



Annual Report 2010

Performance highlights 2010

REVENUE

74,073

DKK million

TOTAL REVENUE GROWTH

7%

ORGANIC REVENUE GROWTH

3.5%

OPERATING PROFIT BEFORE OTHER ITEMS

4,267

DKK million

GROWTH IN OPERATING PROFIT BEFORE OTHER ITEMS

10%

OPERATING MARGIN

5.8%

NET PROFIT/(LOSS)

(532)

DKK million

CASH CONVERSION

98%

NUMBER OF EMPLOYEES

522,700

COVER PAGE: A WORLD OF SERVICES IN BRAZIL

Our staff in action, serving some of our customers in Brazil a selection of our support services. With over 20,000 employees, ISS Brazil is the largest ISS organisation in Latin America. Delivering the Group's highest organic growth of 37% in 2010, ISS Brazil is one of the growth locomotives in ISS and proves the value of our strategic focus on emerging markets.

ISS at a glance

ISS is one of the world's largest providers of facility services, operating in more than 60 countries in Europe, Asia, Pacific, Latin America and North America. ISS has a diverse customer base of more than 200,000 public and private-sector customers.

ISS is among the world's largest private employers. The vast majority of its more than 520,000 employees work with front-line delivery of services.

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

SERVICE OFFERING

ISS's service offering has been developed to meet customer needs. Our core business is to manage and deliver facility services, covering a range of facility services within cleaning services, support services, property services, catering services, security services and facility management services.

Our service offering is built on a strong foundation of service excellence which means that our customers enjoy the benefits of partnering with a facility service expert – a company that truly understands customer needs with specific on-site service solutions to each customer segment and the capabilities to consistently self-deliver the services.

The services are delivered as single services, multi services or as an integrated facility service (IFS) solution with on-site management through a single point of contact with the customer.

ORGANISATION

ISS's head office is located in Copenhagen, Denmark. ISS maintains a decentralised organisational structure under which its country operations are separately organised and act with a significant amount of autonomy, assisted by a strong regional management structure providing strategic direction, managerial support and financial control combined with functional leadership from the head office. This structure ensures a coherent direction while making the organisation responsive to market conditions while fostering an entrepreneurial culture within ISS.

OWNERSHIP

FS Invest II S.à r.l (Luxembourg), a company indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners, is the owner and single shareholder of ISS A/S.

HISTORY

ISS has operated in the service industry for more than a hundred years. The ISS Group was founded as a small Danish security company in 1901 and began offering cleaning services in 1934. Selected key milestones of the Group's history are listed opposite.

VISION

ISS has a strong position in the global facility services market. To maintain this position, ISS continues to pursue its vision to

**"Lead facility services globally
– by leading facility services locally."**

ISS MILESTONES

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

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

1946 The first geographical expansion outside Denmark: Swedish subsidiary established

1968 The company adopted the ISS name

1973 Overseas expansion started

1975 Group revenue reached DKK 1 billion

1977 ISS shares listed on the Copenhagen Stock Exchange

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

1997 Strategy 'aim 2002' was launched. This strategy focused on multi services – selling a number of services to the same customer

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

2000 A new five-year strategy 'create2005' was launched, introducing the Facility Service concept

2005 A new strategy was introduced aiming at continuous transformation of ISS towards an integrated facility service company. The total number of employees in the Group reached 300,000

2005 ISS World Services A/S was acquired by funds advised by EQT Partners and Goldman Sachs Capital Partners, and de-listed from the Copenhagen Stock Exchange

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

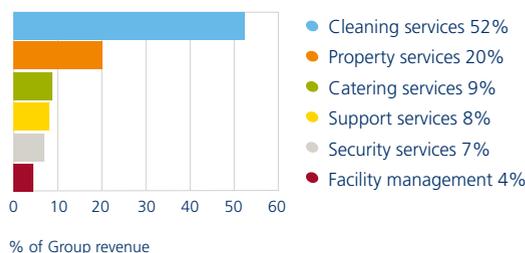
2007 Group revenue passed DKK 60 billion. Establishment of Corporate Clients organisation. ISS entered the US market through the acquisition of Sanitors Inc. The total number of employees in the Group reached 400,000

2008 Introduction of ISS's strategy plan 'The ISS Way', which is built on four strategic cornerstones: customer focus, people management, the IFS strategy and a multi-local approach. ISS's largest ever international integrated facility service contract was signed

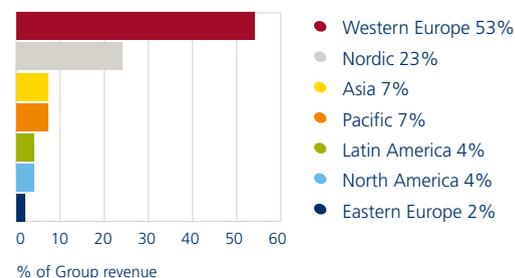
2010 Group revenue passed DKK 70 billion. The total number of employees in the Group surpassed 500,000

REVENUE 2010

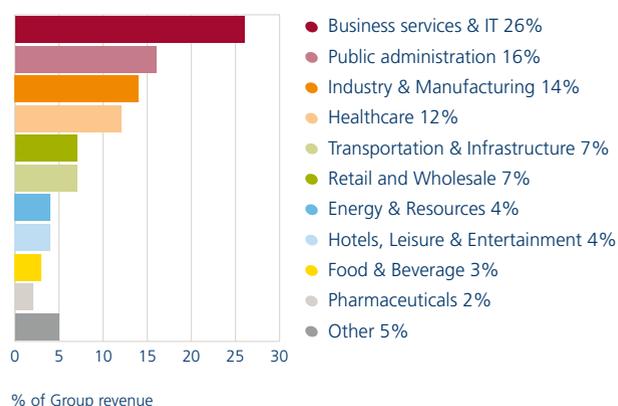
BY SERVICE



BY REGION



BY CUSTOMER SEGMENT





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ISS at World Expo 2010

ISS security employees in China protected one of Denmark's most important landmarks: the statue of The Little Mermaid while she attended Expo 2010 in Shanghai between 1 May and 31 October. The Little Mermaid statue, which normally adorns Copenhagen's shore, was guarded for six months while she sat in a pond in the middle of the Danish Expo pavilion. The Danish pavilion experienced a record of 5.6 million guests.

Letter to our stakeholders

In 2005, ISS was taken private and delisted from the Copenhagen Stock Exchange. During almost five years of private ownership, ISS has developed into a leading global facility services provider with a unique service offering including facility management and self-delivery of a range of facility services within six core service categories.

As we have developed tailored customer value propositions for specific customer segments, we can take over the tasks of running our customers' properties or facilities. We now have global service delivery capabilities across geographies, customer segments and facility services. This development is driven by customer demand and the transformation during private ownership, which has encouraged ISS to expand its geographical presence and service platform. In addition, during private ownership, ISS has organically increased the number of international customer contracts from two to eleven and simultaneously increased the share of revenue generated from integrated facility service solutions from 3% of the total revenue in 2004 to 19% in 2010.

This transformation has required an alignment of processes, principles and values in order to ensure consistency in our service offering - from a local single service offering through to a global integrated facility services solution. The ISS Way strategy is and has been a catalyst for focus and alignment through Excellence Centres and best practices in our business as well as for securing excellence in leadership through common values and principles that both contribute to increased efficiency and consistency in our delivery and promises to our customers.

ISS has demonstrated that by following the strategic direction outlined in The ISS Way strategy, we have both transformed our business platform and delivered a solid financial performance in recent years. Today, ISS is in a position where we are focusing on utilising the platform to the fullest extent and therefore consider this to be the right time to initiate an initial public offering and thereby re-introduce ISS to NASDAQ OMX Copenhagen.

The strength of our business model has been proven by our prominent contract wins in 2010, including Hewlett-Packard (HP) in the Americas, one of the world's largest banks, Citi in EMEA and the United Kingdom Foreign Commonwealth Offices in APJ.

In 2010, the impact of our customer focus was manifested when the International Association of Outsourcing Professionals (IAOP) ranked ISS number six on IAOP's list of the world's leading outsourcing providers - The Global Outsourcing 100. Our ranking among the top outsourcing providers underlines that ISS is a professional and reliable outsourcing partner of choice.

2010 has been a year of recovery in many of the markets in which ISS operates. Despite the macro-economic challenges still seen in certain markets, ISS performed very well against our key operational objectives and delivered among the best results in our industry. Total Group revenue reached DKK 74 billion, up 7% for the year, including a pick-up in organic growth from 0.6% in 2009 to 3.5% in 2010. Operating profit before other items increased by 10% to DKK 4.3 billion compared with last year and the operating margin before other items amounted to 5.8% an increase of 0.2 percentage point. ISS maintained a low level of debtor days and continued to have robust cash generation leading to a cash conversion rate of 98%.

Our well established presence and developed service platform in emerging markets contributed to ISS's increased growth and profitability in 2010 and will continue to be an important factor in future profitable organic growth for ISS. Our emerging markets, comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, now account for more than half of our global workforce and contributed 18% of the Group's revenue in 2010 and 66% of the Group's organic growth.

In 2010, our employee base exceeded 500,000, making ISS one of the world's largest private employers. At ISS, our successful performance is based on the day-to-day efforts of all our employees, who together ensure that we reach our strategic goals. We would like to express our warm gratitude to all our employees for their dedicated work.

In April, Jeff Gravenhorst took over as our new Group CEO. The Executive Group Management team now consists of Group CEO Jeff Gravenhorst and Group CFO Jakob Stausholm.

Yours faithfully

Ole Andersen
Chairman

Jeff Gravenhorst
Group Chief Executive Officer

LENA MAGNUSSON, SONY ERICSSON, SWEDEN



FRANCISCO FLORES, SONY ERICSSON, USA



SUSANNE DALLING,
SONY ERICSSON, SWEDEN



JOHANN GROSS, SONY ERICSSON, GERMANY





SONY ERICSSON – GLOBAL CONTRACT

ISS has entered a global agreement with Sony Ericsson Mobile Communication to take over the facility management of Sony Ericsson locations and handle activities such as cleaning, building maintenance, waste handling, switchboard operation, security services and catering in Sweden, the United Kingdom, Germany, the USA, Japan, Taiwan, Singapore and India as well as a large production site in China. The contract covers more than 200,000 square meters and more than 500 ISS employees will be involved in the operation. ISS has a number of other global facility services contracts but the Sony Ericsson agreement is the first spanning both the Americas, Europe and Asia Pacific.

Key figures and financial ratios

DKK million (unless otherwise stated)	2010	2009	2008	2007	2006
KEY FIGURES					
Income statement					
Revenue	74,073	69,004	68,829	63,922	55,772
Operating profit before other items ¹⁾	4,267	3,874	4,061	3,835	3,234
EBITDA	4,999	4,145	4,622	4,484	3,764
Adjusted EBITDA ²⁾	5,117	4,742	4,930	4,680	3,979
Operating profit ³⁾	4,149	3,277	3,753	3,639	3,019
Financial income	198	223	242	199	230
Financial expenses	(2,566)	(2,531)	(2,973)	(3,216)	(2,581)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	1,031	385	494	376	226
Net profit/(loss) for the year	(532)	(1,629)	(631)	(442)	(809)
Cash flow					
Cash flow from operating activities	4,036	3,732	4,334	3,713	3,195
Acquisition of intangible assets and property, plant and equipment not related to acquisitions, net	(886)	(897)	(718)	(715)	(843)
Financial position					
Total assets	55,435	54,354	53,605	55,348	52,253
Goodwill	27,747	27,434	27,259	27,593	26,178
Additions to property, plant and equipment not related to acquisitions, gross	861	954	964	938	907
Carrying amount of net debt ⁴⁾	30,619	30,886	29,639	29,086	26,159
Total equity (attributable to owners of ISS A/S)	2,626	2,190	3,498	5,459	5,917
Employees					
Number of employees at 31 December	522,700	485,800	472,800	438,100	391,400
Full-time employees, %	73	71	69	68	66
FINANCIAL RATIOS					
Growth, %					
Organic growth ⁵⁾	3.5	0.6	5.9	6.0	5.5
Acquisitions	0	3	7	10	17
Divestments	(2)	(1)	(2)	(1)	(2)
Currency adjustments ⁶⁾	5	(3)	(3)	(0)	0
Total revenue growth	7	0	8	15	20
Other financial ratios, %					
Operating margin ²⁾	5.8	5.6	5.9	6.0	5.8
Equity ratio	4.7	4.0	6.5	9.9	11.3
Interest coverage ²⁾	2.2	2.1	1.8	1.6	1.7
Cash conversion ²⁾	98	96	103	99	102
Basic earnings per share (EPS), DKK	(5.5)	(16.5)	(6.4)	(4.7)	(8.3)
Diluted earnings per share, DKK	(5.5)	(16.5)	(6.4)	(4.7)	(8.3)
Adjusted earnings per share, DKK	10.3	3.9	4.9	3.8	2.3

¹⁾ Excluding Other income and expenses, net, Acquisition and integration costs, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

²⁾ The Group uses Operating profit before other items for the calculations instead of Operating profit. Consequently, the Group excludes from the calculations Acquisition and integration costs and those items recorded under Other income and expenses, net, in which the Group includes income and expenses that it believes do not form part of the Group's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, disposals of property and restructurings. Some of these items are recurring and some are non-recurring in nature.

³⁾ Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.

⁴⁾ With effect from 31 December 2010 the fair value of interest rate swaps hedging the interest rate of loans and borrowings has been reclassified from Other liabilities to Loans and borrowings. Comparative figures have been restated accordingly.

⁵⁾ Previously, acquisitions with reported annual revenue of DKK 50 million or more as well as acquisition of businesses that established ISS presence in a new jurisdiction were excluded from the calculation of organic growth during the first 12 months of ISS ownership. This has been changed in 2010 in order to align to a single-string calculation methodology for acquisitions. The change has been implemented retroactively for the financial years 2008, 2009 and 2010. There was no significant impact on the reported figures for 2009 and 2010 while organic growth for 2008 increased from 5.3% to 5.9% under the new calculation principle.

⁶⁾ Calculated as total revenue growth less organic growth and less net acquisition/divestment growth. Currency adjustments thereby include the effect stemming from exclusion of currency effects from the calculation of organic growth and net acquisition/divestment growth.

DEFINITIONS

ACQUISITIONS, %

$$= \frac{\text{Revenue from acquired businesses}^{1)} \times 100}{\text{Revenue prior year at current year's exchange rates}}$$

¹⁾ Revenue from acquired businesses is based on management's expectations at the acquisition date.

ADJUSTED EARNINGS PER SHARE

$$= \frac{\text{Profit before goodwill impairment/amortisation and impairment of brands and customer contracts}}{\text{Average number of shares, diluted}}$$

ADJUSTED EBITDA

= Operating profit before other items + Depreciation and amortisation

BASIC EARNINGS PER SHARE (EPS)

$$= \frac{\text{Net profit/(loss) for the year attributable to owners of ISS A/S}}{\text{Average number of shares}}$$

CARRYING AMOUNT OF NET DEBT

= Non-current loans and borrowings + Current loans and borrowings - Receivables from companies within the ISS Group - Securities - Cash and cash equivalents - Positive fair value of interest rate swaps

CASH CONVERSION, %

$$= \frac{(\text{Operating profit before other items} + \text{Changes in working capital}) \times 100}{\text{Operating profit before other items}}$$

DILUTED EARNINGS PER SHARE

$$= \frac{\text{Net profit/(loss) for the year attributable to owners of ISS A/S}}{\text{Average number of shares, diluted}}$$

DIVESTMENTS, %

$$= \frac{\text{Revenue from divested businesses}^{1)} \times 100}{\text{Revenue prior year at current year's exchange rates}}$$

¹⁾ Revenue from divested businesses is based on estimates or actual revenue where available at the divestment date.

EBITDA

= Operating profit + Depreciation and amortisation

EQUITY RATIO, %

$$= \frac{\text{Total equity attributable to owners of ISS A/S} \times 100}{\text{Total assets}}$$

INTEREST-BEARING DEBT, NET

= Carrying amount of net debt - Non-interest-bearing debt, net ¹⁾

¹⁾ Sum of non-interest-bearing items included in carrying amount of net debt, e.g. fair value of interest rate swaps, unamortised gains from settlement of interest rate swaps and unamortised loan costs.

INTEREST COVERAGE

$$= \frac{\text{Operating profit before other items} + \text{Depreciation and amortisation}}{\text{Financial income and financial expenses, net}}$$

OPERATING MARGIN, %

$$= \frac{\text{Operating profit before other items} \times 100}{\text{Total revenue}}$$

ORGANIC GROWTH, %

$$= \frac{(\text{Comparable revenue}^{1)} \text{ current year} - \text{comparable revenue}^{1)} \text{ prior year}) \times 100}{\text{Comparable revenue}^{1)} \text{ prior year}}$$

¹⁾ Comparable revenue implies the exclusion of changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. In order to present comparable revenue and thereby organic growth excluding any effect from changes in foreign currency exchange rates, comparable revenue in the prior year is calculated at the subsequent year's foreign currency exchange rates. Acquisitions of businesses are treated as having been integrated into ISS upon acquisition, and ISS's calculation of organic growth includes changes in revenue of these acquired businesses compared with revenue expectations at the date of acquisition. Organic growth is not a measure of financial performance under Danish GAAP or IFRS and the organic growth figures have not been audited.

TOTAL REVENUE GROWTH, %

$$= \frac{(\text{Revenue current year} - \text{revenue prior year}) \times 100}{\text{Revenue prior year}}$$



NOELIA LUNA, IBM, ARGENTINA



LENKA HNEDA, HP, IRELAND

BUSINESS SERVICES & IT – representing 26% of Group revenue

The Business services & IT customer segment consists of customers with activities within financials, insurance, telecommunications, real estate, information and communication. ISS services retailers and corporate office buildings with widely differing regulatory environments and cultures around the world. We offer industry specific integrated solutions on a local, regional and global basis, drawing on our people management skills, best-practice capabilities and geographical footprint.

Operational review

2010 was a successful year for ISS – we strengthened our position as a leading global facility services provider through continuous increased presence in emerging markets, several major international contract wins and improved performance on all key operational objectives.

HIGHLIGHTS OF THE YEAR

In 2010, ISS has shown improvements on all key operational objectives.

Group revenue amounted to DKK 74.1 billion, an increase of 7.3% compared with 2009, driven mainly by double-digit growth rates in the emerging markets, including Latin America and Asia, which delivered growth rates of 48% and 31%, respectively. The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey now represent 18% of total Group revenue, 66% of total organic growth for the Group and more than 50% of our employees.

Organic growth for the year was 3.5% compared with 0.6% in 2009. Five out of the seven regions contributed positively to ISS's organic growth, with Asia and Latin America once again delivering double-digit organic growth rates. The organic growth in Q4 2010 amounted to 4.0%.

Operating profit before other items increased by 10% to DKK 4.3 billion in 2010 compared with 2009, and operating profit before other items as a percentage of revenue, i.e. the operating margin, increased to 5.8% from 5.6% in 2009.

Operating profit increased by 27% from DKK 3,277 million in 2009 to DKK 4,149 million in 2010. The increase was a result of a decrease in expenses recognised as other income and expenses, net following the investments in restructuring projects in 2009 as well as the increase in operating profit before other items as described above.

PERFORMANCE HIGHLIGHTS

REVENUE GROWTH – excluding acquisitions and divestments was 9% or DKK 6 billion in 2010

OPERATING MARGIN – increased by 0.2 percentage point to 5.8% in 2010

CASH CONVERSION – increased and reached 98% in 2010

NUMBER OF EMPLOYEES – surpassed 500,000, making ISS one of the world's largest private employers

The turnaround initiatives initiated in France continue to progress. However, France remains in its recovery phase from exposure to the manufacturing and public sectors. In addition, the effects from the turnaround initiatives have yet to substantially materialise. Excluding France, ISS's operating profit before other items improved by 11% compared with 2009, with an operating margin of 6.0% and organic growth of 4.6%.

Profit before goodwill impairment / amortisation and impairment of brands and customer contracts increased to DKK 1,031 million in 2010 from DKK 385 million in 2009 driven by the increase in operating profit partly offset by an increase in income taxes.

The net result for the year improved from a loss of DKK 1,629 million in 2009 to a loss of DKK 532 million in 2010, which was positively impacted by growth in revenue and improved operational performance in 2010, combined with a decrease in net expenses recognised as other income and expenses, net as well as lower non-cash expenses related to goodwill impairment and amortisation and impairment of brands and customer contracts compared with 2009.

In April 2010, the International Association of Outsourcing Professionals (IAOP) announced that ISS had been ranked number six on IAOP's list of the world's leading outsourcing providers – The Global Outsourcing 100. This is one step up from last year and underlines that ISS is a professional and reliable outsourcing partner of choice.

In line with The ISS Way strategy, ISS continued to promote a strong and uniform commercial culture by focusing on meeting its customers' needs and thereby delivering a larger share of customers' facility services requests, including demand from multinational corporations for integrated facility service solutions. Our focus has been on further developing and refining the value propositions for customers within selected customer segments, such as Business services & IT, Public administration and Healthcare.

Over the past decade, ISS has built its global capability in the delivery of a well-defined set of facility services that are equally well suited for delivery as single services and as part of an integrated offering. In order to fully leverage on its unique platform, ISS continued to drive the global implementation of best practices and standard processes during 2010.

The implementation of The ISS Way has a broad and positive impact on our business – allowing us to deliver to our customers consistent excellence in single services and integrated services across borders. Evidence of the successful execution of our strategy was reflected in the continued increase in organic growth in 2010, which positions ISS competitively in the industry. Continued successful implementation of The ISS Way will boost our key growth drivers – new sales, cross-sales and customer retention.

Implementation of The ISS Way also focuses on securing excellence in leadership through the relentless application of uniform principles and values throughout the entire organisation. Successful implementation aligns our corporate culture and contributes to achieving our high ambitions.

Our strategic focus on delivering portfolio-based services has led to continued organic growth in the portfolio business. Historically, the portfolio business' share of total revenue has been between 75% - 80% and during 2009 and 2010 there was an increasing trend in the portfolio business' share of total revenue within this range.

Across ISS regions, we saw strong demand for our integrated facility services (IFS) offering in 2010. Multi-service and IFS, where we deliver two or more services to the same customer comprised 35% of total Group revenue in 2010 compared with 33% in 2009. Multi-service and IFS revenues allow ISS to exploit synergies in the provision of services, and create stronger customer relationships.

The performance of ISS's business in 2010 demonstrates the resilience of the business as a result of the flexibility of ISS's cost base, the large size of ISS's portfolio business and rigorous financial and operational control.

ISS's continued focus on cash flow resulted in a reduction of 0.9 debtor days compared with 2009, leading to a robust cash conversion of 98%, which underlines ISS' continued robust and stable cash generation.

In order to further strengthen our focus on sales growth and leadership development, in 2010 ISS 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 continues to successfully leverage on ISS's global footprint to pursue and win multi-national contracts. ISS followed up on the EDS and Shell contract wins in 2009 by entering into a new international IFS contract with Hewlett-Packard (HP) covering the Americas, and a 3.5-year extension of the EMEA and APJ contracts for HP and EDS. Additional contract wins included the United Kingdom Foreign Commonwealth Office (FCO) in APJ and Citi in EMEA as well as Sony Ericsson in APJ, EMEA and North America. After winning the HP Americas contract, ISS now services 850 HP and EDS sites in more than 50 countries in APJ, EMEA, and the Americas, which includes delivery of cleaning services, property services, support services, catering services, project management and integrated facility management. FCO is an IFS contract comprising 28 diplomatic posts and over 700 diplomatic residential properties in 14 APJ countries. The Sony Ericsson contract covers facilities management and substantial self delivery of several facility services to 14 sites in nine countries in APJ, EMEA and North America. The Citi contract includes delivery of full facility management services, project management,

REVENUE GROWTH ¹⁾ 2010

	Revenue growth, %				
	Organic	Acq.	Div.	Currency	Total
Western Europe	1	0	(2)	2	1
Nordic	4	0	(3)	5	6
Asia	13	5	(0)	13	31
Pacific	8	1	(0)	24	33
Latin America	29	-	-	19	48
North America	(1)	-	-	5	4
Eastern Europe	(0)	0	-	3	3
Total	3.5	0	(2)	5	7
Emerging Markets	14	2	(0)	12	28

¹⁾ See page 11 for definitions.

OPERATING RESULTS

	Revenue			Operating profit before other items			Operating margin	
	DKK million			DKK million			2010	2009
	2010	2009	Change	2010	2009	Change	2010	2009
Western Europe	39,121	38,632	1 %	2,278	2,056	11 %	5.8 %	5.3 %
Nordic	17,301	16,367	6 %	1,228	1,219	1 %	7.1 %	7.4 %
Asia	5,401	4,120	31 %	407	308	32 %	7.5 %	7.5 %
Pacific	5,018	3,768	33 %	333	259	29 %	6.6 %	6.9 %
Latin America	3,070	2,077	48 %	178	131	36 %	5.8 %	6.3 %
North America	2,625	2,515	4 %	132	134	(1)%	5.0 %	5.3 %
Eastern Europe	1,602	1,561	3 %	113	106	7 %	7.1 %	6.8 %
Corporate / eliminations	(65)	(36)		(402)	(339)	19 %	(0.5)%	(0.5)%
Total	74,073	69,004	7 %	4,267	3,874	10 %	5.8 %	5.6 %
Emerging Markets	13,574	10,632	28 %	927	732	27 %	6.8 %	6.9 %

cleaning services and technical property services to almost 800 sites in 26 countries. These contract wins confirm ISS's strategic direction, as an increasing number of global customers now perceive ISS as one of the only companies that can deliver facility services in an integrated and standardised way on a global scale.

In September 2010, ISS completed the repayment of the outstanding 2010 EMTNs. The remaining EUR 200 million of the original EUR 850 million were redeemed at maturity on 20 September 2010.

By the end of the year, ISS had more than 522,000 employees worldwide. Since year-end 2009, a net increase of almost 37,000 employees joined the company as a result of organic growth and the acquisition of SDB Cisco in India, which added approximately 27,000 employees.

CONTEMPLATED INITIAL PUBLIC OFFERING ON NASDAQ OMX COPENHAGEN

ISS announced on 17 February 2011 that it contemplates launching an Initial Public Offering ('IPO') of shares and to list its shares on NASDAQ OMX Copenhagen.

The contemplated IPO is expected to support ISS's future growth and operational strategy, advance the company's public and commercial profile, and provide improved access to public capital markets along with a diversified base of new Danish and international shareholders. As part of the preparations for the contemplated IPO, the name of the parent company, ISS Holding A/S, has been changed

to ISS A/S. Simultaneously, the name of the directly owned subsidiary ISS A/S has been changed to ISS World Services A/S.

The contemplated IPO is expected to consist primarily of a sale of new shares to raise gross proceeds of approximately DKK 13.3 billion, which are proposed, together with amounts drawn under a new facilities agreement to repay all amounts under our current senior facilities and our second lien facility. A partial secondary sell-down of shares by our existing shareholder, FS Invest II S.à r.l, which is indirectly controlled by certain funds advised by EQT Partners and funds affiliated with Goldman Sachs & Co., is also expected to cover the obligations under our management and employee incentive programmes.

The new facilities agreement, which was put in place on 18 February 2011 will be able to be drawn upon subject to satisfaction of certain conditions precedent, including that the offering of the shares contemplated by the IPO has occurred or will occur contemporaneously with the new facilities agreement first utilisation. The new facility is in place with a smaller number of relationship banks and gives the flexibility to pay margins dependant on our leverage at a given time.

This Annual Report for 2010 including the financial statements has in line with previous years been prepared based on the rules applicable for Class-D companies and on rules for companies with listed debt instruments. Subject to completion of the IPO, the Annual Report for 2011 will be based on the rules applicable for companies with listed shares.

For further information regarding the proposed IPO, hereunder effects from proposed refinancing, incentive programmes and corporate governance changes, please refer to the offering circular for ISS A/S if and when this is published.

REGIONAL DEVELOPMENT

The "ISS world" consists of seven regions: Western Europe, Nordic, Asia, Pacific, Latin America, North America and Eastern Europe. The principle for the regional grouping generally follows the geographical split, however the Nordic region is presented separately from the Western European region. In addition, in order to highlight the performance of emerging markets, ISS discloses certain information for emerging markets.

The description of regions below comprises countries generating significant revenue. In addition, ISS operates in a number of countries which due to negligible revenue are not included. Those countries are: Bosnia and Herzegovina, Bulgaria, Colombia, Costa Rica, Ecuador, Latvia, Lithuania, Panama, Peru, Puerto Rico and Venezuela.

Western Europe

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

The markets included in the Western European region are generally characterised as developed markets. Most countries in the region have experienced improving but still challenging market conditions during 2010. However, the market conditions in Greece are still very difficult as a result of the economic instability in the country. The ISS operations in the region generally have well developed service platforms and delivery models. In 2010 focus has been on further developing sales processes targeting selected customer segments as well as implementing best practice operational processes and concepts in order to develop the best possible value proposition to support our chosen customer segments.

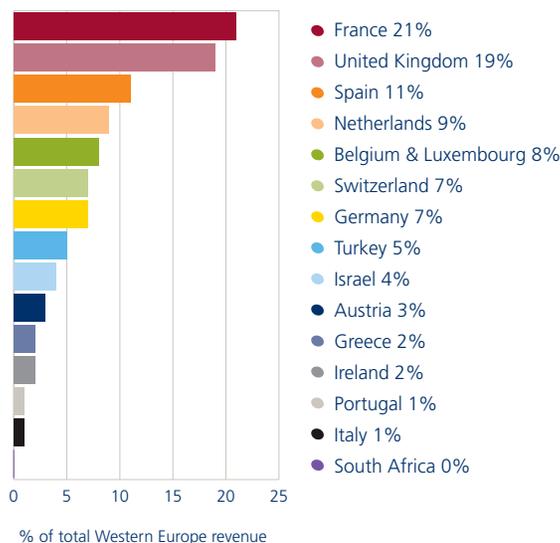
In 2010, revenue in the Western European region increased by 1% to DKK 39,121 million. Organic growth was positive by 1% and currency adjustments increased revenue for the region by approximately 2%. This was offset by 2% negative growth from acquisitions and divestments, net. Turkey, Germany, the United Kingdom, Israel, Spain, Italy, Portugal and the Netherlands all delivered positive organic growth rates resulting in a weighted organic growth rate of 3.7% for these countries. The

WESTERN EUROPE 2010

REVENUE

39.1 DKK billion

53% of Group revenue



EMPLOYEES

213.1 in thousands

41% of Group employees

organic growth was a result of improved economic conditions combined with successful sales efforts. This positive effect was partly offset by mainly France still suffering from exposure to the manufacturing and public sectors. In addition, the effect from the turnaround initiatives have yet to substantially materialise. Finally, Greece and Ireland were negatively impacted by the economic instability, leading to negative organic growth as both public and private spending was reduced.

Operating profit before other items in Western Europe increased by 11% to DKK 2,278 million in 2010. The operating margin of 5.8% was 0.5 percentage point higher compared with 2009. The increase was a result of a generally strong development in operating margin across the region despite a still challenging economic environment, with the exception of Greece, where the operating margin decreased significantly due to economic instability in the country. To a large extent, the operating margin improvements are a result of the actions taken in 2009 to increase efficiencies and improve profitability. In France, the operating margin was 4.2% which was an increase of

0.4 percentage point compared with 2009. The increase was mainly a result of a positive effect stemming from the newly introduced Contribution économique territoriale (CET), which is recognised as part of income taxes, replacing the Taxe professionnelle, which historically has been recognised as part of staff costs as well as a positive effect from the turnaround plan initiated in 2009. However, France remains in its early recovery phase from the exposure to the manufacturing sector, as well as to the public sector where reduced public spending had a negative impact especially on landscaping services, which led to an overall negative organic growth and consequential pressure on the operating margin. In addition, the operating margin in France was in 2010 negatively impacted by further organisational changes related to the turnaround initiatives started in 2009.

Nordic

The Nordic region, comprising Norway, Finland, Sweden, Denmark, Greenland and Iceland, is among the most developed. ISS is the leader within the facility services market throughout the region.

During 2010, the Nordic region has been focused on continuing the implementation of The ISS Way that started in 2009. One of the most important success criteria in the Nordic strategy is to create profitable organic growth. This will be achieved through a strong service delivery locally in each of the countries supported by the newly established Nordic sales organisation that will mainly focus on sales to larger complex customers within selected segments. During 2010, a central sales and segmentation process and structure has been implemented enabling our Nordic region to focus on the right customer segments going forward. Furthermore, a Nordic pilot project focused on single service excellence and best practices sharing within cleaning services across the Nordic region has shown an attractive potential for standardisation of concepts and methods. The implementation and roll-out will continue within cleaning services going into 2011. To further secure a continued focus on best practices sharing and business innovation across the region, it has been decided to strengthen the regional organisation within Business Development and Innovation.

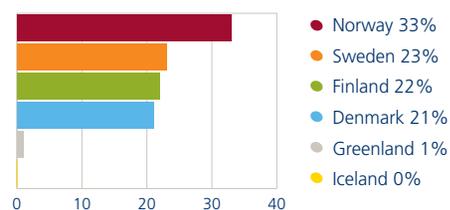
In 2010, revenue in the Nordic region increased by 6% from DKK 16,367 million in 2009 to DKK 17,301 million. Organic growth amounted to 4% and resulted from strategic initiatives focused on sales combined with a positive effect from non-recurring services such as snow removal. The impact from divestments was a revenue reduction of 3%, resulting primarily from the divestments completed in Sweden and Norway in 2009 and 2010. Currency adjustments increased revenue for the region by approximately

NORDIC 2010

REVENUE

17.3 DKK billion

23% of Group revenue



% of total Nordic revenue

EMPLOYEES

45.2 in thousands

9% of Group employees

5%, which stemmed mainly from an appreciation of NOK and SEK against DKK.

