To Luxembourg Stock Exchange
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ISS Holding A/S

Interim Report January – June 2010

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Key Figures

Amounts in DKK millions (unless otherwise stated)	Q2 2010	Q2 2009	H1 2010	H1 2009
Revenue	18,619	17,348	36,193	34,022
Operating profit before other items	1,071	984	1,877	1,699
Operating margin before other items, % [1)]	5.8	5.7	5.2	5.0
EBITDA [1)]	1,151	1,028	2,000	1,904
Adjusted EBITDA [1)]	1,284	1,199	2,289	2,130
Operating profit [1)]	938	813	1,588	1,473
Net finance costs	(528)	(507)	(1,123)	(1,078)
Profit before goodwill impairment/amortisation of brands and customer contracts	280	190	244	187
Net profit/(loss) for the period	(112)	(673)	(309)	(848)
Additions to property, plant and equipment, gross	241	315	424	531
Cash flow from operating activities	938	1,216	951	875
Investments in intangible assets, property, plant and equipment, net	(264)	(285)	(443)	(505)
Total assets	57,437	54,232	57,437	54,232
Goodwill	28,497	27,744	28,497	27,744
Carrying amount of net debt [1)]	31,911	31,297	31,911	31,297
Total equity	2,782	2,867	2,782	2,867
Financial ratios				
Interest coverage [1)]	2.4	2.4	2.0	2.0
Cash conversion, % [1)]	91	128	54	50
Employees on full-time, %	72	70	72	70
Number of employees	498,000	482,700	498,000	482,700
Growth				
Organic growth, % [1)]	3.8	(0.0)	3.0	0.7
Acquisitions, net, %	(2)	3	(1)	4
Currency adjustments, %	5	(3)	4	(4)
Total revenue, %	7	(0)	6	1

[1)] See key figures and definitions in the Annual Report 2009.

Financial Leverage

	As of and for the 12-month period ended			
Amounts in DKK million	30 September 2009	31 December 2009	31 March 2010	30 June 2010
Pro Forma Adj. EBITDA	4,823	4,773	4,846	4,920
Pro Forma Net Debt	32,004	31,261	32,023	32,476
Seasonality Adj. Pro Forma Net Debt	30,534	31,261	31,039	31,771
Pro Forma Net Debt / Pro Forma Adj. EBITDA	6.64x	6.55x	6.61x	6.60x
Seasonality Adj. Pro Forma Net Debt / Pro Forma Adj. EBITDA	6.33x	6.55x	6.40x	6.46x

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 37-39 of this report for further information on Capital Structure.

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

For further information about ISS, see ISS Holding's Annual Report 2009, which is available from the Group's website, www.issworld.com.

Business highlights

ISS has showed improvements on all key operational priorities in the first six months of 2010. During the last couple of years ISS's business model and the strategic course as set out in "The ISS Way" strategy has been tested and proved its robustness. The sign of success in execution of our strategy continues to be evident through the pick-up in organic growth in 2010 that positions ISS competitively in the industry.

Furthermore, in April 2010, the International Association of Outsourcing Professionals (IAOP) announced that ISS is ranked number 6 on IAOP's list of the world's leading outsourcing providers – The Global Outsourcing 100. ISS thereby steps up one place from last year and underlines that ISS is a professional and reliable outsourcing partner of choice.

The effect from corrective actions taken in 2009 in certain countries to adapt to the economic slowdown and improve operating performance was already evident in the second half of 2009 and continued in 2010. While almost all countries show improved performance, the impact of the current economic climate is still uncertain especially in some of the Mediterranean countries. The turnaround plan for France is progressing as planned, albeit the full transformation of our business in France will take time to fully complete.

In line with the ISS Way strategy, ISS continued to focus on meeting its customers' needs and thereby delivering a larger share of the customer's facility services needs. The continued successful implementation of The ISS Way strategy is the foundation for robust and profitable growth in the years to come.

ISS has, over the past decade, built global capability in the delivery of a well defined set of services which are equally well suited to delivery as a single service and as part of an integrated offering. The ISS Way is focused on leveraging this unique platform by the global implementation of best practices and standard processes. We are promoting a strong and uniform commercial culture and crafting market leading value propositions by customer segment. We are also putting our global footprint to work by meeting increased demand from multinational corporations for the delivery of integrated services across borders.

Implementation of the ISS Way is having a broad and positive impact on our business – allowing us to deliver to our customers both consistent excellence in single services and integrated services across borders. Continued successful implementation of the ISS Way will provide a boost to our key growth drivers – new sales, cross selling and retention.

Implementation of The ISS Way is also focused on securing excellence in leadership through the relentless application of uniform principles and values throughout the entire organisation. Successful implementation will align our corporate culture and contribute to reaching our high ambitions.

The strategic focus on delivering portfolio-based services has led to a continued organic growth in

Operating results

	Revenue DKK millions			Operating profit before other items DKK millions			Operating margin before other items [8]	
	H1 2010	H1 2009	Change	H1 2010	H1 2009	Change	H1 2010	H1 2009
Nordic [1]	8,473	8,106	5 %	497	516	(4)%	5.9 %	6.4 %
Western Europe [2]	19,416	19,184	1 %	1,029	884	16 %	5.3 %	4.6 %
Eastern Europe [3]	789	747	6 %	49	41	20 %	6.2 %	5.5 %
Asia [4]	2,455	1,990	23 %	177	137	29 %	7.2 %	6.9 %
Latin America [5]	1,415	976	45 %	84	57	47 %	5.9 %	5.8 %
North America [6]	1,294	1,309	(1)%	62	70	(11)%	4.8 %	5.4 %
Pacific [7]	2,377	1,726	38 %	162	115	41 %	6.8 %	6.6 %
Corporate / eliminations	(26)	(16)		(183)	(121)	51 %	(0.5)%	(0.4)%
Total	**36,193**	**34,022**	**6 %**	**1,877**	**1,699**	**10 %**	**5.2 %**	**5.0 %**

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

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

[3] Eastern Europe comprises 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, Taiwan and Thailand.

[5] Latin America comprises Argentina, Brazil, Chile, Mexico and Uruguay.

[6] North America comprises Canada and the USA.

[7] Pacific comprises Australia and New Zealand.

[8] See Definitions in the Annual report 2009.

the portfolio business which has also increased the portfolio business' share of total revenue.

Revenue for the first six months of 2010 amounted to DKK 36.2 billion, an increase of 6% compared with the same period in 2009, mainly driven by double-digit growth rates in the emerging markets, Latin America and Asia, which delivered growth rates of 45% and 23%, respectively.

The organic growth for the period was 3.0% compared with 0.7% for the first six months of 2009. Six out of seven regions contributed to the organic growth.

The operating profit before other items for the first six months of 2010 amounted to DKK 1,877 million, an increase of 10% compared with the same period in 2009. Operating margin before other items, i.e. the operating margin, for the first six months of 2010 amounted to 5.2%, up by 0.2 percentage points compared with the same period last year. Five out of seven regions increased their margin compared with 2009.

ISS's continued focus on cash flow resulted in a strong last twelve months cash conversion of 96%, which underlines that ISS continues to have a strong and stable cash generation.

In March 2010, ISS successfully raised EUR 127.5 million through a tap bond offering of its existing High Yield Notes due 2016.

On 1 April 2010, the former Group COO Jeff Gravenhorst took over the responsibility as new Group CEO replacing Jørgen Lindegaard.

In order to further strengthen the focus on sales growth and leadership development, ISS has in 2010 established and appointed a Group Chief Commercial Officer (CCO) and recruited a new Group HR Director. Both have an international profile through several international positions and are part of ISS's Group Management Board.

The global Corporate Clients organisation followed up on the EDS and Shell contract wins in 2009 by entering into a new international IFS contract with Sony Ericsson and being appointed preferred bidder for a contract with Citibank for the EMEA region. The Sony Ericsson contract covers Facilities Management and substantial self delivery of several Facility Services to 14 sites in 9 countries in the Americas, EMEA and APAC. The Citibank contract includes delivery of full Facilities Management Services, project management, cleaning and technical property services to over 800 sites in 26 countries. These new contract wins confirm ISS's strategic direction, as an increasing number of global customers perceive ISS as one of the only companies that can deliver facility services in an integrated and standardised way globally.

Strategic Review Process

ISS Holding A/S has decided together with its shareholders to initiate a strategic review process which includes considering an initial public offering.

ISS and its shareholders have appointed Goldman Sachs and Morgan Stanley to assist in the review. Rothschild is acting as adviser to ISS and its shareholders.

ISS does not expect to publicly disclose additional information regarding the status of the process, including the options available, their likelihood or possible timing, until the review has been completed. There can be no assurances that any particular course of action will be pursued nor of what the timing will be.

Financial Review

Income Statement

Revenue for the first six months of 2010 amounted to DKK 36,193 million representing a revenue growth of 6% compared with the first six months of 2009. Revenue growth was driven by 3% organic growth and currency exchange rate movements of 4%. This was partly offset by the impact from planned divestments, leading to growth from acquisitions and divestments, net, of -1%. The organic growth was driven by double-digit growth

Revenue growth, H1 2010

	Revenue growth, %				
	Organic [1)]	**Acq./Div., net**	**Total growth excl. currency**	**Currency**	**Total growth**
Nordic	2	(4)	(2)	7	5
Western Europe	1	(1)	(0)	1	1
Eastern Europe	1	0	1	5	6
Asia	13	3	16	7	23
Latin America	26	-	26	19	45
North America	(1)	-	(1)	0	(1)
Pacific	8	1	9	29	38
Total	**3**	**(1)**	**2**	**4**	**6**

[1)] For a description of the method applied in estimating organic growth, see ISS Holding's Annual Report 2009, which is available at the Group's website, www.issworld.com.

rates in Latin America and Asia. All regions except for North America delivered positive organic growth. Revenue in Q2 2010 was DKK 18,619 million, an increase of 7% compared with the same period in 2009.

