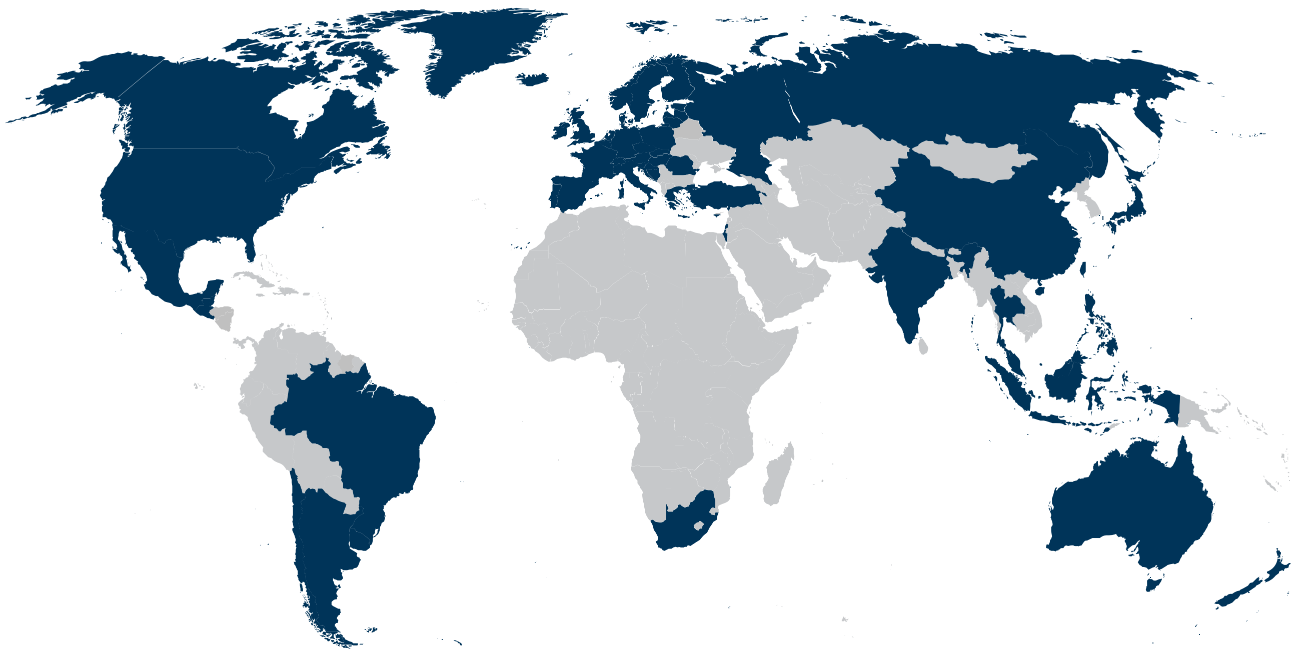
The following table sets forth ISS's Carrying amount of Net Debt as of 31 March 2011.

Net Debt as of 31 March 2011 DKK million	**Carrying Value**	**Leverage (x Pro forma EBITDA)**	**% of Total**
Senior Facilities	17,898	3.48x	57%
Second lien	4,434	0.86x	14%
Senior Subordinated Notes due 2016	4,264	0.83x	14%
Senior Notes due 2014	3,777	0.73x	12%
Medium term notes due 2014	747	0.15x	2%
Securitisation	2,438	0.47x	8%
Interest rate swaps	64	0.01x	0%
Other current and non-current loans and borrowings	585	0.11x	2%
	34,207	**6.65x**	**109%**
Total cash and cash equivalents and securities	(2,716)	(0.53x)	(9%)
Carrying amount of net debt	**31,491**	**6.12x**	**100%**
Changes in working capital, 1 January - 31 March 2011	(1,261)		
Changes in working capital, 1 April 2010 - 31 March 2011	588		
Seasonality adjusted carrying amount of net debt	**30,818**	**5.99x**	

Summary of Credit Facilities

Summary of Credit Facilities DKK million	**Principal Value**	**Drawn**	**Currency**	**Coupon / margin**	**Maturity**
Bank loans:					
Senior Facilities:					
Term Facility A	743	743	SEK, NOK, CHF	+ 200bps	30 Jun 2012
Term Facility B	13,014	13,014	EUR, GBP	+ 200bps	31 Dec 2013
Acquisition Facility A	617	617	Multi Currency	+ 225bps	30 Jun 2012
Acquisition Facility B	2,125	2,125	Multi Currency	+ 225bps	31 Dec 2013
Revolving Credit Facility	2,500	1,285	Multi Currency	+ 225bps	30 Jun 2012
Letter of Credit Facility	500	216	Multi Currency	+ 225bps	30 Jun 2012
Second Lien Facility	4,474	4,474	EUR	+ 375bps	30 Jun 2015
Securitisation	3,725	2,489	Multi Currency	+ 300bps	14 Sep 2012
	27,697	**24,962**			
Bonds:					
Senior Subordinated Notes due 2016	4,336	4,336	EUR	8.875%	15 May 2016
Senior Notes due 2014	3,915	3,915	EUR	11.00%	15 Jun 2014
2014 Medium Term Notes	823	823	EUR	4.50%	8 Dec 2014
	9,074	**9,074**			
Total Credit Facilities	**36,771**	**34,036**			

The ISS representation around the globe



The ISS Group was founded in Copenhagen in 1901 and has since grown to become one of the leading facility services companies in the world. ISS offers a wide range of services within the following business areas: cleaning services, support services, property services, catering services, security services and facility management services. The ISS Group's revenue amounted to DKK 74 billion in 2010 and ISS now has more than 520,000 employees in over 60 countries across Europe, Asia, North America, South America and Pacific, serving more than 200,000 business to business customers every day.

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