Operating profit before other items in the Nordic region amounted to DKK 1,228 million in 2010 compared with DKK 1,219 million in 2009. The operating margin in the region remained above 7.0%, in 2010 at 7.1% compared with 7.4% in 2009. The operating margin in 2010 was positively impacted by one-off income related to sale of certain assets. The drivers behind the continued high operating margin in the Nordic region are ISS's high market share and broad service offering combined with a successful effort to increase the services delivered to existing customers.

Asia

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

In 2010, the Asian region focused on building and developing the service platform but also on leveraging on several years of strong growth in the region which has secured ISS a stronger market share and service offering in the region. The strategy is to develop and deliver IFS solutions to major global companies in chosen sectors as the IFS market matures and at the same time continue to build leading local presence. In 2010, the region continued the service transformation with a decreasing share of revenue stemming from cleaning services and with an

increase in revenue share in mainly catering services, security services and property services. Especially property services and security services have been a catalyst for organic revenue growth and cross selling activities. Furthermore, the acquisition of SDB Cisco Ltd. in India added competencies within security services, mainly within manned guarding, enabling India to deliver a full IFS offering. ISS India was in 2010 the fastest organic growing country operation in the region.

Revenue in Asia increased by 31% from DKK 4,120 million in 2009 to DKK 5,401 million in 2010. The increase was driven by organic growth of 13% and acquisition-driven growth of 5% as well as a positive impact of 13% from currency adjustments. All countries in the region except for the Philippines, Singapore, Brunei and Japan delivered double-digit organic growth rates. The continued strong organic growth was driven by strong GDP development in the countries in the region. However, in most countries in the region, ISS delivered organic growth rates in excess of the GDP growth as a result of among other things new sales and cross-selling activities within property services and security services.

Operating profit before other items in Asia increased by 32% to DKK 407 million in 2010 compared with DKK 308 million in 2009. The operating margin was maintained at 7.5% in 2010, the highest margin of any ISS region, and reflects a relatively stable development in most countries in the region supported by the double-digit growth rates and a continued focus on contract efficiencies.

Pacific

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

In 2010, the focus in Australia has been on further developing and refining the IFS value proposition within the remote site resource sector and within security services to the transportation segment (mainly airports). In New Zealand the focus was mainly on initiatives aimed at increasing the operating margin.

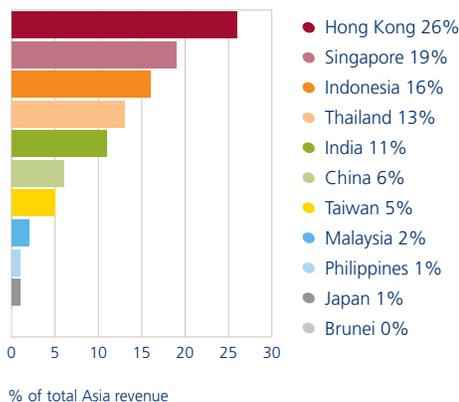
Revenue in the Pacific region increased by 33% to DKK 5,018 million in 2010. Organic growth increased revenue by 8%, which stemmed mainly from an all-time high organic growth of 8.6% in Australia due to positive effects of maintaining and increasing revenue from the existing client base combined with the positive effect from a large new contract within the Healthcare segment. Growth from acquisitions increased revenue by 1%. Currency adjustments increased revenue for the region by approximately 24%.

ASIA 2010

REVENUE

5.4 DKK billion

7% of Group revenue



EMPLOYEES

164.5 in thousands

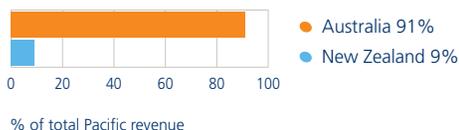
31% of Group employees

PACIFIC 2010

REVENUE

5.0 DKK billion

7% of Group revenue



EMPLOYEES

15.4 in thousands

3% of Group employees

In the Pacific region, operating profit before other items increased by 29% to DKK 333 million in 2010. The operating margin in the region amounted to 6.6% in 2010, compared with 6.9% in 2009. The decrease in operating margin related primarily to New Zealand, where the full-year effect of margin improvement initiatives implemented during 2010 will not fully materialise until 2011. The operating margin in Australia was in line with expecta-



ISS's ability to successfully win and self-deliver on facility service contracts at local, regional and now also truly global levels proves to our customers the strength of our commercial value proposition. Together, our global presence, broad service offering and unique self-delivery model give us a strong foundation for capturing growth opportunities in the facility services market.

Jeff Gravenhorst
Group CEO

tions – slightly below the level realised in 2009, mainly as a result of start-up costs concerning a large new contract within the Healthcare segment.

Latin America

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

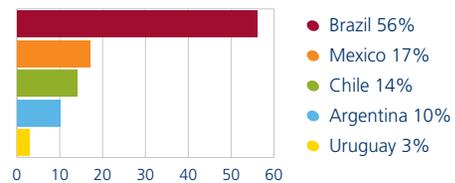
ISS has built a unique position in Latin America, currently the fastest growing region within the ISS Group. ISS has a strong geographical presence and a developed service offering which means that no other competitor is able to self-deliver a comparable number of services in the countries in which ISS is present. Focus is on exploiting our first mover advantage and selectively expand the geographical platform as markets mature. In addition, Latin America will continue to establish and develop IFS and facility management capabilities in all operating and non-operating countries in order to leverage IFS offerings and thereby position ISS as the top IFS provider in the region. In 2010, the strategic direction combined with a very systematic and customer focused sales approach in line with The ISS Way strategy were the drivers behind an impressive organic growth in the region.

LATIN AMERICA 2010

REVENUE

3.1 DKK billion

4% of Group revenue



% of total Latin America revenue

EMPLOYEES

50.3 in thousands

9% of Group employees

Revenue in Latin America increased by 48% from DKK 2,077 million in 2009 to DKK 3,070 million in 2010. Organic growth amounted to 29%, which was driven mainly by organic growth of 37% in Brazil and double-digit organic growth rates in the remaining countries in the region. The strong organic growth in Brazil was driven by several contract wins within mainly the telecommunications sector and with shopping malls. Currency adjustments increased revenue for the region by approximately 19%.

In Latin America, operating profit before other items increased by 36% to DKK 178 million in 2010. The operating margin was 5.8% in 2010, 0.5 percentage point lower than in 2009. Brazil, Mexico and Uruguay increased their margin compared with 2009 as a result of strong organic growth combined with the continued focus on contract efficiencies, which was more than offset by margin decreases in Chile and Argentina. In Chile, the margin was impacted partly by the effects of the earthquake earlier in 2010.

North America

The North American region comprises the USA, which ISS entered in 2007, and Canada, which ISS entered through a greenfield establishment in 2009 via our US operations.

ISS has established good geographical coverage in several of the economical growth areas in the USA and continues to focus on enhancing its geographical footprint in selected targeted metropolitan areas. In 2010, the region continued the development of more customer focused and segmented value propositions, targeting specific customer

segments. Furthermore, IFS sales represent a significant opportunity for ISS, and a dedicated team is now in place to capitalise on the market opportunities. The presence in North America also represents a strong platform to support additional bids on global contracts which has most recently resulted the win of a 5 year global contract with HP for integrated facility services, where the US operations will service 261 sites across the USA and Canada.

Revenue in the North American region increased by 4% to DKK 2,625 million in 2010. Organic growth was negative by 1% while currency adjustments increased revenue for the region by 5%. The slightly negative organic growth is a result of difficult market conditions that is still influenced by the uncertainty in the North American economy and consequential low level of new sales.

Operating profit before other items in North America amounted to DKK 132 million in 2010 compared with DKK 134 million in 2009. The operating margin in 2010 was 5.0% compared with 5.3% in 2009. 2010 was a transformational year where investments in building up competencies led to the HP Americas contract win. This together with the slightly negative organic revenue growth and start-up costs for large contracts won in 2010 led to the small margin decrease.

Eastern Europe

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

ISS has established a wide geographical reach and a strong service platform in Eastern Europe which means that no other competitor is able to self-deliver a comparable number of services in the countries in which ISS is present.

After a harsh macro economic climate during 2009 some of the countries in Eastern Europe started to see a recovery during 2010 whereas other countries in the region were still impacted by the economic slowdown. Even though the outsourcing rates are increasing all over Eastern Europe, it is still a developing region in terms of maturity in the facility services market. We experience a growing demand for multi services and integrated service solutions coming from international and multinational clients. During 2010, the main focus has been on driving alignment of processes and implementation of best practices within sales, contract and risk management, single service excellence, HR minimum standards and procurement.

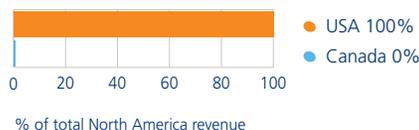
Revenue in Eastern Europe increased by 3% from DKK 1,561 million in 2009 to DKK 1,602 million in 2010. This

NORTH AMERICA 2010

REVENUE

2.6 DKK billion

4% of Group revenue



EMPLOYEES

14.9 in thousands

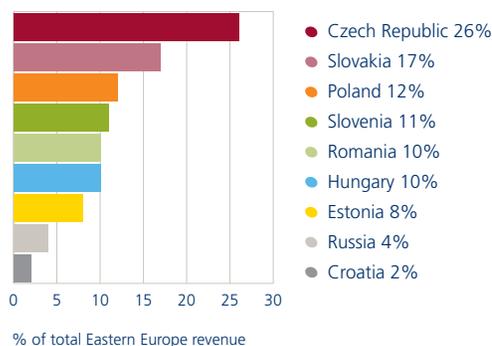
3% of Group employees

EASTERN EUROPE 2010

REVENUE

1.6 DKK billion

2% of Group revenue



EMPLOYEES

19.2 in thousands

4% of Group employees

increase was driven by currency adjustments of 3%. Organic growth was 0% and was impacted by a general request for price reductions from customers resulting from the still challenging economic climate. Double-digit growth rates were seen in Russia, Romania and Slovenia and were driven by a strong development within IFS services in Russia and Romania and a strong development in catering in Slovenia. The strong development in these countries was offset by the development in Czech Republic and Slovakia, where revenue decreased mainly as a result of lower demand within property services.

Operating profit before other items in Eastern Europe increased by 7% to DKK 113 million in 2010. Despite requests for price reductions from customers, the operating margin increased by 0.3 percentage point to 7.1% in 2010. This was due mainly to operating margin improvements in Slovakia, Slovenia, Hungary and Poland, and was a result of cost savings and increased contract efficiencies following roll-out and implementation of best practices.

BUSINESS DEVELOPMENT IN 2010

During 2010, in line with The ISS Way strategy, ISS continued to enhance its response to customer needs by focusing on further developing and refining the value proposition to customers within selected customer segments.

ISS also focused on securing service excellence by driving the global implementation of best practices and standard processes in 2010. Investments have been made in excellence centres both globally and locally and the excellence centres, which ensure a continuous improvement in efficiencies, have now been established for several service types. The development of best practices within the excellence centres is not only focused on the services ISS delivers but also the way in which the service is delivered and on specific service offerings for specific customer segments.

ISS measures and monitors the overall business development based on the following three measures:

- Revenue by customer segment
- Revenue by service delivery type
- Revenue by service type

The development within these three categories is described in the following.

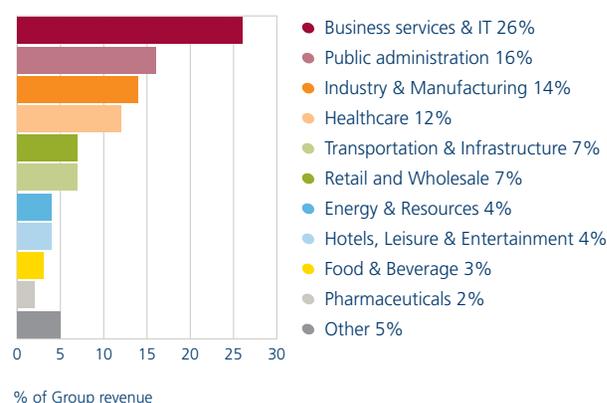
Revenue by customer segment

In line with an increased focus on developing market-leading value propositions across a number of selected customer segments, ISS has as of 2010 split its revenue by a set of defined customer segments.

The segmentation of revenue by customer segment follows 10 customer segments identified by ISS based on the section classification level of the International Standard Industrial Classification.

Our service offerings are increasingly tailored to specific customer segments in order to address these customers' explicit needs resulting in additional value added.

REVENUE BY CUSTOMER SEGMENT 2010



ISS focuses on promoting a strong and uniform commercial culture through deployment of a commercial strategy methodology and to leverage its platform towards selected customer segments.

The Business services & IT, Public administration and Healthcare segments are among our most important and largest customer segments, and we focus on developing services solutions for these segments. Simultaneously, we focus on service delivery to the public sector, which includes both the Public administration segment as well as part of the revenue included in Healthcare, Transportation & Infrastructure and Energy & Resources.

Revenue by service delivery type

Fundamentally, ISS's delivery model includes three different ways of delivering services to customers. Service solutions are offered either as single services, multi services or integrated facility services. In 2010, ISS continued to develop and strengthen the single service excellence concepts and integrated facility services capabilities.

In 2010, single services, including key accounts, multi services and integrated facility services generated 64.8%, 16.5% and 18.7% of our revenue, respectively, compared with 67.0%, 15.3% and 17.7% in 2009. The development illustrates that the share of revenue origin from delivering two or more services or integrated service solutions increased by 2.2 percentage points in 2010 with a similar reduction in the share of revenue stemming from delivering of single services. This development is a continuation of the trend in recent years and fully in line with the strategic aim of becoming the leading global provider of integrated facility services.

Revenue by service type

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

In 2010, cleaning services remained ISS's largest business area with revenue of DKK 38.4 billion, representing 52% of total Group revenue, unchanged compared with 2009. In line with the strategy to broaden the service platform, cleaning services relative share of total Group revenue has in recent years continuously been diluted, while the revenue share from support services, catering services and security services in particular has continued to increase. In 2010, cleaning services share of revenue was unchanged compared with 2009 as a result of a recovery in recurring portfolio-based services within cleaning services, which in 2009 were impacted by reductions in volume on contracts, price pressure and low incremental spendings by customers. In addition, the change in focus from building the service platform through acquisitions within other services than cleaning to utilising the existing service platform combined with a number of divestments within other service types has maintained cleaning services share of revenue at 52% in 2010.

Property services ISS's property services offering encompasses building maintenance, technical maintenance, landscaping, pest control and damage control.

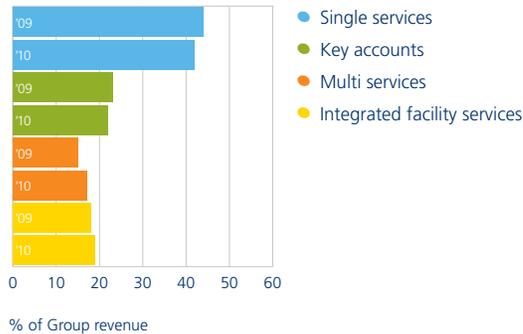
In 2010, revenue from property services amounted to DKK 14.6 billion, representing 20% of total Group revenue compared with 21% in 2009. In 2010, property services which encompasses non-portfolio-based services was still negatively impacted by the downturn in the construction-based industries e.g. building and grounds construction leading to few building installation projects and landscaping projects. Furthermore, revenue within Property services was negatively impacted by a number of divestments completed in 2010, most significantly the waste management business in France, the non-core building maintenance business in Spain and the non-core property services business in Norway.

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

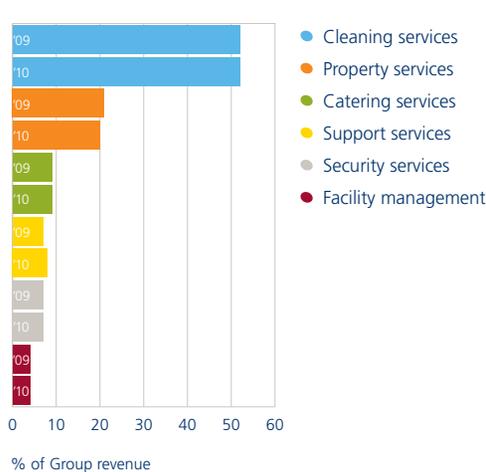
In 2010, support services accounted for approximately 8% of total Group revenue, up almost 1 percentage point compared with 2009. In absolute figures, revenue in

DEVELOPMENT IN REVENUE

BY DELIVERY



BY SERVICE



support services increased from DKK 5.0 billion in 2009 to DKK 5.6 billion in 2010. In 2010, support services was positively impacted by higher demand for outplacement services and cross selling of services to mainly cleaning customers offset by lower demand for manpower supply services.

Catering services ISS's catering services offering includes in-house restaurants, hospital canteens, catering services to remote sites, corporate catering and office catering services such as coffee solutions.

In 2010, revenue from catering services amounted to DKK 7.1 billion equal to 10% of total Group revenue, up almost 1 percentage point compared with last year. In 2010, catering services continued to be positively impacted by cross selling to existing customers combined with a gradual recovery in revenue from non-portfolio-based services within catering services e.g. event catering.

Security services ISS's security services offering includes manned guarding, access control and patrolling of customer facilities and the installation of alarm and access systems.

Revenue increased by DKK 0.6 billion to DKK 5.2 billion, equivalent to 7% of total Group revenue in 2010, unchanged compared with 2009. ISS's service offering within security services was strengthened further in 2010 through the acquisition of SDB Cisco Ltd. in India which added approximately DKK 400 million in annual revenue. The increase in revenue from security services was also positively impacted by strong organic growth in Asia which was partly offset by the divestment of the security business in France.

Facility management services ISS's facility management offering includes on-site management of facility services, change management, space management and consulting. In 2010, revenue from facility management services increased by DKK 0.6 billion to DKK 3.2 billion, equivalent to 4% of total Group revenue, the same relative share as the year before. The increase was positively impacted by start-up of remote site mining contracts in Australia.

ACQUISITIONS AND DIVESTMENTS

Following several years with a high number of acquisitions in order to build the business platform globally, since mid-2008 ISS has tightened its strategic and financial filter, leading to a more disciplined acquisition policy and to a focus on exploiting the platform to generate organic growth and improved operational performance. In 2010, one acquisition was completed.

In August, ISS acquired a 49% ownership share of SDB Cisco Ltd. in India, a well-recognised security services provider in India, with approximately 80% of revenue stemming from manned guarding. Through the acquisition, ISS in India added security services to its service platform, and can now provide the full house of services. The acquisition added approximately DKK 400 million in annual revenue and 27,000 employees.

The strategic rationale behind selected acquisitions was reviewed in the light of the ISS Way strategy, 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 additional nine divestments were completed in 2010. The divestments in 2010 comprise the non-core waste management activities and security activities in France, non-core building maintenance activities in Spain, non-core property service activities in Norway, contact

centres in Denmark and the washroom activities in Denmark, Norway and Sweden.

The divestments completed in 2010, of which the majority of the activities were classified as held for sale at 31 December 2009, resulted in a positive effect of DKK 46 million in other income and expenses, net and an impairment loss on goodwill of DKK 9 million.

Towards the end of 2010, sales processes have been initiated for additionally two non-core activities in Western Europe, which have been classified as held for sale at 31 December 2010.

We expect to continue a disciplined acquisition policy in the future and expect that such acquisition activities will primarily take place in emerging markets, either by expanding our presence in existing markets through bolt-on acquisitions or by establishing a service platform in new markets. Future acquisitions might also include selective competence enhancing acquisitions in developed markets. We expect that the average annual amount to be spent on acquisitions in the short term will be approximately half a billion Danish kroner (although the actual amount in any given year will depend on the timing of transactions).

FINANCING

ISS has committed long-term financing in place following the repayment of the remaining 2010 EMTNs in September 2010.

The outstanding EUR 350 million of the 2010 EMTNs was successfully repaid by proceeds raised from the receivables backed securitisation of trade receivables, which was launched in 2009 in five countries and increased by five additional countries during 2010. EUR 150 million were tendered in January and the remaining EUR 200 million were redeemed at maturity in September 2010. The tender in January resulted in an accounting loss of DKK 32 million as the bonds were bought back at a price slightly higher than their nominal value and additionally due to the fair value adjustment made in connection with the acquisition of the former ISS A/S in 2005.

In March 2010, ISS took advantage of the strong capital market environment and successfully raised EUR 127.5 million through a tap issue of the existing 8.875% 2016 Senior Subordinated Notes (increasing this to a total of EUR 581.5 million). The proceeds of this tap issue were intended for general corporate purposes, including potential acquisitions, liquidity and back-up for the refinancing of the 2010 EMTNs.

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.

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.

SUBSEQUENT EVENTS

On 17 February 2011, the Group announced that it contemplates launching an Initial Public Offering (IPO) of shares and to list its shares on NASDAQ OMX Copenhagen.

The contemplated IPO is expected to consist primarily of a sale of new shares to raise gross proceeds of approximately DKK 13.3 billion, which are proposed, together with amounts drawn under a new facilities agreement to repay all amounts under our current senior secured facilities and second lien facility. A partial secondary sell-down of shares by our existing shareholder, FS Invest II S.à r.l., which is indirectly controlled by certain funds advised by EQT Partners and funds affiliated with Goldman Sachs & Co., is expected to cover the obligations under our management and employee incentive programmes.

The new facilities agreement, which was put in place on 18 February 2011, will be able to be drawn upon subject to satisfaction of certain conditions precedent, including that the offering of the shares contemplated by the IPO has occurred or will occur contemporaneously with the new facilities agreement first utilisation. The new facility is in place with a smaller number of relationship banks and gives the flexibility to pay margins dependant on our leverage at a given time.

Apart from the above and the events described in this annual report, the Group is not aware of events subsequent to 31 December 2010, which are expected to have a material impact on the Group's financial position.

WILMA HANSEN, THE ROYAL LIBRARY, DENMARK



AULI NVANNAH,
HELSINKI THEATRE ACADEMY,
FINLAND



INES KAISER, DEUTSCHE BUNDESPOLIZEI, GERMANY



PUBLIC ADMINISTRATION – representing 16% of Group revenue

The Public administration customer segment includes governments, municipalities, educational institutions and defence. At ISS we tailor our solution to meet individual needs and as a result we enable our customers within Public administration to deliver essential services and effectively manage the increasing constraints on government expenditure.

ZURICH INTERNATIONAL AIRPORT, SWITZERLAND



HO KA YIU, HONG KONG AIRPORT, HONG KONG



Terminal 2, 3, 4
Terminal 2, 3, 4
Snabbtåg till Stockholm
Express train to Stockholm City
Arlanda C Tåg
Arlanda C Trains



SATPRIT KAUR, ARLANDA AIRPORT, SWEDEN

BENNY LUNDORFF AND LEIF NIELSEN, THE GREAT BELT BRIDGE, DENMARK



TRANSPORTATION & INFRASTRUCTURE – representing 7% of Group revenue

This customer segment includes customers who provide transportation by airplanes, trains, trucks, buses or subway systems. ISS services private and public customers who carry passengers or provide freight transport. The customers within Infrastructure handle maintenance, construction and repair of roads, railroads, harbours and airfields. The timely and safe movement of goods and people is critical for our customers, and we assist in their continuous process of delivering faster, further, with less cost and with a sustainable profile.

Outlook

The outlook set out below should be read in conjunction with "Forward-looking statements" (see below) and the description of risk management on pages 54-55.

In 2011, ISS will maintain its focus on key operational objectives; (i) organic growth, (ii) operating margin and (iii) cash conversion.

The increased economic stability seen in 2010 in several of the markets in which ISS operates is expected to continue. In addition, the economic uncertainty experienced in certain countries in Western Europe is expected to continue to impact the countries in which ISS operates in this region. The general increase in demand for our services seen in 2010 is expected to continue in 2011. In addition, the three major Corporate Clients contract wins in the second half of 2010 will positively affect revenue growth in 2011. Consequently, ISS expects revenue growth in 2011 to be approximately 4% assuming constant foreign exchange rates and before the impact of any acquisition or divestment in 2011. This expected revenue growth is negatively impacted by approximately 1%-point related to the net effect of the acquisition and the divestments completed in 2010.

ISS increased its profitability in 2010 and delivered an operating margin of 5.8% compared with 5.6% in 2009. Through the increase in revenue combined with a general margin improvement, ISS expects its operating margin for 2011 to be slightly above the level realised in 2010.

ISS will continue to prioritise cash flow and we will focus on managing the absolute level of debt supported by a continued low level of acquisition spending and continued robust cash conversion, which in 2011 is expected to be at the level realised in 2010.

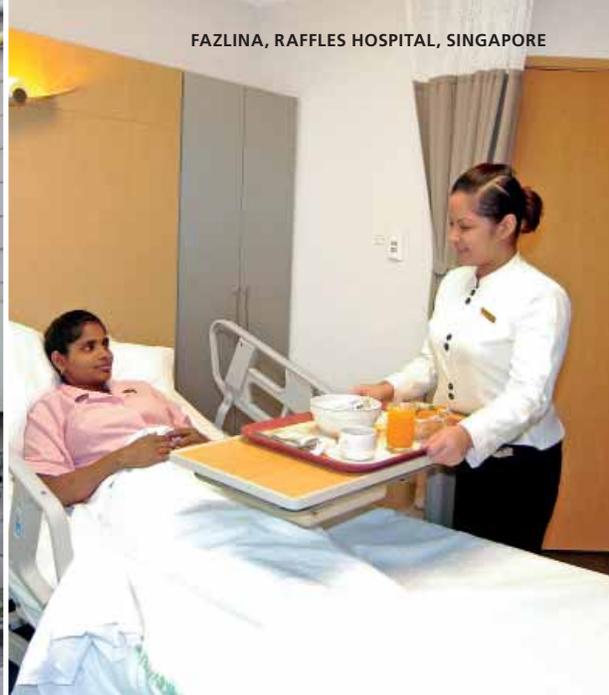
FORWARD-LOOKING STATEMENTS

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

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



MOBILE DECONTAMINATION UNIT, UK



FAZLINA, RAFFLES HOSPITAL, SINGAPORE



LAI TSZ FUNG AND MAO LIU MIN, ALICE HO MIU LING NETHERSOLE HOSPITAL, HONG KONG



PAUL BOZVARD, WORCESTERSHIRE HOSPITAL, UK

HEALTHCARE – representing 12% of Group revenue

Within the Healthcare customer segment we have a market leading position in UK and Singapore. The Healthcare segment includes customers with activities starting from healthcare provided by trained medical professionals in hospitals to residential care activities. ISS services both general hospitals e.g. community and regional hospitals, and specialised hospitals e.g. mental health and maternity hospitals. The services range from reception services, patient feeding, catering to staff and visitors, bio-cleaning of patient and operating rooms to maintenance. The purpose is to provide a comfortable daily life for our customers' patients, their families and staff while enhancing our customers' competitiveness through letting them focus on their core competence.

Financial review

Success in execution of the ISS Way strategy as well of signs of recovery of the global economy meant that ISS was able to show improvements on all key operational objectives in 2010.

INCOME STATEMENT

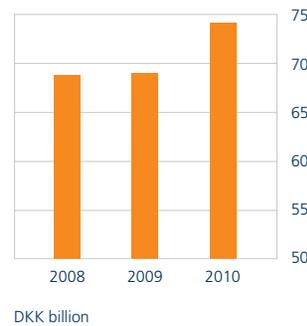
Revenue amounted to DKK 74,073 million representing year-on-year revenue growth of 9%, excluding the impact of acquisitions and divestments. Revenue growth was driven by organic growth of 3.5% with positive organic growth rates delivered by five of seven regions and with Latin America and Asia once again delivering double-digit organic growth rates. Revenue was positively impacted by exchange rate movements of 5%, mainly stemming from an appreciation of AUD, NOK and SEK against DKK. Revenue growth was impacted by 2% negative growth from acquisitions and divestments, net.

Staff costs increased by DKK 3,209 million, or 7%, from DKK 44,781 million in 2009 to DKK 47,990 million in 2010. This increase was due primarily to currency exchange-rate movements and an increase in the overall number of employees as a result of organic growth and the acquisition of SDB Cisco Ltd. in India partly offset by the effect from completed divestments. Staff costs as a percentage of revenue decreased slightly from 64.9% in 2009 to 64.8% in 2010.

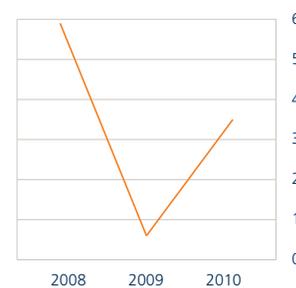
Consumables increased by DKK 315 million, or 5%, from DKK 6,044 million in 2009 to DKK 6,359 million in 2010. Consumables which comprise items such as chemicals, food costs and uniforms amounted to 8.6% as a percentage of revenue in 2010, a slight decrease compared with 8.8% in 2009.

Other operating expenses increased by DKK 1,170 million, or 9%, from DKK 13,437 million in 2009 to DKK 14,607 million in 2010 and other operating expenses as a percentage of revenue totalled 19.7%, up slightly compared with 19.5% in 2009. The increase was a result of an increase in costs related to subcontractors which as a percentage of revenue increased from 7.1% in 2009

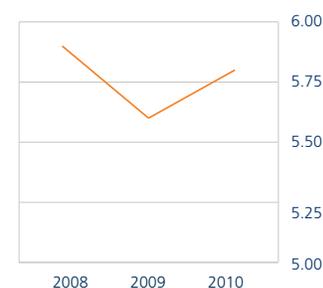
REVENUE



ORGANIC GROWTH, %



OPERATING MARGIN, %



CASH CONVERSION, %



to 8.0% in 2010, mainly as a result of the increase in number of global contracts, where ISS in certain countries, where there is no ISS operation, relies on the use of subcontractors.

Operating profit before other items amounted to DKK 4,267 million in 2010, an increase of 10% from DKK 3,874 million in 2009. The increase was a result of improved operational performance and an increase in revenue as a result of organic growth and positive exchange rate movements. The operating margin increased to 5.8% compared with 5.6% in 2009. This was due mainly to an increase in operating margin in Western Europe and was to a large extent a result of the actions taken in 2009 to increase efficiencies and improve profitability combined with positive organic growth. Corporate overhead costs were 0.5% of revenue in 2010, unchanged from 2009.

Other income and expenses, net, represented a net expense of DKK 112 million in 2010 compared with a net expense of DKK 551 million in 2009. Expenses of DKK 113 million related to prior year adjustments in Norway, DKK 16 million related to redundancy and severance payments related to senior management changes and DKK 17 million comprised costs related to the initiated IPO process. Partly offsetting these expenses was a net gain of DKK 46 million related to divestments, mainly stemming from a gain from the divestment of the washroom activities in Denmark, Norway and Sweden partly offset by a loss from divestment of mainly the waste management activities and the security activities in France, both of which were classified as held for sale at 31 December 2009.

In 2009, other income and expenses, net, represented a net expense of DKK 551 million mainly related to restructuring projects of DKK 426 million in France, Germany, Spain, Australia, Belgium, Denmark, Finland and the United Kingdom as well as impairment losses related to activities classified as held for sale of DKK 159 million partly offset by a net gain from divestments of DKK 83 million primarily related to the sale of the non-core laundry activities in Sweden and Norway.

Financial income and expenses, net represented an increase in net expenses of by DKK 60 million, or 3%, to DKK 2,368 million in 2010 from DKK 2,308 million in 2009. The reason for the increase was mainly an increase in interest expenses, net of DKK 121 million and an increase in amortisation of financing fees of DKK 66 million partly offset by mainly a decrease in expenses related to changes in fair value of hedges of DKK 66 million and a decrease in amortisation of fair value adjustment of issued bonds of DKK 59 million.

In 2010, financial income and expenses, net mainly comprised DKK 1,964 million of net interest expenses, DKK 259 million in expenses related to changes in fair value of hedges, DKK 123 million in amortisation of financing fees, DKK 48 million in net gains on foreign exchange, DKK 40 million related to amortisation of fair value adjustment of issued bonds and a loss of DKK 32 million related to repayment of the 2010 EMTNs acquired at nominal value with a carrying amount lower than nominal value due to the market value adjustment made in connection with the acquisition of the former ISS A/S.

Of the total financial income and expenses, net in 2010 and 2009, expenses of DKK 72 million and DKK 255 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the former ISS A/S. See Purchase price allocation in May 2005 on page 31.

Income taxes increased from DKK 588 million in 2009 to DKK 760 million in 2010. The effective tax rate was 42.4% in 2010 compared with 60.4% in 2009, calculated as the consolidated tax expense of DKK 760 million divided by the Profit before tax and goodwill impairment / amortisation and impairment of brands and customer contracts of DKK 1,791 million. The tax expense in 2010 was adversely impacted by the rules on limitation on the deductibility of financial expenses in Denmark of approximately DKK 615 million compared with DKK 559 million in 2009. The effective tax rate amounts to 33.8% when adjusted for the impact of the limitation on deductibility of financial expenses. The net effect on the interest limitation in 2010 amounted to DKK 154 million compared with DKK 137 million in 2009. In addition, the tax expense in 2010 was adversely impacted by the newly introduced *Contribution économique territoriale* (CET) in France replacing the *Taxe professionnelle* which historically has been recognised as part of staff costs as well as write down of tax assets in certain countries in Western Europe following divestments and classification of activities as held for sale. These negative effects have been partly offset by Danish credit possibilities for paid withholding taxes that are non-proportional to the profit before tax.

Of the total income taxes in 2010 and 2009, income of DKK 18 million and DKK 64 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the former ISS A/S. See Purchase price allocation in May 2005 on page 31.

Goodwill impairment amounted to DKK 938 million of which DKK 929 million derived from impairment tests and DKK 9 million derived from divestment of businesses.

PURCHASE PRICE ALLOCATION IN MAY 2005

In connection with the acquisition of ISS World Services A/S (former ISS A/S) in May 2005, a purchase price of approximately DKK 22 billion was paid for the shares. When preparing consolidated financial statements for the acquiring company, ISS A/S (former ISS Holding A/S) the purchase price paid was allocated to all identifiable assets, liabilities and contingent liabilities which were restated at their fair value in accordance with applicable international financial reporting standards. The residual amount was allocated to goodwill.