In the first six months of 2010, revenue in the Nordic region increased by 5% from DKK 8,106 million in the first six months of 2009 to DKK 8,473 million. Organic growth amounted to 2% and was, with the exception of Denmark and Greenland, positive throughout the region, with the main contributors being Finland, Norway and Sweden. The impact from acquisitions and divestments, net, reduced revenue by 4%, primarily a result of the divestments completed in Sweden and Norway in 2009 and 2010. Currency adjustments increased revenue for the region by approximately 7% mainly stemming from an appreciation of NOK and SEK against DKK.

In the first six months of 2010, revenue in the Western European region increased by 1% to DKK 19,416 million. Organic growth was positive by 1% and currency adjustments increased revenue for the region by approximately 1%. This was offset by negative growth from acquisitions and divestments of 1%. A number of countries including the United Kingdom, Turkey, Germany and Spain all delivered positive organic growth rates. This positive effect was partly offset by France and certain other countries in the region, which realised negative organic growth rates.

Revenue in Eastern Europe increased by 6% to DKK 789 million in the first six months of 2010. Organic growth amounted to 1%, stemming primarily from Romania, Slovenia, Hungary and Russia. Certain of the Eastern European economies are yet to recover from the economic recession in the region. Currency adjustments increased the revenue for the region by 5%.

In Asia, revenue increased by 23% to DKK 2,455 million for the first six months of 2010. The increase was primarily driven by organic growth of 13% and positive impact of 7% from currency adjustments as well as growth from acquisitions and divestments of 3%. All countries in the region except the Philippines contributed to the organic growth. Hong Kong, Indonesia, Thailand, India, China and Malaysia all delivered double-digit organic growth rates.

Revenue in Latin America increased by 45% from DKK 976 million for the first six months of 2009 to DKK 1,415 million for the same period in 2010. Organic growth amounted to 26% and all countries in the region delivered double-digit organic growth rates. Currency adjustments increased the revenue for the region by approximately 19%.

Revenue in the North American region decreased by 1% to DKK 1,294 million for the first six months of 2010 and was driven by negative organic growth of 1% as a result of a negative development in the retail segment.

Revenue in the Pacific region increased by 38% to DKK 2,377 million for the first six months of 2010. Organic growth increased revenue by 8% mainly stemming from organic growth in Australia while growth from acquisitions increased revenue by 1%. Currency adjustments increased revenue for the region by approximately 29%.

Operating profit before other items for the first six months of 2010 amounted to DKK 1,877 million representing an increase of 10% compared with the same period of 2009. Operating profit before other items as a percentage of revenue, i.e. the operating margin was 5.2% for the first six months of 2010, up by 0.2 percentage points compared with the same period in 2009. All regions apart from the Nordic and North American increased their margin compared with 2009, which to a large extent is a result of increasing organic revenue growth combined with the actions that were taken in 2009 in many countries, including implementing turnaround plans, adapting the cost structures and the Group-wide cost reduction initiative targeting fixed costs.

The operating profit before other items in the Nordic region amounted to DKK 497 million for the first six months of 2010 compared with DKK 516 million in the same period of 2009. The decrease was mainly a result of timing differences in Norway in use of holiday provision between the second and third quarter compared with 2009. The operating margin in the region was 5.9% for the first six months of 2010 or 0.5 percentage points lower compared with the same period of 2009. The lower operating margin was mainly driven by Norway and Finland.

The operating profit before other items in Western Europe increased 16% to DKK 1,029 million for the first six months of 2010. The operating margin of 5.3% was 0.7 percentage points higher compared with the same period of 2009. The increase was a result of 10 out of the 15 countries in the region increasing their operating margin compared with the same period of 2009, despite the challenges experienced in several countries in the region. The margin improvements are to a large extent a result of the actions taken in 2009 to increase efficiencies and improve profitability. In France the margin was 0.8 percentage points higher for the first six months of 2010 compared with the same period of 2009. The increase is a result of a positive effect from the turnaround plan, which was introduced in 2009 and progressing as planned in 2010. However, France is still suffering from its exposure to the industrial and manufacturing segments. Furthermore, certain other countries in Western Europe, especially in the Mediterranean area, continue to experience difficult market conditions as a result of the economic slowdown and macro economic trends.

The operating profit before other items in Eastern Europe amounted to DKK 49 million for the first six months of 2010 compared with DKK 41 million for the same period of 2009. The operating margin for the first six months of 2010 was 6.2% compared with 5.5% for the same period of 2009. All countries in the region increased their operating margin, apart from the Czech Republic and Romania. The margin increase of the region was mainly driven by Slovenia, Slovakia and Hungary.

The operating profit before other items in Asia increased by 29% to DKK 177 million for the first six months of 2010 compared with DKK 137 million in the same period of 2009. The operating margin increased to 7.2% compared with 6.9% for the same period of 2009. The margin increase was mainly driven by India, Malaysia, Singapore and Hong Kong.

The operating profit before other items in Latin America increased by 47% to DKK 84 million for the first six months of 2010. The operating margin increased to 5.9% compared with 5.8% for the first six months of 2009. The increase was driven by Brazil, Mexico and Uruguay all realising higher operating margins, partly offset by Chile and Argentina. In Chile, the margin was impacted by the effects of the earthquake earlier in 2010.

The operating profit before other items in North America amounted to DKK 62 million for the first six months of 2010 compared with DKK 70 million for the same period of 2009. The operating margin for the first six months of 2010 was 4.8% compared with 5.4% for the first six months of 2009. The decrease in margin compared with 2009 was primarily a result of start-up costs on big contracts won in 2010 and negative organic revenue growth.

In the Pacific region the operating profit before other items increased by 41% to DKK 162 million for the first six months of 2010. The operating margin in the region amounted to 6.8% for the first six months of 2010, compared with 6.6% for the same period of 2009.

Other income and expenses, net represented a net expense of DKK 287 million for the first six months of 2010 compared with a net expense of DKK 209 million for the same period last year. In 2010, DKK 113 million related to a prior year adjustment in ISS Norway and DKK 130 million related to additional write-down of net assets of the waste management activities in France classified as held for sale since 31 December 2009, for which a sales agreement has been signed subsequent to 30 June 2010. Other income and expenses, net also included DKK 27 million related to divestment of businesses, mainly related to ISS's security business in France. In 2009, other income and expenses, net, mainly related to restructuring projects in France, Germany, Spain, Belgium, Denmark and Finland.

Net finance costs increased by 4% from DKK 1,078 million for the first six months of 2009 to DKK 1,123 million for the first six months of 2010. The increase of DKK 45 million was primarily a result of an accounting loss of DKK 32 million recognised in connection with the completed tender offer for EUR 150 million of the outstanding 2010 EMTNs plus accrued interest as well as slightly higher interest expenses, partly offset by a net gain on foreign exchange rates compared with the same period of 2009.

Income taxes amounted to DKK 224 million in the first six months of 2010 compared with DKK 211 million in the first six months of 2009. The effective tax rate was 47.8% in the first six months of 2010, compared with 53.0% in the same period of 2009, calculated as the consolidated tax expense of DKK 224 million divided by the Profit before tax and goodwill impairment amortisation of brands and customer contracts of DKK 468 million. The tax expense in the first six months of 2010 was adversely impacted by the rules on limitation on the deductibility of financial expenses in Denmark of approximately DKK 267 million in the first six months of 2010. The effective tax rate amounts to 33% when adjusted for the impact of the limitation on deductibility of financial expenses. The net effect on the tax expense in the first six months of 2010 amounted to DKK 65 million which has been partly offset by Danish credit possibilities for paid withholding taxes that are non-proportional to the profit before tax.

Goodwill impairment and write-down The intangibles of the Group relate, among others, to the intangibles allocated in the purchase price allocation following the take-over of ISS on 9 May 2005. At the date of the take-over, the value in use of all individual cash generating units (CGUs) was close to the carrying amount. Consequently, a decline in value in use of an individual CGU subsequent to the purchase price allocation will trigger impairment. Goodwill impairment and write-down amounted to DKK 244 million related to impairment losses in ISS's businesses in Greece and Ireland of DKK 200 million and DKK 44 million, respectively. The losses are mainly a result of an increase in the discount rate applied following an increase in the interest rate in both countries.

In the first six months of 2009, goodwill impairment and write-down amounted to DKK 684 million of which DKK 450 million related to ISS's business in France and DKK 100 million related to ISS's business in Germany resulting from weakening market conditions within certain business activities in which ISS operates, especially the industrial segments, combined with an increase in the discount rate applied. The remaining write-down of DKK 134 million related to ISS's non-strategic landscaping business in Sweden.

Net loss for the period decreased from a loss of DKK 848 million for the first six months of 2009 to a loss of DKK 309 million for the first six months of 2010, positively impacted by improved operational performance in 2010, combined with lower non-cash charges related to goodwill impairment and write-down compared with 2009. A loss of DKK 320 million was attributable to the owners of ISS, whereas a profit of DKK 11 million was attributable to the non-controlling interests.

Cash Flow Statement

Cash flow from operating activities was a net inflow of DKK 951 million for the first six months of 2010 compared with a net inflow of DKK 875 million in the same period of 2009. Cash flow from operating activities for the first six months of the year was impacted by normal seasonality leading to a working capital cash outflow. The increase in cash inflow from operating activities compared with last year was primarily due to higher operating profit before other items of DKK 178 million as well as a decrease in cash outflow regarding payments related to other income and expenses, net of DKK 51 million partly offset by higher tax payments of DKK 130 million.

Payments related to other income and expenses, net of DKK 138 million mainly related to restructuring projects initiated and expensed in 2009.

Cash outflow from changes in provisions increased from DKK 26 million for the first six months of 2009 to DKK 31 million for the first six months of 2010. The amount comprises the effect of net changes in provisions charged to the income statement during 2009 and payments made in relation to such provisions.

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 quarters. For further information on seasonality, see note 3 to the Condensed Consolidated Interim Financial Statements.

Cash flow from investing activities for the first six months of 2010 was a net cash outflow of DKK 319 million, of which DKK 443 million was related to investments in intangible assets and property, plant and equipment, net (excluding acquisition related intangibles) and DKK 184 million related to acquiring the remaining 49% of ISS's business in Estonia as well as payments of earn-outs and deferred payments on acquisitions completed in previous years. The cash outflow was partly offset by DKK 242 million related to divestments, most significantly in Norway and Sweden and a cash inflow from investments in financial assets, net of DKK 66 million primarily related to sale of government bonds in ISS' captive company.

For the first six months of 2009 net cash flow from investing activities represented an outflow of DKK 1,302 million, of which DKK 766 million were related to acquisitions completed during 2009, most significantly in Turkey, the USA, Indonesia, India and Spain, and payment of earn-outs and deferred payments on acquisitions completed in previous years. Investments in intangible assets and property, plant and equipment, net (excluding acquisition related intangibles), amounted to DKK 505 million.

Cash flow from financing activities in the first six months of 2010 was a net cash outflow of DKK 197 million. This was mainly a result of repayment of borrowings of DKK 1,683 million and interest payments of DKK 1,050 million, partly offset by proceeds from borrowings of DKK 2,542 million. Repayment of borrowings was mainly a result of completion of the tender offer on 22 January 2010 for EUR 150 million of the 2010 EMTNs plus accrued interest leading to a cash outflow of DKK 1,157 million and repayment of DKK 526 million on the Acquisition and Term Loan facilities while proceeds from borrowings mainly related to issuance of EUR 127.5 million in debt through a tap bond offering of the existing High Yield Notes due 2016 and additional debt raised under the securitisation programme of DKK 1,108 million.

Cash flow from financing activities in the first six months of 2009 was a net cash outflow of DKK 721 million. This was mainly a result of interest payments of DKK 873 million and amortisation of loans of DKK 505 million, of which DKK 366 million was unscheduled, partly offset by drawings on credit facilities primarily to fund working capital and acquisitions of DKK 668 million.

Balance Sheet

Total assets amounted to DKK 57,437 million at 30 June 2010, of which DKK 39,614 million were non-current assets, primarily intangible assets, and DKK 17,823 million were current assets, primarily trade receivables of DKK 11,630 million.

Intangible assets amounted to DKK 36,472 million at 30 June 2010. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 28,497 million of goodwill, DKK 6,022 million of customer contract portfolios and related customer relationships and DKK 1,616 million of brands.

Total equity amounted to DKK 2,782 million at 30 June 2010, DKK 569 million higher than at 31 December 2009. Total comprehensive income increased equity by DKK 575 million. This included positive currency adjustments relating to investments in foreign subsidiaries of DKK 984 million partly offset by a net loss for the period of DKK 309 million, actuarial losses net of tax of DKK 66 million and negative fair value adjustment of hedges, net, of DKK 35 million.

Carrying amount of net debt amounted to DKK 31,911 million at 30 June 2010, an increase of DKK 1,281 million from DKK 30,630 million at 31 December 2009. Currency adjustments increased net debt by approximately DKK 680 million. In addition, the carrying amount of net debt is typically higher after the first six months than at the end of the previous financial year as a result of seasonality in operating cash flow.

At 30 June 2010, Long-term debt amounted to DKK 29,179 million, Short-term debt amounted to DKK 6,756 million while Securities, Cash and cash equivalents and receivable from affiliates amounted to DKK 4,024 million.

For further information on the composition of the net debt at 30 June 2010 see the Capital Structure on pages 37-39 of this report.

Acquisitions and Divestments

Following several years with a high number of acquisitions in order to build the business platform globally, ISS has now significantly reduced the pace of acquisitions in order to fully focus on delivering profitable organic growth. In the first six months of 2010, no acquisitions were completed. On 9 August 2010, ISS acquired a 49% ownership share of SDB Cisco in India and thereby added security services to the service offering in India. SDB Cisco generates annual revenue of approximately DKK 400 million and employs approximately 27,000 employees.

From 2004-2009, ISS completed over 450 acquisitions ranging from small bolt-on acquisitions to platform-developing acquisitions and entries into new geographies. As part of The ISS Way strategy process, the strategic rationale behind selected acquisitions was reviewed in 2009, which led to the identification and evaluation of certain activities that were either non-core to The ISS Way strategy or lacked critical mass. Some of these activities were divested in 2009 and in the first six months of 2010 a total of 5 divestments were completed. The divestments comprise the security activities in France, non-core building maintenance activities in Spain, non-core property service activities in Norway and contact centres in Denmark.

The divestments completed in 2010, of which the majority of the businesses were classified as held for sale at 31 December 2009, resulted in non-cash charges recognised in the income statement of DKK 35 million net of tax, of which DKK 27 million was recognised in other income and expenses, net.

On 29 July 2010, ISS signed a binding sales agreement, subject to normal conditions for a transaction of this nature, for the waste management activities in France which have been classified as held for sale since 31 December 2009.

Financing

Except for the upcoming refinancing of the 2010 EMTNs, ISS has committed long-term financing in place. Following the completed tender offer for EUR 500 million of the 2010 EMTNs plus accrued interest in 2009, EUR 350 million remained at year-end 2009 to be refinanced in September 2010.

A receivables-backed securitisation programme was launched in five major countries in the second half of 2009 and additional countries either have been or are intended for inclusion in the programme in 2010, hereunder France which was included in the programme in June 2010. The proceeds from the securitisation programme will be used to refinance the remaining EUR 350 million of the EMTNs due in 2010, of which EUR 150 million has been refinanced in January 2010. The remaining EUR 200 million will be refinanced at maturity in September 2010.

In March 2010, ISS successfully raised EUR 127.5 million through a tap bond offering of its existing High Yield Notes due 2016.

For further information, see the Capital Structure on pages 37-39 of this report.

Financial Leverage

Pro forma Adjusted EBITDA for the 12-month period ended 30 June 2010 amounted to DKK 4,920 million. Pro Forma Net Debt amounted to DKK 32,476 million at 30 June 2010.

The calculation of these figures is prepared according to the principles described in the Capital Structure on pages 37-39 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 March 2011 and June 2012. Including the interest rate hedges, 72% of ISS's net debt carried fixed interest rates while 28% carried floating interest rates at 30 June 2010, and the interest rate duration of the total debt was 1.9 years.

Management Changes

On 1 April 2010, the former Group COO Jeff Gravenhorst took over the responsibility as new Group CEO replacing Jørgen Lindegaard. The Executive Group Management team consists of Group CEO Jeff Gravenhorst and Group CFO Jakob Stausholm.

On 6 April 2010, Jørgen Lindegaard was elected as new member of the Board of Directors of ISS.

Outlook

The expectations should be read in conjunction with "Forward-looking statements" as shown in the table on the next page.

ISS will maintain its focus on key operational objectives (i) cash flow; (ii) operating margin; and (iii) profitable organic growth.

The pick-up in organic growth experienced in the first six months of 2010 is considered sustainable and expected to continue unless macroeconomic factors should turn worse. ISS has in the first six months of 2010 delivered a solid operating margin.

Combined with the generally flexible cost base, the extensive restructuring initiatives and the Group-wide fixed cost-reduction initiative carried out in 2009, ISS expects its operating margin for 2010 to be slightly above the level realised in 2009.

ISS will continue to prioritise cash flow and expects also for 2010 a strong and competitive cash conversion. We will focus on managing the absolute level of debt supported by significantly less acquisition spending and continued high cash conversion. ISS expects to make only a small number of acquisitions in the short term, primarily in the growth regions of Asia and Latin America.

Subsequent Events

ISS Holding A/S has decided together with its shareholders to initiate a strategic review process which includes considering an initial public offering.

ISS and its shareholders have appointed Goldman Sachs and Morgan Stanley to assist in the review. Rothschild is acting as adviser to ISS and its shareholders.

ISS does not expect to publicly disclose additional information regarding the status of the process, including the options available, their likelihood or possible timing, until the review has been completed. There can be no assurances that any particular course of action will be pursued nor of what the timing will be.

On 9 July 2010, Michel Combes was elected as new member of the Board of Directors of ISS replacing Christoph Sander and on 25 August 2010, Marcus Brennecke and Casper von Koskull stepped down as members of the Board of Directors of ISS.