As the carrying amount of the net assets of the acquired company was approximately DKK 9 billion at the time of the acquisition, the reassessment of assets, liabilities and contingent liabilities to fair value resulted in an increase in carrying amount of mainly intangible assets. The table presents such fair value adjustments following the acquisition and such fair value adjustments remaining at 31 December 2010.

Apart from a material increase in intangible assets such as brands, customer contracts and goodwill there was an increase in deferred tax liabilities primarily as a result of the increase in the value of customer contracts and brands. The fair value of non-current loans and borrowings was lower than the carrying amount as a consequence of a decrease in market value of the Medium Term Notes in relation to the acquisition of ISS World Services A/S.

DKK million	Fair value adjustments following acquisition	Fair value adjustments remaining at 31 Dec. 2010
Goodwill	6,443	4,452
Brands	1,657	1,608
Customer contracts	6,665	3,041
Other non-current and current assets	(156)	197
Pensions	(30)	-
Deferred tax liabilities	(2,960)	(1,292)
Non-current loans and borrowings	1,811	86
Non-controlling interests and other non-current and current liabilities	(299)	(1)
Total identifiable net assets including goodwill	13,131	8,091

The higher carrying amounts arising from the purchase price allocation in 2005, particularly in the case of goodwill and customer contracts, result in higher non-cash charges in our income statement through amortisation and impairment of customer contracts and potential goodwill impairment. The following table shows the income statement effects of the purchase price allocation in 2005 for the years ended 31 December 2010 and 2009.

DKK million	2010			2009		
	Actual	Fair value adj.	Actual excl. adj.	Actual	Fair value adj.	Actual excl. adj.
Operating profit before other items	4,267	-	4,267	3,874	-	3,874
Other income and expenses, net	(112)	-	(112)	(551)	-	(551)
Acquisition and integration costs	(6)	-	(6)	(46)	-	(46)
Operating profit	4,149	-	4,149	3,277	-	3,277
Share of result from associates	10	-	10	4	-	4
Financial income and financial expenses, net	(2,368)	(72)	(2,296)	(2,308)	(255)	(2,053)
Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts	1,791	(72)	1,863	973	(255)	1,228
Income taxes	(760)	18	(778)	(588)	64	(652)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	1,031	(54)	1,085	385	(191)	576
Goodwill impairment	(938)	(679)	(259)	(1,246)	(525)	(721)
Amortisation and impairment of brands and customer contracts	(869)	(434)	(435)	(1,129)	(575)	(554)
Income tax effect	244	128	116	361	182	179
Net profit/(loss) for the year	(532)	(1,039)	507	(1,629)	(1,109)	(520)

Impairment losses derived from impairment tests of DKK 929 million related to ISS France of DKK 335 million, ISS Greece of DKK 329 million, ISS Spain of DKK 150 million and ISS Ireland of DKK 115 million. The loss in France was mainly a result of a slight extension of the turnaround plan compared with prior expectations. The loss in Greece was mainly a result of an increase in the discount rate applied following an increase in the interest rate as well as challenging market conditions. In Spain and Ireland the losses were mainly a result of an increase in the interest rate. Impairment losses of DKK 9 million derived from divestment of businesses related to the divestment of the non-strategic call centre activities in Denmark and the property services activities in Ireland.

In 2009, goodwill impairment amounted to DKK 1,246 million, of which DKK 550 million derived from impairment tests and DKK 696 million derived from divestment of businesses, including classification of activities as held for sale. Impairment losses derived from impairment tests comprised losses of DKK 450 million and DKK 100 million in France and Germany, respectively, whereas impairment losses of DKK 696 million derived from divestments mainly comprised losses related to the waste management activities in France classified as held for sale on 31 December 2009 as well as certain other activities sold during 2009 or classified as held for sale on 31 December 2009.

Of the total goodwill impairment in 2010 and 2009, expenses of DKK 679 million and DKK 525 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the former ISS A/S. See Purchase price allocation in May 2005 on page 31.

A detailed specification is included in note 11 to the consolidated financial statements.

Amortisation and impairment of brands and customer contracts amounted to DKK 869 million in 2010, down from DKK 1,129 million in 2009. The decrease of DKK 260 million compared with 2009 was mainly a result of an impairment loss on customer contracts of DKK 210 million in 2009 related mainly to classification of the waste management business in France as held for sale on 31 December 2009 as well as a general decrease in the amortisation of customer contracts due to the use of the declining balance method.

Of the total amortisation and impairment of brands and customer contracts in 2010 and 2009, expenses of DKK 434 million and DKK 575 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the for-



I am delighted to see that ISS improved all its key operational priorities in 2010. In a still challenging market, we grew revenue by 7.3% with the positive impact of 3.5% organic growth while managing to increase our operating margin by 0.2 percentage point to 5.8% and increasing cash conversion to 98%.

Jakob Stausholm
Group CFO

mer ISS A/S. See Purchase price allocation in May 2005 on page 31.

Tax effect of goodwill impairment and amortisation and impairment of brands and customer contracts, which is presented separately in the income statement to show the effective tax percentage before impairment and amortisation of intangibles, was DKK 244 million in 2010 compared with DKK 361 million in 2009. The decrease was due to the decrease in amortisation and impairment of brands and customer contracts.

Of the total tax effect of amortisation and impairment of brands and customer contracts in 2010 and 2009, income of DKK 128 million and DKK 182 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the former ISS A/S. See Purchase price allocation in May 2005 on page 31.

Net loss improved from a loss of DKK 1,629 million in 2009 to a loss of DKK 532 million in 2010, and was positively impacted by growth in revenue and improved operational performance in 2010, combined with a decrease in net expenses recognised as other income and expenses, net as well as lower non-cash expenses related

to goodwill impairment and amortisation and impairment of brands and customer contracts compared with 2009. A loss of DKK 552 million was attributable to the owners of ISS, whereas a profit of DKK 20 million was attributable to non-controlling interests.

Of the total net loss in 2010 and 2009, expenses of DKK 1,039 million and DKK 1,109 million, respectively, resulted from charges relating to the purchase price allocation in May 2005 in connection with the acquisition of the former ISS A/S. See Purchase price allocation in May 2005 on page 31.

STATEMENT OF CASH FLOWS

Cash flow from operating activities was DKK 4,036 million in 2010, up DKK 304 million from DKK 3,732 million in 2009. The development was due primarily to an increase in operating profit before other items of DKK 393 million, a decrease in cash outflow regarding payments related to other income and expenses, net of DKK 174 million and a decrease in outflow from changes in working capital of DKK 50 million partly offset by higher tax payments of DKK 303 million.

Cash outflow from changes in working capital of DKK 87 million was due to a negative cash flow from trade receivables as a result of the increase in revenue of 7% and despite a reduction of debtor days by approximately one day. This negative effect was partly offset by a positive impact from trade payables mainly stemming from the increase in activity level.

Payments related to other income and expenses, net of DKK 197 million mainly related to restructuring projects initiated and expensed in 2009.

Income taxes paid increased from DKK 394 million in 2009 to DKK 697 million in 2010 as a result of improved performance in 2010 leading to higher tax payments. In addition, income taxes paid in 2009 were impacted by tax refunds.

Cash flow from investing activities in 2010 was a net cash outflow of DKK 717 million, of which DKK 470 million related to acquisitions completed during 2010 and payment of earn-outs and deferred payments on acquisitions completed in previous years. The sole acquisition completed in 2010 was the 49% ownership in SDB Cisco Ltd. in India. The cash outflow from acquisitions was more than offset by proceeds from divestments of DKK 591 million that related primarily to the divestments of non-core activities in the Nordic region and France. Investments in intangible assets and property, plant and

equipment, net, (excluding acquisition-related intangibles) amounted to DKK 886 million in 2010, representing 1.2% of revenue. Investments in financial assets, net, amounted to an inflow of DKK 48 million in 2010 primarily related to sale of government bonds in ISS's insurance captive company which activities ceased in the second half of 2010.

Cash flow from investing activities in 2009 was a net cash outflow of DKK 1,832 million, of which DKK 914 million related to acquisitions completed during 2009 and payment of earn-outs and deferred payments on acquisitions completed in previous years partly offset by DKK 22 million related to divestments. Investments in intangible assets and property, plant and equipment, net, (excluding acquisition-related intangibles) totalled DKK 897 million in 2009, representing 1.3% of revenue. Investments in financial assets, net, totalled an outflow of DKK 43 million in 2009.

Cash flow from financing activities in 2010 was a net cash outflow of DKK 3,186 million. This was mainly a result of repayment of borrowings of DKK 3,395 million and interest payments, net of DKK 2,278 million, partly offset by proceeds from borrowings of DKK 2,496 million. Repayment of borrowings was a result of DKK 2,606 million related to repayment of the 2010 EMTNs and repayment of DKK 789 million on the Acquisition and Term Loan facilities. Proceeds from borrowings mainly related to the issuance of DKK 950 million (EUR 127.5 million) in debt through a tap issue in the existing High Yield Notes 2016 and additional debt raised under the securitisation programme of DKK 1,529 million since year-end 2009.

Cash flow from financing activities in 2009 was a net cash outflow of DKK 1,547 million. This was mainly a result of net interest payments of DKK 2,205 million and repayment of borrowings of DKK 5,177 million due primarily to settlement of EUR 500 million of the 2010 EMTNs in July 2009 as well as amortisation on senior facilities. This was partly offset by drawings on credit facilities of DKK 5,849 million stemming mainly from the issuance of new Senior Notes due in 2014 in July 2009, the launch of a securitisation programme in the last quarter of 2009 as well as drawings on the acquisition facility up until 11 May 2009 when the acquisition facility expired.

Cash conversion Changes in working capital was DKK 87 million, which resulted in a cash conversion of 98% in 2010 compared with 96% in 2009.

Cash conversion ratios for individual years may vary. The cash flows from operations for the individual periods depend on the timing of a number of payments towards the end of the individual months and years. For a definition of cash conversion, see page 11.

STATEMENT OF FINANCIAL POSITION

Total assets amounted to DKK 55,435 million at 31 December 2010, of which DKK 38,367 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 17,068 million represented current assets, primarily trade receivables of DKK 10,896 million.

Intangible assets decreased by DKK 94 million from DKK 35,452 million at 31 December 2009 to DKK 35,358 million at 31 December 2010. Intangible assets comprise primarily goodwill, customer contracts and brands related to a significant number of acquisitions over the years. The majority stems from the acquisition of the former ISS A/S in May 2005, when a carrying amount of DKK 31,844 million of intangible assets, of which DKK 22,035 million related to goodwill, was recognised in ISS's statement of financial position.

At 31 December 2010, goodwill amounted to DKK 27,747 million, an increase of DKK 313 million or 1% from last year. Additions related to acquisitions in 2010 amounted to DKK 230 million while currency adjustments increased goodwill by DKK 1,380 million. Goodwill was reduced by DKK 355 million due to goodwill transferred to assets held for sale and due to impairment losses of DKK 938 million that related to impairment losses derived from impairment tests of DKK 335 million in France, DKK 329 million in Greece, DKK 150 million in Spain and DKK 115 million in Ireland and impairment losses derived from divestments of DKK 9 million related to the divestment of the non-core call centre activities in Denmark and the property services business in Ireland.

Goodwill is related to acquisitions, including the acquisition of the former ISS A/S, carried out under varying circumstances and at different stages of macroeconomic cycles. The goodwill is distributed on most of the countries in which the Group operates. The acquired companies, to which the goodwill relates, comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills. The largest amount of goodwill relates to the Group's operations in France, representing approximately 14% of the total carrying amount of goodwill.

Customer contracts decreased by DKK 508 million to DKK 5,612 million at 31 December 2010. Amortisation and impairment of customer contracts of DKK 853 was partly offset by DKK 321 million in positive foreign exchange adjustments.

Assets and liabilities held for sale amounted to DKK 824 million and DKK 255 million, respectively, and include

the assets and liabilities attributable to two non-core activities in Western Europe for which sales processes have been initiated.

Non-current assets other than intangible assets amounted to DKK 3,009 million at 31 December 2010, an increase of DKK 194 million from DKK 2,815 million at 31 December 2009. The increase of DKK 194 million related mainly to an increase in deferred tax assets as a result of recognition of deferred tax assets in France.

Trade receivables increased from DKK 10,130 million at 31 December 2009 to DKK 10,896 million at 31 December 2010. This increase was a result of the increase in revenue of 7% and despite a reduction in debtor days from 45.3 in 2009 to 44.4 in 2010.

Cash and cash equivalents increased from DKK 3,364 million at 31 December 2009 to DKK 3,606 million at 31 December 2010, of which DKK 2,431 million resided at Group level with the remainder at country level. The cash position was positively impacted by working capital inflow in Q4 2010. The cash position may fluctuate significantly over the months due to the frequency and timing of cash collection and outgoing payments, e.g. salary payments.

Other current assets, comprising inventories, contract work in progress, tax receivables, other receivables, prepayments and securities amounted to DKK 1,742 million at 31 December 2010, a decrease of DKK 237 million from 31 December 2009. Other receivables decreased from DKK 551 million at 31 December 2009 to DKK 348 million at 31 December 2010 as the figure in 2009 was impacted by receivable sales price related to divestments.

Total equity increased from DKK 2,213 million at 31 December 2009 to DKK 2,651 million at 31 December 2010, of which DKK 2,626 million was equity attributable to the equity holders of ISS A/S. The total change in equity for the year attributable to the equity holders of ISS was an increase of DKK 436 million.

Net income and expenses recognised in equity increased equity by DKK 357 million. This included positive currency adjustments of DKK 911 million relating to investments in foreign subsidiaries and a positive effect of DKK 91 million related to hedges net of tax. Partly offsetting this was a net loss of DKK 532 million for the year and actuarial losses, net, including the effect of the asset ceiling on defined benefit pension schemes that amounted to DKK 113 million.

The equity ratio, defined as total equity attributable to owners of ISS A/S relative to total assets, increased to 4.7% at 31 December 2010, from 4.0% at 31 December 2009.

Non-current loans and borrowings increased from DKK 28,649 million at 31 December 2009 to DKK 29,032 million at 31 December 2010 primarily due to the issuance of DKK 950 million (EUR 127.5 million) in debt through a tap issue in the existing High Yield Notes 2016. The increase was partly offset by a decrease in the non-current part of the Acquisition and Term Loan facilities.

Other non-current liabilities comprise pensions and similar obligations, deferred tax liabilities and provisions, and amounted to DKK 3,719 million at 31 December 2010 compared with DKK 3,572 million at 31 December 2009. The increase was mainly a result of an increase in pensions and similar obligations of DKK 216 million.

Pensions and similar obligations amounted to DKK 1,053 million at 31 December 2010, compared with DKK 837 million at 31 December 2009. The majority of the Group's pension plans are defined contribution plans. The Group's contributions to such plans are accrued and expensed on an ongoing basis. In certain countries, mainly France, Germany, the Netherlands, Sweden, Switzerland, Norway and the United Kingdom, ISS has defined benefit plans. As mentioned above, actuarial losses of DKK 113 million, net of tax, including the net effect from the asset ceiling, were taken directly to equity. The losses were primarily a result of an increase in the discount rate applied in Switzerland and a number of other countries as well as an increase in the pension obligation in Norway due to a general announcement by the authorities that the plan is considered to be under funded which will lead to additional contributions in coming years. These losses were partly offset by gains in Sweden, the Netherlands and Italy. Due to the current market conditions, the determination of the discount rates in the individual countries is subject to uncertainty. Exchange rate movements increased the net pension obligation by DKK 80 million.

Provisions amounted to DKK 740 million at 31 December 2010, of which DKK 361 million had an estimated maturity of more than one year. Comparative figures at 31 December 2009 were DKK 802 million and DKK 379 million, respectively. The provisions comprise acquisition-related provisions and various obligations incurred in the course of business, e.g. self-insurance obligations, labour-related obligations, legal obligations, restructurings, contract closures, etc.

Other current liabilities comprising current loans and borrowings, trade payables, tax payables and provisions, amounted to DKK 8,832 million at 31 December 2010 compared with DKK 9,063 million at 31 December 2009. The decrease in current loans and borrowings of DKK 498 million was mainly related to repayment of 2010 EMTNs,

which was partly financed from debt raised under the securitisation programme at year-end 2009.

Other liabilities amounted to DKK 10,946 million at 31 December 2010 compared with DKK 10,478 million at 31 December 2009. Other liabilities consist mainly of accrued wages and holiday allowances, tax withholdings, VAT and other payables and accrued expenses.

Carrying amount of net debt amounted to DKK 30,619 million at 31 December 2010, down DKK 267 million from DKK 30,886 million at 31 December 2009. The decrease was mainly related to repayments on the Acquisition and Term Loan facilities as well as net proceeds from divestments and acquisitions, partly offset by a negative impact from foreign exchange. At 31 December 2010, non-current loans and borrowings was DKK 29,032 million, current loans and borrowings amounted to DKK 5,212 million while securities, cash and cash equivalents and receivables from companies within the ISS Group totalled DKK 3,625 million.

KEVIN LAWER, RIO TINTO, AUSTRALIA



ANDERS DÄCK, FORSMARK ATOMIC POWER PLANT, SWEDEN



GUNHILD SAMUELSEN, STATOIL LNG PLANT, NORWAY

HASAN ÇIÇEK, AREVA, TURKEY



ENERGY & RESOURCES – representing 4% of Group revenue

ISS is experienced in providing service solutions to major companies operating in the oil, gas, electricity and mining industries. This covers both onshore and remote sites where our proven competence and commitment to our high health and safety standards are critical to both our customers and ourselves.

Strategy – The ISS Way

During 2010, we made substantial progress in implementing The ISS Way strategy and a number of key initiatives to enhance customer focus, drive the deployment of best practices and secure service excellence.

STRATEGY AND BUSINESS MODEL

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

The ISS Way strategy, launched in 2008, is based on our four strategic cornerstones; customer focus, people management, the IFS strategy and a multi-local approach. Combined with our corporate values and leadership principles, these cornerstones provide the foundation on which we pursue our vision to "Lead facility services globally – by leading facility services locally".

The implementation of The ISS Way is well under way and has shown substantial progress during 2010. We are uniquely positioned to grasp the huge opportunities in our markets, not least delivering integrated facility service solutions to multinational corporations across numerous countries.

ISS also focused on securing service excellence by driving the global implementation of best practices and standard processes in 2010. Investments have been made in excellence centres both globally and locally and the excellence centres, which ensure a continuous improvement in efficiencies, have now been established for several service types. The development of best practices within the excellence centres is not only focused on the services ISS delivers but also the way in which the service is delivered and on specific service offerings for specific customer segments.

The continued successful implementation of The ISS Way strategy is the foundation for robust and profitable growth in the years to come.

CORPORATE VALUES

HONESTY – We respect

Our honesty is not negotiable. We respect our customers, our colleagues and our company. Honesty comes first.

ENTREPRENEURSHIP – We act

Action speaks louder than words. All our employees have a 'licence to act' and are expected to do so.

RESPONSIBILITY – We care

Indifference is immoral. We care about what we do and for whom we do it.

QUALITY – We deliver

We are professionals with a passion for quality. We deliver on our promises.

HOW WE OPERATE OUR BUSINESS

Our corporate values, leadership principles and strategic cornerstones, together with The ISS Way strategy, provide the roadmap by which we operate our business.

Corporate values

Ultimately, The ISS Way strategy is founded on the four corporate values on which we base our strategic, operational and financial plans and actions.

Leadership principles

Our set of international leadership principles define the attitudes and behaviour ISS expects from its leaders:

At ISS we

- put the customer first
- have a passion for performance
- encourage innovation
- treat people with respect
- lead by example
- lead by empowerment
- develop ourselves and others
- believe teamwork is at the heart of our performance
- ISS is one company with shared values, one brand and one strategy.

These principles, which are currently being integrated in the processes surrounding recruitment, appraisals, development and talent management, are applicable for all ISS leaders. Furthermore, an ISS University programme on the leadership principles was launched during 2010. As the principles translate our values into actions and behaviours by describing successful leaders, this initiative will further enhance our leadership capabilities.

Our strategic cornerstones

The ISS Way is built on our strategic cornerstones: customer focus, people management, the IFS strategy, and our multi-local approach:

Customer focus We put customers in focus. We serve our chosen customers locally, regionally and globally with specific value propositions through focusing on identifying customer needs and wants. We build sustainable partnerships with customers who value our approach to service.

People management People management is our core competence. We excel in people management in order to deliver excellence in our service offerings. We mitigate risks and volatility transferred from our customers by applying leadership skills, Human Resource and HSE policies, employee training and skills in complying with local labour

legislation. We obtain these benefits by sharing knowledge and best practices within the Group.

IFS strategy IFS is our strategic aim. We advance our service offering towards IFS by building the ISS House of services and developing our facility management capabilities. We self-deliver multiple site-based services within the ISS House and we integrate our service deliveries seamlessly in our customers' organisations.

Multi-local approach We strike a balance between autonomy and alignment. We operate with strong local leadership and autonomy to ensure timely responses to operational demands and to benefit from knowledge of local market conditions. We also implement our Group fundamental policies and strategic direction to enable us to exploit best practices and leverage our geographical footprint. We are disciplined and use tight financial control.

OUR SERVICE OFFERING

ISS's service offering is developed to meet customer needs. Our fundamental offering is illustrated by the ISS House, which has five pillars: cleaning services, support services, property services, catering services and security services. The 'roof', facility management, represents the sixth service and our capabilities within the integration of service deliveries. The ISS House is built on a strong foundation of service excellence, which means that our customers enjoy the benefits of partnering with a service expert – a company that truly understands customer needs and has the services required to meet them.

Our service concepts are developed to address specific customer needs. This entails defining versions of the ISS House that are built on ISS's fundamental competencies and presenting an integrated solution of services customised for a given segment. For example, the ISS House for the Business services & IT segment is illustrated on the opposite page.

ISS focuses primarily on delivering site-based services based on portfolio contracts, where ISS employees become an integrated part of the clients' daily operations. ISS also offers selected route-based services, such as pest control.

The delivery model

ISS distinguishes between services offered and the way in which these services are delivered. The three delivery models are: single services, multi services and integrated facility services. During 2010, we continued to develop and strengthen our single service excellence and integrated facility service capabilities.

THE ISS HOUSE

For the Business & IT segment

FACILITY MANAGEMENT

Supply Chain Management

Procurement Services
Supplier Selection
Supplier Performance

Risk Management

Risk Identification
Business
Continuity Plan
Disaster Recovery

Service Desk

Consumer Interface
Call Logging
Workflow Management

Consultancy & Advisory Services

Outsourcing
Partner Selection
Construction Advisory (TCO)
Benchmarking

Financial Adm. & Reporting

Budgeting (Facility Related Costs)
Property Taxes
Insurance
Administration

Change Management

Process Changes
People Changes
Capital Projects

Facility Man. System (CAFM)

System & Process Implementation
Ongoing Support & Maintenance
Performance Reporting

CLEANING SERVICES

Internal Cleaning

Daily Office Cleaning
Washroom Services
Tele- & Computer Cleaning
Dust Control
Collection & Deployment of Mats (On-Site)
Carpet Cleaning
Laundry Services
Furniture Cleaning

External Cleaning

Window Cleaning
Facade Cleaning
Road Sweeping
Grounds Cleaning
Pavement & Sidewalk Services (Sweeping / Snow Removal)

Technical Cleaning

Specialised Cleaning e.g. Fixtures, Lightning, Duct Cleaning, Height Cleaning etc.

SUPPORT SERVICES

Front of House

Switchboard (On-site)
Reception Services
Hostess Services

Back of House

Printing & Copying
Storage Management (Off-site)
Office Furniture Management
Interior Landscaping & Decor (Horticultural & Objet d'art)
Stationary / Office Supplies
Document Handling (On-site)
Document Management & Archiving (Off-site)
Mail Handling
Shipping & Receivables (Non-core Items)
Moves, Adds & Changes
Call Centre (Off-site)
In Bound & Out Bound

Welfare Facilities

Sports Facilities (Indoor & Outdoor)
Recreational & Medical / Physiotherapy Services

Labour Supply

Temporary Workers
Search & Selection (Recruitment)

PROPERTY SERVICES

Building Maintenance

Preventive Maintenance
Handyman (Light Reactive Maintenance)
M&E Services
Building Installations & Fabric
Repairs & Replacements
Lifts & Escalator Services
Plumbing Services
Carpentry Services
Painting Services
Glazing Services
Mason Services
Building Management Systems

Grounds Maintenance

Landscaping
Grounds Maintenance
Road Services

Environment Management

Pest Control
Waste Management
Refuse Collection & Recycle Management

Energy

Energy Management
Water Supply
Lighting & Power
HVAC (incl. Cooling)

Damage Control

Loss Prevention
Damage Recovery
Dehumidification

CATERING SERVICES

Contract Catering

Staff Dining
– Management Contract
Staff Dining
– Operational Contract
Hospitality Services
Executive Dining
Conference Facilities
Beverages incl. Coffee / Tea
Fruit, Confectionary & Pastry Provisions
Take-away Staff Dining

Vending Services

Service & Installation of Vending Machines
Supply & Refilling of Vending Machines

Events Catering

Off-site Produced & Delivered F&B
Off-site Dining Services (Large Kitchens)
Event Management

SECURITY SERVICES

Guarding

Manned Guarding
Armed Guarding
Mobile Patrols
Admission Control – External & Internal
Keys & Cards
Cash in Transit

Surveillance

Monitoring (CCTV)
Alarm Response
Emergency Evacuation

Technical Installations

Fire & Gas Detection
Burglary Detection
CCTV
Alarm Systems
Access Control Systems
Car Parking Control

Security Duties

Visitor Escorting
Lost Property

Workplace Safety

First Aid Services



Progress in the continued implementation of The ISS Way during 2010 has been extremely encouraging. We are moving steadily in the right direction and are comfortable that the positive impact of the strategy will be increasingly visible.

Todd O'Neill
Head of Group Strategy and
Corporate Development

With single service outsourcing, the customer buys one service solution from ISS, outsourcing of catering services, for instance.

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

With integrated facility service solutions, ISS delivers two or more service under one contract with a single point of contact on-site, which allows ISS to integrate the facility service functions taken over by ISS at the customer's premises. The customer receives both the full potential of single service outsourcing and the advantages of integrating services, including cost efficiencies and a more efficient and flexible service set-up.

THE ISS WAY STRATEGY – IMPLEMENTATION STATUS

After a period of building our business platform through acquisitions, our focus has now changed to unleashing the full potential of our unique platform. We are well underway with implementing The ISS Way based on a number of key strategic priorities, where central themes are focus and alignment.

We are pursuing standardisation, best practice and knowledge sharing across the organisation. Excellence centres

and knowledge forums have been established and are contributing to further increasing the efficiency and consistency of our service delivery. Experts from corporate, regional and country levels are working together in various global service forums, such as catering services and security services, to further align key ISS business processes and procedures.

Further, The ISS Way is promoting a strong and uniform commercial culture through the deployment of a commercial strategy methodology and ensuring market-leading value propositions. Our service offerings are increasingly tailored to specific customer segments to address these customers' explicit needs, which adds more value. We are also focusing on services within which we consistently deliver service excellence and that are most suitable for integration and are therefore consistent with our IFS strategy.

In 2010, ISS expanded its portfolio of multi-national customers procuring services in multiple jurisdictions through a number of major new contract wins and a contract extension with a key customer while continuing to invest in expanding the global Corporate Clients organisation established in 2007. This is a huge market opportunity for ISS and The ISS Way will continue to contribute to ISS's ability to both win and successfully deliver contracts to these customers.

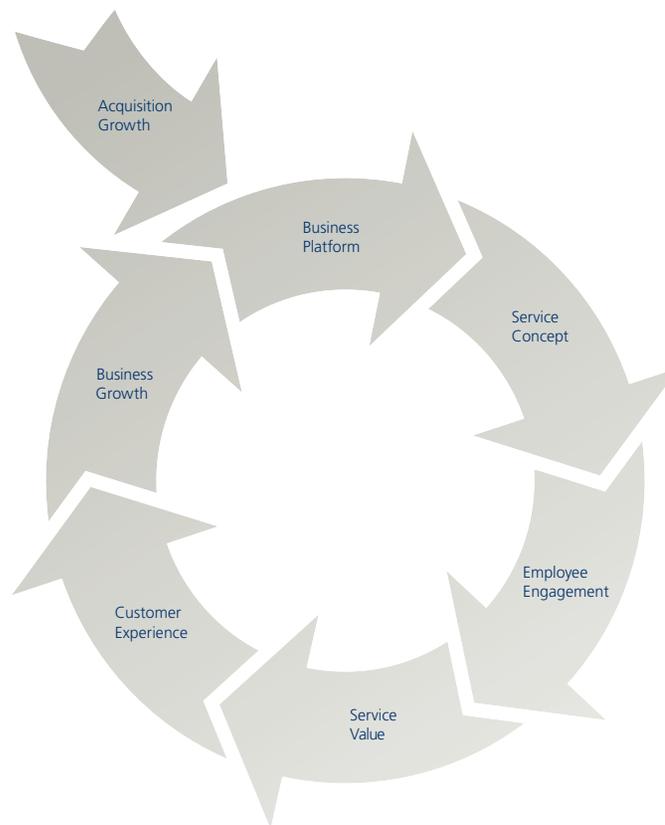
The ISS Way focuses on organic growth and entails a consolidation phase after a period of high acquisition volume in which ISS successfully built its existing business platform.

THE ISS VALUE CHAIN

Our strategy, The ISS Way, is being implemented by the application of our management tool, the ISS Value Chain.

The links in the ISS Value Chain are best illustrated by starting at the Business Growth end. The shared purpose of our existence at ISS is to create shareholder value. This emerges from profitable growth which in turn is driven by satisfied customers who expand their business with ISS and renew their contracts. Customer satisfaction is founded on capable employees who are engaged in their jobs and motivated by being part of a strong team. Capable employees are employees who have been trained to deliver clearly defined and operational service concepts. Strong and attractive service concepts are the result of informed decisions made regarding the business platform, which determines the customer segments we should serve and the services we choose to deliver to these segments. Acquisitions are a useful tool in the continued development of ISS, and will be used selectively to improve ISS's competitiveness, build critical mass and

THE ISS VALUE CHAIN



increase service capabilities and capacity where and when appropriate.

The ISS Value Chain is our primary management tool applied across the entire organisation which is designed to ensure a structured and robust approach to the implementation of The ISS Way at a strategic, tactical and operational level. It forms a central part of The ISS Way of thinking and working. Management at all levels of the organisation have shared points of reference deeply embedded in the organisation that enable them to see their actions from a broader perspective, thus creating a well-founded, valuable and homogenous service culture at ISS.

Implementation of The ISS Way and the application of the ISS Value Chain are supported by an ISS University programme for top management that addresses our strategy and implementation tools – all of which drive focus and alignment.

OPERATIONAL OBJECTIVES

ISS seeks to maintain and enhance operational efficiency by focusing on three well-established operational objectives which are used throughout the Group: (i) organic growth, (ii) operating margin, and (iii) cash conversion.

Organic growth

ISS's objective is to focus on organic growth through new sales and cross-selling of service solutions to both new and existing customers. ISS will aim to continue to leverage its international market position and service offering in order to increase its local market positions and drive organic growth. ISS continue to work with a wide range of initiatives, including the further development of the Corporate Clients organisation, enhancing our focus on specific customer segments and implementing commercial planning processes and tools.

Operating margin

ISS's objective is to maintain or improve its operating margin. ISS seek to improve operational efficiencies by increasing its local positions and operational densities, as well as by implementing group-wide excellence and best practice initiatives.

Cash conversion

ISS's objective is to continue to maintain a robust rate of cash conversion primarily by operating in a manner that optimises working capital. Through this approach, ISS expects to continue to generate a high level of positive cash flow from operations. ISS targets a continued consistent robust cash conversion.

BISHAL GIRI, APPLE STORE SYDNEY, AUSTRALIA



SAMMY ABRAHAM TATUIL AND NINA ARSIH, PONDOK INDAH MALL, INDONESIA



FERNANDA BARATA, ARMAZÉNS DO CHIADO SEMPRE, PORTUGAL



RETAIL & WHOLESALE – representing 7% of Group revenue

The Retail & Wholesale customer segment varies from shopping centres, department stores to retail chains. ISS services shopping malls containing numerous small and large boutiques/stores and restaurants, multi-store department stores with different needs under one roof and clothing chain stores. In Indonesia alone we provide services to more than 100 shopping malls.

Corporate Responsibility

As a global company with more than 520,000 employees serving 200,000 customers in more than 60 countries, ISS influences the lives of many people through providing employment and training as well as providing safe and healthy work environments for millions of employees and customers in the facilities we service.

More than a century in the service industry has made ISS well aware that our long-term sustainable business success depends on a high level of Corporate Responsibility (CR), as economic, social and environmental issues are inevitably interconnected. Therefore CR is an integral part of our values and business strategy and is closely linked to The ISS Value Chain. Developing our values into concrete actions is also our response to demand from several stakeholder groups, e.g. existing and potential employees and customers. The leading global companies require a constant CR performance, which is a key factor in winning and retaining contracts in the IFS customer segment.

ISS has made a strong commitment as a signatory and supporter of the United Nations Global Compact since its inception in 1999. In line with membership regulations, ISS is committed to aligning strategy and operations with the ten Global Compact principles on human rights, labour rights, environmental protection and anti-corruption. ISS respects, supports and promotes human rights as stated in the United Nations Declaration of Human Rights and the Core Conventions of the International Labour Organisation.