On 29 July 2010, ISS signed a binding sales agreement, subject to normal conditions for a transaction of this nature, for the waste management activities in France which have been classified as held for sale since 31 December 2009.

On 9 August 2010, ISS acquired a 49% ownership share of SDB Cisco in India and thereby added security services to the service offering in India. SDB Cisco generates annual revenue of approximately DKK 400 million and employs approximately 27,000 employees.

Apart from the above and the events described in this interim report, the Group is not aware of events subsequent to 30 June 2010, that are expected to have a material impact on the Group's financial position.

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, 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 2009 of ISS Holding 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 2009 of ISS Holding A/S is available from the Group's website, www.issworld.com.

Financial Calendar 2010

Interim Report, January – September 2010	11 November 2010

Telephone conference

A telephone conference will be held on Wednesday, 25 August 2010 at 15:00 CET (14:00 UK time).

The telephone numbers for the conference are:

+45 70 26 50 40 (Denmark)
+44 208 817 9301 (UK)
+1 718 354 1226 (US)

Country overview

Country	H1 2010 DKK million Total revenue	Operating profit before other items	Operating margin % [1]	Organic growth % [1]	H1 2009 DKK million Total revenue	Operating profit before other items	Operating margin % [1]	Organic growth % [1]
France	4,216	173	4.1	(4)	4,434	145	3.3	(6)
United Kingdom	3,595	239	6.6	2	3,433	216	6.3	2
Norway	2,825	159	5.6	2	2,601	189	7.3	2
Spain	2,267	105	4.6	2	2,285	85	3.7	(7)
Australia	2,173	152	7.0	8	1,565	105	6.7	(0)
Finland	1,909	121	6.3	7	1,794	134	7.5	2
Sweden	1,838	87	4.7	2	1,756	68	3.9	4
Denmark	1,821	122	6.7	(1)	1,871	120	6.4	0
Netherlands	1,646	64	3.9	(0)	1,712	40	2.4	(3)
Belgium and Luxembourg	1,590	96	6.0	(1)	1,602	91	5.7	3
Switzerland	1,343	100	7.5	(2)	1,300	98	7.5	2
USA	1,293	62	4.8	(1)	1,308	70	5.4	1
Germany	1,233	32	2.6	5	1,177	11	0.9	2
Turkey	883	66	7.4	17	706	53	7.5	10
Israel	796	44	5.6	4	705	34	4.8	2
Brazil	792	48	6.1	34	483	27	5.6	8
Austria	682	38	5.5	(1)	688	38	5.5	(4)
Hong Kong	676	53	7.8	12	608	47	7.7	9
Singapore	468	31	6.5	9	402	26	6.4	12
Indonesia	420	41	9.7	20	263	26	9.7	22
Greece	396	27	6.7	(2)	405	29	7.2	14
Thailand	320	19	6.0	18	251	15	6.0	4
Ireland	301	14	4.6	(7)	281	13	4.5	13
Portugal	276	19	7.0	1	275	19	7.1	1
Mexico	246	15	6.2	11	201	12	5.9	18
Czech Republic	204	11	5.4	(4)	201	11	5.4	(7)
New Zealand	203	10	4.8	1	161	9	5.6	13
Chile	195	11	5.4	14	153	10	6.5	21
India	186	14	7.6	21	122	7	5.8	22
Italy	185	11	6.0	5	181	11	6.3	17
China	142	6	4.1	11	128	5	3.6	16
Argentina	141	7	4.7	35	111	6	5.1	13
Slovakia	138	8	6.1	(3)	142	5	3.9	(9)
Taiwan	127	9	7.2	10	109	8	7.1	25
Poland	101	4	4.0	(1)	91	3	3.5	18
Slovenia	83	5	5.7	10	76	2	3.0	(12)
Romania	82	12	14.4	17	69	13	19.6	10
Hungary	75	3	4.3	7	66	2	2.4	3
Estonia	60	5	8.9	(7)	64	4	6.6	(4)
Malaysia	49	4	7.8	34	34	2	6.5	(9)
Greenland	44	3	6.2	(15)	52	4	7.1	(1)
Uruguay	41	4	8.5	17	29	2	7.4	31
Iceland	35	2	6.9	11	33	2	7.1	(5)
Philippines	34	(1)	(2.5)	(26)	44	(1)	(1.3)	(9)
Russia	32	1	2.9	17	25	0	1.1	(1)
Japan	22	3	13.8	7	20	(0)	(0.6)	-
Croatia	14	0	3.5	1	14	0	2.2	(3)
Brunei	11	3	22.6	2	10	2	23.1	18
South Africa	8	1	14.0	2,227	0	(0)	(9.1)	-
Canada	1	0	22.0	(1)	1	(0)	(7.0)	-
Regional cost / eliminations	0	(3)			(4)	1		
Corporate functions / eliminations	(26)	(183)	(0.5)	-	(16)	(121)	(0.3)	-
Total	**36,193**	**1,877**	**5.2**	**3**	**34,022**	**1,699**	**5.0**	**1**

[1] See Definitions in Annual report 2009

Management Statement

COPENHAGEN, 25 August 2010

The Board of Directors and the Executive Group Management have today discussed and approved the interim report of ISS Holding A/S for the period 1 January – 30 June 2010.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2010 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 2010.

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

Marcus Brennecke

Michel Combes

Casper von Koskull

Peter Korsholm

Jørgen Lindegaard

Steven Sher

Condensed Consolidated Interim Financial Statements for ISS Holding A/S

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

These condensed consolidated interim financial statements are not reviewed and are unaudited
1 January – 30 June. Amounts in DKK million

Note		Q2 2010	Q2 2009	H1 2010	H1 2009
4	**Revenue**	**18,619**	**17,348**	**36,193**	**34,022**
	Staff costs	(12,049)	(11,340)	(23,740)	(22,377)
	Cost of sales	(1,610)	(1,505)	(3,063)	(2,954)
	Other operating expenses	(3,676)	(3,304)	(7,101)	(6,561)
	Depreciation and amortisation [1]	(213)	(215)	(412)	(431)
4	**Operating profit before other items [2]**	**1,071**	**984**	**1,877**	**1,699**
5	Other income and expenses, net	(132)	(161)	(287)	(209)
	Acquisition and integration costs	(1)	(10)	(2)	(17)
4	**Operating profit [1]**	**938**	**813**	**1,588**	**1,473**
	Share of result from associates	2	5	3	3
	Net finance costs	(528)	(507)	(1,123)	(1,078)
	Profit before tax and goodwill impairment/ amortisation of brands and customer contracts	**412**	**311**	**468**	**398**
	Income taxes [3]	(132)	(121)	(224)	(211)
	Profit before goodwill impairment/ amortisation of brands and customer contracts	**280**	**190**	**244**	**187**
6	Goodwill impairment and write-down	(240)	(684)	(244)	(684)
	Amortisation of brands and customer contracts [4]	(211)	(247)	(427)	(484)
	Income tax effect [5]	59	68	118	133
	Net profit/(loss) for the period	**(112)**	**(673)**	**(309)**	**(848)**
	Attributable to:				
	Owners of ISS Holding	(118)	(679)	(320)	(859)
	Non-controlling interests	6	6	11	11
	Net profit/(loss) for the period	**(112)**	**(673)**	**(309)**	**(848)**

[1] Excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts.
[2] Other items comprise Other income and expenses, net, Acquisition and 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.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

These condensed consolidated interim financial statements are not reviewed and are unaudited

1 January - 30 June. Amounts in DKK million

	Q2 2010	Q2 2009	H1 2010	H1 2009
Net profit/(loss) for the period	**(112)**	**(673)**	**(309)**	**(848)**
Other comprehensive income				
Foreign exchange adj. of subsidiaries and non-controlling interests	583	142	984	360
Fair value adjustment of hedges, net	(6)	(89)	(189)	(285)
Fair value adjustment of hedges, net, transferred to Net finance costs	57	83	159	117
Actuarial gains/(losses)	(88)	-	(88)	-
Share-based payments	0	2	1	2
Tax regarding other comprehensive income	17	(1)	17	(1)
Other comprehensive income	**563**	**137**	**884**	**193**
Total comprehensive income for the period	**451**	**(536)**	**575**	**(655)**
Attributable to:				
Owners of ISS Holding	445	(540)	563	(665)
Non-controlling interests	6	4	12	10
	451	**(536)**	**575**	**(655)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

These condensed consolidated interim financial statements are not reviewed and are unaudited

1 January – 30 June. Amounts in DKK million

Note		Q2 2010	Q2 2009	H1 2010	H1 2009
4	Operating profit before other items	1,071	984	1,877	1,699
	Depreciation and amortisation	213	215	412	431
	Changes in working capital	(96)	279	(856)	(843)
	Changes in other provisions, pensions and similar obligations	(16)	5	(31)	(26)
	Payments related to other income and expenses, net	(55)	(148)	(138)	(189)
	Payments related to integration costs	(4)	(11)	(8)	(22)
	Income taxes paid, net	(175)	(108)	(305)	(175)
	Cash flow from operating activities	**938**	**1,216**	**951**	**875**
7	Acquisition of businesses	(135)	(312)	(184)	(766)
7	Divestment of businesses	1	(1)	242	(1)
	Investments in intangible assets and property, plant and equipment, net	(264)	(285)	(443)	(505)
	Investments in financial assets, net	(8)	(13)	66	(30)
	Cash flow from investing activities	**(406)**	**(611)**	**(319)**	**(1,302)**
	Proceeds from borrowings	1,169	247	2,542	668
	Repayment of borrowings	(526)	(505)	(1,683)	(505)
	Interest paid, net	(722)	(506)	(1,050)	(873)
	Non-controlling interests	(5)	(10)	(6)	(11)
	Cash flow from financing activities	**(84)**	**(774)**	**(197)**	**(721)**
	Total cash flow	**448**	**(169)**	**435**	**(1,148)**
	Cash and cash equivalents at beginning of the period	3,400	1,996	3,364	2,961
	Total cash flow	448	(169)	435	(1,148)
	Foreign exchange adjustments	68	17	117	31
	Cash and cash equivalents at 30 June	**3,916**	**1,844**	**3,916**	**1,844**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

These condensed consolidated interim financial statements are not reviewed and are unaudited

Amounts in DKK million

Note		30 June 2010	30 June 2009	31 December 2009
	Assets			
6	Intangible assets	36,472	36,398	35,452
	Property, plant and equipment	2,123	2,430	2,004
	Investments in associates	23	27	21
	Deferred tax assets	661	518	514
	Other financial assets	335	280	281
	Total non-current assets	**39,614**	**39,653**	**38,272**
	Inventories	320	287	303
	Trade receivables	11,630	10,795	10,130
	Contract work in progress	242	212	195
	Tax receivables	308	312	308
	Other receivables	1,070	984	1,071
	Securities	16	94	97
	Cash and cash equivalents	3,916	1,844	3,364
8	Assets held for sale	321	51	614
	Total current assets	**17,823**	**14,579**	**16,082**
	Total assets	**57,437**	**54,232**	**54,354**
	Equity and liabilities			
	Total equity attributable to owners of ISS Holding	2,753	2,833	2,190
	Non-controlling interests	29	34	23
	Total equity	**2,782**	**2,867**	**2,213**
9	Long-term debt	29,179	31,661	28,486
	Pensions and similar obligations	987	853	837
	Deferred tax liabilities	2,318	2,490	2,356
	Other provisions	328	405	379
	Total long-term liabilities	**32,812**	**35,409**	**32,058**
9	Short-term debt	6,756	1,682	5,617
	Trade payables	2,600	2,423	2,624
	Tax payables	297	196	306
	Other liabilities	11,493	11,195	10,734
	Other provisions	457	435	423
8	Liabilities related to assets held for sale	240	25	379
	Total current liabilities	**21,843**	**15,956**	**20,083**
	Total liabilities	**54,655**	**51,365**	**52,141**
	Total equity and liabilities	**57,437**	**54,232**	**54,354**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

These condensed consolidated interim financial statements are not reviewed and are unaudited

Amounts in DKK million

H1 2010	Share capital	Retained earnings	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS Holding						
Equity at 1 January 2010	**100**	**3,061**	**(683)**	**(288)**	**2,190**	**23**	**2,213**
Total comprehensive income for the period							
Net profit/(loss) for the period	**-**	**(320)**	**-**	**-**	**(320)**	**11**	**(309)**
Other comprehensive income							
Foreign exchange adj. of subsidiaries and non-controlling interests	-	-	983	-	**983**	**1**	**984**
Fair value adjustment of hedges, net of tax	-	-	-	(141)	**(141)**	**-**	**(141)**
Fair value adjustment of hedges, net of tax, transferred to Net finance costs	-	-	-	119	**119**	**-**	**119**
Limitation to interest deduction	-	-	-	(13)	**(13)**	**-**	**(13)**
Actuarial gains/(losses), net of tax	-	(66)	-	-	**(66)**	**-**	**(66)**
Share-based payments, net of tax	-	1	-	-	**1**	**-**	**1**
Total other comprehensive income	**-**	**(65)**	**983**	**(35)**	**883**	**1**	**884**
Total comprehensive income for the period	**-**	**(385)**	**983**	**(35)**	**563**	**12**	**575**
Transactions with owners							
Dividends paid	-	-	-	-	**-**	**(6)**	**(6)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(6)**	**(6)**
Total changes in equity	**-**	**(385)**	**983**	**(35)**	**563**	**6**	**569**
Equity at 30 June 2010	**100**	**2,676**	**300**	**(323)**	**2,753**	**29**	**2,782**

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

These condensed consolidated interim financial statements are not reviewed and are unaudited
Amounts in DKK million

	Attributable to owners of ISS Holding						
H1 2009	**Share capital**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January 2009	**100**	**4,729**	**(1,047)**	**(284)**	**3,498**	**35**	**3,533**
Total comprehensive income for the period							
Net profit/(loss) for the period	**-**	**(859)**	**-**	**-**	**(859)**	**11**	**(848)**
Other comprehensive income							
Foreign exchange adj. of subsidiaries and non-controlling interests	-	-	361	-	**361**	**(1)**	**360**
Fair value adjustment of hedges, net of tax	-	-	-	(214)	**(214)**	**-**	**(214)**
Fair value adjustment of hedges, net of tax, transferred to Net finance costs	-	-	-	88	**88**	**-**	**88**
Limitation to interest deduction	-	-	-	(42)	**(42)**	**-**	**(42)**
Share-based payments, net of tax	-	1	-	-	**1**	**-**	**1**
Total other comprehensive income	**-**	**1**	**361**	**(168)**	**194**	**(1)**	**193**
Total comprehensive income for the period	**-**	**(858)**	**361**	**(168)**	**(665)**	**10**	**(655)**
Transactions with owners							
Dividends paid	-	-	-	-	**-**	**(11)**	**(11)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(11)**	**(11)**
Total changes in equity	**-**	**(858)**	**361**	**(168)**	**(665)**	**(1)**	**(666)**
Equity at 30 June 2009	**100**	**3,871**	**(686)**	**(452)**	**2,833**	**34**	**2,867**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements are not reviewed and are unaudited

1. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS Holding A/S for the period 1 January - 30 June 2010 comprise ISS Holding 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 2009.

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 2009. A full description of the Group's accounting policies is included in the Annual Report for 2009.

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2010, the Group has implemented IFRS 3 (revised 2008) "Business Combinations", IAS 27 (amended 2008) "Consolidated and Separate Financial Statements", amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items", parts of "Improvements to IFRSs May 2008", amendments to IFRIC 9 and IAS 39 "Reassessment of Embedded Derivatives", amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions", amendments to IFRS 1 "Additional Exemptions for First-Time Adopters" and parts of "Improvements to IFRSs April 2009".

Except for IFRS 3 and IAS 27 the adoption of these Standards and Interpretations did not affect recognition and measurement in the condensed consolidated interim financial statements.

The adoption of IFRS 3 (revised 2008) and IAS 27 (amended 2008) has changed the Group's accounting policy in the following areas:

* Transaction costs that the Group incurs in connection with business combinations, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. Previously such costs were considered part of the consideration paid and included in the cost price.

* Contingent consideration (earn-outs) are recognised at fair value at the acquisition date, and subsequent adjustments are recognised in the income statement as incurred. Previously such adjustments were recognised against the original price.

* When less than 100% of a subsidiary is acquired, the Group elects on a transaction-by-transaction basis to either recognise goodwill relating only to its present ownership interest in the acquiree or to recognise 100% goodwill. Previously, only goodwill relating to the present ownership interest was recognised.

* In business combinations achieved in stages, the Group remeasures its previously held equity interest at its acquisition-date fair value and recognises the related gain or loss in the income statement. Previously, in step acquisitions goodwill was measured separately for each transaction.

* Acquisition/disposal of non-controlling interests, when control is maintained, is accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised for such transactions as the excess of the cost of the additional investment over the carrying amount of the non-controlling interest.

The change in accounting policy relating to IFRS 3 and IAS 27 was applied prospectively for business combinations occuring in the financial year starting 1 January 2010. Since no acquisitions occurred during the interim period 1 January - 30 June 2010 the changes had no impact on the recognition and measurement for the period.

Business combinations occuring before 1 January 2010 are accounted for in accordance with the previous IFRS 3 whereby subsequent adjustments to contingent consideration and transaction costs continue to be recognised in goodwill.

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 2009 except for estimation uncertainty related to the value of assets held for sale. During the first six months of 2010 the majority of the number of businesses classified as held for sale at 31 December 2009 have been divested and at 30 June 2010 only the waste management activities in France were still classified as held for sale. A binding sales agreement, subject to normal conditions for a transaction of this nature, for the waste management activities in France has subsequently been signed and the effect hereof has been reflected in the value of assets held for sale at 30 June 2010.

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.

4. 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, Support Services, 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 cultures.