CORPORATE RESPONSIBILITY AT ISS

As such, Corporate Responsibility for ISS means our commitment to contributing to a sustainable economic development and responsible business practices by:

- Giving people an opportunity to enter the labour market;
- Working with our employees and the local community and society at large in improving employees' lives in ways that support sustainable development and our business;
- Ensuring fair and equal treatment and no discrimination or harassment;
- Respecting employee's right to collective bargaining and the right to join trade unions;
- Supporting introduction of minimum wages and compliance with working time regulations;
- Avoiding use of child labour as well as forced or compulsory labour;
- Providing proper working conditions including a safe working environment for our employees;
- Managing our business activities in an environmentally responsible way;
- Conducting our business in a lawful manner;
- Competing for business on fair terms and solely on merits of our services;
- Combating corruption and bribery;
- Carrying out our activities according to principles of good corporate governance; and
- Ensuring that the social, environmental and ethical commitments of ISS are reflected in dealings with customers, suppliers and other stakeholders

OUR APPROACH TO CORPORATE RESPONSIBILITY

We have adopted a principles-based approach to Corporate Responsibility that contributes to sustainable development as defined by the international community. This approach effectively integrates universally accepted principles into the way we do our business, forming a foundation that is embedded in our Corporate values, our Code of Conduct and our business strategy, The ISS Way.

COMPULSORY REPORTS

This CR chapter does not constitute ISS's full report on Corporate Responsibility. The full CR Report as per section 99a of the Danish Financial Statements Act is available at www.issworld.com and in accordance with instructions from the UN Global Compact to the members; the CR Report also serves as ISS's communication on progress in implementing the ten principles of the Global Compact.



At ISS Corporate Responsibility means our commitment to contributing to sustainable economic development and responsible business practices. It is core to the way we do business and it is necessary to take a long-term rather than short-term view. We therefore continuously support the UN Global Compact and its ten principles.

Jeff Gravenhorst
Group CEO

In line with The ISS Way, ISS holds a unique position in contributing to the following focus areas:

- facilitating the right to work;
- non-discrimination, equal opportunities and diversity; and
- access to education

Our initiatives

In 2010, ISS established a Health, Safety and Environment (HSE) and Corporate Responsibility (CR) function to set group-wide HSE and CR strategies and policies, develop value propositions for our customers, facilitate knowledge sharing and provide the best advice and coaching on HSE practices.

As our business is based on people, the first initiative addressed by the HSE and CR function was to work on the management of health and safety risks. A Group HSE Vision and a Group HSE Policy was developed. Our HSE Vision is called '100':

- 1: We aim to be number 1 in our industry and recognised as an industry leader in the way we deliver health, safety and environmental performance;

- 0: We operate with 0 fatalities at our workplaces; and
- 0: We incur 0 serious incidents and occupational injuries at our workplaces.

A Group Health, Safety and Environment Manual has been developed that outlines the key HSE requirements for development and implementation of effective HSE management in the ISS Group in accordance with internationally recognised standards. The Manual sets minimum requirements and is a framework for the countries to develop and tailor their HSE management system to their specific activities and risk exposure levels. Systematic risk management is fundamental for effective HSE management within ISS. The aim is that by the end of 2011, all countries must comply with the requirements of the Group HSE Manual.

Another initiative was the development of ISS Safety Rules to align our behaviours when carrying out our daily tasks. The Rules were launched in September 2010 with campaigns carried out in individual countries to ensure commitment to these rules. The Rules cover:

- Stopping unsafe work
- Work permits
- Energy isolation
- Electrical safety
- Confined space entry
- Working at heights
- Housekeeping
- Driving safety
- Manual handling
- Working with chemicals

In order to identify the material issues relevant to ISS in relation to our commitment to align our operations to the ten UN Global Compact principles, ISS, with the help of an external consultant, conducted a materiality assessment to identify those human rights, labour practices, environmental and Anti-Corruption issues of greatest significance to our stakeholders and our future success topics in accordance with the United Nations Global Compact (UNGC).

This led us to strengthen the Code of Conduct and our International Human Resource Standards in areas such as Human Rights, Anti-Corruption, Forced and Compulsory Labour, Child Labour and Working Hours. In 2010, we also developed an Anti-Corruption Policy in line with our Code of Conduct. To support our zero tolerance Anti-Corruption policy and the importance of our Competition Guidelines, 311 people from 32 countries have received training in these areas in 2010.

In 2011, we will be rolling out an e-learning module on Anti-Corruption to further train our employees about our Policy.

ISS has developed a whistleblower policy to enable all ISS employees, business partners and other stakeholders to report any suspected violations or concerns relating to any matter of exceptional gravity or sensitivity. The Policy was approved by the Board and subsequently submitted to the Danish Data Protection Agency for approval in October 2010.

In terms of responsible procurement, ISS developed a Supplier Self-Assessment that was sent to our major vendors covering issues such as our Code of Conduct, Forced Labour, Non-discrimination, Human Rights, and Child Labour. This is to ensure that we also include the supply chain in our scope.

Our performance

For the first time, in 2010 ISS developed a Group Reporting Manual to provide reporting principles and rules to ensure a consistent basis for reporting HSE and CR data. The primary purpose of gathering HSE and CR data is to manage HSE and CR risks by monitoring performance. A sound understanding and analysis of HSE and CR data is necessary in order to direct appropriate efforts and improve HSE and CR performance. The data will also be used to inform ISS management and external stakeholders of our performance and track progress towards the achievement of our HSE and CR commitments.

Some of the key parameters we measure and monitor are safety related. In 2010, we unfortunately suffered five fatal injuries in the ISS Group. This is unacceptable and to achieve our Vision of zero fatalities, we have implemented investigation procedures to ensure that we determine the root causes of such incidents, learn from them and prevent them from reoccurring. We believe that the development of a systematic approach to managing HSE risks through the development of the Group HSE Manual requirements and our continued focus on safety awareness will contribute to a reduction of incidents.

In terms of the environment, our environmental impact stems primarily from our vehicles and business travel as well as use of chemicals and cleaning products. In 2010, ISS continued to broaden the use of environmentally friendly cleaning products and initiated a process for measuring CO2 emissions in order to continue our efforts to reduce emissions.

Going forward

Going forward, our objective is to expand the data parameters to include additional safety, social and environmental indicators. The environmental indicators include electricity consumption at our own offices and own sites and this will provide a baseline for setting reduction targets in the coming years.

Our initiatives in 2010 are another step in our journey towards embedding CR in our business. We have built a solid foundation for our approach in this area and will be building on this foundation both in terms of implementation and reporting.

EMPLOYEES

August 2010 was an important month for ISS, as we surpassed the 500,000 employee milestone and thereby one of the world's largest private employer.

PEOPLE INDICATORS	2010	2009
Total employees	522,700	485,800
Full-time employees	73%	71%
Part-time employees	27%	29%
Seniority (employment > 1 year)	61%	62%

At the end of 2010, ISS had more than 522,000 employees located in Europe, Asia, Pacific, Latin America and North America.

At the end of 2010 our employees in emerging markets comprised more than half of our workforce.

Human Resources – Vision and Strategy

The ISS Human Resources vision "to be the preferred employer in our industry" supports The ISS Way strategy by focusing on: upgrading leadership and management capabilities, enhancing customers' service experience, integrating acquired businesses, and ensuring competitiveness through cost efficiencies.

The Human Resources strategy is implemented through "ISS International HR standards", which comprise the framework for local initiatives covering the following twelve topics:

- Recruitment
- Employee appraisals and reviews
- Motivation and loyalty
- Employee relations
- Training and development
- Talent management
- Managing sickness and absenteeism
- Reporting and monitoring
- HR Support for M&A and contract integration
- Health and safety
- Remuneration, benefits and incentives
- Succession planning

The standards were introduced in 2007. Since then, the countries have been working on implementing the requirements locally to ensure compliance with Group policy. Improvements will continue in 2011, where the following five prioritised HR initiatives that are all embedded in The ISS Way will be in focus:

- Employee Engagement
- Leadership Development
- Succession Planning
- Talent Management
- Performance Management

ISS's performance management system plays an important role in all of the above key initiatives. The system is the principal tool for assessing individual capabilities. Feedback during an annual goal evaluation and goal-setting process, followed up by a mid-year review, help to develop the full potential of the individual managers. In addition to facilitating the process, the performance management system provides ISS with a basis for talent management and succession planning.

Training and development

Resources are invested in staff and management development – ranging from basic skills training through middle management and executive management programmes to Global Talent Programmes.

The philosophy is to offer tailored training at all functional levels to enhance employee skills and encourage upward staff mobility. Much attention is devoted to developing the first management layer e.g. team leaders, supervisors and contract managers, who are responsible for their immediate staff and customer interface. Most training is conducted at ISS academies and training facilities in national and local operations.

Additionally, in order to implement strategic initiatives, such as cleaning excellence and the integrated facility service concept, ISS University continues to develop key specialists and leaders for train-the-trainers. This is supplemented by local initiatives.

As in previous years, the ISS University programme portfolio consisted of internal and external seminars designed in cooperation with suppliers such as IMD, Henley Management College and INSEAD. The ISS University seminars are based upon our nine Leadership Principles.

The ISS University focuses on continuously enhancing its executives' competences. The 'ISS Advantage' management induction programme for executives throughout the Group, also highlights The ISS Way strategy and our ISS

Value Chain management tool. In 2010, the ISS University expanded its portfolio of programmes for our top management with two new mandatory management programmes: 'Strategy and the Value Chain', which features how to implement The ISS Way strategy and training in change management, and 'ISS Leadership', which centres on our nine leadership principles and how to manage our employees in accordance with these principles. All programmes at the University are based on case work and a dialogue-based teaching style.

Employee engagement

The success of each service delivered depends on the people delivering it. With more than half a million employees worldwide, this makes people management and leadership some of the most important elements in ISS. Employee engagement exists when every level of the organisation is staffed with people who understand what is expected of them and can and want to deliver services in a way that strengthens the customer's experience of service value. We therefore focus on two main aspects of employee engagement:

- Motivation
- Capability

Our company requires many different sets of people skills. This puts great emphasis on our ability to train and develop employees. While some employees may want to stay in their current jobs, we need to encourage development whenever we see the possibility. In order to fulfil ISS's vision, HR - globally and locally - and every business unit must ensure that employees are properly skilled through local training and development programmes. This enables us to offer our employees flexibility in job functions, thereby strengthening our collaboration.

The service industry in general has high levels of employee turnover, as part of the industry is often considered suitable for short-term or secondary employment. HR pursues a range of strategies to retain its employees by offering training and development, more full-time and daytime work, multi-task jobs, teamwork, career opportunities, leisure activities, etc.

In 2010, the share of full-time employees (working 25 hours or more a week) increased from 71% in 2009 to 73% in 2010. This indicator is important, as, on average, full-time employees develop stronger ties with ISS. The distribution of employee seniority (in years) provides another perspective for employee loyalty within ISS. In 2010, approximately 61% of the Group's employees had been with ISS for more than one year, a slight decrease from 62% in 2009.

To identify and monitor improvement areas, a Corporate Employee Engagement Survey (EES) was carried out during 2010 covering more than 60,000 employees. The EES is part of The ISS Way and is considered an important tool for indicating employee engagement. The EES will be rolled out globally in the future, based on the process used in 2010.

Equal opportunities

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

Thanks to our corporate culture, and aided by language courses and adapted training materials, ISS is an employer of choice for many immigrants and ethnic minorities. In all regions but especially in Western Europe, ISS is among the largest employers of ethnic minorities. For ISS, diversity is a strength.

Employee and trade union relations

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

In June 2009, the EWC and ISS signed a new four-year EWC agreement. The EWC meeting agenda includes information and consultation on matters relating to the ISS Group in Europe, in particular concerning the structure, financial situation, development of ISS, the current situation and probable trends of employment. Discussions also involve the introduction of new working methods and processes, training and health & safety issues, provided that such issues may affect the interest of the employees of the ISS Group in more than one country in Europe. A total of 22 representatives from 16 countries took part in the EWC dialogue in 2010.

The global agreement between Union Network International (UNI) and ISS was renewed in 2008. The agreement aims at enabling all ISS employees worldwide to exercise rights to union membership and collective bargaining. As part of the agreement, ISS and UNI created the Global UNI-ISS Foundation in 2009 with the purpose of monitoring and improving employment standards within the service industry globally. The agreement and collaboration has prompted UNI to name ISS as an employer that treats its workers well and is setting a good example for other global employers.

MARTIN RICHTER, BMW DINGOLFING, GERMANY



YÖNEY GÜLAY, BMW DINGOLFING, GERMANY



INDUSTRY & MANUFACTURING – representing 14% of Group revenue

The Industry & Manufacturing customer segment contains customers who produce and manufacture a variety of goods such as computer, electronic, electrical equipment, cars and machinery. The manufacturing sites are plants, factories and mills where our services ensure that our clients can focus on their core competences while experiencing a reduction in costs in non-core services to them and deliver a better experience for the people they employ and serve.

Corporate governance and risk management



¹⁾ As described in note 38 to the consolidated financial statements, certain members of the Board, the EGM members and a number of senior officers of the Group have invested, directly or indirectly, in shares and warrants in FS Invest S.à r.l. (FS Invest), ISS's ultimate parent company. The total number of shares held by these directors and officers is below 2% of the total share capital.

²⁾ Effective 17 February 2011 the company name was changed from ISS Holding A/S to ISS A/S.

³⁾ Effective 17 February 2011 the company name was changed from ISS A/S to ISS World Services A/S.

CORPORATE GOVERNANCE

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

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

Shareholders

ISS A/S is a limited liability company incorporated and operating under Danish law. The company's share capital is indirectly owned by funds advised by EQT Partners (EQT) and Goldman Sachs Capital Partners (GS Capital Partners). EQT and GS Capital Partners are together referred to as

the Principal Shareholders and hold 54% and 44% of the share capital respectively. The remaining approximately 2% of the share capital is held by certain members of the Board of Directors, the Executive Group Management and a number of senior officers of the Group through director and management investment programmes.

EQT is the leading private equity group in Northern Europe with more than €13 bn in raised capital and multiple investment strategies. Together with a network of industrial advisers, EQT implements its business concept by acquiring or financing good medium-sized to large companies in Northern and Eastern Europe, Asia and the United States, developing them into leading companies. Development is achieved by applying an industrial strategy with focus on growth. To date, EQT has invested in more than 85 companies (equivalent to €9.7bn) and exited around 40.

EQT Partners, acting as investment advisor to the managers of each EQT fund, has more than 100 investment professionals with an extensive industrial and financial competence. EQT Partners has offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, Oslo, London, Munich, New York, Shanghai, Singapore, Stockholm, Warsaw and Zurich.

GS Capital Partners is managed by Goldman, Sachs & Co. or an affiliate thereof. Goldman Sachs & Co. is a wholly owned subsidiary of the Goldman, Sachs Group Inc. ("Goldman Sachs"). Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centres around the world.

Management

ISS has a two-tier management structure consisting of:

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

The Board determines the overall Group strategy and supervises the Company's activities, its management and organisation. The EGM is responsible for ISS's day-to-day operations. The two bodies are separate and no person serves as a member of both.

Board of Directors

The Board has seven members appointed by the general meeting for a period of one year. Re-election may take place.

Board members have been nominated jointly by the Principal Shareholders.

Four members are independent, while two members are representatives of the Principal Shareholders and one member has been a member of the EGM within the past five years.

The Board functions in accordance with the rules of the Danish Companies Act, the articles of association and the rules of procedure, which provide guidelines for the Board's work in general. Board resolutions are generally passed with a simple majority, and in the event of a tie, the Chairman casts the deciding vote.

The Board convenes at least six times a year. Extraordinary meetings are convened whenever specific matters require attention between scheduled meetings. Ten Board meetings were held in 2010. The Board receives a monthly financial and operational reporting package and is briefed about important matters between Board meetings. The Board approves the strategy plan, the annual budget and large acquisitions or divestments based on recommendations from the Acquisition Committee (see Board Committees below).

In a process led by the Principal Shareholders and the Chairman an appraisal of the Board is carried out annually to assess the competencies of the Board, the effectiveness of its work and how the Board ensures that good corporate governance is in place.

More details on the Board members are available on pages 58-59 and in note 38 to the consolidated financial statements. Remuneration to the Board is disclosed in note 5 to the consolidated financial statements.

Board Committees

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

The Remuneration Committee recommends the remuneration packages and incentive schemes for the Group CEO, and provides input on remuneration in respect of other EGM members and certain senior officers, as well as on compensation levels and bonus systems in general. The committee consists of three members of the Board (currently Ole Andersen, Leif Östling and Jørgen Lindegaard), and the Group CEO participates in its meetings. Ole Andersen is chairman of the committee. The committee held no formal meetings in 2010, but have had regular discussions during the year.

The Audit Committee evaluates our external financial reporting, and monitors and challenges our main accounting policies and estimates as well as our systems of internal controls and risk management. Its duties also include supervision of our external auditors and our internal audit function in addition to considering the relationship with our external auditor and reviewing the audit process. The Board of Directors appoints the committee members and the chairman of the committee who cannot be the Chairman. The committee consists of three members of the Board (currently John Allan, Michel Combes and Peter Korsholm), and meetings are also attended by the Group CFO, the Head of Group Controlling, the Head of Group Internal Audit and the Group General Counsel. John Allan is chairman of the committee, which held three meetings in 2010.

The Acquisition Committee considers ISS's procedures for acquisitions and divestments, reviews the acquisition and divestment pipeline, approves certain large acquisitions and divestments in accordance with adopted procedures, and evaluates selected effected acquisitions. The committee consists of three members of the Board (currently Jørgen Lindegaard, Peter Korsholm and Steven Sher), and meetings are also attended by the Group CEO, the Group CFO and the Head of Group Strategy and Corporate Development. Jørgen Lindegaard is chairman of the committee, which held two meetings in 2010.

The Financing Committee considers ISS's capital structure, financing of future investments and hedging policies. The committee consists of two members of the Board (currently Peter Korsholm and Steven Sher), and the Group CFO and Head of Group Treasury participate in its meetings. The committee held ten meetings in 2010.

Executive Group Management

The EGM consists of Group CEO Jeff Gravenhorst and Group CFO Jakob Stausholm. The primary tasks of the EGM are to carry out day-to-day management of the Group, develop new strategic initiatives, develop Group policies, monitor Group performance and evaluate investments including acquisitions and divestments.

Group Management

The Group Management (the GM) comprises the EGM and the following Corporate Senior Officers: Regional CEOs, Group CCO, COO-Projects, Head of Group Human Resources, Head of Group Strategy and Corporate Development, Group General Counsel, Head of Group Treasury, Head of Group Controlling and Head of Group IT. The members of the GM have been appointed by the EGM to carry out day-to-day management within their functional areas, including providing strategic direction, managerial support and financial control.

Two functional boards, the Group Management Board and the Financial Board, were established in 2009. The primary tasks of the two boards are to develop and execute new strategic initiatives, develop and implement Group policies, monitor Group performance, review financial matters, coordinate and evaluate acquisitions and divestments and provide the EGM with input for decision making. The Group Management Board is headed by the Group CEO, and includes Regional CEOs, Group CCO, COO-Projects, Head of Group Human Resources and Head of Group Strategy and Corporate Development. The Financial Board is led by the Group CFO and includes Head of Group Controlling, Head of Group Treasury, Head of Group IT, Head of Group Internal Audit, Head of Group Tax, Group General Counsel and Regional CFOs.

No member of the GM is permitted to hold directorships in companies outside the ISS Group unless specific consent is granted.

Country Management

In each of the countries in which ISS operates, country management teams are appointed to manage the business in accordance with ISS Group policies and procedures as well as local legislation and practice. ISS delegates substantial autonomy and considerable powers to the country management teams including management of operations

in their relevant markets, financial reporting, local tax and compliance with local legislation and practices. The country management teams for each relevant country are described on the ISS website at www.issworld.com.

Remuneration

Each Board member (except representatives of the Principal Shareholders) receives a fixed annual fee and members of the Board committees receive an additional fixed fee.

Remuneration to the Board is reported in note 5 to the consolidated financial statements. The investment by certain Board members in the Directors' Participation Programme is described below.

The members of the GM are remunerated with a combination of a fixed salary, standard benefits in accordance with market standards and, for most members, a performance-based bonus of up to 60% of their fixed salary. Most members of the GM are also subject to a cash bonus scheme triggered by the completion of an initial public offering or a sale of the company, the size of such bonus depending on the price of the shares of the company in the offering or the sales price respectively. All employment contracts of the GM members may be terminated at 6-24 months' notice. One employment contract includes a severance payment of 2 years salary. No other members of the GM are entitled to severance payments. The employment contracts contain no special termination rights.

Directorships in companies in the ISS Group held by members of the GM are not remunerated separately.

Detailed reporting on remuneration made to the members of the EGM is included in note 5 to the consolidated financial statements. The investment by the EGM and certain senior officers of the Group in the Management Participation Programme is described below.

Management Participation Programme

The Principal Shareholders have established a Management Participation Programme in which the EGM and a number of senior officers of the Group have invested. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants in FS Invest based on market values until the Principal Shareholders' exit. At the introduction of the programme in 2006, warrants in FS Invest were granted free of charge to certain senior officers of the Group with a vesting schedule (based on value of shares and time) of which 277,632 were outstanding as of 31 December 2010.

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

As of 31 December 2010, the net investments were as follows:

	Number of persons	Investment measured at cost DKK million
Board of Directors	5	27.4
Executive Group Management	2	10.1
Corporate Officers	33	56.7
Country Management	113	117.2

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING

Overall control environment

The Board and the EGM have overall responsibility for the Group's internal control and risk management systems for the financial reporting process including compliance with applicable laws and other regulations related to financial reporting.

ISS considers internal controls to be an essential management tool. Accordingly, care is taken to ensure that a sound framework of controls is in place for safeguarding the business, the company's assets and shareholder investments as well as its financial reporting.

The Group's internal control and risk management systems are developed to mitigate rather than eliminate risks identified in relation to the financial reporting process and thus assist in ensuring that the consolidated financial statements provide a true and fair view of the financial performance and financial position of the Group without material errors.

The Board has approved policies, standards and procedures in key areas related to financial reporting, including the Code of Conduct, Accounting and Reporting Policies, Treasury Policies and Procedures, and Control Procedures.

The Audit Committee is responsible for monitoring the internal controls and risk management systems as well as challenging the EGM in its assessment of material finan-

cial reporting risks. A material financial reporting risk is considered to be a risk that may cause a material error in the consolidated financial statements of the Group.

On an annual basis, the Audit Committee assesses the need for establishing an internal audit function. The Audit Committee has set up an internal audit department that is responsible for providing assurance concerning the internal control environment in accordance with an approved audit plan.

The EGM has established a Group Controlling department that is responsible for controlling the financial reporting from subsidiaries.

Internal control procedures at Group level have been established to assess on an ongoing basis the Group's internal control environment and to manage identified risks. However, as a risk of misuse of assets, unexpected losses, etc. always exists, such controls can provide only reasonable and not absolute assurance against material misstatements, omissions or losses.

The aim of the established control environment is therefore to provide the Board and the EGM with reasonable assurance that:

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

Risk assessment

Risks related to the financial reporting process are identified and assessed annually based on a materiality test including a risk assessment of the impact of quantitative and qualitative factors. The evaluation of the risks includes an assessment of the likelihood that an error will occur and whether such an error may be material.

The risk of errors is relatively higher for accounting areas that require management judgement and/or are transactions that are generated through complex accounting processes. Accounting areas that require management judgement are described in note 2 to the consolidated financial statements, Critical Accounting Estimates and Judgements.

On an ongoing basis the Audit Committee discusses:

- material and relevant new accounting pronouncements and implementation of such;
- evaluation of the overall effectiveness of the internal controls for financial reporting; and
- accounting for material legal and tax issues and significant accounting estimates.

Control activities

In order to sustain a sound control environment, specific control activities are designed to obtain the desired assurance. These measures must ensure that all relevant aspects of a specific area are covered, and that the combination of control activities monitors all relevant aspects of the business. The control activities are based on the risk assessment made by the EGM. The purpose of the control activities is to ensure that material errors in the financial reporting are prevented, detected and corrected.

The Group has implemented a formalised financial reporting process that includes:

- reporting of financial performance and financial position – all countries must report a full income statement, balance sheet, cash flow statement, portfolio analysis etc. on a monthly basis. The reporting is monitored and controlled by Group Controlling. Any significant variance from budgets must be explained;
- reporting of cash flow forecasts – all countries must bi-weekly report the daily cash flow forecast for a rolling three-month period. Subsequently, actual figures are continuously monitored by Group Treasury for deviations from the forecasted figures;
- business reviews – monthly meetings between regional management and country management with a focus on the current performance and the state of the business;
- budgets and financial plans – all countries must prepare budgets and plans for the following financial year in a pre-defined process and format. With the countries, regional management teams review the proposed budgets and plans with the countries;
- full-year forecasts – all countries must update and report their full-year estimates twice a year;
- strategy reviews – annual meetings with country managers at which the strategy is discussed, and priorities and plans for the coming year are agreed;
- acquisitions and divestments – all acquisition and divestment proposals must be presented in a predefined acquisition or divestment report and valuation model for approval. Board or Acquisition Committee approval is required for large or strategic acquisitions and divestments.

Information and reporting systems

All countries use a standardised financial reporting tool. Due to the decentralised structure, various ERP platforms

exist within the Group. However, the number of different ERP platforms is continuously being reduced.

Information and communication systems to ensure accounting and internal control compliance have been established, including an Accounting Manual, Reporting Instructions, Budgeting Manual and other relevant guidelines. The aim is to ensure that all employees receive the relevant information on a timely basis to ensure efficient and reliable execution of tasks including carrying out the established control activities.

Monitoring

Every month the Group's subsidiaries report financial information and comments on financial developments to Group Controlling. This information is used to prepare consolidated financial statements and reports submitted to the Board and the EGM. Financial reporting from the subsidiaries is controlled on a monthly basis (see Control activities).

The country management teams are responsible for ensuring that the control environment in each operating country is sufficient to avoid material errors in the country's financial performance and financial position reported for consolidation purposes. The regional management teams provide governance of the country operations.

Additionally, in order to independently evaluate the adequacy of the local internal control environment and procedures, Group Internal Audit visits the country organisations regularly. The visits take place according to a plan for the year approved by the Audit Committee. The findings and conclusions of internal audits, including recommendations on how to improve the control environment, are presented in reports addressed to country and regional management, representatives of EGM and the external auditor.

Group Internal Audit performs follow-up audits to ensure that the recommendations are implemented. The key findings from internal audits are presented to the Audit Committee, which evaluates the results reported and uses the conclusions to assess the general control environment and performance and financial position when reviewing the Internal Audit Plan for the coming year.

External audit

The Board nominates the external auditor for election. The nomination follows an assessment of the competencies, objectivity and independence of the external auditor and the effectiveness of the audit process.

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

The company collaborates with its external auditor at country level and at Group level in relation to procedures and internal controls by exchanging internal audit reports and independent audit reports and by generally sharing relevant knowledge.

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

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

RISK MANAGEMENT

ISS continuously seeks to identify, evaluate and mitigate risks that may have an adverse effect on the Group's ability to achieve the strategic objectives, including financial performance, financial position and growth.

Overall, operational and financial risks are managed in accordance with policies adopted by the Board. Detailed plans and business procedures for a number of functions are also described in manuals and guidelines. The policies for operational and financial risk management and ISS Group standards are documented and distributed to the operating companies. ISS's Group Controlling, Group Internal Audit, Group Risk Management and Group Treasury departments supervise compliance with these standards.

Operational risk management

ISS is exposed to operational risks through its actions and activities on our own premises as well as on our customers' premises. Operational risk is assessed based on the activities of each operating company, historic and current claims events, and the markets in which the companies operate. Furthermore, operational risk is assessed on an individual site-by-site basis on our customers' premises where we provide our services. Operational risk is moni-

tored and mitigated in accordance with ISS Group standards for risk management, risk financing, HSE management and good operational practice.

Operational risk financing is based on insurance and own funding, primarily through global insurance programmes managed centrally in ISS.

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

Financial risk management

ISS is exposed to financial risks as a result of its operating activities, investing activities and financing activities. The Group's financial risks are managed centrally in Group Treasury based on policies approved by the Board. The Group's financial risk management is described in detail in note 36 to the consolidated financial statements.

Risk factors

The risks discussed below are those that the Board and Group Management currently views as being most significant to our business.

Macro-economy We believe that the growth in demand for our services generally correlates with economic conditions, including growth in gross domestic product, in the countries in which we operate. We believe that the facility services industry is less sensitive to macroeconomic cycles than a number of other industries. However, economic downturns or otherwise uncertain economic outlooks in the markets in which we operate or on a global scale could adversely affect the demand for outsourcing of facility services.

Periods of recession or deflation may adversely impact prices, payment terms and demand for services particularly if customers downsize their businesses or reduce their demand for services.

During the recent economic downturn, in certain regions and in certain customer segments, we experienced reduced activity levels that negatively impacted our revenue and put pressure on our operating margins. However, generally speaking we were able to off-set these factors by adapting our cost structure appropriately. Our portfolio business tends to be more resilient and was less affected during the recent economic downturn than our once-only business.

Customer retention risk Our organic growth strategy is dependent on various factors including our ability to cross- and up-sell, the increased trend among multina-

tional companies to outsource facility services and procure cross-border contracts and our ability to subsequently provide these services in a global, effective and price-efficient manner. Sustaining the organic growth of our business requires us to adapt continuously to meet the needs of our existing and potential customers. In particular, our success will depend on:

- the continued growth in demand for the outsourcing of facility services, either as single services, multi services or integrated facility services;
- our ability to continue to self-deliver integrated facility services to local and multi-national customers and the recognition by such customers that we are one of very few service providers positioned to provide such integrated facility services, also on a global scale;
- our ability to establish our presence in new markets and to grow our market share in existing markets.

We strive to meet all these requirements by adapting appropriate sales processes to reflect the needs of our customers, evaluate our existing business platform - in terms of the services delivered, our capabilities and the geographies in which we operate - on an ongoing basis to ensure it reflects both the current and future requirements of our customers.

Risks associated with our customer contracts The profitability of our contracts generally depends on our ability to successfully calculate prices by taking into consideration all economic factors, direct as well as inherent liabilities, and our ability to manage our day-to-day operations under these contracts. We may not be able to accurately predict the costs of and identify all risks associated with our contracts or the complexity of the services delivered, which may result in lower margins than expected, losses under these contracts or even the loss of customers.

We seek to mitigate these risks by applying good operational practices when entering into contractual agreements with our customers.

Qualified local managers and employees Our continued success depends largely on our effective decentralised organisational structure in which country and regional managers retain substantial autonomy regarding the management of operations in their local markets. As a result, we largely depend on these local managers. Qualified local and regional managers are also important in order to ensure best practices are shared across the Group, effective management continuity and the implementation and management of our growth strategies. Our competitive strength also depends partly upon our ability to attract, train and retain employees.

Competition risk The facility services market is fragmented with relatively low barriers to entry and there is significant competition from local, regional, national and international companies of varying sizes and financial abilities offering an array of service capabilities. We also face competition from in-house providers.

We believe that our self-delivering capabilities, our ability to deliver services across borders, group-wide HSE standards, credible risk transfer as well as our general process and management systems all contribute towards positioning ISS very favourably in the markets in which we operate.

Regulatory risks Due to the nature of our industry and the global reach of our operations, we are subject to a variety of laws and regulations governing areas such as labour, employment, immigration, health and safety, tax (including social security and salary taxes), corporate governance, customer protection, business practices, and the environment. Changes in such laws and regulations may constrain our ability to provide services to customers or increase the costs of providing the services.

To the extent that we are unable to pass on to our customers the costs of compliance with stricter or changing requirements (e.g. increases in labour costs mandated by law or collective bargaining agreements) and taxes, our margins may decline. In particular, because of our large workforce, laws and regulations relating to labour, employment (including the transfer of employees), social security, health and safety of employees and immigration affect our operations and the cost of compliance significantly affects our results and financial condition.

Financial risks The Group is exposed to a number of financial risks including currency risk, interest rate risk, liquidity risk and credit risk. The financial risks and management hereof are described in note 36 to the consolidated financial statements.



HOTEL, LEISURE & ENTERTAINMENT – representing 4% of Group revenue

At ISS we understand the complexity in the number of services and facilities our hotel customers choose to deliver. Through our service solution we help our customers to provide a coherent experience to their customers. Further, we develop service solutions that meet the expectations of our customers who organise major cultural and sports events and manage exceptional leisure destinations. And for the end-customer, this means an improved experience.

Board of Directors



NAME	FIRST ELECTED	END OF TERM ¹⁾	BORN	INDEPENDENCE
Ole Andersen, Chairman	2005	2011	1956	Independent
Leif Östling, Vice-Chairman	2005	2011	1945	Independent
John Allan	2008	2011	1948	Independent
Michel Combes	2010	2011	1962	Independent
Peter Korsholm	2008	2011	1971	Not independent
Jørgen Lindegaard	2010	2011	1948	Not independent
Steven Sher	2007	2011	1970	Not independent

¹⁾ All members of the Board of Directors are nominated for re-election at the annual general meeting.



1 OLE ANDERSEN

Ole Andersen is the Chairman of the Board and has been a member of the Board since March 2005. Mr. Andersen served as senior partner and head of the Copenhagen office of EQT Partners from September 2003 to May 2008. Prior to joining EQT Partners, Mr. Andersen worked for Enskilda Securities. From 1997 to 2000, he was head of the Copenhagen Branch and, from 2000 to 2003, he was global head of Corporate Finance. From 1983 to 1997, Mr. Andersen worked for Arthur Andersen & Co (1984-1989), Skandinavisk Holding (1989-1990), Capex (1990-1990), Trap & Kornum (1990-1991) and Alfred Berg (1991-1997). Mr. Andersen is currently Chairman of the Board of Privathospitalet Hamlet A/S, Chr. Hansen Holding A/S, Bang & Olufsen A/S and Bang & Olufsen Operations A/S and a member of the Board of Danske Bank A/S, Kommunekemi A/S, Duke Infrastructure Holding A/S, and Duke Infrastructure A/S.

Mr. Andersen holds a Master of Science in Business Administration and Auditing from the Copenhagen Business School. He is also a state Authorised Public Accountant.

Competence profile: Professional experience in managing large financial and international companies, financial and economic expertise and extensive board experience including from listed companies.