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	North America	Pacific	Total reportable segments
H1 2010								
Income statement								
Revenue [1]	**8,473**	**19,416**	**789**	**2,455**	**1,415**	**1,294**	**2,377**	**36,219**
Depreciation and amortisation [2]	(126)	(186)	(11)	(32)	(15)	(7)	(20)	(397)
Operating profit before other items [3]	**497**	**1,029**	**49**	**177**	**84**	**62**	**162**	**2,060**
Other income and expenses, net	(113)	(156)	-	0	-	-	0	(269)
Acquisition and integration costs	(0)	(2)	-	(0)	-	-	-	(2)
Operating profit [2]	**384**	**871**	**49**	**177**	**84**	**62**	**162**	**1,789**
Goodwill impairment and write-down	(4)	(240)	-	-	-	-	-	(244)
Amortisation of brands and customer contracts	(101)	(231)	(12)	(28)	(9)	(21)	(24)	(426)
Statement of financial position								
Total assets	**13,776**	**32,084**	**1,330**	**3,716**	**1,774**	**1,797**	**3,093**	**57,570**
Additions excluding acquisitions/divestments	107	243	10	41	27	9	31	468
Additions from acquisitions/divestments	(86)	2	34	(10)	-	(2)	(2)	(64)
Additions to non-current assets [4]	**21**	**245**	**44**	**31**	**27**	**7**	**29**	**404**
Total liabilities	**9,165**	**21,505**	**729**	**1,860**	**1,469**	**1,290**	**2,357**	**38,375**

[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, Acquisition and 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

4. SEGMENT REPORTING (CONTINUED)

DKK million	Nordic	Western Europe	Eastern Europe	Asia	Latin America	North America	Pacific	Total reportable segments
H1 2009								
Revenue [1]	**8,106**	**19,184**	**747**	**1,990**	**976**	**1,309**	**1,726**	**34,038**
Depreciation and amortisation [2]	(116)	(224)	(10)	(30)	(11)	(8)	(16)	(415)
Operating profit before other items [3]	**516**	**884**	**41**	**137**	**57**	**70**	**115**	**1,820**
Other income and expenses, net	(30)	(169)	(1)	(0)	-	-	-	(200)
Acquisition and integration costs	(2)	(9)	(0)	(3)	(1)	(0)	(2)	(17)
Operating profit [2]	**484**	**706**	**40**	**134**	**56**	**70**	**113**	**1,603**
Goodwill impairment and write-down	(134)	(550)	-	-	-	-	-	(684)
Amortisation of brands and customer contracts	(122)	(267)	(14)	(27)	(8)	(25)	(21)	(484)
Statement of financial position								
Total assets	**13,255**	**31,033**	**1,342**	**2,981**	**1,204**	**1,626**	**2,504**	**53,945**
Additions excluding acquisitions/divestments	179	312	8	38	15	5	32	589
Additions from acquisitions/divestments	31	296	11	235	4	85	16	678
Additions to non-current assets [4]	**210**	**608**	**19**	**273**	**19**	**90**	**48**	**1,267**
Total liabilities	**8,937**	**20,053**	**836**	**1,527**	**993**	**1,184**	**1,954**	**35,484**

[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, Acquisition and 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, Finland, Greenland, Iceland, Norway and Sweden
Western Europe:	Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, South Africa, 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, Taiwan and Thailand
Latin America:	Argentina, Brazil, Chile, Mexico and Uruguay
North America:	Canada and the USA
Pacific:	Australia and New Zealand

continues

4. SEGMENT REPORTING (CONTINUED)

Reconciliations

DKK million	H1 2010	H1 2009
Revenue		
Revenue for reportable segments	36,219	34,038
Elimination of internal revenue	(26)	(16)
Revenue according to the income statement	**36,193**	**34,022**
Operating profit		
Operating profit for reportable segments	1,789	1,603
Elimination of internal profit	0	0
Unallocated corporate costs	(183)	(121)
Unallocated other income and expenses, net	(18)	(9)
Operating profit according to the income statement	**1,588**	**1,473**
Unallocated:		
Share of result from associates	3	3
Net finance costs	(1,123)	(1,078)
Profit before tax and goodwill impairment/amortisation of brands and customer contracts according to the income statement	**468**	**398**
Total assets		
Total assets for reportable segments	57,570	53,945
Elimination of internal assets [1]	(32,569)	(23,871)
Unallocated assets	32,436	24,158
Total assets according to the statement of financial position	**57,437**	**54,232**
Additions to non-current assets [2]		
Additions for non-current assets for reportable segments	404	1,267
Unallocated additions to non-current assets	14	15
Total additions to non-current assets according to the statement of financial position	**418**	**1,282**
Total liabilities		
Total liabilities for reportable segments	38,375	35,484
Elimination of internal liabilities [1]	(32,111)	(23,451)
Unallocated liabilities	48,391	39,332
Total liabilities according to the statement of financial position	**54,655**	**51,365**

[1] Eliminations mainly relate to intra-group balances.
[2] Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

5. OTHER INCOME AND EXPENSES, NET

DKK million	H1 2010	H1 2009
Gain on divestments	3	-
Other	0	-
Other income	**3**	**-**
Restructuring projects	(0)	(165)
Redundancy and severance payments relating to senior management changes	(16)	(27)
Loss on divestments	(30)	(5)
Write-down regarding businesses classified as held for sale	(130)	-
Accounting irregularities in Norway in prior years	(113)	-
Other	(1)	(12)
Other expenses	**(290)**	**(209)**
Other income and expenses, net	**(287)**	**(209)**

Other income

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

Other expenses

Restructuring projects in 2009 related to France, Germany, Spain, Belgium, Denmark and Finland. In France a re-organisation of the organisational setup covering several business units as well as head office was initiated amounting to an estimated DKK 212 million of which DKK 98 million was expensed at 30 June 2009. In Germany a re-organisation of a business unit including close-down of two divisions and efficiency improvements was initiated amounting to an estimated DKK 84 million of which DKK 32 million was expensed at 30 June 2009. In Spain a close-down of certain project-based activities within the Building Maintenance division was initiated. In Denmark a merger of the route-based back office organisation into the site-based organisation was initiated. In Finland a close-down of certain project-based activities across certain business units was initiated, and in Belgium a margin improvement project covering primarily head office was initiated. Generally, restructuring projects include primarily redundancy payments, termination of leaseholds and relocation costs.

Loss on divestments in 2010 primarily related to completion of the sale of ISS's security business in France which was classified as held for sale on 31 December 2009 and the divestment of the call center activities in Denmark. In 2009, the loss mainly related to the landscaping activities in Norway.

Write-down regarding businesses classified as held for sale related to additional write-down of net assets (excluding goodwill, brands and customer contracts) of the waste management activities in France classified as held for sale since 31 December 2009, for which a binding sales agreement, subject to normal conditions for a transaction of this nature, has been signed subsequent to 30 June 2010.

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 in prior years amounts to DKK 113 million and has been recognised as part of Other income and expenses, net.

6. GOODWILL IMPAIRMENT AND WRITE-DOWN

DKK million	H1 2010	H1 2009
Impairment	(240)	(550)
Write-down	(4)	(134)
Goodwill impairment and write-down	**(244)**	**(684)**

Impairment

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

At 30 June 2010, the Group performed a review for indications of impairment of the carrying amount of intangibles. Except for Greece and Ireland, it is management's opinion that there are no material changes to the assumptions applied in the impairment tests presented in note 15 in the consolidated financial statement for 2009.

In 2010, goodwill impairment losses amounted to DKK 240 million of which DKK 200 million related to Greece and DKK 40 million to Ireland. Due to the continued unstable economic situation in Greece the impairment test was updated at 30 June 2010, which resulted in recognition of an impairment loss of DKK 200 million, mainly as a result of an increase in the discount rate. The recognised impairment loss in Ireland of DKK 40 million was also mainly a result of an increase in the discount rate.

In 2009, goodwill impairment losses amounted to DKK 550 million for the first six months of which DKK 450 million related to France and DKK 100 million to ISS Germany.

Write-down

In 2010, goodwill write-down of DKK 4 million related to the divestment of the non-strategic contact centre activities in Denmark. The goodwill write-down of DKK 134 million in 2009 related to the non-strategic landscaping business in Sweden which was classified as held for sale on 30 June 2009 and subsequently sold.

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

7. ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

When acquiring businesses the Group seeks to generate value by restructuring and refining the acquired business by applying "the ISS Way". The main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth. Consequently, 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.

Acquisitions occuring on or after 1 January 2010 are accounted for in accordance with IFRS 3 (revised 2008), whereas acquisitions occuring before 1 January 2010 are accounted for in accordance with the previous IFRS 3. Consequently, for the latter adjustments to contingent consideration and transaction costs continue to be recognised in goodwill as described in note 1, Significant accounting policies.

Acquisitions in H1 2010

The Group made no acquisitions during 1 January - 30 June 2010. Adjustments to prior years' acquisitions had the following effect on the Group's assets and liabilities at 30 June 2010:

	Total acquisitions			
		Fair value adj.		
DKK million **H1 2010**	**Pre-acquisition carrying amounts**	**Current year acquisitions**	**Prior year acquisitions**	**Recognised values on acquisition**
Non-current assets	-	-	(3)	(3)
Trade receivables	-	-	(12)	(12)
Other current assets	-	-	(8)	(8)
Other provisions	-	-	(2)	(2)
Pensions, deferred tax liabilities and non-controlling interests	-	-	4	4
Other current liabilities	-	-	5	5
Net identifiable assets and liabilities	**-**	**-**	**(16)**	**(16)**
Goodwill [1]				22
Acquisition costs, net of tax				(1)
Purchase price			**(16)**	**5**
Cash and cash equivalents in acquired businesses				-
Cash purchase price				**5**
Changes in deferred payments and earn-outs				178
Changes in prepaid purchase price				0
Acquisition costs paid, net of tax				1
Total payments regarding acquisition of businesses				**184**

[1] The addition of goodwill is 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 in prior years.

continues

7. ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses (continued)

Acquisitions in H1 2009

The Group made 20 acquisitions during 1 January - 30 June 2009. The total purchase price amounted to DKK 599 million. The total annual revenue of the acquired businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 918 million based on expectations at the time of acquisition.