2 LEIF ÖSTLING

Leif Östling is Vice Chairman of the Board and has been a member of the Board since October 2005. He is currently the President and Group Chief Executive Officer of Scania AB, a position he has held since 1995. Prior to that time, Mr. Östling held various positions with Scania, including acting manager of Scania's

South American operations, head of Strategic Planning, Marketing Manager in the Netherlands and President of Scania Nederland. Mr. Östling is Chairman of the Board of Directors of AB SKF, Confederation of Swedish Enterprise (Svensk Näringsliv) and The Association of Swedish Engineering Industries (Teknikföretagen) and member of the Board of Directors of Scania AB and a member of an advisory board to Toyota Industries Cooperation.

Mr. Östling holds a Master of Science in Engineering from Chalmers University of Technology in Gothenburg, a Master of Business Administration from the Gothenburg School of Economics and two honorary doctorate degrees in engineering science from the Royal Institute of Technology in Stockholm and Luleå University of Technology.

Competence profile: Executive management experience from international companies, management and marketing experience from different cultures, extensive board experience including from listed, international companies.

3 JOHN ALLAN

John Allan has been a member of the Board since June 2008. Mr. Allan is currently Chairman of the Board of Dixons Retail Plc. and Care UK Plc. and a member of the Board of 3i Plc., National Grid Plc. and Natakate Ltd. Mr. Allan started his career at Lever Brothers, moving to Bristol-Myers Company Ltd and then Fine Fare Ltd. He joined BET Plc. in 1985 and was appointed to the board in 1987. In 1994, Mr. Allan was appointed CEO of Ocean Group Plc. which later became Exel Plc. In 2005, Exel was acquired by Deutsche Post World Net, and Mr. Allan joined the Management Board of Deutsche Post World Net. From 2007 until his retirement in 2009 Mr. Allan was the CFO of Deutsche Post World Net. Mr. Allan was previously Chairman of the Board of Samsonite Corporation, non-executive Director of PHS Group Plc., Wolseley Plc., Hamleys Plc., Connell Plc., member of the Supervisory Board of Lufthansa AG and Deutsche Postbank AG.

Mr. Allan holds a degree in Mathematical Science from Edinburgh University.

Competence profile: Executive management experience from international companies, financial and accounting expertise, management experience from the service industry, extensive board experience, including from listed, international companies in the United Kingdom, the USA and Germany.

4 MICHEL COMBES

Michel Combes has been a member of the Board since July 2010. Mr. Combes is currently the Chief Executive Officer for the Europe Region of Vodafone Plc. He was appointed to this position and joined Vodafone in October 2008 and the board in June 2009.

Mr. Combes began his career at France Telecom in 1986 in the External Networks Division, following which he moved to the Industrial and International Affairs Division. He became technical advisor to the Minister of Transportation in 1991, before serving as Chairman and Chief Executive Officer of GlobeCast from 1995 to 1999, when he became Executive Vice President of Nouvelles Frontières Group. From 2001 to 2003, he was Chief Executive Officer of Assystem SA, a company specialising in industrial engineering. Mr. Combes returned to France Telecom Group in 2003 as Senior Vice President of Group Finance and Chief Financial Officer. Until January 2006, Mr. Combes was Senior Executive Vice President, in charge of NExT Financial Balance & Value Creation and a member of the France Telecom Group Strategic Committee. From 2006 to 2008, he was Chairman and Chief Executive Officer of TDF Group. Mr. Combes is Chairman of the Supervisory Board of Assystem SA.

Mr. Combes is a graduate of the École Polytechnique and École National Supérieure des Télécommunications in France and holds a Master of Business Administration from Paris Dauphine University.

Competence profile: Executive management experience from international companies, expertise in international strategy, sales and marketing and in-depth knowledge of French industry and business.

5 PETER KORSHOLM

Peter Korsholm has been a member of the Board since April 2008. Mr. Korsholm is a partner and Head of the Copenhagen office as managing partner of EQT Partners A/S. He joined EQT Partners in 1999. Previously, he worked at Morgan Stanley in London. Mr. Korsholm is currently a member of the Board of BTX Group A/S, EQT Partners A/S, Holdingselskabet af 24. februar 2006 A/S, Caridian BCT Holding Corp, Gambro AB, Indap Sweden AB, Indap Holding AB and the Danish Venture Capital and Private Equity Association (DVCA).

Mr. Korsholm holds a Master of Business Administration with distinction from INSEAD. He also holds a Master of Science in Econometrics and Mathematical Economics from London School of Economics and a Bachelor in Economics from the University of Copenhagen.

Competence profile: Professional experience in investing in large international companies, broad experience within banking and private equity, expertise in complex financing structures and M&A.

6 JØRGEN LINDEGAARD

Jørgen Lindegaard has been a member of the Board since April 2010. Mr. Lindegaard was Group Chief Executive Officer of ISS from August 2006 until March 2010. Mr. Lindegaard joined ISS as a member of the Board in April 2006, a position he resigned from when he was appointed Chief Executive Officer in August 2006. He was the President and CEO of SAS Group from 2001 to 2006 and, prior to that, the CEO of GN Store Nord A/S from 1997 to 2001. From 1995 to 1996, he was Managing Director of Tele Danmark. From 1991 to 1995, he was the CEO of KTAS. From 1990 to 1991, he was the CEO of Fyns Telefon. Mr Lindegaard is currently Chairman of the Board of AVT Business School A/S, Deducta A/S, K/S Vimmelskafte 39-41, København and deputy chairman of IT University of Copenhagen (ITU) as well as a member of the Board of Parken Sport & Entertainment A/S, Trifina Mellemholding ApS, Trifina Holding ApS and Efsen Engineering A/S.

Mr. Lindegaard holds a Master of Science in Engineering (Electronics) from Technical University of Denmark.

Competence profile: Executive management experience from several positions in international companies, broad experience with leadership development and in-depth knowledge of the governance and organisation of ISS.

7 STEVEN SHER

Steven Sher has been a member of the Board since December 2007. Mr. Sher is currently a Managing Director of Goldman Sachs International within the Merchant Banking Division. Prior to joining Goldman Sachs in 1997, Mr. Sher was with Price Waterhouse in London, where he qualified with the Institute of Chartered Accountants in England and Wales. Mr. Sher is a member of the Board of Directors of Ahlsell AB and Edam Acquisition I B.V. Cooperatief U.A.

Mr. Sher holds a Bachelor of Commerce and a post graduate Bachelor of Accounting from the University of Witwatersrand.

Competence profile: Professional experience in investing in large international companies, broad experience within banking and private equity, expertise in finance and accounting and M&A.

Executive Group Management



JAKOB STAUSHOLM (1968)

Jakob Stausholm has been the Group Chief Financial Officer since he joined ISS in September 2008. Prior to joining ISS, he spent 19 years with Shell in various finance positions including four CFO positions based in the Netherlands, Argentina, Denmark, the United Kingdom and Singapore. Most recently, he was Vice President of Finance for Shell Exploration & Production in Asia Pacific based in Singapore from 2006 to 2008. From 2002 to 2006, Mr. Stausholm was Royal Dutch Shell's Chief Internal Auditor based in London. Mr. Stausholm has held a number of board positions related to his executive position, most recently as a non-executive board member of Woodside Petroleum, Australia (2006 to 2008). Mr. Stausholm is currently a member of the Board of Directors and Chairman of the audit committee of Statoil ASA (previously StatoilHydro ASA) as well as member of the tax politics committee in Danish Industry (Dansk Industri, DI). Mr. Stausholm holds a Master of Economics from the University of Copenhagen.

JEFF GRAVENHORST (1962)

Jeff Gravenhorst has been Group Chief Executive Officer since April 2010. Previously, he was Group Chief Operating Officer from April 2008 to March 2010, Group Chief Financial Officer from 2005 to 2008 and the Chief Financial Officer of ISS UK from 2002 to 2005. From 2000 to 2002, he was Managing Director of ALTO Danmark A/S, heading up the European divisions. From 1998 to 1999, Mr. Gravenhorst was Vice President, Business Unit Consumer, of ALTO U.S. Inc. He has also served as Chief Financial Officer of Clarke Industries Inc. and as Finance Director of Wittenborg UK Ltd, each a subsidiary of Incentive A/S, as well as a Manager of Arthur Andersen in Denmark. Mr. Gravenhorst is currently a member of the Board of Directors of Danish Crown Holding A/S, Danish Crown AMBA and Statsautoriseret revisor Ove Haugsted og Hustru Lissi Haugsted's Familiefond and a member of the central board of the Confederation of Danish Industry (DI). Mr. Gravenhorst holds a Master of Science in Business Administration and Auditing from the Copenhagen Business School.

Group Management



1 BJØRN RAASTEEN (1964)
Group General Counsel

2 DAVID OPENSHAW (1949)
Regional CEO
North America, United Kingdom,
Ireland, South Africa & Middle East

3 DANIEL BRENNAN (1956)
Head of Group Human Resources

4 MARTIN GAARN THOMSEN (1970)
Regional CEO
Western Europe

5 HANS JOHN ØIESTAD (1955)
Regional CEO
Nordic

6 TROELS BJERG (1963)
Regional CEO
Eastern Europe

7 HENRIK LANGEBÆK (1966)
COO-Projects

8 JEAN-MANUEL BULLUKIAN (1964)
Regional CEO
Asia-Pacific

9 HENRIK TREPKA (1963)
Head of Group IT

10 JACOB GÖTZSCHE (1967)
Regional CEO
Central Europe

11 LUIS ANDRADE (1960)
Regional CEO
Iberia & Latin America

12 TODD O'NEILL (1966)
Head of Group Strategy
and Corporate Development

13 PETER HARDER THOMSEN (1971)
Head of Group Controlling

14 BARBARA PLUCNAR JENSEN (1971)
Head of Group Treasury

15 LARS SANDAHL SØRENSEN (1962)
Chief Commercial Officer







Financial statements



Group

Consolidated income statement

1 January – 31 December

DKK million	Note	2010	2009
Revenue	3, 4	74,073	69,004
Staff costs	5, 6	(47,990)	(44,781)
Consumables	21	(6,359)	(6,044)
Other operating expenses	7	(14,607)	(13,437)
Depreciation and amortisation ¹⁾	15, 17	(850)	(868)
Operating profit before other items ²⁾		4,267	3,874
Other income and expenses, net	8	(112)	(551)
Acquisition and integration costs		(6)	(46)
Operating profit ¹⁾	3	4,149	3,277
Share of result from associates	18	10	4
Financial income	9	198	223
Financial expenses	9	(2,566)	(2,531)
Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts		1,791	973
Income taxes ³⁾	10	(760)	(588)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts		1,031	385
Goodwill impairment	11, 15, 16	(938)	(1,246)
Amortisation and impairment of brands and customer contracts ⁴⁾	15	(869)	(1,129)
Income tax effect ⁵⁾	10, 19	244	361
Net profit/(loss) for the year		(532)	(1,629)
Attributable to:			
Owners of ISS A/S		(552)	(1,647)
Non-controlling interests		20	18
Net profit/(loss) for the year		(532)	(1,629)
Earnings per share:			
Basic earnings per share (EPS), DKK	12	(5.5)	(16.5)
Diluted earnings per share, DKK	12	(5.5)	(16.5)
Adjusted earnings per share, DKK ⁶⁾	12	10.3	3.9

¹⁾ Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.

²⁾ Excluding Other income and expenses, net, Acquisition and integration costs, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

³⁾ Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.

⁴⁾ Including customer contract portfolios and related customer relationships.

⁵⁾ Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.

⁶⁾ Calculated as Profit before goodwill impairment/amortisation and impairment of brands and customer contracts divided by the average number of shares (diluted).

Consolidated statement of comprehensive income

1 January – 31 December

DKK million

	Note	2010	2009
Net profit/(loss) for the year		(532)	(1,629)
Other comprehensive income			
Foreign exchange adjustments of subsidiaries and non-controlling interests		911	364
Fair value adjustment of hedges, net	37	(138)	(327)
Fair value adjustment of hedges, net, transferred to Financial expenses	37	259	325
Actuarial gains/(losses)	30	(129)	(45)
Impact from asset ceiling regarding pensions	30	(20)	18
Tax regarding other comprehensive income	10	6	2
Total other comprehensive income		889	337
Total comprehensive income for the year		357	(1,292)
Attributable to:			
Owners of ISS A/S		336	(1,310)
Non-controlling interests		21	18
Total comprehensive income for the year		357	(1,292)

Consolidated statement of cash flows

1 January – 31 December

DKK million

	Note	2010	2009
Operating profit before other items		4,267	3,874
Depreciation and amortisation	15, 17	850	868
Changes in working capital	13	(87)	(137)
Changes in provisions, pensions and similar obligations		(85)	(50)
Other expenses paid		(197)	(371)
Integration costs paid		(15)	(58)
Income taxes paid	24	(697)	(394)
Cash flow from operating activities		4,036	3,732
Acquisition of businesses	14	(470)	(914)
Divestment of businesses	14	591	22
Acquisition of intangible assets and property, plant and equipment		(987)	(1,007)
Disposal of intangible assets and property, plant and equipment		101	110
(Acquisition)/disposal of financial assets		48	(43)
Cash flow from investing activities		(717)	(1,832)
Proceeds from borrowings		2,496	5,849
Repayment of borrowings		(3,395)	(5,177)
Interest received		105	82
Interest paid		(2,383)	(2,287)
Non-controlling interests		(9)	(14)
Cash flow from financing activities		(3,186)	(1,547)
Total cash flow		133	353
Cash and cash equivalents at 1 January		3,364	2,961
Total cash flow		133	353
Foreign exchange adjustments		109	50
Cash and cash equivalents at 31 December	26	3,606	3,364

Consolidated statement of financial position

At 31 December

DKK million	Note	2010	2009
Assets			
Intangible assets	15, 16	35,358	35,452
Property, plant and equipment	17	2,055	2,004
Investments in associates	18	9	21
Deferred tax assets	19	655	514
Other financial assets	20	290	276
		38,367	38,267
Non-current assets			
Inventories	21	318	303
Trade receivables	22	10,896	10,130
Contract work in progress	23	125	195
Tax receivables	24	386	308
Other receivables	25	348	551
Prepayments		546	525
Securities	26	19	97
Cash and cash equivalents	26	3,606	3,364
Assets held for sale	27	824	614
		17,068	16,087
Current assets			
		55,435	54,354
Total assets			
Equity and liabilities			
Total equity attributable to owners of ISS A/S		2,626	2,190
Non-controlling interests		25	23
		2,651	2,213
Total equity			
Loans and borrowings	29	29,032	28,649
Pensions and similar obligations	30	1,053	837
Deferred tax liabilities	19	2,305	2,356
Provisions	31	361	379
		32,751	32,221
Non-current liabilities			
Loans and borrowings	29	5,212	5,710
Trade payables		2,830	2,624
Tax payables	24	411	306
Other liabilities	32	10,946	10,478
Provisions	31	379	423
Liabilities related to assets held for sale	27	255	379
		20,033	19,920
Current liabilities			
		52,784	52,141
Total liabilities			
		55,435	54,354
Total equity and liabilities			

Consolidated statement of changes in equity

1 January – 31 December

DKK million

	Attributable to owners of ISS A/S						Non-con- trolling interests	Total equity
	Share capital	Share premium	Retained earnings	Trans- lation reserve	Hedging reserve	Total		
2010								
Equity at 1 January	100	7,772	(4,711)	(683)	(288)	2,190	23	2,213
Comprehensive income for the year								
Net profit/(loss) for the year	-	-	(552)	-	-	(552)	20	(532)
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	910	-	910	1	911
Fair value adjustment of hedges, net of tax	-	-	-	-	(103)	(103)	-	(103)
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	-	194	194	-	194
Actuarial gains/(losses), net of tax	-	-	(93)	-	-	(93)	-	(93)
Impact from asset ceiling regarding pensions	-	-	(20)	-	-	(20)	-	(20)
Total other comprehensive income	-	-	(113)	910	91	888	1	889
Total comprehensive income for the year	-	-	(665)	910	91	336	21	357
Transactions with owners								
Remission of debt to parent company	-	-	98	-	-	98	-	98
Impact from acquired and divested companies, net	-	-	-	-	-	-	(10)	(10)
Dividends paid	-	-	-	-	-	-	(9)	(9)
Share-based payments	-	-	2	-	-	2	-	2
Total transactions with owners	-	-	100	-	-	100	(19)	81
Total changes in equity	-	-	(565)	910	91	436	2	438
Equity at 31 December	100	7,772	(5,276)	227	(197)	2,626	25	2,651

Dividends

No dividends have been proposed or declared.

Consolidated statement of changes in equity

1 January – 31 December

DKK million

	Attributable to owners of ISS A/S						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Trans-lation reserve	Hedging reserve	Total		
2009								
Equity at 1 January	100	7,772	(3,043)	(1,047)	(284)	3,498	35	3,533
Comprehensive income for the year								
Net profit/(loss) for the year	-	-	(1,647)	-	-	(1,647)	18	(1,629)
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	364	-	364	-	364
Fair value adjustment of hedges, net of tax	-	-	-	-	(245)	(245)	-	(245)
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	-	244	244	-	244
Limitation to interest deduction in Denmark	-	-	-	-	(3)	(3)	-	(3)
Actuarial gains/(losses), net of tax	-	-	(41)	-	-	(41)	-	(41)
Impact from asset ceiling regarding pensions	-	-	18	-	-	18	-	18
Total other comprehensive income	-	-	(23)	364	(4)	337	-	337
Total comprehensive income for the year	-	-	(1,670)	364	(4)	(1,310)	18	(1,292)
Transactions with owners								
Impact from acquired and divested companies, net	-	-	-	-	-	-	(16)	(16)
Dividends paid	-	-	-	-	-	-	(14)	(14)
Share-based payments	-	-	2	-	-	2	-	2
Total transactions with owners	-	-	2	-	-	2	(30)	(28)
Total changes in equity	-	-	(1,668)	364	(4)	(1,308)	(12)	(1,320)
Equity at 31 December	100	7,772	(4,711)	(683)	(288)	2,190	23	2,213

Dividends

No dividends have been proposed or declared.

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NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

ISS A/S (formerly ISS Holding A/S) is a company domiciled in Denmark. The consolidated financial statements of ISS A/S as of and for the year ended 31 December 2010 comprise ISS A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in jointly controlled entities and associates.

STATEMENT OF COMPLIANCE

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

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

The consolidated financial statements were discussed and approved by the Executive Group Management and the Board of Directors on 3 March 2011 and issued for approval at the Annual General Meeting on 3 March 2011.

BASIS OF PREPARATION

The consolidated financial statements are presented in Danish kroner (DKK) (rounded to nearest DKK million), which is also ISS A/S's functional currency.

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

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the changes as explained below in "Changes in accounting policies".

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 consolidated 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) payable is recognised at fair value at the acquisition date, and subsequent adjustments are generally recognised in the income statement as incurred. Previously such adjustments were recognised against the original cost 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 and therefore no gain/loss is recognised in the income statement in respect of such disposals and no goodwill is recognised as a result of such acquisitions. 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 occurring in the financial year starting 1 January 2010. In 2010, the change impacted Acquisition and integration costs in the income statement negatively by DKK 5 million.

Business combinations occurring 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.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company ISS A/S and subsidiaries in which ISS A/S has control of financial and operating policies in order to obtain a return or other benefits from its activities. Control is presumed to exist when ISS A/S owns, directly or indirectly, more than 50% of the voting rights of an entity or otherwise has a controlling interest, e.g. by virtue of a statute or agreement.

Special purpose entities (SPEs) The Group has established a number of SPEs with the purpose of raising external funding to the Group. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss of control Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates Entities in which the Group has a significant influence, but which it does not control, are considered associates. Significant influence is presumed to exist when the Group owns directly or indirectly more than 20% of the voting rights but less than 50%. When assessing whether ISS A/S has control or significant influence, potential voting rights that are exercisable at the reporting date are taken into account. Investments in associates are accounted for using the equity method and are accounted for initially at cost. The cost of the investment includes transaction cost.

Joint ventures The Group's interests in jointly controlled entities are regarded as joint ventures and are consolidated proportionally, and the individual accounting entries are recognised in proportion to the ownership share.

A group chart is included in note 42, Subsidiaries, associates, joint ventures and SPEs.

The consolidated financial statements have been prepared as a consolidation of the financial statements of ISS A/S, subsidiaries, SPEs and proportionally consolidated entities prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated. Unrealised gains on transactions with associates and proportionally consolidated entities are eliminated in proportion to the Group's ownership share of the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries and proportionally consolidated entities are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets, including recognised contingent liabilities, at the acquisition date.

The accounting items for subsidiaries are included in full in the consolidated financial statements. The non-controlling interest's share of the net profit/loss for the year and of the equity of subsidiaries, which are not wholly owned, are included in the Group's net profit/loss and equity respectively, but is disclosed separately. By virtue of agreement certain non-controlling shareholders are only eligible of receiving benefits from their non-controlling interest when ISS as controlling shareholder has received their initial investment and compound interest on such. In such instances the subsidiaries' result and equity are fully allocated to ISS until the point in time where ISS has recognised amounts exceeding their investment including compound interest on such.

Business combinations Acquired businesses or entities formed during the year are recognised in the consolidated financial statements from the acquisition date or date of formation. Businesses which are divested or wound up are recognised in the consolidated

income statement until the date of divestment or winding-up. Comparative figures are not restated for businesses acquired, divested or wound up.

For acquisitions where the Group obtains control of the acquired business the acquisition method is applied. The identifiable assets, liabilities and contingent liabilities of acquired businesses are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if separable or if they arise from contractual or other legal rights. Deferred tax related to fair value adjustments is recognised.

The acquisition date is the date when the Group effectively obtains control of the acquired business.

Any excess of the fair value of the consideration transferred, the recognised amount of any non-controlling interests and the fair value of any existing equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under Intangible assets. Goodwill is not amortised but tested for impairment annually. The first impairment test is performed no later than at the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred comprises the fair value of the assets transferred and the liabilities and contingent liabilities incurred. If parts of the consideration are conditional upon future events (contingent consideration), these parts are recognised at fair value at the acquisition date. Transaction costs that the Group incurs in connection with the business combination are expensed as incurred.

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition date and comparative figures are restated accordingly.

Changes in estimates of contingent consideration relating to business combinations effected on or after 1 January 2010 are generally recognised in the income statement. However, if new information becomes available within 12 months from the acquisition date and provides evidence of conditions relating to the contingent consideration or circumstances that existed at the acquisition date, then the acquisition accounting is adjusted with effect on goodwill. For business combinations effected prior to 1 January 2010 subsequent adjustments to estimates of contingent consideration and transaction costs continue to be recognised in goodwill.

When less than 100% of a subsidiary is acquired, the Group elects on a transaction-by-transaction basis to either measure the non-

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

controlling interests at fair value at the acquisition date or at its proportionate interest in the fair value of the net assets acquired. Measurement at fair value means that goodwill includes a portion attributable to the non-controlling interests while measurement at its proportionate interest in the fair value of the net assets acquired, means that goodwill relates only to the controlling interest acquired.

Written put options relating to business combinations effected prior to 1 January 2010 and held by non-controlling shareholders are accounted for in accordance with the anticipated acquisition method, i.e. as if the put option has been exercised already. Such options are recognised as other liabilities initially at fair value. Fair value is measured at the present value of the exercise price of the option. At each reporting date the liability is remeasured at fair value and changes in the carrying amount, i.e. excluding the effect of unwind of discount, which is accounted for as a financial expense, are recognised by adjusting the carrying amount of goodwill.

Gains or losses on the divestment or winding-up of subsidiaries, associates or joint ventures are measured as the difference between the consideration received adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

Foreign currency For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange adjustments arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the exchange rate in the latest financial statement is recognised in the income statement under Financial income or Financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of ISS A/S (DKK), the income statements and statements of cash flows are translated at the exchange rates at the transaction date and the statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange adjustments arising on translation of the opening balance of equity of foreign entities at the exchange rates at the reporting date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the reporting date are recognised in other comprehensive income and presented in equity under a separate translation reserve.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in

other comprehensive income and presented in equity under a separate translation reserve. Foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign entities with a functional currency different from ISS A/S's and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised in other comprehensive income and presented in equity under a separate translation reserve.

On recognition in the consolidated financial statements of associates with a functional currency other than the presentation currency of ISS A/S, the share of profit or loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the reporting date. Foreign exchange adjustments arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the reporting date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the reporting date, are recognised in other comprehensive income and presented in a separate translation reserve in equity.

Foreign exchange adjustments of foreign entities are recognised in other comprehensive income, and presented in the separate translation reserve in equity. However, if the foreign entity is a non-wholly-owned subsidiary, the relevant proportionate share of the foreign exchange adjustment is allocated to the non-controlling interests. When a foreign entity is disposed off such that control, significant influence or joint control is lost or on repayment of balances which constitute part of the net investment in the foreign entity, the cumulative amount in the translation reserve related to that foreign entity is reclassified to the income statement under Financial income or Financial expenses. When the Group disposes of only part of its interest in a subsidiary that includes a foreign entity while retaining control, the relevant proportion of the cumulative amount is allocated to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that include a foreign entity while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement under Financial income or Financial expenses.

Derivative financial instruments are recognised in the statement of financial position on the transaction date and measured at fair value. Positive and negative fair values of derivative financial instruments are included in Other receivables or Loans and borrowings, respectively. Positive and negative values are only offset when the Group has the legal right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and according to generally accepted valuation methods.

Fair value hedges Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows in accordance with a firm commitment, except for foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement under Financial income or Financial expenses.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flow hedges Changes in the portion of the fair value of derivative financial instruments designated as and qualifying for recognition as a cash flow hedge, and which effectively hedges changes in the value of the hedged item, are recognised in other comprehensive income and presented in a separate hedging reserve in equity until the hedged transaction is realised. At this time, gains or losses concerning such hedging transactions are transferred from other comprehensive income to the income statement and recognised under the same line item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The accumulated change in fair value recognised in other comprehensive income is reclassified to the income statement in the same period that the hedged item affects the income statement. If the forecasted transaction is no longer expected to occur, then the accumulated change in fair value is reclassified to the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement under Financial income or Financial expenses.

CONSOLIDATED INCOME STATEMENT

Presentation The consolidated income statement is presented in accordance with the "nature of expense" method. Goodwill impairment and Amortisation and impairment of brands and customer contracts as well as the Income tax effect hereof are presented in separate line items after Operating profit. This income statement presentation is considered most appropriately to reflect the Group's profitability.

Revenue from rendering services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognised when the amount of revenue can be measured reliably, the recovery of the consideration is probable, the stage of completion can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Contract revenue is recognised in the income statement in proportion to the stage of completion of the contract when the outcome of the contract can be estimated reliably. Contract revenue includes the initial amount agreed in the contract plus any variations in the contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract costs are recognised as incurred unless they create an asset related to future contract activity. When the outcome of a contract can not be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

The stage of completion of a contract is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Revenue from the sale of goods in the course of the ordinary activities is recognised in the income statement provided that all significant risks and rewards of ownership have been transferred to the customer, and that the amount of revenue can be measured reliably.

Revenue is measured at fair value of the consideration received less VAT and duties as well as price and quantity discounts.

Government grants mainly comprises wage subventions. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are incurred.

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

Consumables comprises material consumption related to the recognised revenue, e.g. food costs, chemicals, cloths, uniforms etc.

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

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

Other income and expenses, net consists of income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property and restructurings.

Acquisition and integration costs Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred by the acquiring Group company and the acquired business that are a consequence of the integration. Integration costs include costs for termination of employees, contract termination costs mainly related to leasehold as well as advisory fees.

Share of result from associates comprises the share of the associates' result after tax and non-controlling interests. Share of result from associates is recognised in the income statement after elimination of the proportionate share of unrealised intra-group profits/losses.

Financial income and financial expenses comprises interest income and expense, gains and losses on securities, foreign exchange

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

gains and losses, amortisation of financial assets and liabilities, including finance lease and unwind of discount. Additionally realised and unrealised gains and losses on fair value hedges (currency swaps) and derivatives which are not designated as hedging arrangements are included.

Income taxes consists of current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement and the tax expense relating to items recognised in other comprehensive income is recognised directly in other comprehensive income.

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

Goodwill impairment includes impairment losses arising from impairment tests as well as impairment of goodwill in connection with divestments and classification of disposal groups as held for sale.

Amortisation and impairment of brands and customer contracts includes amortisation of acquired brands and acquired customer contract portfolios and related customer relationships, impairment losses arising from impairment tests and impairment losses in connection with divestments and classification of disposal groups as held for sale.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

Cash flow from investing activities comprises payments in connection with acquisition and divestment of businesses and the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Acquisition of assets by means of finance leases are treated as non-cash transactions.

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

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

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

Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviate significantly from the exchange rate at the transaction date.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill is initially recognised in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date and tested at least annually as part of the annual impairment test for non-current assets. Identification of cash-generating units is based on the management structure and internal financial control, i.e. generally equal to country level.

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

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

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Software and other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The cost of software developed for internal use includes external costs to consultants and software as well as internal direct and indirect costs related to the development. Other development costs for which it cannot be rendered probable that future economic benefits will flow to the Group are recognised in the income statement as and when incurred.

Amortisation is based on the cost of the asset and recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives for the current and comparative years are as follows:

	Estimated useful life
Software	5-10 years
Other intangible assets	5-10 years

Amortisation methods and useful lives are reassessed at each reporting date and adjusted if appropriate. When changing the amortisation period due to a change in the useful life, the effect on the amortisation is recognised prospectively as a change in accounting estimates.

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost of assets comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended. The net present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost of the asset to the extent that this cost is recognised as a provision.

The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate.

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

Depreciation is based on the cost of an asset less its residual value. When parts of an item of property, plant and equipment have differ-

ent useful lives, they are accounted for as separate items of property, plant and equipment. The residual value is determined at the acquisition date and reassessed at each reporting date. If the residual value exceeds the carrying amount depreciation is discontinued.

Depreciation of property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. Assets under finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for current and comparative years are as follows:

	Estimated useful life
Buildings	5-40 years
Leasehold improvements	(the lease term) 5-12 years
Plant and equipment	3-10 years

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

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

Investments in associates are recognised in accordance with the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses plus the carrying amount of goodwill. Investments in associates are tested for impairment if indications of impairment exists.

Investments in associates with a negative net asset value are measured at zero. If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognised under provisions.

Receivables from associates are measured at amortised cost. An allowance for impairment losses is recognised.

Investments in associates are accounted for using the acquisition method, see description under Business combinations.

Other financial assets comprise mainly deposits measured at amortised cost and regulatory long-term loans measured at amortised cost with any resulting adjustment being recognised in the income statement.

Impairment of non-current assets Goodwill and brands with an indefinite useful life are subject to annual impairment tests, initially before the end of the acquisition year. Similarly, brands with definite useful life and customer contracts are tested for impairment annually.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated. If the carrying amount exceeds the recoverable amount an impairment loss is recognised in a separate line in the income statement. The recoverable amount is generally calculated as the present value of the expected future cash flows (value in use) from the cash-generating unit to which goodwill is allocated.

Deferred tax assets are subject to impairment tests annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amount of other non-current assets is tested annually for indications of impairment. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the fair value of the asset less anticipated costs of disposal and its value in use. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses are only reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Inventories are measured at the lower of cost under the FIFO principle and net realisable value.

Finished goods and work in progress are measured at the lower of cost plus attributable overheads and net realisable value. The cost of raw materials and supplies includes the purchase price plus costs directly related to the purchase.

Net realisable value is the estimated selling price less costs of completion and selling costs and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables are measured at amortised cost. An impairment loss is recognised when objective evidence indicates that a receivable or a portfolio of receivables is impaired. Objective evidence that receivables are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that would not otherwise be considered or indications that a debtor will enter bankruptcy.

The Group considers evidence of impairment at both a specific receivable and portfolio level. All individually significant receivables are assessed for specific impairment. Receivables, that are found not to be specifically impaired, are collectively assessed for impairment on portfolio level by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual

losses are likely to be greater or less than suggested by historical trends.

Impairment losses during the year are recognised under Other operating expenses and reflected in an allowance account against receivables. Interest on the impaired receivable continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Contract work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at the contract revenue of the work completed (i.e. cost plus profit recognised to date) less progress billings and recognised losses.

The contract revenue is calculated in proportion to the stage of completion at the reporting date and the total contract revenue to be received for each individual contract. The stage of completion is determined on the basis of an assessment of the work performed, which is measured as the proportion of contract costs incurred for work performed on each individual contract relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When the outcome of a contract cannot be determined reliably, the realisable value is measured as the contract costs incurred that are likely to be recovered.

Where on a contract-by-contract basis the realisable value of work performed exceeds progress billings and anticipated losses, the excess is recognised under Contract work in progress. If progress billings and anticipated losses exceed the realisable value of a construction contract, the deficit is recognised under Other liabilities.

Prepayments from customers are recognised under Other liabilities.

Costs relating to sales work and securing contracts are recognised in the income statement as incurred.

Other receivables comprise various receivables, e.g. receivable divestment proceeds, outlays for customers, employee receivables and certain contract costs. Capitalised contract costs are amortised over the term of the contract. Contract costs relate to PPP/PFI contracts and certain other significant contracts. Costs related to tenders for public offers for PPP (Public Private Partnership)/PFI (Private Finance Initiative) contracts are generally recognised in the income statement as incurred. However, if the Group is awarded status as preferred bidder, directly attributable contract costs from that date, if any, are capitalised. If the Group is not awarded the contract, all costs are recognised in the income statement.

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

Securities that are designated as fair value through profit or loss are measured at fair value at the reporting date, with any resulting gains or losses recognised in the income statement.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Equity**

Translation reserve The translation reserve comprises all foreign exchange differences arising from the translation of financial statements of subsidiaries/joint ventures and investments in associates with another functional currency than DKK as well as from the translation of non-current balances which are considered part of the investment in subsidiaries/joint ventures, loans and borrowings in foreign currency and derivatives hedging net investments in foreign subsidiaries/joint ventures.