Acquisitions made during 1 January - 30 June 2009 (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 **H1 2009**	**Pre-acquisition carrying amounts**	**Current year acquisitions**	**Prior year acquisitions**	**Recognised values on acquisition**
Customer contracts	-	151	-	151
Other non-current assets	20	1	6	27
Trade receivables	113	8	(13)	108
Other current assets	34	-	(1)	33
Other provisions	(2)	(9)	(0)	(11)
Pensions, deferred tax liabilities and non-controlling interests	(9)	(34)	(4)	(47)
Long-term debt	(2)	(1)	-	(3)
Short-term debt	(18)	2	(2)	(18)
Other current liabilities	(113)	(7)	(5)	(125)
Net identifiable assets and liabilities	**23**	**111**	**(19)**	**115**
Goodwill			24	511
Acquisition costs, net of tax			(0)	(27)
Purchase price			**5**	**599**
Cash and cash equivalents in acquired businesses				(16)
Cash purchase price				**583**
Changes in deferred payments and earn-outs				169
Changes in prepaid purchase price				(5)
Acquisition costs paid, net of tax				19
Total payments regarding acquisition of businesses				**766**

In the first six months of 2009, 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.

The purchase price of prior years' acquisitions increased by DKK 5 million, mainly due to revised estimates relating to higher earnouts for the acquisitions of Sardunya in Turkey of DKK 40 million, offset mainly by Gastronomia in Spain of DKK 16 million and Carlos Rocha in Spain of DKK 21 million. Furthermore, net assets of prior year's acquisitions were reduced by DKK 19 million relating to various acquisitions. Accordingly, goodwill has been adjusted.

Acquisition costs mainly comprise fees to lawyers, auditors and consultants (paid in relation to the acquisition).

continues

7. ACQUISITION AND DIVESTMENT OF BUSINESSES

Divestment of businesses

The Group made 5 divestments during 1 January - 30 June 2010 (2 during 1 January - 30 June 2009). The total sales price amounted to DKK 42 million (negative by DKK 3 million during 1 January - 30 June 2009). The total annual revenue of the divested businesses (unaudited approximate figure) is estimated at DKK 687 million (DKK 33 million during 1 January - 30 June 2009) based on expectations at the time of divestment.

The divestments (including adjustments to divestments in prior years) had the following effect on the Group's assets and liabilities (carrying amounts) on the divestment date:

DKK million	H1 2010	H1 2009
Goodwill	15	-
Customer contracts	54	-
Other non-current assets	23	-
Trade receivables	73	2
Other current assets	12	-
Other provisions	(10)	-
Pensions, deferred tax liabilities and non-controlling interests	(15)	-
Long-term debt	(2)	-
Short-term debt	(2)	-
Other current liabilities	(97)	-
Net identifiable assets and liabilities	**51**	**2**
Loss/(gain) on divestment of businesses, net	(27)	(5)
Divestment costs, net of tax	18	0
Sales price	**42**	**(3)**
Cash and cash equivalents in divested businesses	(3)	-
Cash sales price	**39**	**(3)**
Changes in deferred sales prices and earn-outs	212	3
Divestment costs paid, net of tax	(9)	(1)
Net proceeds regarding divestment of businesses	**242**	**(1)**

The 5 divestments[1)] made by the Group during 2010 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [2)]	Number of employees [2)]
Refrigeration	Spain	Property	March	Activities	163	163
Industriservice	Norway	Property	March	100%	205	254
Contact Centre	Denmark	Support	March	Activities	127	680
Securite	France	Security	April	100%	191	1,090
Europe Filtration	France	Property	May	100%	1	10
Total					**687**	**2,197**

[1)] Includes all divestments completed prior to 1 July 2010.

[2)] Approximate figures based on information available at the time of divestment.

continues

7. ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Pro forma revenue and operating profit before other items

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

DKK million	**H1 2010**	**H1 2009**
Pro forma revenue		
Revenue recognised in the income statement	36,193	34,022
Acquisitions	-	126
Revenue adjusted for acquisitions	36,193	34,148
Divestments	(131)	(0)
Pro forma revenue	**36,062**	**34,148**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	1,877	1,699
Acquisitions	-	13
Operating profit before other items adjusted for acquisitions	1,877	1,712
Divestments	12	0
Pro forma operating profit before other items	**1,889**	**1,712**

Applied assumptions

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

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

Acquisitions and divestments subsequent to 30 June 2010

On 29 July 2010, ISS signed a binding sales agreement, subject to normal conditions for a transaction of this nature, for certain non-core activities in France which have been classified as held for sale since 31 December 2009.

On 9 August 2010, ISS acquired a 49% ownership share of SDB Cisco in India and thereby added security services to the service offering in India. SDB Cisco generates annual revenue of approximately DKK 400 million and employs approximately 27,000 employees.

The required IFRS 3 disclosures information is currently not available, but will be disclosed in the interim report January - September 2010.

8. ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2009 certain businesses which comprised non-core activities in France, Spain and Norway were classified as held for sale and were 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. Assets have not been depreciated or amortised from the date when they were classified as held for sale.

During the first six monts of 2010, three of the businesses classified as held for sale at 31 December have been divested. The divestments comprise the security business in France, the industry service activities in Norway and a part of the building maintenance activities in Spain and resulted in a net loss of DKK 22 million in addition to the write-downs made at 31 December 2009 in connection with classifying the businesses as held for sale. Furthermore, an additional write-down of DKK 130 million related to the waste management activities in France still classified as held for sale at 30 June 2010 but for which a binding sales agreement, subject to normal conditions for a transaction of this nature, has been signed subsequent to 30 June 2010 has been recognised. The additional net losses of DKK 22 million and DKK 130 million have been recognised in Other income and expenses, net, see note 5, Other income and expenses, net.

9. BORROWINGS

Repayments
On 22 January 2010, the Group completed a tender offer for EUR 150 million of the outstanding 2010 EMTNs leaving EUR 200 million of notes for refinancing before maturity in September 2010. The notes were acquired at a purchase price of EUR 1,020 per EUR 1,000 principal amount and resulted in an accounting loss of DKK 32 million, which has been recognised in the income statement under Net finance costs. The accounting loss resulted primarily from the purchase price being above nominal value, and additionally from the carrying amount being below nominal value due to the fair value adjustment made in connection with ISS Holding A/S's acquisition of ISS A/S 9 May 2005.

New issues
On 25 March 2010, the Group completed an EUR 127.5 million tap bond offering of its existing subordinated notes due 2016. Proceeds from the offering has been on-lent to ISS Global A/S.

10. 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, Germany, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS A/S and these subsidiaries. At 30 June 2010, the aggregate approximate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	**30 June 2010**	**30 June 2009**
Goodwill	3.9	3.1
Customer contracts	0.9	0.9
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.3	0.4
Trade receivables	1.6	3.4
Other receivables	0.3	0.1
Bank accounts	1.9	0.8
Total	**10.5**	**10.3**

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

Securitisation

As part of the refinancing of the EUR 850 million of the EMTNs maturing in September 2010 whereof EUR 200 million is still outstanding, the Group has during 2009 and 2010 launched a securitisation programme in 6 major countries. Under the securitisation programme securitised trade receivables of the participating countries are provided as security for the securitisation debt. As at 30 June 2010, trade receivables of DKK 4,161 million recognised in the statement of financial position have been placed as securitv for securitisation debt.

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 in H1 2010 amounted to DKK 1,066 million (DKK 1,020 million in H1 2009). 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 30 June 2010	1,415	939	620	381	281	423	4,059
At 30 June 2009	1,337	972	660	412	274	448	4,103

Commitment vehicle leases

On 1 January 2008 the Group extended the global car fleet lease framework agreement for another three year term 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 30 June 2010 amounted to DKK 502 million (30 June 2009: DKK 372 million).

continues

10. CONTINGENT LIABILITIES (CONTINUED)

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,486 million (30 June 2009: DKK 1,491 million) of which DKK 1,083 million (30 June 2009: DKK 1,248 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 30 June 2010 amounted to approximately DKK 38 million (30 June 2009: DKK 51 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 30 June 2010 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 30 June 2010.

Furthermore, restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Western 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

11. 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. There were no significant transactions with the parent company or the ultimate controlling party during the first six months of 2010.

Key management personnel

Members of the Board of Directors, the Executive Group Management and Corporate Senior Officers

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 six months of 2010 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 Holding A/S's ultimate parent. As at 30 June 2010, the investments amounted to DKK 178.0 million in total for 148 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 at 30 June 2010, 277,632 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 19.4 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 14.7 million in total.