Hedging reserve The hedging reserve comprises the effective portion of the cumulative net change after tax in the fair value of cash flow hedging instruments which fulfil the criteria for hedging of future cash flows, when the hedged transactions have not yet occurred.

Share premium comprises amounts above the nominal share capital paid by shareholders when shares are issued by the Group. The share premium amount is a part of the Group's free reserves.

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

Dividends proposed are recognised as a liability at the date when they are adopted at the Annual General Meeting (declaration date). Interim dividends are recognised as a liability at the date when the decision to pay interim dividend is made.

Retirement benefit obligations and similar long-term obligations The Group has entered into retirement benefit schemes and similar arrangements with the majority of the Group's employees.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised in the income statement under Staff costs in the periods during which services are rendered by employees. Any contributions outstanding are recognised in the statement of financial position as Other liabilities.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The actuarial present value less the fair value of any plan assets is recognised in the statement of financial position under Pensions and similar obligations.

Pension costs for the year are recognised in the income statement on the basis of actuarial estimates and financial expectations at the beginning of the year. Differences between the expected development in pension assets and liabilities and the realised amounts at the end of the year are designated actuarial gains or losses and are recognised in other comprehensive income.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the

changes are recognised as historical costs. Historical costs are recognised immediately if employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees.

If a pension plan constitutes a net asset, the asset is only recognised to the extent that it represents future refunds from the plan, or it will lead to reductions in future contributions to the plan.

Interest on defined benefit plans and the expected return on plan assets are recognised under Staff costs.

Other long-term employee benefits are recognised similarly based on an actuarial calculation. All actuarial gains and losses are recognised in the income statement immediately under Staff costs. Other long-term employee benefits comprise jubilee benefits, long-service or sabbatical leave etc.

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

The fair value of the warrants granted is measured using the Black-Scholes option pricing model based on the terms and conditions on which they were granted. Service and non-market vesting conditions are not taken into account when estimating the fair value, but are considered when estimating the number of warrants expected to vest.

At each reporting date, the Group revises the estimate of number of warrants expected to vest. The impact of this revision, if any, is recognised in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. Accordingly, total recognition is based on the number of warrants ultimately vested. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Current tax receivable/payable and deferred tax Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from in business combinations, arose at the time of acquisition without affecting either profit/loss for the year or taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised under non-current assets at the expected value of their utilisation: either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax assets and tax liabilities or intends to settle current tax assets and tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the taxation rules and tax rates in the respective countries applicable at the reporting date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions comprise obligations concerning legal cases, self-insurance, acquisition and integration costs, contingent liabilities related to acquisitions, dismantling costs, and various other operational issues. Provisions are recognised if the Group, as a result of a past event has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is management's best estimate of the amount required to settle the obligation.

When measuring provisions, the costs required to settle the obligation are discounted if this significantly impacts the measurement of the liability. The entity's average borrowing rate is used as discount rate. The unwind of discount is recognised under Financial expenses.

Restructuring costs are recognised under Provisions when a detailed, formal restructuring plan is announced to the affected parties on or before the reporting date. On acquisition of businesses, restructuring provisions in the acquiree are only included in goodwill when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore a site or rented facilities when vacated, a provision is recognised corresponding to the present value of expected future costs. The present value of the obligation is included in the cost of the relevant tangible asset and depreciated accordingly.

Financial liabilities are recognised at the date of borrowing at the amount of proceeds received less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases, which are measured at amortised cost.

Leasing For accounting purposes lease obligations are divided into finance leases and operating leases.

A finance lease is a lease that transfers substantially all risks and rewards incident to ownership to the lessee. Other leases are classified as operating leases. The accounting treatment of assets held under a

finance lease and the related obligation is described under Property, plant and equipment and Financial liabilities, respectively.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Assets held for sale comprises non-current assets and disposal groups held for sale. A disposal group is defined as a group of assets to be disposed of by sale or otherwise together as a group in a single transaction. Liabilities relating to assets held for sale are those directly associated with the assets that will be transferred in the transaction. Assets are classified as held for sale when the carrying amount of the assets is expected to primarily be recovered through a sale within 12 months of the reporting date in accordance with a formal plan rather than through continuing use.

Immediately before classification as held for sale, the assets or disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement are recognised in the income statement. Gains and losses are disclosed in the notes.

Assets held for sale and related liabilities are presented in separate lines in the statement of financial position and the main elements are specified in the notes to the consolidated financial statements.

SEGMENT INFORMATION

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

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

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

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

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements of the Group requires management to make judgements, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of the Group's assets and liabilities, income and expenses.

ESTIMATION UNCERTAINTY

Determination of the carrying amount of certain assets and liabilities requires estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which management assesses to be reliable, but which by their nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. Further, the Group is exposed to a number of risks and uncertainties as a result of its operating, investing and financing activities. These risks may lead to actual results differing from estimates, both positively and negatively. Specific financial risks for the Group are discussed in the notes.

Assumptions about the future and estimation uncertainty on the reporting date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In 2009 and 2010, the development in the global economy and financial markets lead to higher uncertainty regarding a number of key assumptions about the future, e.g. interest rates, growth rates, volatility and credit risk.

Management believes the following are the areas involving significant accounting estimates in the preparation of the consolidated financial statements of the Group:

Acquisition of businesses When acquiring businesses the acquisition method is applied. The most significant assets acquired generally comprise goodwill, brands, customer contracts and trade receivables.

Generally, there are uncertainties related to the identification of assets, liabilities and contingent liabilities as well as to the measurement of their fair value at the acquisition date. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value.

Goodwill is measured as the difference between the consideration transferred and the fair value of the net identifiable assets acquired. Management makes estimates of cash-generating units and the allocation of goodwill.

Considering the uncertainties associated with the determination of the cash flows of acquired cash-generating units, it is the assessment of management that the allocation made is based on documented estimates. The fair value of identifiable net assets is specified in note 14, Acquisition and divestment of businesses.

Brands The fair value of the brands acquired in business combinations and their expected useful lives are assessed based on the brands' market position, expected long-term developments in the relevant markets and the brands' profitability.

Generally, the Group's strategy is based on the ISS brand, which means that all acquired brands are either immediately converted to the ISS brand or co-branded with the ISS brand for a longer or shorter period of time. Whether the conversion is effected immediately or implemented over a period of time depends on the assessment of the fair value of the acquired brand, i.e. whether the acquired brand is expected to separately generate future economic benefits.

When an acquired brand is assessed to separately generate future economic benefits, measurement of the fair value is based on a discounted cash flow model using the after-tax royalty payments (the royalty relief method). Cash flows are discounted on an after tax basis using the local Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in the brand.

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

Customer contracts The fair value of customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired contract portfolio and related customer relationships in terms of local market conditions, terms and conditions of the underlying contracts and historical experience relating to churn rates.

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

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

Impairment test Goodwill, brands and customer contracts are tested for impairment at least annually or whenever there is an indication that the intangibles may be impaired. In performing the impairment test management makes an assessment of whether the cash generating unit to which the intangibles relate will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity.

The recoverable amount of each cash-generating unit (CGU) is determined on the basis of its value-in-use. The value-in-use is established

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

using certain key assumptions. The key assumptions are revenue growth and discount rates.

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

Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flow are generally reflected in the discount rates. Consequently, a country specific risk premium has been added to the discount rates to reflect the specific risk associated with each cash-generating unit.

The Group's impairment tests including sensitivity analyses are presented in note 16, Impairment tests.

Defined benefit plans and similar obligations The value of the Group's defined benefit plans and other long-term employee benefits are based on valuations from external actuaries. When calculating the net present value of the retirement benefit obligation a number of significant actuarial assumptions are made including discount rates, expected return on plan assets, expected increases in future wages, salary and retirement benefits. All assumptions are assessed at the reporting date. The range and weighted average for these assumptions are disclosed in note 30, Pensions and similar obligations.

In certain countries, the Group participates in multi-employer pension schemes, which by their nature are defined benefit plans. The funds, however, are currently not able to provide the necessary information in order for the Group to account for the schemes as such. The pension schemes are therefore accounted for as defined contribution plans. There is a risk that the plans are not sufficiently funded. However, information on surplus or deficit in the schemes is not available.

Provisions and contingencies Management assesses provisions, contingent assets and liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents.

Provisions are disclosed in note 31, Provisions and contingent liabilities are disclosed in note 34, Contingent liabilities, pledges and guarantees.

Deferred tax assets The recognition of deferred tax assets regarding tax losses carried forward is based on management's assessment of expected future profitability in the foreseeable future. Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future taking into account any restrictions in utilisation in the local tax legislation. This judgement is made on the reporting date based on budgets and estimates.

The Group's tax assets are presented, and uncertainties relating to recognition are described, in note 19, Deferred tax.

Receivables are measured at amortised cost. Impairment losses recognised are based on management's assessment of the customer's ability to make the required payments. Management performs analysis of impairment at both specific receivable and portfolio level as described in note 1, Significant accounting policies.

The recognised allowance for impairment losses is expected to be sufficient to cover future losses. The financial uncertainty associated with impairment of receivables is usually considered to be limited.

Impairment of receivables is described and disclosed in note 36, Financial risk management.

Assets held for sale mainly comprises disposal groups and is measured at the lower of the carrying amount and fair value less costs to sell. Consequently, management makes estimates of the fair value of the disposal group. Depending on the nature of the disposal group's activity, assets and liabilities, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Management considers impairment of intangibles both on initial classification as held for sale and subsequently. The estimation uncertainty relating to impairment of intangibles is described above.

Assets held for sale are disclosed in note 27, Assets and Liabilities held for sale.

Divestments When divesting businesses management makes estimates of the final sales price. Additionally, management assesses the appropriate level of provisions to cover claims from purchasers or other parties in connection with divestments and representation and warranties given in relation to divestments.

JUDGEMENT IN RELATION TO APPLICATION OF ACCOUNTING POLICIES

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognised in the consolidated financial statements.

On **business combinations** and establishing new entities assessment is made in order to classify the acquired business as a subsidiary, joint venture or associate. The assessment is made on basis of the agreement entered into on the acquisition of ownership interest or voting rights in the entity etc.

Revenue is primarily generated from rendering of services or from contract work in progress. Management makes judgements to distinguish between revenue generated from rendering of service and revenue from contract work in progress for the purpose of classification of revenue either in accordance with IAS 18 "Revenue" or IAS 11 "Construction Contracts".

Other income and expenses, net The use of Other income and expenses, net entails management judgement in the separation from the normal ordinary operations of the Group. When using Other income and expenses, net it is crucial that these constitute items that can not be attributed directly to the Group's ordinary operating activities.

Management carefully evaluates each item to ensure the correct distinction between the Group's ordinary operating activities and Other income and expenses, net.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Acquisition and integration costs Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration of acquired businesses and include cost for termination of employees, contract termination costs mainly related to leasehold as well as advisory fees. The use of Acquisition and integration costs entails management judgement in the separation of these costs from the ordinary operating activities in the Group.

Management carefully evaluates each item to ensure the correct distinction between the Group's ordinary operating activities and Acquisition and integration costs.

Leases The Group has entered into a number of leases and for each lease agreement an assessment is made as to whether the lease is a finance lease or an operating lease. The Group primarily enters into operating lease agreements. Operating leases consist of leases and rentals of properties, vehicles (primarily cars), production equipment and other equipment.

Financial instruments When entering into financial instruments, management assesses whether the instrument is an effective hedge of recognised assets and liabilities and expected future cash flows. The hedge effectiveness of recognised hedge instruments is assessed on a monthly basis and any ineffectiveness is recognised in the income statement.

Assets held for sale Non-current assets and disposal groups are classified as held for sale when the carrying amount of the assets or disposal groups are expected to primarily be recovered through a sale within 12 months in accordance with a formal plan rather than through continuing use. Management makes judgement to make the correct classification. The classification is significant as the classification as held for sale changes the measurement basis of the non-current assets and disposal groups as well as the presentation in the statement of financial position.

NOTE 3 SEGMENT INFORMATION

Reportable segments

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

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

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

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Total reportable segments
2010								
Income statement								
Revenue ¹⁾	39,121	17,301	5,401	5,018	3,070	2,625	1,602	74,138
Depreciation and amortisation ²⁾	(374)	(250)	(78)	(47)	(31)	(15)	(21)	(816)
Operating profit before other items ³⁾	2,278	1,228	407	333	178	132	113	4,669
Other income and expenses, net	(213)	136	0	-	-	-	0	(77)
Acquisition and integration costs	1	(0)	(7)	-	-	-	-	(6)
Operating profit ²⁾	2,066	1,364	400	333	178	132	113	4,586
Goodwill impairment	(934)	(4)	-	-	-	-	-	(938)
Amortisation and impairment of brands and customer contracts	(492)	(193)	(57)	(49)	(11)	(42)	(25)	(869)
Statement of financial position								
Total assets	31,464	14,492	4,028	3,394	1,751	1,662	1,356	58,147
Additions excluding acquisitions/divestments	459	222	107	88	64	15	21	976
Additions from acquisition of businesses	133	-	140	(2)	-	(3)	32	300
Disposals related to divestment of businesses ⁴⁾	(12)	(18)	-	-	-	-	-	(30)
Additions to non-current assets, net ⁵⁾	580	204	247	86	64	12	53	1,246
Total liabilities	21,309	9,374	1,908	2,580	1,536	1,191	633	38,531

Transactions between reportable segments are made on market terms.

¹⁾ Segment revenue comprises total revenue of each segment. Due to the nature of the business internal revenue is insignificant and is therefore not disclosed.

²⁾ Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.

³⁾ Excluding Other income and expenses, net, Acquisition and integration costs, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

⁴⁾ Disposals related to divestment of businesses does not include Intangible assets and Property, plant and equipment from divestments that have been classified as held for sale.

⁵⁾ Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

NOTE 3 SEGMENT INFORMATION (CONTINUED)

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Total re- portable segments
2009								
Income statement								
Revenue ¹⁾	38,632	16,367	4,120	3,768	2,077	2,515	1,561	69,040
Depreciation and amortisation ²⁾	(444)	(237)	(58)	(35)	(23)	(15)	(23)	(835)
Operating profit before other items ³⁾	2,056	1,219	308	259	131	134	106	4,213
Other income and expenses, net	(567)	52	(4)	(20)	-	-	(2)	(541)
Acquisition and integration costs ⁴⁾	(31)	(4)	(5)	(2)	(1)	(2)	(1)	(46)
Operating profit ²⁾	1,458	1,267	299	237	130	132	103	3,626
Goodwill impairment	(1,011)	(235)	-	-	-	-	-	(1,246)
Amortisation and impairment of brands and customer contracts	(715)	(226)	(53)	(44)	(17)	(46)	(28)	(1,129)
Statement of financial position								
Total assets	30,833	14,151	3,107	2,942	1,309	1,544	1,318	55,204
Additions excluding acquisitions/divestments	526	319	88	58	41	12	17	1,061
Additions from acquisition of businesses	333	170	337	45	(10)	84	3	962
Disposals related to divestment of businesses ⁵⁾	(38)	(366)	(1)	-	-	-	-	(405)
Additions to non-current assets, net ⁶⁾	821	123	424	103	31	96	20	1,618
Total liabilities	20,432	9,550	1,588	2,311	1,099	1,108	728	36,816

Transactions between reportable segments are made on market terms.

¹⁾ Segment revenue comprises total revenue of each segment. Due to the nature of the business internal revenue is insignificant and is therefore not disclosed.

²⁾ Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.

³⁾ Excluding Other income and expenses, net, Acquisition and integration costs, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

⁴⁾ In 2009, Acquisition and integration costs only comprised integration costs as acquisition costs were recognised as part of goodwill.

⁵⁾ Disposals related to divestment of businesses does not include Intangible assets and Property, plant and equipment from divestments that have been classified as held for sale.

⁶⁾ Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

Grouping of countries into regions

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

Nordic: Denmark, Finland, Greenland, Iceland, Norway and Sweden

Asia: Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand

Pacific: Australia and New Zealand

Latin America: Argentina, Brazil, Chile, Mexico and Uruguay

North America: Canada and the USA

Eastern Europe: Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia

NOTE 3 SEGMENT INFORMATION (CONTINUED)**Service types**

The Group's revenue derives from the following service types:

DKK million	2010	2009
Cleaning services	38,372	36,050
Support services	5,606	4,981
Property services	14,626	14,503
Catering services	7,059	6,201
Security services	5,246	4,672
Facility management services	3,164	2,597
Total revenue	74,073	69,004

Geographical information

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

DKK million	2010		2009	
	Revenue	Non-current assets	Revenue	Non-current assets
France	8,084	5,080	8,879	5,493
United Kingdom	7,384	3,163	6,948	3,072
Norway	5,681	3,080	5,246	2,977
Australia	4,583	2,265	3,419	1,859
Spain	4,446	1,866	4,534	2,058
Sweden	3,898	2,051	3,536	1,814
Finland	3,841	3,130	3,678	3,298
Denmark (country of domicile)	3,714	2,346	3,731	2,396
Other countries ²⁾	32,442	14,731	29,033	14,786
Total	74,073	37,712	69,004	37,753

¹⁾ In this context significant countries are defined as countries representing 5% or more of the Group's revenue.

²⁾ Including unallocated items and eliminations.

Major customers

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

NOTE 3 SEGMENT INFORMATION (CONTINUED)**Reconciliations**

DKK million

	2010	2009
Revenue		
Revenue for reportable segments	74,138	69,040
Elimination of internal revenue	(65)	(36)
Revenue according to the income statement	74,073	69,004
Operating profit		
Operating profit for reportable segments	4,586	3,626
Unallocated corporate costs	(402)	(339)
Unallocated other income and expenses, net	(35)	(10)
Operating profit according to the income statement	4,149	3,277
Unallocated:		
Share of result from associates	10	4
Financial income	198	223
Financial expenses	(2,566)	(2,531)
Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts according to the income statement	1,791	973
Total assets		
Total assets for reportable segments	58,147	55,204
Elimination of internal assets ¹⁾	(35,160)	(30,536)
Unallocated assets	32,448	29,686
Total assets according to the statement of financial position	55,435	54,354
Additions to non-current assets ²⁾		
Additions to non-current assets for reportable segments	1,246	1,618
Unallocated additions to non-current assets	38	33
Total additions to non-current assets according to the statement of financial position	1,284	1,651
Total liabilities		
Total liabilities for reportable segments	38,531	36,816
Elimination of internal liabilities ¹⁾	(34,657)	(30,111)
Unallocated liabilities	48,910	45,436
Total liabilities according to the statement of financial position	52,784	52,141

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

NOTE 4 REVENUE

DKK million	2010	2009
Rendering of services	69,129	64,647
Sales of goods	2,928	2,495
Contract work in progress	2,016	1,862
Revenue	74,073	69,004

Both revenue from rendering of services and contract work in progress have been determined based on the stage of completion method. The amount of revenue recognised from contract work in progress mainly relates to the Group's landscaping and damage control activities. The work performed is based on specifically negotiated contracts with customers.

NOTE 5 STAFF COSTS

DKK million	2010	2009
Wages and salaries	37,700	35,111
Defined benefit plans	172	150
Defined contribution plans	1,791	1,573
Social security costs	5,629	5,343
Other employee benefits	2,698	2,604
Staff costs	47,990	44,781
Average number of employees	506,693	482,531

The Group received government grants in the form of wage subventions, which have been recognised in the income statement as a reduction of staff costs. The grants compensate the Group for staff costs primarily related to social security as well as hiring certain categories of employees such as trainees, disabled persons, long-term unemployed and employees in certain age groups.

NOTE 5 STAFF COSTS (CONTINUED)**Remuneration to the Board of Directors, the Executive Group Management and Corporate Senior Officers**

DKK thousand	2010			2009		
	Board of Directors	Executive Group Management	Corporate Senior Officers	Board of Directors	Executive Group Management	Corporate Senior Officers
Salaries and other remuneration	2,173	15,003	50,098	1,969	20,027	37,036
Bonus	-	5,450	15,830	-	5,703	7,409
Severance payments ¹⁾	-	16,204	3,188	-	-	7,091
Share-based payments ²⁾	-	233	1,413	-	233	2,021
Total remuneration	2,173	36,890	70,529	1,969	25,963	53,557

DKK thousand	2010	2009
Executive Group Management		
Jeff Gravenhorst	10,246	7,483
Jakob Stausholm	8,362	7,351
Jørgen Lindegaard (former Group CEO)	18,282	10,879
Flemming Schandorff (former Group COO)	-	250
	36,890	25,963

The Board of Directors received remuneration for duties performed in ISS A/S and other companies within the ISS Group. The remuneration is a fixed annual amount. The Board of Directors does not participate in the warrant programme described in note 6, Share-based payments. However, the non-executive members (except representatives of the Principal Shareholders) have been offered to invest in a mix of shares and warrants as part of the Directors Participation Programme described in note 38, Related parties.

The members of the Executive Group Management and Corporate Senior Officers received remuneration for duties performed in ISS A/S and other companies within the ISS Group. The remuneration consists of a combination of a fixed salary, standard benefits in accordance with market standards and, for most of these, a performance-based bonus of up to 60% of their fixed salary. Most members are also subject to a cash bonus scheme triggered by the completion of an initial public offering (IPO) or a sale of the company, the size of such bonus depending on the price of the shares of the company in the offering or the sales price, respectively. Furthermore, the Executive Group Management and certain Corporate Senior Officers participate in the warrant programme as well as the Management Participation Programme described in note 6, Share-based payments.

Corporate Senior Officers comprises members of Group Management, other than members of the Executive Group Management. Members of Group Management have authority and responsibility for planning, implementing and controlling the Group's activities and are together with the Board of Directors considered as the Group's key management personnel.

The employment contracts for the Executive Group Management and Corporate Senior Officers may be terminated at 6-24 months' notice. One employment contract includes a severance payment of 2 years salary. No other members are entitled to severance payments. The employment contracts contain no special termination rights.

Remuneration to the Board of Directors, the Executive Group Management and Corporate Senior Officers is paid by ISS World Services A/S.

¹⁾ Severance payments related to senior management changes at Corporate of DKK 16 million (2009: DKK 7 million) were included in Other income and expenses, net.

²⁾ Included in Other income and expenses, net.

NOTE 6 SHARE-BASED PAYMENTS**Management Participation Programme**

Funds advised by EQT Partners and Goldman Sachs Capital Partners (the "Principal Shareholders") have established a Management Participation Programme, under which the Executive Group Management and a number of senior officers ¹⁾ of the Group have been offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest S.à r.l ("FS Invest"), ISS A/S's ultimate parent. As part of the initial programme - in addition to the investments - warrants in FS Invest were granted free of charge to the Executive Group Management and a number of Corporate Officers ²⁾ of the Group.

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

Warrants granted as part of the Management Participation Programme

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

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

The warrants are accounted for as equity-settled transactions. The fair value at grant date of these warrants is expensed in the income statement over the vesting period from July 2006 to June 2014. In 2010, DKK 2 million were recognised under Other income and expenses, net in respect of warrants granted (2009: DKK 3 million).

The warrants are subject to exercise restrictions depending on the share price at the time of exercise. At a share price of 6,114 or more at the time of exercise, 90% of the warrants vested can be exercised. The proportion of exercisable warrants decreases in intervals down to 10% at share price of 2,039. At share prices below 2,039, no warrants are exercisable.

Warrants outstanding at 31 December 2010 and movements during 2009 and 2010 were:

	Executive Group Management			Corporate Officers ²⁾			Total		
	Series A	Series B	Total	Series A	Series B	Total	Series A	Series B	Series A and B
Number of warrants									
Outstanding at 1 January 2009	-	57,888	57,888	29,852	309,200	339,052	29,852	367,088	396,940
Warrants settled during 2009	-	-	-	-	(67,536)	(67,536)	-	(67,536)	(67,536)
Outstanding at 31 December 2009	-	57,888	57,888	29,852	241,664	271,516	29,852	299,552	329,404
Warrants settled during 2010	-	-	-	(7,577)	(44,195)	(51,772)	(7,577)	(44,195)	(51,772)
Outstanding at 31 December 2010	-	57,888	57,888	22,275	197,469	219,744	22,275	255,357	277,632

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

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

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

NOTE 7 FEES TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2010	2009
KPMG		
Audit fees	41	40
Other assurance services	12	7
Tax and VAT advisory services	12	10
Other services	5	10
Total KPMG	70	67

Audit fees comprised audit of the consolidated and local financial statements. Other assurance services in 2010 comprised mainly work related to the contemplated initial public offering (IPO) process as well as half year review. Tax and VAT advisory services comprised general tax and VAT consultancy and assistance. Other services comprised among other things work related to acquisitions such as financial and tax due diligence.

NOTE 8 OTHER INCOME AND EXPENSES, NET

DKK million	2010	2009
Gain on divestments	254	102
Gain on sale of properties	1	8
Other	0	6
Other income	255	116
Loss on divestments	(208)	(19)
Accounting irregularities in Norway in prior years	(113)	-
Redundancy and severance payments relating to senior management changes	(16)	(44)
Costs related to the contemplated initial public offering (IPO) process	(17)	-
Restructuring projects	(0)	(426)
Impairment losses related to businesses classified as held for sale	-	(159)
Other	(13)	(19)
Other expenses	(367)	(667)
Other income and expenses, net	(112)	(551)

Gain on divestments in 2010 mainly related to completion of the divestment of the non-strategic washroom activities in Denmark, Norway and Sweden. In 2009, the gain related to the sale of the non-core laundry activities in Sweden and Norway.

Loss on divestments in 2010 primarily related to completion of the sale of the waste management and security activities in France and the non-core building maintenance activities in Spain which were classified as held for sale on 31 December 2009. In 2009, the loss mainly related to the non-strategic landscaping activities in Norway and Sweden as well as the contact centre activities in the Netherlands.

Accounting irregularities in Norway in prior years related to one of ISS Norway's subsidiaries and took place in the period from 2005-2010 resulting in an accumulated impact of DKK 118 million stemming from an overstatement of revenue of DKK 75 million and an understatement of cost of DKK 43 million. The impact from accounting irregularities carried out in prior years amounted to DKK 113 million.

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

NOTE 8 OTHER INCOME AND EXPENSES, NET (CONTINUED)

Restructuring projects in 2009 related to a number of projects in France, Germany, Spain, Australia, Belgium, Denmark, Finland and the United Kingdom covering closure of certain parts of business units or divisions as well as changes in the organisational setup, consolidation of office locations and other efficiency improvements. Generally, restructuring projects include primarily redundancy payments, termination of leaseholds and relocation costs.

Impairment losses related to businesses classified as held for sale in 2009 mainly related to net assets (excluding goodwill, brands, customer contracts and the related tax effect) of the waste management activities in France, which were classified as held for sale at 31 December 2009, and sold in 2010 as mentioned above.

NOTE 9 FINANCIAL INCOME AND EXPENSES

DKK million	2010	2009
Interest income on cash and cash equivalents etc.	93	81
Interest income from ISS Equity A/S	-	0
Amortisation of gain from settlement of interest rate swaps	2	14
Foreign exchange gains	103	128
Financial income	198	223
Hereof financial income on financial assets measured at amortised cost	93	81
Interest expenses on loans and borrowings etc.	(2,054)	(1,920)
Amortisation of fair value adjustment of issued bonds	(40)	(99)
Amortisation of financing fees	(123)	(57)
Interest expenses to ISS Equity A/S	(3)	(4)
Net change in fair value of cash flow hedges transferred from equity	(259)	(325)
Foreign exchange losses	(55)	(67)
Loss related to partial redemption of EMTNs ^{1) 2)}	(32)	(59)
Financial expenses	(2,566)	(2,531)
Hereof financial expenses on financial liabilities measured at amortised cost	(2,220)	(2,080)

¹⁾ In January 2010, a partial redemption of the EMTNs due 2010 was carried out through the completion of a tender offer for DKK 1,116 million (EUR 150 million). The redemption resulted in a loss of DKK 32 million primarily due to 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 A/S's acquisition of ISS World Services A/S in May 2005. In 2009, the partial redemption in July of the EMTNs due in 2010 resulted in a loss of DKK 59 million.

²⁾ The EMTNs are measured at amortised cost.

NOTE 10 INCOME TAXES

DKK million

	2010	2009
Current tax regarding profit before impairment/amortisation of intangibles ¹⁾	769	542
Deferred tax regarding profit before impairment/amortisation of intangibles ¹⁾	32	23
Tax on profit before impairment/amortisation of intangibles ¹⁾	801	565
Adjustments relating to prior years, net	(41)	23
Income taxes	760	588
Tax effect of impairment/amortisation of intangibles ¹⁾	(244)	(361)
Total tax recognised in the income statement	516	227

Income tax recognised in other comprehensive income

DKK million

	2010			2009		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Foreign exchange adjustment of subsidiaries and non-controlling interests	911	-	911	364	-	364
Fair value adjustment of hedges, net	(138)	35	(103)	(327)	82	(245)
Fair value adjustment of hedges, net, transferred to Financial expenses	259	(65)	194	325	(81)	244
Limitation to interest deduction in Denmark	-	-	-	-	(3)	(3)
Actuarial gains/(losses)	(129)	36	(93)	(45)	4	(41)
Impact from asset ceiling regarding pensions	(20)	-	(20)	18	-	18
Total recognised in other comprehensive income	883	6	889	335	2	337

Computation of effective tax rate

	2010	2009
Statutory income tax rate in Denmark	25.0 %	25.0 %
Foreign tax rate differential, net	(3.1) %	(1.5) %
Non-tax deductible expenses less non-taxable income	21.9 %	23.5 %
Adjustments relating to prior years, net	3.1 %	5.4 %
Change of valuation of net tax assets	(2.3) %	2.3 %
Effect of changes in tax rates	3.6 %	9.6 %
Other taxes ²⁾	(0.1) %	(0.2) %
Limitation to interest deduction in Denmark	7.6 %	5.7 %
Effective tax rate (excluding effect from impairment/amortisation of intangibles) ¹⁾	8.6 %	14.1 %
	42.4 %	60.4 %

¹⁾ In this context intangibles comprise the value of goodwill, brands and customer contracts.²⁾ Other taxes mainly comprise withholding tax and the French Cotisation sur La Valeur Ajoutée des Entreprises (CVAE).

NOTE 11 GOODWILL IMPAIRMENT

DKK million	2010	2009
Impairment losses derived from impairment tests	929	550
Impairment losses derived from divestment of businesses	9	696
Goodwill impairment	938	1,246

Impairment losses derived from impairment tests of DKK 929 million in 2010 related to ISS France of DKK 335 million, ISS Greece of DKK 329 million, ISS Spain of DKK 150 million and ISS Ireland of DKK 115 million. For further description see note 16, Impairment tests. In 2009, impairment losses amounted to DKK 550 million of which DKK 450 million related to ISS France and DKK 100 million related to ISS Germany.

Impairment losses derived from divestment of businesses of DKK 9 million in 2010 related to the divestment of property services in Ireland of DKK 5 million and the divestment of the non-strategic contact centre activities in Denmark of DKK 4 million. In 2009, the impairment loss of DKK 696 million consisted of DKK 248 million regarding divestment of a number of businesses and of DKK 448 million regarding classification of certain businesses as held for sale on 31 December 2009. The impairment loss on completed divestments of DKK 248 million mainly related to the sale of ISS's non-strategic landscaping business in Sweden of DKK 137 million, the sale of the contact centre activities in the Netherlands of DKK 69 million and the pest control activities in the United Kingdom of DKK 42 million. The impairment loss on businesses classified as held for sale on 31 December 2009 of DKK 448 million mainly related to the expected sale of certain non-core activities in France, Spain and Norway.

NOTE 12 EARNINGS PER SHARE

DKK million	2010	2009
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	1,031	385
Goodwill impairment	(938)	(1,246)
Amortisation and impairment of brands and customer contracts	(869)	(1,129)
Income tax effect	244	361
Net profit/(loss) for the year	(532)	(1,629)
Non-controlling interests	(20)	(18)
Net profit/(loss) for the year attributable to owners of ISS A/S	(552)	(1,647)
Average number of shares (basic) (in thousands)	100,000	100,000
Average numbers of shares (diluted) (in thousands)	100,000	100,000
Earnings per share:		
Basic earnings per share (EPS), DKK	(5.5)	(16.5)
Diluted earnings per share, DKK	(5.5)	(16.5)
Adjusted earnings per share, DKK	10.3	3.9

There were no changes in the number of shares during 2010.

ISS A/S holds no treasury shares and there are currently no outstanding share options or warrants with dilutive effect. Consequently, average number of shares and diluted average number of shares is identical.

Adjusted earnings per share is calculated on the basis of Profit before goodwill impairment/amortisation and impairment of brands and customer contracts.

NOTE 13 CHANGES IN WORKING CAPITAL

DKK million	2010	2009
Changes in inventories	(7)	(25)
Changes in receivables	(455)	(20)
Changes in payables	375	(92)
Changes in working capital	(87)	(137)

NOTE 14 ACQUISITION AND DIVESTMENT OF BUSINESSES**Acquisition of businesses**

The Group uses acquisitions as a tool in the continued development of the business platform. Acquisitions are used selectively to improve competitiveness, build critical mass and increase service capabilities and capacity where and when appropriate.

When acquiring businesses the Group seeks to generate value by restructuring and refining the acquired business by applying The ISS Way strategy. 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, training and recruitment programmes and iv) platform for growth.

Acquisitions occurring on or after 1 January 2010 are accounted for in accordance with IFRS 3 (revised 2008), whereas acquisitions occurring 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 2010

The Group made one acquisition in 2010. The opening balance of the acquisition and adjustments to prior years' acquisitions had the following effect on the Group's assets and liabilities at 31 December 2010:

DKK million	2010		
	SDB Cisco Ltd.	Adjustments to prior years' acquisitions	Total acquisitions
Customer contracts	48	-	48
Other non-current assets	24	(3)	21
Trade receivables	70	(19)	51
Other current assets	83	(8)	75
Provisions	-	2	2
Pensions, deferred tax liabilities and non-controlling interests	(14)	9	(5)
Non-current loans and borrowings	(1)	-	(1)
Other current liabilities	(112)	7	(105)
Total identifiable net assets	98	(12)	86
Goodwill	118	112	230
Acquisition costs, net of tax	-	(1)	(1)
Consideration transferred	216	99	315
Cash and cash equivalents in acquired businesses	(49)	-	(49)
Cash consideration transferred	167	99	266
Contingent and deferred consideration	(8)	206	198
Acquisition costs paid, net of tax	5	1	6
Total payments regarding acquisition of businesses	164	306	470

NOTE 14 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)**Acquisition of businesses (continued)****SDB Cisco Ltd.**

On 9 August 2010, the Group acquired 49% of the shares in the Indian security company SDB Cisco Ltd. Under IFRS, the Group has the power to govern the financial and operating policies of the company by virtue of the governance structure and consequently, SDB Cisco is consolidated as a subsidiary. The non-controlling interest is accounted for in accordance with note 1, Significant accounting policies.

Acquiring SDB Cisco adds security services to the service offerings of ISS India, provides national coverage within security services and secures ISS a leading position in the market for outsourced services in India.

The total annual revenue of SDB Cisco was estimated at DKK 400 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. In the period from the acquisition date to 31 December 2010, SDB Cisco contributed revenue of DKK 181 million and operating profit before other items of DKK 11 million. Total number of employees taken over is approx. 27,000.

Total consideration transferred amounted to DKK 216 million of which DKK 8 million has been deferred. No contingent consideration has been agreed as part of the transaction. Adjusted for cash and cash equivalents acquired in the opening balance the cash consideration transferred was DKK 167 million.

The Group incurred acquisition-related costs of DKK 5 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the income statement in the line Acquisition and integration costs.

In line with usual Group procedures for completion of opening balances of acquired businesses the review of the opening balance of SDB Cisco has not yet been completed. Consequently, the opening balance is provisionally determined as at 31 December 2010.

Trade receivables of DKK 70 million are included in the provisionally determined opening balance. The trade receivables comprise gross contractual amounts of DKK 74 million, of which DKK 4 million were expected to be uncollectible at the acquisition date based on the preliminary assessment.

Based on the provisionally determined fair values of identifiable net assets goodwill amounts to DKK 118 million. The goodwill recognised is not expected to be deductible for income tax purposes.

Adjustments to prior years' acquisitions

Adjustments to prior years' acquisitions comprise various minor adjustments to the identifiable net assets of a number of acquisitions. The goodwill addition is mainly related to a revised estimate of the purchase obligation for the remaining 10% of ISS Turkey, DKK 148 million, as well as the final settlement of the purchase obligation related to ISS Estonia with the acquisition of the remaining 49%, DKK 30 million. The amounts recognised in goodwill reflect the excess over the originally estimated purchase obligations already recognised in the statement of financial position in prior years. On the other hand the total addition to goodwill is reduced by a revised estimate for contingent consideration (earn-out) related to Inbuilt Engineering in Singapore, DKK 49 million, as well as a number of minor adjustments related to various acquisitions.

NOTE 14 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)**Acquisition of businesses (continued)****Acquisitions in 2009**

The Group made 22 acquisitions in 2009. The total purchase price amounted to DKK 680 million. The total annual revenue of the acquired businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 997 million based on expectations at the time of acquisition.

Acquisitions made in 2009 (including adjustments to acquisitions in prior years) had the following effect on the Group's assets and liabilities at the acquisition date:

	2009			Recognised values on acquisition
	Pre-acquisition carrying amounts	Fair value adj.		
		Current year acquisitions	Prior year acquisitions	
DKK million				
Customer contracts	0	165	-	165
Other non-current assets	18	5	9	32
Trade receivables	124	(2)	(15)	107
Other current assets	33	1	0	34
Provisions	(1)	(8)	(20)	(29)
Pensions, deferred tax liabilities and non-controlling interests	7	(36)	(4)	(33)
Non-current loans and borrowings	(2)	(1)	-	(3)
Current loans and borrowings	(16)	-	(2)	(18)
Other current liabilities	(113)	(10)	(15)	(138)
Total identifiable net assets	50	114	(47)	117
Goodwill			66	589
Acquisition costs, net of tax			2	(26)
Consideration transferred			21	680
Cash and cash equivalents in acquired businesses				(15)
Cash consideration transferred				665
Contingent and deferred consideration				223
Prepaid acquisitions				(3)
Acquisition costs paid, net of tax				29
Total payments regarding acquisition of businesses				914

In 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 21 million, mainly due to revised estimates relating to earn-outs for the acquisitions of Inbuilt in Singapore of DKK 74 million and Sardunya in Turkey of DKK 36 million, offset mainly by Carlos Rocha in Spain of DKK 21 million, Loghis Logistica in Brazil of DKK 13 million, Ryvola in the Czech Republic of DKK 10 million, Hunt/Ondes in Belgium of DKK 8 million and Gastronomía in Spain of DKK 7 million. Furthermore, net assets of prior years' acquisitions were reduced by DKK 47 million relating to various acquisitions. Accordingly, goodwill has been adjusted.

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

NOTE 14 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)**Divestment of businesses**

The Group made 9 divestments during 2010 (8 during 2009). The total sales price amounted to DKK 412 million (DKK 240 million in 2009). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 1,548 million (DKK 640 million in 2009) based on expectations at the time of divestment.

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

DKK million	2010	2009
Goodwill	15	34
Customer contracts	53	44
Other non-current assets	275	63
Trade receivables	218	51
Other current assets	89	11
Provisions	(78)	0
Pensions, deferred tax liabilities and non-controlling interests	(16)	(8)
Non-current loans and borrowings	(3)	(5)
Current loans and borrowings	(2)	(2)
Other current liabilities	(262)	(45)
Total identifiable net assets	289	143
Gain/(loss) on divestment of businesses, net	69	83
Divestment costs, net of tax	54	14
Consideration received	412	240
Cash and cash equivalents in divested businesses	(3)	(5)
Cash consideration received	409	235
Contingent and deferred consideration	217	(200)
Divestment costs paid, net of tax	(35)	(13)
Net proceeds regarding divestment of businesses	591	22

The 9 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⁾ (DKK million)	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
Waste management	France	Property	September	100%	698	850
Property services	Ireland	Property	December	Activities	8	13
Washroom	Denmark/Norway/Sweden	Support/Cleaning	January 2011	Activities	137	21
I8	Belgium	Property	January 2011	Activities	18	12
Total					1,548	3,093

¹⁾ Includes all divestments completed prior to 1 January 2011.

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

NOTE 14 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)**Pro forma revenue and operating profit before other items**

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

DKK million	2010	2009
Pro forma revenue		
Revenue recognised in the income statement	74,073	69,004
Acquisitions	219	184
Revenue adjusted for acquisitions	74,292	69,188
Divestments	(758)	(403)
Pro forma revenue	73,534	68,785
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	4,267	3,874
Acquisitions	21	19
Operating profit before other items adjusted for acquisitions	4,288	3,893
Divestments	(59)	(5)
Pro forma operating profit before other items	4,229	3,888

Applied assumptions

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

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

Acquisitions and divestments subsequent to 31 December 2010

Divestments made by the Group in the period from 1 January to 28 February 2011 are listed below. No acquisitions were completed in the period.

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue ¹⁾ (DKK million)	Number of employees
ISS Batiservices	France	Property	January	100%	6	7
Divestments					6	7

In accordance with usual Group procedures, divestment balances are prepared during the first months following the divestment. Consequently, the final divestment balances are not available for divestments completed from 1 January to 28 February 2011.

¹⁾ Approximate figures based on unaudited financial information available at the time of divestment.

NOTE 15 INTANGIBLE ASSETS

DKK million	Goodwill	Brands	Customer contracts	Software and other intangible assets	Total
2010					
Cost at 1 January	28,502	1,584	10,560	698	41,344
Foreign exchange adjustments	1,380	57	553	31	2,021
Additions	230	-	-	153	383
Additions from acquisition of businesses	-	-	48	-	48
Disposals related to divestment of businesses	-	-	(0)	(6)	(6)
Other disposals	(9)	-	-	(5)	(14)
Reclassification from Property, plant and equipment	-	-	-	47	47
Reclassification to Assets held for sale	(355)	-	(48)	(12)	(415)
Cost at 31 December	29,748	1,641	11,113	906	43,408
Amortisation and impairment losses at 1 January	(1,068)	(17)	(4,440)	(367)	(5,892)
Foreign exchange adjustments	(4)	(1)	(232)	(18)	(255)
Amortisation	-	(3)	(820)	(130)	(953)
Impairment losses ¹⁾	(938)	(8)	(33)	-	(979)
Disposals related to divestment of businesses	-	-	0	0	0
Other disposals	9	-	-	2	11
Reclassification from Property, plant and equipment	-	-	-	(14)	(14)
Reclassification to Assets held for sale	-	-	24	8	32
Amortisation and impairment losses at 31 December	(2,001)	(29)	(5,501)	(519)	(8,050)
Carrying amount at 31 December	27,747	1,612	5,612	387	35,358
2009					
Cost at 1 January	27,783	1,540	10,596	447	40,366
Foreign exchange adjustments	875	44	376	15	1,310
Adjustment relating to prior years	-	-	-	121	121
Additions	595	-	-	139	734
Additions from acquisition of businesses	-	-	169	1	170
Disposals related to divestment of businesses	(34)	-	(91)	(6)	(131)
Other disposals	(702)	-	(370)	(7)	(1,079)
Reclassification to Assets held for sale	(15)	-	(120)	(12)	(147)
Cost at 31 December	28,502	1,584	10,560	698	41,344
Amortisation and impairment losses at 1 January	(524)	(14)	(3,678)	(149)	(4,365)
Foreign exchange adjustments	-	1	(124)	-	(123)
Adjustment relating to prior years	-	-	-	(121)	(121)
Amortisation	-	(4)	(910)	(107)	(1,021)
Impairment losses ¹⁾	(1,246)	-	(210)	-	(1,456)
Disposals related to divestment of businesses	-	-	46	2	48
Other disposals	702	-	370	-	1,072
Reclassification to Assets held for sale	-	-	66	8	74
Amortisation and impairment losses at 31 December	(1,068)	(17)	(4,440)	(367)	(5,892)
Carrying amount at 31 December	27,434	1,567	6,120	331	35,452

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

¹⁾ In 2010, impairment losses on brands and customer contracts were related to Greece derived from impairment tests. In 2009, impairment losses on customer contracts was mainly related to non-core activities in France, which were classified as held for sale at 31 December 2009.

NOTE 16 IMPAIRMENT TESTS

Impairment test procedure

The Group performs impairment tests on intangibles ¹⁾ annually and whenever there is an indication that intangibles may be impaired. The Group's intangibles primarily relate to the purchase price allocation following the take-over of ISS World Services A/S as at 9 May 2005. A part of the Group's intangibles relates to acquisitions carried out after the take-over of ISS World Services A/S. Companies acquired after the take-over comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills.

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

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

Estimates used to measure recoverable amount

The recoverable amount of each CGU is determined on the basis of its value-in-use. The value-in-use is established using certain key assumptions as described below. The key assumptions are revenue growth and discount rates.

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

In determining the country specific discount rates, which are calculated net of tax, a target ratio of 60/40 between the market value of debt and enterprise value is used. Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flow are generally reflected in the discount rates. Consequently, a country specific risk premium has been added to the discount rates to reflect the specific risk associated with each CGU.

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

Impairment test results 2010

The carrying amount of intangibles and the key assumptions ²⁾ used in the impairment testing as per 31 December 2010 are presented below for each CGU representing more than 5% of the carrying amount of intangibles or where impairment losses have been incurred during the year. Based on the impairment tests performed impairment losses of DKK 970 million have been recognised in 2010 in respect of goodwill, brands and customer contracts. The impairment losses recognised are specified below:

DKK million	Goodwill	Brands	Customer contracts	Total
Greece	329	8	33	370
France	335	-	-	335
Spain	150	-	-	150
Ireland	115	-	-	115
Total impairment losses ³⁾	929	8	33	970

ISS Greece

At 30 June 2010, the impairment test for ISS Greece resulted in recognition of an impairment loss of DKK 200 million mainly due to a significant increase in the discount rate. However, as a consequence of the continuing challenging market conditions in Greece the assumptions applied were reassessed at 30 September 2010, which resulted in recognition of an additional impairment loss of DKK 170 million. As per 31 December 2010 the assumptions in the business plan have been evaluated and updated as part of the annual impairment testing. No additional impairment losses were identified. Consequently, during 2010 the total recognised impairment loss for ISS Greece amounted to DKK 370 million of which DKK 329 million related to goodwill, DKK 8 million related to brands and DKK 33 million related to customer contracts.

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

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

³⁾ Excluding impairment losses derived from divestment of businesses.

NOTE 16 IMPAIRMENT TESTS (CONTINUED)**ISS France**

The impairment test for ISS France at 31 December 2010 resulted in recognition of an impairment loss of DKK 335 million. The loss was mainly a result of a slight extension of the turnaround plan compared with prior expectations which has led to slightly adjusted assumptions in the business plan prepared by local management at year end 2010.

ISS Spain

The impairment test for ISS Spain resulted in the recognition of an impairment loss of DKK 150 million mainly due to an increase in the discount rate applied. The increase in the discount rate was mainly driven by an increase in the risk-free interest rate.

ISS Ireland

Due to a continued increase in the discount rate applied driven by significant increases in the risk-free interest rate, the impairment test for ISS Ireland was updated at 30 June 2010 and again at 30 September 2010, which resulted in recognition of impairment losses of DKK 40 million and DKK 30 million, respectively. In connection with the impairment test as per 31 December 2010 an additional loss of DKK 45 million was recognised as the interest rates had increased even further. Hence, the total impairment loss recognised in ISS Ireland in 2010 amounted to DKK 115 million.

Carrying amounts and key assumptions

DKK million	Carrying amount				Applied key assumptions		
	Goodwill	Brands	Customer contracts	Total intangibles ¹⁾	Long-term growth	Discount rate, net of tax	Discount rate, pre tax
2010							
France	3,925	300	522	4,747	3.0%	8.5%	13.5%
United Kingdom	2,276	166	562	3,004	3.0%	9.0%	11.4%
Finland	2,308	120	561	2,989	3.0%	8.8%	11.1%
Norway	2,143	138	545	2,826	3.0%	9.8%	12.8%
Netherlands	1,875	122	167	2,164	3.0%	9.3%	11.6%
Denmark	1,739	131	251	2,121	3.0%	9.3%	11.7%
Australia	1,783	13	325	2,121	3.0%	10.7%	14.4%
Belgium	1,495	86	242	1,823	3.0%	9.6%	13.4%
Spain	1,317	90	317	1,724	3.0%	11.0%	14.8%
Ireland ²⁾	192	16	59	267	3.0%	11.1%	12.5%
Greece ³⁾	-	-	66	66	3.0%	11.1%	13.6%
Other	8,694	430	1,995	11,119	-	-	-
Total carrying amount at 31 December	27,747	1,612	5,612	34,971			
2009							
France	4,253	300	610	5,163	3.0%	8.8%	12.0%
Finland	2,304	120	627	3,051	3.0%	9.1%	11.4%
United Kingdom	2,158	158	599	2,915	3.0%	9.4%	12.1%
Norway	2,012	130	567	2,709	3.0%	10.2%	13.3%
Netherlands	1,872	121	198	2,191	3.0%	9.6%	12.0%
Denmark	1,744	131	297	2,172	3.0%	9.8%	12.3%
Belgium	1,563	85	304	1,952	3.0%	8.9%	12.2%
Spain	1,465	90	369	1,924	3.0%	9.8%	13.0%
Australia	1,453	10	303	1,766	3.0%	11.4%	15.4%
Germany	634	66	88	788	3.0%	9.8%	12.9%
Other	7,976	356	2,158	10,490	-	-	-
Total carrying amount at 31 December	27,434	1,567	6,120	35,121			

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

²⁾ The applied long-term discount rate, net of tax of 11.1% is calculated based on a ten year average yield on a 10 year Irish government bond while the short to medium term discount rate applied was 15.5% and was calculated based on the current interest yield on a 10 year Irish government bond.

³⁾ The applied long-term discount rate, net of tax of 11.1% is calculated based on a ten year average yield on a 10 year Greek government bond while the short to medium term discount rate applied was 17.8% and was calculated based on the current interest yield on a 10 year Greek government bond.

NOTE 16 IMPAIRMENT TESTS (CONTINUED)**Sensitivity analysis**

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

	Growth		Discount rate, net of tax	
	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
2010				
France	3.0%	0.0%	8.5%	0.0%
United Kingdom	3.0%	>3.0%	9.0%	>3.0%
Finland	3.0%	2.7%	8.8%	2.9%
Norway	3.0%	>3.0%	9.8%	>3.0%
Netherlands	3.0%	3.0%	9.3%	2.4%
Denmark	3.0%	2.7%	9.3%	2.9%
Australia	3.0%	2.7%	10.7%	2.8%
Belgium	3.0%	1.5%	9.6%	1.2%
Spain	3.0%	0.0%	11.0%	0.0%
Ireland	3.0%	0.0%	11.1%	0.0%
Greece	3.0%	0.1%	11.1%	0.1%
2009				
France	3.0%	0.0%	8.8%	0.0%
Finland	3.0%	1.7%	9.1%	1.8%
United Kingdom	3.0%	>3.0%	9.4%	>3.0%
Norway	3.0%	>3.0%	10.2%	>3.0%
Netherlands	3.0%	2.2%	9.6%	1.6%
Denmark	3.0%	1.8%	9.8%	1.8%
Belgium	3.0%	1.3%	8.9%	1.0%
Spain	3.0%	0.4%	9.8%	0.3%
Australia	3.0%	1.5%	11.4%	1.5%
Germany	3.0%	0.0%	9.8%	0.0%

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

DKK million	2010			2009		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at 1 January	161	5,093	5,254	285	3,339	3,624
Foreign exchange adjustments	7	344	351	6	183	189
Adjustment relating to prior years	-	-	-	25	1,332	1,357
Additions	9	852	861	68	886	954
Additions from acquisition of businesses	8	14	22	0	26	26
Disposals related to divestment of businesses	-	(24)	(24)	(6)	(96)	(102)
Other disposals	(4)	(251)	(255)	(11)	(258)	(269)
Reclassification to Intangible assets	-	(47)	(47)	-	-	-
Reclassification to Assets held for sale	0	(207)	(207)	(206)	(319)	(525)
Cost at 31 December	181	5,774	5,955	161	5,093	5,254
Depreciation and impairment losses at 1 January	(56)	(3,194)	(3,250)	(47)	(1,301)	(1,348)
Foreign exchange adjustments	(2)	(242)	(244)	(2)	(123)	(125)
Adjustment relating to prior years	-	-	-	(25)	(1,332)	(1,357)
Depreciation	(4)	(723)	(727)	(14)	(753)	(767)
Impairment losses	-	-	-	(92)	(67)	(159)
Additions from acquisition of businesses	-	(3)	(3)	-	(8)	(8)
Disposals related to divestment of businesses	0	21	21	2	36	38
Other disposals	2	154	156	3	166	169
Reclassification to Intangible assets	-	14	14	-	-	-
Reclassification to Assets held for sale	-	133	133	119	188	307
Depreciation and impairment at 31 December	(60)	(3,840)	(3,900)	(56)	(3,194)	(3,250)
Carrying amount at 31 December	121	1,934	2,055	105	1,899	2,004
Hereof carrying amount at 31 December of assets held under finance leases	-	194	194	-	177	177

Security

A minor part of the Group's Land and buildings and Plant and equipment in certain countries has been provided as security for the borrowings under the senior facilities, see note 34, Contingent liabilities, pledges and guarantees.

Leased plant and equipment

The Group leases cleaning and office equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price at the end of the lease term. The leased equipment secures lease obligations.

In 2010, additions included assets held under finance leases of DKK 101 million (2009: DKK 114 million).

NOTE 18 INVESTMENTS IN ASSOCIATES

DKK million

	2010	2009
Cost at 1 January	16	21
Foreign exchange adjustments	1	1
Disposals	(0)	(0)
Reclassification to Assets held for sale	(10)	(6)
Cost at 31 December	7	16
Revaluation at 1 January	5	3
Foreign exchange adjustments	1	1
Net result for the year	10	4
Dividends received	0	(5)
Additions	1	-
Disposals	(2)	(0)
Reclassification to Assets held for sale	(13)	2
Revaluation at 31 December	2	5
Carrying amount at 31 December	9	21

The Group's share

		Operat- ing profit	Net result	Assets	Liabili- ties	Owner- ship %	Equity	Net result
DKK million	Country	Revenue						
2010								
	Norway	85	5	3	38	30	45	4
	ISS Industriservice AB ¹⁾	286	19	12	-	-	48	-
	Other associates	-	11	8	25	18	-	5
	Carrying amount at 31 December	501	35	23	63	48	9	10

The Group's share

		Operat- ing profit	Net result	Assets	Liabili- ties	Owner- ship %	Equity	Net result
DKK million	Country	Revenue						
2009								
	Norway	70	2	1	35	30	45	2
	ISS Industriservice AB	238	4	1	105	74	48	15
	Other associates	-	12	9	19	14	-	4
	Carrying amount at 31 December	429	18	11	159	118	21	4

¹⁾ As per 31 December 2010 ISS Industriservice AB was reclassified to Assets held for sale.

NOTE 19 DEFERRED TAX

DKK million	2010	2009
Deferred tax liabilities/(assets), net at 1 January	1,842	2,026
Foreign exchange adjustments	69	89
Additions from acquisition of businesses	7	17
Tax on other comprehensive income	(36)	(4)
Reclassification to Assets held for sale	(20)	52
Tax on profit before impairment/amortisation of intangibles ¹⁾	32	23
Tax effect of impairment/amortisation of intangibles ¹⁾	(244)	(361)
Deferred tax liabilities/(assets), net at 31 December	1,650	1,842
Recognised in the statement of financial position as follows:		
Deferred tax liabilities	2,305	2,356
Deferred tax assets	(655)	(514)
Deferred tax liabilities/(assets), net	1,650	1,842

¹⁾ In this context intangibles comprise the value of goodwill, brands and customer contracts.

Deferred tax specification

DKK million	2010		2009	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax losses carried forward	425	-	422	-
Goodwill	29	413	59	301
Brands	-	452	-	443
Customer contracts	-	1,429	-	1,608
Property, plant and equipment	222	202	122	179
Provisions	196	-	114	-
Issued bonds	-	3	-	5
Tax losses in foreign subsidiaries under Danish joint taxation	-	23	-	23
Set-off within legal tax units and jurisdictions	(217)	(217)	(203)	(203)
Deferred tax	655	2,305	514	2,356

Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future. Management's assessment is based on relevant information available at the reporting date, including internal budgets and estimates, taking into account any restrictions in utilisation in the local tax legislation.

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0 million (2009: DKK 0 million).

NOTE 19 DEFERRED TAX (CONTINUED)**Unrecognised deferred tax assets**

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

DKK million	2010			2009		
	Total	Recognised	Unrecognised	Total	Recognised	Unrecognised
Germany	332	5	327	297	57	240
Denmark	2	-	2	113	111	2
France	222	191	31	61	61	-
Brazil	47	-	47	51	4	47
Belgium	14	-	14	30	19	11
Israel	20	12	8	15	3	12
Austria	6	6	-	9	-	9
USA	30	29	1	8	8	-
Argentina	6	4	2	4	2	2
Hong Kong	4	2	2	3	1	2
Greece	6	5	1	2	1	1
New Zealand	2	2	-	1	1	-
Italy	-	-	-	1	-	1
United Kingdom	10	7	3	-	-	-
Total			438			327

The unrecognised tax losses can be carried forward indefinitely in the individual countries except for the USA (20 years) and Argentina, Greece and Italy (5 years). Deferred tax assets have not been recognised in respect of the above unrecognised tax losses because it is not probable that future taxable profit will be available against which the Group can utilise these benefits thereon.

NOTE 20 OTHER FINANCIAL ASSETS

DKK million	2010	2009
Deposits	152	157
Regulatory long-term loans	64	54
Other	74	65
Other financial assets	290	276

Deposits comprise deposits related to rent, security and juridical deposits mainly relating to legal and tax cases.

NOTE 21 INVENTORIES

DKK million	2010	2009
Raw materials and supplies	136	136
Finished goods	182	167
Inventories	318	303
Inventories expensed as consumables	6,359	6,044

NOTE 22 TRADE RECEIVABLES

DKK million	2010	2009
Trade receivables, gross	11,137	10,371
Impairment losses	(241)	(241)
Trade receivables	10,896	10,130

The Group's exposure to credit risk and impairment losses related to trade receivables is disclosed in note 36, Financial risk management.

Securitisation

As part of the refinancing of the EMTNs that matured in September 2010, the Group has during 2009 and 2010 launched a securitisation programme in 10 major countries. Under the securitisation programme securitised trade receivables of the participating countries are provided as security for the securitisation debt (bank loans). The securitised trade receivables continue to be recognised in the Group's statement of financial position as the credit risk and rewards remain with the Group.

As at 31 December 2010, trade receivables of DKK 4,863 million (2009: DKK 2,267 million) recognised in the statement of financial position have been provided as security for securitisation debt with a face value of DKK 2,466 million (2009: DKK 937 million).

NOTE 23 CONTRACT WORK IN PROGRESS

DKK million	2010	2009
Contract costs	588	512
Recognised profits (less recognised losses)	89	105
Contract work in progress, gross	677	617
Progress billings	(575)	(422)
Contract work in progress, net	102	195
Contract work in progress, net, comprise the following assets and liabilities:		
Contract work in progress (assets)	125	195
Contract work in progress (liabilities)	23	-
Contract work in progress, net	102	195
Advances from customers	4	-
Retentions	3	-

Contract work in progress (liabilities) are recognised as part of Other liabilities, see note 32, Other liabilities.

Advances from customers is included in Other liabilities in the line Prepayments from customers, see note 32, Other liabilities.

NOTE 24 TAX RECEIVABLES AND TAX PAYABLES

DKK million	2010	2009
Tax (receivables)/payables, net at 1 January	(2)	(105)
Foreign exchange adjustments	(44)	(57)
Additions from acquired companies, net	9	2
Adjustment relating to prior years, net	(41)	23
Tax on profit before impairment/amortisation of intangibles ¹⁾	769	542
Tax on other comprehensive income	30	2
Joint taxation contribution	1	(15)
Tax paid	(697)	(394)
Tax (receivables)/payables, net at 31 December	25	(2)
Recognised in the statement of financial position as follows:		
Tax payables	411	306
Tax receivables	(386)	(308)
Tax (receivables)/payables, net	25	(2)

¹⁾ In this context intangibles comprise the value of goodwill, brands and customer contracts.

NOTE 25 OTHER RECEIVABLES

DKK million	2010	2009
Outlays for customers	57	36
Receivable social insurance costs	54	55
Receivable training subvention	32	-
Costs related to PPP (Public Private Partnerships)/PFI (Private Finance Initiative) contracts	5	5
Receivable divestment proceeds	2	210
Receivable from ISS Equity A/S	-	12
Other	198	233
Other receivables	348	551

Receivable divestment proceeds According to the Senior Facility Agreement the use of proceeds from divestments is subject to restrictions. Consequently, divestment proceeds may only be used for acquisition of businesses or repayment of loans and borrowings. It is management's intention to use the proceeds from the receivable sales price of DKK 2 million for acquisition of businesses.

Receivable from ISS Equity A/S related to a joint taxation scheme with Danish resident companies within the ISS Group. ISS Equity A/S has been merged with its sole shareholder FS Invest II S.à r.l as at 22 December 2010 and consequently is no longer part of the joint taxation scheme at 31 December 2010.

Other comprise various receivables such as employee receivables and certain contract costs etc.

NOTE 26 SECURITIES, CASH AND CASH EQUIVALENTS

	2010			2009		
	Carrying amount (DKK million)	Average effective interest rate	Average duration (years)	Carrying amount (DKK million)	Average effective interest rate	Average duration (years)
Investment funds	19	14.1%	-	12	29.0%	-
Bonds	-	-	-	85	4.0%	0.9
Securities	19			97		
Cash and cash equivalents	3,606	1.3%		3,364	1.0%	

Investment funds comprise investments in various listed securities related to an employee scheme in the USA. The funds are managed by ISS but restricted from general use.

Bonds mainly consisted of listed Danish government bonds.

Cash and cash equivalents included DKK 936 million (2009: DKK 507 million) held by the Group's consolidated SPEs handling the Group's securitisation programme whereof DKK 161 million (2009: DKK 157 million) was not considered readily available for general use by the parent company or other subsidiaries. In addition DKK 30 million (2009: DKK 62 million) of the total cash position at 31 December 2010 was placed on blocked or restricted bank accounts due to legal circumstances.

NOTE 27 ASSETS AND LIABILITIES HELD FOR SALE

DKK million	2010	2009
Goodwill	355	15
Other intangibles	28	58
Property, plant and equipment	74	218
Other financial assets	23	8
Deferred tax assets	-	64
Inventories	8	2
Trade and other receivables	336	249
Assets held for sale	824	614
Deferred tax liabilities	20	12
Pensions and similar obligations	-	14
Provisions	4	64
Loans and borrowings	0	11
Trade payables and other liabilities	231	278
Liabilities related to assets held for sale	255	379

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

The businesses classified as held for sale at 31 December 2009 have been divested during 2010. The divestments comprised the waste management activities and the security activities in France, the industry service activities in Norway and a part of the building maintenance activities in Spain and resulted in a loss of DKK 177 million in addition to the impairment loss recognised in 2009 in connection with classifying the businesses as held for sale. The additional impairment loss of DKK 177 million has been recognised in Other income and expenses, net, see note 8, Other income and expenses, net.

NOTE 28 SHARE CAPITAL

	2010		2009	
	Nominal value (DKK million)	Number of shares (in thousands)	Nominal value (DKK million)	Number of shares (in thousands)
Share capital at 1 January	100	100,000	100	100,000
Share capital at 31 December	100	100,000	100	100,000

At 31 December 2010, a total of 100,000,001 shares with a nominal value of DKK 1 per share were issued and fully paid (2009: 100,000,001 shares). No shares carry special rights. At 31 December 2010, shares were not freely transferable, as any transfer required the consent of the Board of Directors as set out in the Articles of Association. Effective 1 March 2011, the Articles of Association have been changed resulting in the shares being freely transferable.

NOTE 29 LOANS AND BORROWINGS

This note provides information about the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 36, Financial risk management.

DKK million	2010	2009
Issued bonds	8,766	10,315
Bank loans	22,760	22,594
Securitisation	2,401	892
Finance lease liabilities	182	208
Interest rate swaps	135	256
Debt to ISS Equity A/S ¹⁾	-	94
Total loans and borrowings	34,244	34,359
Loans and borrowings are recognised in the statement of financial position as follows:		
Non-current liabilities	29,032	28,649
Current liabilities	5,212	5,710
Total loans and borrowings	34,244	34,359

The fair value of loans and borrowings is disclosed in note 33, Financial assets and liabilities.

In 2010, financing fees amounting to DKK 49 million (2009: DKK 304 million) have been recognised in loans and borrowings while accumulated financing fees recognised in loans and borrowings on 31 December 2010 amounted to DKK 430 million (2009: DKK 504 million).

In 2010 and 2009, the Group had no loans and borrowings convertible into equity.

Capital market transactions

During 2010, the 2010 EMTNs were fully redeemed through the proceeds from the securitisation programme that was launched in 2009 in five countries and further rolled out in five countries in 2010. The redemption was carried out in two steps with a tender offer in January for DKK 1,116 million (EUR 150 million) and repayment of the remaining DKK 1,490 million (EUR 200 million) at maturity in September. Additionally, in March a tap bond issue under the existing subordinated notes due 2016 was completed resulting in DKK 950 million (EUR 127.5 million) being raised.

¹⁾ Debt to ISS Equity A/S in 2009 included DKK 13 million related to a joint taxation scheme with Danish resident subsidiaries. ISS Equity A/S has been merged with its sole shareholder FS Invest II S.à.r.l as at 22 December 2010 and consequently is no longer part of the joint taxation scheme at 31 December 2010.

NOTE 29 LOANS AND BORROWINGS (CONTINUED)**Terms and maturity of loans and borrowings**

							2010	2009
DKK million	Nominal interest rate	Average effective interest rate	Interest rate	Year of maturity	Face value	Amount hedged	Carrying amount	Carrying amount
Issued bonds:								
EMTNs due 2010	4.75%	4.80%	Fixed	2010	-	-	-	2,577
EMTNs due 2014	4.50%	5.06%	Fixed	2014	823	-	742	719
Subordinated notes 2016	8.875%	9.06%	Fixed	2016	4,335	-	4,259	3,300
Senior notes 2014	11.00%	11.50%	Fixed	2014	3,914	-	3,765	3,718
Interest rate swaps	-	-	-	-	-	-	-	1
Bank loans:								
Senior facilities:								
Term facility A	Libor + 2.00%	3.77%	Floating	2012	746	746	699	981
Term facility B	Libor + 2.00%	2.81%	Floating	2013	13,115	7,971	13,063	12,952
Acquisition facility A	Libor + 2.25%	3.06%	Floating	2012	616	600	616	985
Acquisition facility B	Libor + 2.25%	3.06%	Floating	2013	2,135	-	2,135	2,125
Second lien facility	Euribor + 3.75%	4.61%	Floating	2015	4,473	4,025	4,430	4,412
Bank loans and overdrafts	-	-	-	-	1,817	-	1,817	1,139
Securitisation	Euribor + 3.00%	3.60%	Floating	2011	2,466	-	2,401	892
Interest rate swaps	-	-	-	-	-	-	135	256
Finance lease liabilities	-	-	-	-	182	-	182	208
Debt to ISS Equity A/S	-	-	-	-	-	-	-	94
Loans and borrowings		5.01%			34,622		34,244	34,359

Currency profile of loans and borrowings

The Group's loans and borrowings are denominated in the following currencies (excluding impact from currency swaps):

	2010	2009
EUR	86.7%	89.3%
GBP	4.9%	4.0%
DKK	2.8%	1.7%
NOK	2.4%	2.3%
SEK	1.8%	1.5%
CHF	0.6%	0.5%
Others	0.8%	0.7%
Total	100.0%	100.0%

NOTE 29 LOANS AND BORROWINGS (CONTINUED)**Maturity profile of loans and borrowings**

The contractual maturities of loans and borrowings based on undiscounted contractual cash flows, including interest payments, estimated based on expectations at the reporting date, are shown below:

DKK million	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2010								
Issued bonds	8,766	12,772	852	852	852	5,352	386	4,478
Other loans and borrowings	25,343	28,465	6,065	1,437	16,008	317	4,638	-
Total loans and borrowings excluding derivatives	34,109	41,237	6,917	2,289	16,860	5,669	5,024	4,478
Hereof estimated interest payments		6,615	1,660	1,694	1,646	925	547	143
Interest rate swaps	135	135	117	18	-	-	-	-
Total derivatives	135	135	117	18	-	-	-	-
2009								
Issued bonds	10,315	14,720	3,371	767	767	767	5,258	3,790
Other loans and borrowings	23,788	26,276	3,888	1,584	1,703	16,124	338	4,639
Total loans and borrowings excluding derivatives	34,103	40,996	7,259	2,351	2,470	16,891	5,596	8,429
Hereof estimated interest payments		8,274	1,584	1,700	1,832	1,705	867	586
Interest rate swaps	256	256	224	21	11	-	-	-
Total derivatives	256	256	224	21	11	-	-	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

DKK million	2010			2009		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within 1 year	80	(6)	74	100	(7)	93
1-5 years	118	(10)	108	120	(7)	113
After 5 years	0	(0)	0	2	(0)	2
Total	198	(16)	182	222	(14)	208

The lease arrangements are described in note 17, Property, plant and equipment where the carrying amount of assets held under finance leases is also disclosed.