[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.

continues

11. RELATED PARTIES (CONTINUED)

External directorships and external executive positions of the Board of Directors at 30 June 2010

Board of Directors	Board Member	Executive Position
Ole Andersen (Chairman)	Chr. Hansen Holding A/S (Chairman), Privathospitalet Hamlet A/S (Chairman), Danske Bank A/S, Bang & Olufsen a/s, Georg Jensen A/S and Kommunekemi A/S and certain affiliated companies of Kommunekemi A/S	None
Leif Östling (Vice-Chairman)	Scania AB, AB SKF (Chairman), Svenskt Näringsliv (Confederation of Swedish Enterprise) and Teknikföretagen (The Association of Swedish Engineering Industries)(Chairman)	President and CEO of Scania AB
Michel Combes	Vodafone Plc, Supervisory Board of Assystem SA (Chairman)	Chief Executive Officer for the Europe Region of Vodafone Plc
Steven Sher	Ahlsell Sverige AB, Edam Acquisition I Cooperatief U.A. and certain holding companies of Ahlsell Sverige AB and Endemol B.V.	Managing Director, Goldman Sachs International, Principal Investment Area
Peter Korsholm	BTX Group A/S, CaridianBCT Holding Corp and Gambro AB	Partner and Head of the Copenhagen office of EQT Partners
John Allan	National Grid plc, DSG International plc (Chairman), 3i Group plc	None
Marcus Brennecke	Kabel Baden-Württemberg, Carl Zeiss Vision and Springer Science, SAG and CBR	Senior Partner and head of Equity D/A/CH of EQT Partners
Casper von Koskull	None	Managing Director, Goldman Sachs International
Jørgen Lindegaard	AVT Business School A/S, Parken Sport & Entertainment A/S, Efsen Engineering A/S, Trifina Holding ApS, Trifina Invest ApS	Director, Trifina Holding ApS, Director, Trifina Invest ApS, Director, Vimmelskaftet 39-41, 2004 ApS, Director, JL Rungsted Holding ApS, Director, JL Rungsted Invest ApS

External directorships and external executive positions of the Executive Group Management at 30 June 2010

Executive Group Management	Board Member	Executive Position
Jeff Gravenhorst	Danish Crown	None
Jakob Stausholm	Statoil ASA	None

Other related party transactions

In the period 1 January - 30 June 2010, the Group had the following transactions with other related parties, which were all made on market terms:

- the Group received/paid interest from/to ISS Equity A/S.
- 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 72 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Italy, Ireland, Singapore, Mexico, Brazil and China. The annual revenue from these agreements is estimated at DKK 7 million.
- the Group and Goldman Sachs have entered into various agreements on provision of financing and banking related services.

continues

11. RELATED PARTIES (CONTINUED)

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 1 January - 30 June 2010. 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 1 January - 30 June 2010.

12. SUBSEQUENT EVENTS

ISS Holding A/S has decided together with its shareholders to initiate a strategic review process which includes considering an initial public offering.

ISS and its shareholders have appointed Goldman Sachs and Morgan Stanley to assist in the review. Rothschild is acting as adviser to ISS and its shareholders.

ISS does not expect to publicly disclose additional information regarding the status of the process, including the options available, their likelihood or possible timing, until the review has been completed. There can be no assurances that any particular course of action will be pursued nor of what the timing will be.

On 9 July 2010, Michel Combes took up the position as new member of the Board of Directors of ISS Holding A/S replacing Christoph Sander and on 25 August 2010, Marcus Brennecke and Casper von Koskull stepped down as members of the Board of Directors of ISS.

On 29 July 2010, ISS signed a binding sales agreement, subject to normal conditions for a transaction of this nature, for the waste management activities in France which have been classified as held for sale since 31 December 2009.

On 9 August 2010, ISS acquired a 49% ownership share of SDB Cisco in India and thereby added security services to the service offering in India. SDB Cisco generates annual revenue of approximately DKK 400 million and employs approximately 27,000 employees.

Apart from the above and the events described in the financial statements, the Group is not aware of events subsequent to 30 June 2010, 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 July 2009 – 30 June 2010 occurred on 1 July 2009.

For further information and definitions, reference is made to the appendix Capital Structure set out in the ISS Holding A/S Annual Report 2009, which can be downloaded from www.issworld.com.

Pro Forma Adjusted EBITDA

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

Pro Forma Adjusted EBITDA (amounts in DKK million)	**12-month period ended 30 June 2010**
Adjusted EBITDA	4,900
Estimated Pro Forma Adjusted EBITDA of acquired and divested businesses	20
Pro Forma Adjusted EBITDA	**4,920**

Pro Forma Net Debt

The following table sets forth ISS's Pro Forma Net Debt as of 30 June 2010 adjusted for certain non-cash accounting items to reflect the principal value of loan liabilities.

Pro Forma Net Debt as of 30 June 2010
(amounts in DKK million)

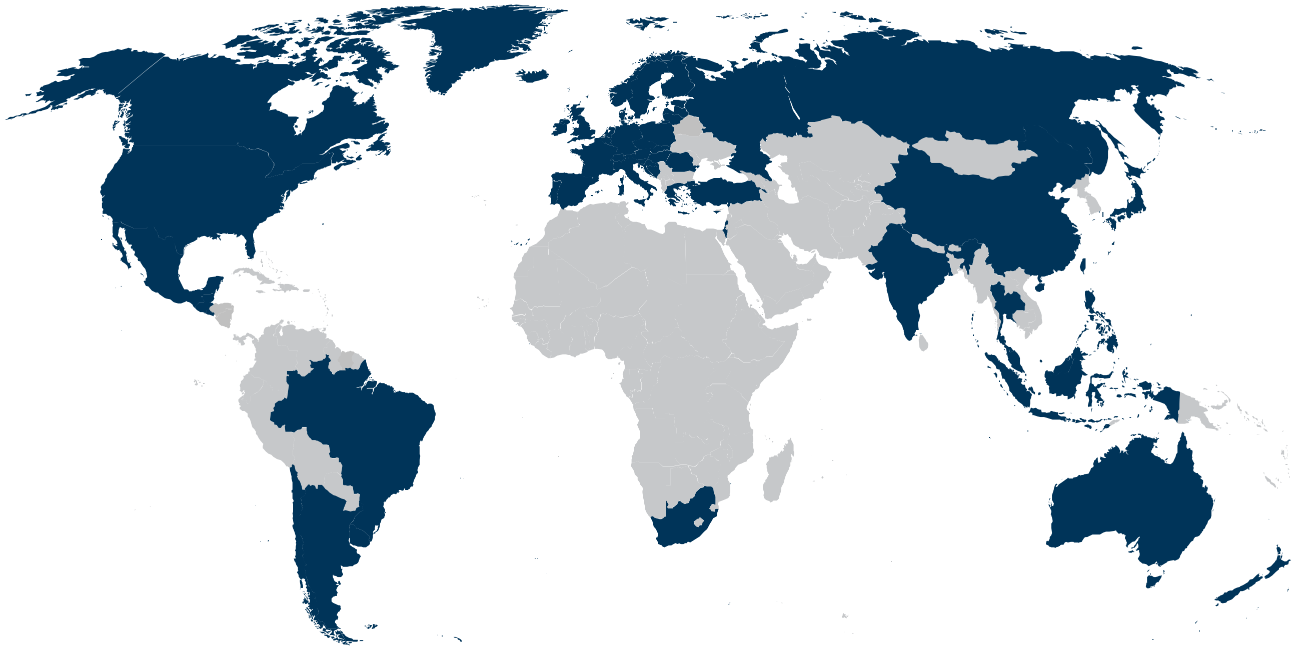
	Consolidated as Adjusted, 30 June 2010 [1)]
Short-term debt:	
Senior Facilities (including drawings under revolving credit facility):	
Term Facility A	409
Acquisition Facilities	500
Revolver	1,520
Euro Medium Term Notes, 4.75% Notes due 2010	1,490
Securitisation	2,045
Other short-term debt	752
Total short-term debt	6,716
Long-term debt:	
Senior Facilities:	
Term Facility A	511
Term Facility B	13,181
Acquisition Facilities	2,289
Euro Medium Term Notes, 4.50% Notes due 2014	822
Senior Notes	3,911
Second Lien Facility	4,469
8.875% Subordinated Notes due 2016	4,331
Other long-term debt	177
Total long-term debt	29,691
Total long and short-term debt	36,407
- Total cash and cash equivalents and securities	(3,931)
Pro Forma Net Debt	**32,476**
Changes in working capital, 1 January - 30 June 2010	(855)
Changes in working capital, 1 July 2009 - 30 June 2010	150
Seasonality Adjusted Pro Forma Net Debt	**31,771**

[1)] Adjustments of DKK 473 million were made to reflect the principal value of loan liabilities as of 30 June 2010. The adjustments primarily related to non-cash accounting items such as market price adjustment of EMTNs and unamortised financing fees.

Summary of Credit Facilities

Credit Facility	Size (DKK)	Drawdown	Coupon / margin	Repayment	Maturity
Senior Facilities:					
Term Facility A	920	SEK, NOK, CHF	+ 200bps	Amortising	30 Jun 2012
Term Facility B	13,181	EUR, GBP	+ 200bps	Two bullets, equal installments	31 Dec 2013
Acquisition Facility A	665	EUR	+ 225bps	Amortising	30 Jun 2012
Acquisition Facility B	2,123	EUR	+ 225bps	Two bullets, equal installments	31 Dec 2013
Revolving Credit Facility	2,448	Multi Currency	+ 225bps	Bullet	30 Jun 2012
EMTNs:					
EMTNs due 2010	1,490	EUR	4.75%	Bullet	18 Sep 2010
EMTNs due 2014	822	EUR	4.50%	Bullet	8 Dec 2014
Senior Notes	3,911	EUR	11.00%	Bullet	15 Jun 2014
Second Lien Facility	4,469	EUR	+ 375bps	Bullet	30 Jun 2015
Subordinated Notes	4,331	EUR	8.875%	Bullet	15 May 2016
Securitisation	2,045	EUR	3.40%	Bullet	14 Sep 2012

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, Support Services, Property Services, Catering, Security and Facility Management. The ISS Group's revenue amounted to DKK 69 billion in 2009 and ISS now has more than 520,000 employees in over 50 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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