NOTE 30 PENSIONS AND SIMILAR OBLIGATIONS

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

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

The Group's liabilities and pension costs under defined benefit plans may be significantly affected by changes in the discount rate, the expected return on plan assets, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances. Furthermore, there is a risk that changes to local legislation will entail that pension plans are reclassified from defined contribution plans to defined benefit plans, requiring the Group to recognise a provision.

In certain countries the Group participates in multi-employer pension schemes. The funds are currently not able to provide the necessary information in order for the Group to account for the schemes as defined benefit plans. The pension schemes are therefore accounted for as defined contribution plans with pension costs being expensed as incurred and recognised in Staff costs, see note 5, Staff costs. There is a risk that the plans are not sufficiently funded. However, information on surplus or deficit in the schemes is not available.

Recognised in the statement of financial position

DKK million

	2010	2009
Present value of funded obligations	3,835	3,171
Fair value of plan assets	(3,435)	(2,877)
Funded obligations, net	400	294
Present value of unfunded obligations	557	487
Unrecognised past service costs	(5)	(3)
Accumulated impact from asset ceiling	21	1
Reclassification to Liabilities related to assets held for sale	-	(14)
Recognised in the statement of financial position for defined benefit obligations	973	765
Other long-term employee benefits	80	72
Pensions and similar obligations at 31 December	1,053	837
Specification of defined benefit obligations:		
Present value of funded obligations	3,835	3,171
Present value of unfunded obligations	557	487
Defined benefit obligations at 31 December	4,392	3,658
Movement in defined benefit obligations (funded and unfunded):		
Present value of obligations at 1 January	3,658	3,338
Foreign exchange adjustments	471	48
Reclassifications from Other long-term employee benefits	12	2
Additions from new contracts	44	-
Additions from acquisition of businesses	-	8
Disposals related to divestment of businesses	(15)	-
Interest on obligation	159	153
Current service costs	137	117
Benefits paid	(360)	(315)
Employee contributions	89	81
Actuarial (gains)/losses	207	224
Recognised past service costs	12	11
Liabilities extinguished on settlements and curtailments	(22)	(9)
Present value of obligations at 31 December	4,392	3,658

NOTE 30 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**Recognised in the statement of financial position (continued)**

DKK million

	2010	2009
Movement in fair value of plan assets:		
Fair value of plan assets at 1 January	2,877	2,591
Foreign exchange adjustments	391	30
Reclassifications	(3)	3
Additions from new contracts	33	-
Expected return on plan assets	124	124
Actuarial gains/(losses)	78	179
Assets distributed on settlements	(9)	(10)
Employee contributions	89	81
Employer contributions	132	121
Benefits paid	(277)	(242)
Fair value of plan assets at 31 December	3,435	2,877
Realised return on plan assets:		
Expected return on plan assets	124	124
Actuarial gains/(losses)	78	179
Realised return on plan assets at 31 December	202	303
Major categories of plan assets (% of total plan assets):		
Bonds	59%	58%
Equities	26%	26%
Property	6%	6%
Cash	1%	1%
Other	8%	9%
Total	100%	100%

The Group expects to contribute DKK 196 million to its defined benefit plans in 2011.

Recognised in the income statement

DKK million

	2010	2009
Current service costs	137	117
Interest on obligation	159	153
Expected return on plan assets	(124)	(124)
Recognised past service costs, net	11	7
Gains on curtailments and settlements, net	(11)	(3)
Recognised in the income statement as Staff costs	172	150
Losses on settlements related to restructuring projects	-	4
Recognised in the income statement as Other expenses	-	4

NOTE 30 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**Recognised in the statement of comprehensive income**

DKK million	2010	2009
Cumulative (gains)/losses recognised in the statement of comprehensive income at 1 January	149	122
Actuarial (gains)/losses during the year	129	45
Impact from asset ceiling	20	(18)
Cumulative (gains)/losses recognised in the statement of comprehensive income at 31 December	298	149
Hereof accumulated actuarial (gains)/losses	277	148

Actuarial assumptions

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

	EUR		CHF		Other currencies	
	2010	2009	2010	2009	2010	2009
Discount rates at 31 December	4.3-4.6%	5.2-5.5%	2.9%	3.3%	1.7-11.0%	1.7-11.0%
Expected return on plan assets at 31 December	3.0-4.7%	2.7-5.2%	2.8%	3.0%	2.0-6.8%	1.7-8.0%
Future salary increases	1.8-2.0%	1.8-2.3%	2.0%	2.0%	0.0-10.0%	0.0-10.3%
Future pension increases	1.8-2.0%	1.8-2.3%	0.0%	0.0%	0.0-3.2%	0.0-4.8%

Discount rates are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the defined benefit obligations. Switzerland represents 56% of the gross obligation (2009: 54%) while the euro countries represents 23% of the gross obligation (2009: 23%).

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

Historical information

DKK million	2010	2009	2008	2007	2006
Present value of obligations (funded and unfunded)	4,392	3,658	3,338	3,244	3,446
Fair value of plan assets	(3,435)	(2,877)	(2,591)	(2,617)	(2,606)
Unrecognised past service costs	(5)	(3)	1	1	1
Asset ceiling	21	1	14	44	3
Reclassification to Liabilities related to assets held for sale	-	(14)	-	-	-
Net obligations at 31 December	973	765	762	672	844
Actuarial (gains)/losses on obligations	207	224	(244)	(200)	(59)
Actuarial gains/(losses) on plan assets	78	179	(426)	(48)	(13)
Actuarial (gains)/losses during the year	129	45	182	(152)	(46)
Cumulative actuarial (gains)/losses at 31 December	277	148	103	(79)	73

NOTE 31 PROVISIONS

DKK million

2010

	Legal cases	Self-insurance	Acquisition and integration costs	Contingent liabilities in acquisitions	Other	Total
Provisions at 1 January	223	200	26	93	260	802
Foreign exchange adjustments	10	14	2	3	13	42
Unwind of discount	7	6	-	-	-	13
Reclassification to Liabilities related to assets held for sale	-	-	-	-	(4)	(4)
Reclassification (to)/from Other liabilities	4	-	(0)	-	(1)	3
Additions from acquisition of businesses	-	-	-	-	(0)	(0)
Provisions made during the year	60	188	10	-	128	386
Provisions used during the year	(53)	(217)	(28)	(1)	(85)	(384)
Provisions reversed during the year	(49)	-	-	(4)	(65)	(118)

Provisions at 31 December

Current	121	62	10	-	186	379
Non-current	81	129	0	91	60	361

202	191	10	91	246	740
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2009

Provisions at 1 January	176	166	45	45	400	832
Foreign exchange adjustments	7	6	2	0	9	24
Reclassification to Liabilities related to assets held for sale	(3)	-	-	-	(61)	(64)
Reclassification between categories and (to)/from Other liabilities	(1)	4	1	34	(15)	23
Additions from acquisition of businesses	2	-	-	14	17	33
Provisions made during the year (included in the income statement)	95	124	46	-	100	365
Provisions made during the year (included in goodwill)	-	-	27	-	-	27
Provisions used during the year	(39)	(99)	(95)	-	(148)	(381)
Provisions reversed during the year	(14)	(1)	(0)	-	(42)	(57)

Provisions at 31 December

Current	126	74	26	-	197	423
Non-current	97	126	0	93	63	379

223	200	26	93	260	802
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NOTE 31 PROVISIONS (CONTINUED)

Legal cases The provision comprises various obligations in relation to a number of legal and labour-related cases in certain countries. The provisions are measured based on management's assessment of the amount by which the obligation is expected to be redeemed. Legal advice and established precedence is taken into consideration when assessing the obligation.

Self-insurance In Australia, Ireland, the USA and the United Kingdom, the Group carries insurance provisions on employers' liability. Ireland and the United Kingdom are self-insured up to a yearly limit of DKK 21 million (DKK 20 million in 2009) for employers' liability. The USA is self-insured up to a limit of DKK 1.4 million per claim (DKK 1.3 million in 2009). Australia is self-insured up to a limit of DKK 2.8 million per claim (DKK 2.3 million in 2009). Generally, the provisions for self-insurance are based on valuations from external actuaries.

During 2010, the ISS captive insurance company Global Insurance A/S, which had carried part of the risk on the third party liability programme, has transferred its insurance cases to an external insurance company except for a liability of DKK 12.9 million, which has been taken over by ISS Finans A/S.

Acquisition and integration costs The provision includes obligations incurred in the normal course of acquisitions mainly related to transaction costs, redundancy payments and termination of rental of properties.

Contingent liabilities in acquisitions The provision relates to contingent liabilities assumed in connection with acquisitions and relates mainly to legal cases.

Other The provision comprises various other obligations incurred in the course of business, e.g. restructuring costs, guarantee reserves, dismantling costs, operational issues, closure of contracts and costs of meeting obligations under onerous contracts.

NOTE 32 OTHER LIABILITIES

DKK million

	2010	2009
Accrued wages and holiday allowances	4,913	4,332
Tax withholdings, VAT etc.	3,181	3,069
Prepayments from customers	480	440
Contract work in progress (liabilities)	23	-
Currency swaps	4	31
Other payables and accrued expenses	2,345	2,606
Other liabilities	10,946	10,478

Other payables and accrued expenses primarily comprise accrued expenses, accrued interests, contingent consideration (earn-outs) and deferred payments regarding acquisitions.

NOTE 33 FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities, together with the carrying amounts in the statement of financial position, are shown below:

DKK million	Note	2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Securities (fair value option)	26	19	19	97	97
Derivative financial instruments (currency swaps)	37	7	7	0	0
Financial assets designated as fair value through profit or loss		26	26	97	97
Derivative financial instruments designated as cash flow hedge	37	1	1	-	-
Financial assets used for hedging		1	1	-	-
Trade receivables	22	10,896	10,896	10,130	10,130
Other receivables	25	2	2	210	210
Cash and cash equivalents	26	3,606	3,606	3,364	3,364
Other financial assets	20	290	290	281	281
Loans and receivables		14,794	14,794	13,985	13,985
Derivative financial instruments (currency swaps)	37	11	11	31	31
Financial liabilities designated as fair value through profit or loss		11	11	31	31
Derivative financial instruments designated as cash flow hedge	37	136	136	256	256
Financial liabilities used for hedging		136	136	256	256
Issued bonds	29	8,766	9,609	10,315	10,779
Bank loans including securitisation	29	25,161	25,368	23,486	23,723
Finance lease liabilities	29	182	182	208	208
Debt to ISS Equity A/S	29	-	-	94	94
Trade payables		2,830	2,830	2,624	2,624
Other liabilities	32	239	239	404	404
Financial liabilities measured at amortised cost		37,178	38,228	37,131	37,832

NOTE 33 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**Methods, assumptions and techniques used to determine fair value**

Fair value measurements are classified by using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The methods, assumptions and techniques used in determining the fair values of each category of financial assets and financial liabilities is disclosed below. The methods are unchanged compared with 2009. Furthermore, the level in the fair value hierarchy within which the fair value measurement is categorised is disclosed.

Securities comprise investment funds related to investments in various listed securities measured at fair value through the income statement. The fair value is determined by reference to their quoted prices at the reporting date (Level 1).

Derivative financial instruments comprise currency swaps and interest rate swaps. The fair value of derivative financial instruments is determined on the basis of observable market data using generally accepted methods. The fair value of interest rate swaps is based on market rates for yield curves (Level 2). The fair value of currency swaps is based on the difference between the purchase price and the price at the reporting date (Level 2).

Loans and receivables mainly comprise trade receivables and cash and cash equivalents and are measured at amortised cost in the statement of financial position. The carrying amount of loans and receivables approximates their fair values.

Other financial liabilities including issued bonds, bank loans, finance lease liabilities, trade payables and other liabilities are measured at amortised cost in the statement of financial position. The note disclosure of the fair value of the issued bonds (EMTNs, subordinated notes and senior notes) is based on the quoted market price on the Luxembourg Stock Exchange (Level 1). For the remaining part of loans and borrowings fair value is equal to the nominal value (Level 2).

Fair value hierarchy

The table below analyses financial instruments carried at fair value in the statement of financial position by valuation method. The methods used are described above.

DKK million

2010

	Level 1	Level 2	Total
Securities (fair value option)	19	-	19
Derivative financial instruments (currency swaps)	-	7	7
Derivative financial instruments designated as cash flow hedge	-	1	1
Total financial assets	19	8	27
Derivative financial instruments (currency swaps)	-	11	11
Derivative financial instruments designated as cash flow hedge	-	136	136
Total financial liabilities	-	147	147
2009			
Securities (fair value option)	97	-	97
Total financial assets	97	-	97
Derivative financial instruments (currency swaps)	-	31	31
Derivative financial instruments designated as cash flow hedge	-	256	256
Total financial liabilities	-	287	287

NOTE 34 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES**Senior Facility Agreement**

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

ISS World Services A/S, ISS Global A/S's and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS World Services A/S and these subsidiaries. At 31 December 2010, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	2010	2009
Goodwill	3.8	3.4
Customer contracts	0.9	0.9
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.4	0.3
Trade receivables	1.8	2.4
Other receivables	0.3	0.2
Bank accounts	1.5	1.7
Total	10.3	10.5

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

Securitisation

As part of the refinancing of the EMTNs that were repaid at maturity in September 2010, the Group has during 2009 and 2010 launched a securitisation programme in 10 major countries. Under the securitisation programme securitised trade receivables of the participating countries are provided as security for the securitisation debt. As at 31 December 2010, trade receivables of DKK 4,863 million (31 December 2009: DKK 2,267 million) have been placed as security for securitisation debt. In addition hereto DKK 936 million (31 December 2009: DKK 507 million) cash held by the Group's consolidated SPEs handling the Group's securitisation programme was pledged as security for securitisation debt. Of the total amount of cash held by the Group's SPEs DKK 161 million (2009: DKK 157 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 31 December 2010 amounted to DKK 574 million (31 December 2009: DKK 462 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,374 million (31 December 2009: DKK 1,517 million) of which DKK 1,017 million (31 December 2009: DKK 1,288 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Outsourcing of IT

The Group has an IT outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. The Group's contractual obligations related to the agreement at 31 December 2010 amounted to approximately DKK 25 million (31 December 2009: DKK 41 million).

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 December 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 31 December 2010.

Restructurings

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 December 2010.

NOTE 35 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 December 2010	1,461	961	652	393	253	441	4,161
At 31 December 2009	1,399	915	616	375	250	448	4,003

During 2010, DKK 2,134 million (DKK 2,070 million in 2009) was recognised as an expense in the income statement in respect of operating leases.

Additional future lease payments of DKK 11 million (DKK 6 million in 2009) existed regarding associates at 31 December 2010.

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

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

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

NOTE 36 FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks as a result of its operating activities, investing activities and financing activities, mainly related to currency risk, interest rate risk, liquidity risk and credit risk.

The Group's financial risks are managed centrally in Group Treasury based on policies approved by the Board of Directors. The Group's financial risk management is focused on managing risks arising from the Group's operating and financing activities, mainly by use of interest rate instruments and currency instruments with the purpose of managing volatility in the Group's results. Additionally, the Group policy complies with current loan documentation, e.g. the Senior Facility Agreement and the Inter Creditor Agreement. It is not the Group's policy to take speculative positions in the financial markets.

The Group has not identified additional financial risk exposures in 2010 compared with 2009.

Currency risk

Currency risk is the risk that changes in exchange rates will affect the Group's result or value of its holdings of financial instruments. The service industry is characterised by a relatively low level of transaction risk (operational risk), since the services are produced, delivered and invoiced in the same local currency with minimal exposure from imported components. However, with worldwide operations, business is conducted in a variety of currencies. Since a significant portion of the Group's revenue and operating profit is generated in foreign entities, the Group is exposed to currency risk relating to the translation into Danish kroner of income statements and net assets of foreign subsidiaries (translation risk). Furthermore, the Group has a currency risk on loans and borrowings, which are predominantly denominated in other currencies than Danish kroner (financial risk).

Currency exposure related to loans and borrowings (financial risk)

To a limited extent the Group is exposed to currency risk on loans and borrowings that are denominated in a currency other than the Group's functional currency. The currency profile of the Group's current and non-current loans and borrowings (excluding impact from currency swaps) is shown below:

	2010	2009
EUR	86.7%	89.3%
GBP	4.9%	4.0%
DKK	2.8%	1.7%
NOK	2.4%	2.3%
SEK	1.8%	1.5%
CHF	0.6%	0.5%
Others	0.8%	0.7%
Total	100.0%	100.0%

NOTE 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

As 87% of the Group's loans and borrowings are denominated in EUR the Group is exposed primarily to EUR, but also to GBP, NOK, SEK and CHF. Furthermore, the Group has a currency risk to the extent that its interest payments with respect to loans and borrowings are not denominated in the same currencies as the Group's revenue.

The Group's overall policy is to fully hedge any foreign exchange exposure towards Danish kroner or towards Euro to the extent that the net exposure exceeds DKK 5 million. However, certain currencies cannot be hedged within a reasonable price range, e.g. BRL, CLP, IDR and ISK and are therefore not hedged. Based on a risk assessment Group Treasury may choose not to hedge the risk exposure towards Euro although exceeding DKK 5 million.

All hedging is conducted at Group level. No hedging transactions are made by local subsidiaries. The Group uses currency swaps to hedge the currency risk related to loans and borrowings as well as intercompany loans from the parent company to foreign subsidiaries. Group Treasury measures the Group's total currency exposure in different currencies on a weekly basis in order to evaluate the need for hedging currency positions. When measuring the currency positions all loans and borrowings, intercompany balances and cash and cash equivalents are taken into account. As fair value adjustments of both the hedged item and the derivative financial instrument are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied.

It is not Group policy to hedge the currency exposure on foreign investments. Consequently, no hedging transactions of net investments in foreign subsidiaries were entered in 2010 and 2009. However, the Group may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies.

Sensitivity analysis At 31 December 2010 the most significant exposure to currency risk was the net exposure to EUR of DKK 16,253 million. A strengthening of the EUR of 1% against DKK would have impacted the income statement and other comprehensive income negatively by DKK 163 million. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. Furthermore, the effect of hedging instruments is taken into account.

Translation and operational risk

The Group is exposed to a relatively low level of transaction risk, since the services are produced, delivered and invoiced in the same local currency with minimal exposure from imported components. The Group is however exposed to risk in relation to translation into Danish kroner of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies since a significant portion of the Group's revenue and operating profit is generated in foreign entities.

In 2010, the currencies in which the Group's revenue was denominated increased with an average of 5.0% (2009: decreased with 2.8%) relative to Danish kroner, increasing the Group's revenue by DKK 3,423 million (2009: a decrease of DKK 1,877 million). Currency movements increased the Group's operating profit before other items by DKK 241 million (2009: a decrease of DKK 126 million). The effect of the translation of net assets in foreign subsidiaries increased other comprehensive income by DKK 911 million (2009: a decrease of DKK 364 million).

Sensitivity analysis A 5% change in foreign exchange rates of the Group's main currencies would have impacted revenue, operating profit before other items and other comprehensive income by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is prepared on the same basis for 2009.

	2010			2009		
	Revenue	Operating profit before other items	Net assets in foreign subsidiaries	Revenue	Operating profit before other items	Net assets in foreign subsidiaries
DKK million						
EUR	1,482	80	336	1,522	76	385
CHF	143	14	78	132	11	64
GBP	368	25	114	347	24	100
NOK	284	19	43	262	21	39
SEK	195	14	40	177	11	26
AUD	229	15	35	171	12	27
USD	131	7	24	126	7	22
Other	683	46	199	523	35	142
Total	3,515	220	869	3,260	197	805

NOTE 36 FINANCIAL RISK MANAGEMENT (CONTINUED)**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments, primarily bank loans and issued bonds. The Group's exposure towards interest rates is illustrated in note 29, Loans and borrowings, where a breakdown of the Group's loans and borrowings in floating and fixed rates is provided. The interest rate exposure to floating interest rates is primarily in EUR, but also to a limited extent to GBP and the nordic currencies via securitisation.

It is Group policy to hedge the risk related to changes in interest rates to limit the negative economic effect of changes in interest rates by converting variable interest rates to fixed interest rates. The Group will mitigate the net interest rate risk via interest rate swaps. Additionally, it is the Group's policy to ensure a predefined amount of debt to fixed interest rates to avoid adverse movements in floating rates and interest expenses.

According to the Senior Facility Agreement at least 50% of the Group's total non-current bank loans and bonds must carry fixed interest rates. At least on a monthly basis Group Treasury measures the balance between fixed and variable interest rates to ensure compliance with the policy.

The Group uses cash flow hedge accounting in respect of interest rate derivatives. The interest rate contracts classified as hedge transactions including the effect on other comprehensive income are disclosed in note 37, Derivatives.

Sensitivity analysis The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2010, the duration of net debt was approximately 1.6 years (31 December 2009: 2.2 years). A decrease in interest rates will increase the fair value of the loans and borrowings with a fixed interest rate, but only part of this increase will be reflected in the income statement and other comprehensive income as loans and borrowings are measured at amortised cost and therefore not adjusted to fair value.

It is estimated that a general increase in relevant interest rates of 1%-point would have increased/(decreased) profit for the year and other comprehensive income by the amounts shown below. The estimate is based on net debt adjusted for the effect of hedging instruments as at 31 December 2010. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	2010		2009	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
DKK million				
Loans and borrowings	(84)	(84)	(91)	(91)
Derivatives, interest rate swaps	-	83	-	215

Liquidity risk

Liquidity risk results from the Group's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. Raising capital and investment of liquidity to the extent relevant is managed centrally in Group Treasury. The goal is to ensure efficient liquidity management, which mainly comprise ensuring that adequate liquidity is available. Group Treasury mitigates liquidity risk by obtaining borrowing facilities with highly rated financial institutions, via issued bonds, bank loans and securitisation and via effective working capital management.

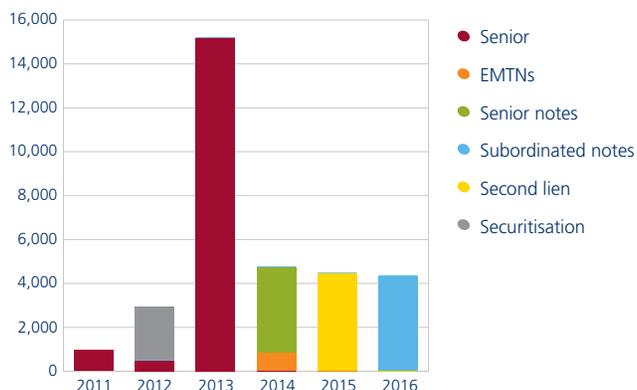
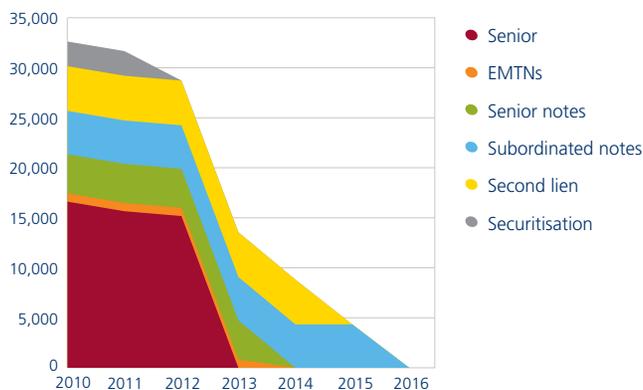
For day-to-day liquidity management cash pools have been established in several local entities. As a result excess liquidity is transferred to and from ISS Global A/S, which operates as the internal bank of the ISS Group.

The Group's liquid reserves mainly consist of liquid funds and unused credit facilities. As at 31 December 2010, the Group's liquid reserves consisted of readily available liquid funds of DKK 3,415 million (2009: DKK 3,145 million) and unused revolving credit facilities of DKK 551 million (2009: DKK 418 million) available for drawing until 30 June 2012. It is the Group's policy to maintain an appropriate level of liquid reserve. Cash in the Group's consolidated SPEs under the securitisation programme amounts to DKK 936 million (2009: DKK 507 million), of which DKK 161 million (2009: DKK 157 million) are excluded from the liquid reserves as they are not considered readily available for general use by the parent company or other subsidiaries.

The bank loans, subordinated notes and senior notes are subject to customary undertakings, covenants (including financial covenants) and other restrictions. Financial covenants comprise the following: i) Debt cover ii) Senior debt cover, iii) Cash flow cover, iv) Interest cover and v) Limitation on Capex spending. The financial covenants are calculated on a last-twelve-months basis and reported quarterly, except for ii) and v), which are only reported at year-end. In the event of a default under those agreements, the debt incurred including accrued interest could be declared immediately due and payable. In 2010 and 2009, all covenants have been complied with.

NOTE 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

For a breakdown of the contractual maturities based on contractual cash flows (i.e. including estimated interest payments) of the Group's loans and borrowings, see note 29, Loans and borrowings. The charts below also illustrate the maturity profile and commitment curve of issued bonds and bank loans. Compared with the specification in note 29, the basis of the presentation below is different in two areas; 1) expected interest payments are not included and 2) securitisation debt is presented with maturity in September 2012 as the facility is committed until then. This is contrary to the recognition in the statement of financial position, where securitisation debt is classified as current due to the terms of the agreement. The presentation below is based on the assumption that the amount of trade receivables entered into the securitisation programme continue to be at the same level as at 31 December 2010.

Maturity profile of nominal debt (DKK million)**Commitment curve (DKK million)**

During 2010, the 2010 EMTNs were fully redeemed through the proceeds from the securitisation programme that was launched in 2009 in five countries and further rolled out in five countries in 2010. The redemption was carried out in two steps with a tender offer in January for DKK 1,116 million (EUR 150 million) and repayment of the remaining DKK 1,490 million (EUR 200 million) at maturity in September. Following the final repayment of the remaining EUR 200 million of the 2010 EMTNs ISS has committed long-term financing in place.

Capital management

The Group monitors the capital structure and evaluates the need for adjustments on an ongoing basis. The dividend policy and payment of dividends is made subject to the necessary consolidation of equity and the Group's continuing expansion. The Group seeks to reduce the financial leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA ¹⁾. At 31 December 2010, the Group's net debt to proforma adjusted EBITDA was 6.04x (2009: 6.47x).

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

Credit risk

Credit risk is the risk of financial loss inflicted on the Group if a counterparty to a financial instrument or a customer fails to meet its contractual obligations and arises principally from the Group's transactions with financial institutions (liquid funds, securities and derivatives with positive fair value) and from the Group's trade receivables from customers.

Transactions with financial institutions

To limit its exposure to credit risk it is Group policy only to enter into transactions with financial institutions carrying a certain short-term credit rating assigned by Standard & Poor's (A-1 rating) or Moody's (P-1 rating). Other banks may be approved separately by Group Treasury. Group Treasury monitors credit ratings and given that the Group generally enters into transactions only with financial institutions with high credit ratings, management does not expect any counterparty to fail to meet its contractual obligations.

DKK million

	2010	2009
Maximum credit risk related to securities, cash and cash equivalents	3,625	3,461
Maximum credit risk related to derivatives	8	-

¹⁾ Pro forma information is based on unaudited financial information and for informational purposes only.

NOTE 36 FINANCIAL RISK MANAGEMENT (CONTINUED)**Trade receivables**

The Group performs ongoing credit evaluations of its customers in order to reduce the credit risk exposure. The customers' financial position and the general market conditions are taken into account.

The carrying amount of trade receivables recognised in the statement of financial position represents the maximum credit exposure, see note 22, Trade receivables. The Group's customer portfolio is diversified in terms of geography, industry sector and customer size and historically amounts written off as uncollectible have been relatively low. The Group is not exposed to credit risk related to significant individual customers.

Generally, the Group does not hold collateral as security for trade receivables.

Impairment losses

The ageing of trade receivables at the reporting date was:

DKK million	2010			2009		
	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Not past due	8,602	(3)	8,599	8,018	0	8,018
Past due 1 to 60 days	1,755	(2)	1,753	1,603	(3)	1,600
Past due 61 to 180 days	425	(18)	407	427	(25)	402
Past due 181 to 360 days	144	(49)	95	149	(60)	89
More than 360 days	211	(169)	42	174	(153)	21
Total	11,137	(241)	10,896	10,371	(241)	10,130

Allowance for impairment losses is recognised when objective evidence indicates that a receivable or a portfolio of receivables is impaired. Impairment losses, both individual and collective, are recorded in a separate account. The allowance is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the receivable directly.

The Group believes that the allowance for impairment losses at 31 December 2010 is sufficient to cover future losses. Further, the Group believes that the unimpaired amounts that are past due are still collectible, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

The movement in the allowance for impairment losses during the year was as follows:

DKK million	2010	2009
Impairment losses at 1 January	(241)	(228)
Foreign exchange adjustments	(11)	(6)
Additions from acquired businesses	(4)	(9)
Impairment loss recognised	(74)	(93)
Impairment loss reversed	35	34
Amounts written off as uncollectible	49	58
Reclassification to Assets held for sale	5	3
Impairment losses at 31 December	(241)	(241)

NOTE 37 DERIVATIVES

As described in the note 36, Financial risk management, the Group uses derivative financial instruments (interest rate swaps and currency swaps) for managing currency and interest risks arising from the Group's operating and financing activities.

The accounting treatment of hedge transactions varies according to the nature of the item being hedged and whether the hedge qualifies for hedge accounting according to IFRS. Derivatives that qualify for hedge accounting are being accounted for in accordance with the nature of the item being hedged and the applicable hedge model.

Hedging of assets and liabilities

The Group uses currency swaps to hedge the exposure to currency risk on the intercompany loans to foreign subsidiaries as well as the currency risk on external borrowings denominated in a currency other than Danish kroner. As fair value adjustments of both the hedged item and the derivative financial instrument are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied.

DKK million	Contractual value	Fair value at 31 December	Fair value adjust- ment recognised in the income statement	Maturity
2010				
CHF	679	4	4	2011
EUR	3,548	0	0	2011
GBP	1,202	(6)	(6)	2011
NOK	45	0	0	2011
SEK	34	(0)	(0)	2011
Others	54	(1)	(1)	2011
Forward foreign currency, purchases	5,562	(3)	(3)	
AUD	1,461	0	0	2011
ILS	218	0	0	2011
NOK	790	(1)	(1)	2011
NZD	133	(2)	(2)	2011
SEK	58	0	0	2011
SGD	250	(1)	(1)	2011
THB	155	1	1	2011
USD	1,108	1	1	2011
Others	242	1	1	2011
Forward foreign currency, sales	4,415	(1)	(1)	
Total currency swaps		(4)	(4)	

NOTE 37 DERIVATIVES (CONTINUED)**Hedging of assets and liabilities (continued)**

DKK million	Contractual value	Fair value at 31 December	Fair value adjustment recognised in the income statement	Maturity
2009				
CHF	407	0	0	2010
EUR	3,491	(0)	(0)	2010
GBP	579	(1)	(1)	2010
Forward foreign currency, purchases	4,477	(1)	(1)	
AUD	1,178	(14)	(14)	2010
CZK	101	(0)	(0)	2010
ILS	182	(1)	(1)	2010
MXN	91	(0)	(0)	2010
NOK	1,304	(3)	(3)	2010
SEK	369	(4)	(4)	2010
USD	994	(5)	(5)	2010
Others	482	(3)	(3)	2010
Forward foreign currency, sales	4,701	(30)	(30)	
Total currency swaps		(31)	(31)	

Hedging of forecasted transactions (cash flow hedges)

The Group uses interest rate swaps to hedge the exposure to variability in future cash flows due to changes in interest rates on the Group's bank loans with a variable interest rate. The swaps convert a major part of the floating rates within the bank loans to fixed interest rates.

DKK million	Contractual value	Positive fair value at 31 December	Negative fair value at 31 December	Fair value adjustment recognised in other comprehensive income	Maturity
2010					
CHF	131	-	(2)	(2)	2012
GBP	1,454	-	(34)	(34)	2012
SEK	286	1	-	1	2012
NOK	329	-	(2)	(2)	2012
EUR	11,141	-	(98)	(98)	2011-2012
Total cash flow hedges	13,341	1	(136)	(135)	
2009					
CHF	342	-	(3)	(3)	2010-2012
GBP	2,762	-	(16)	(16)	2010-2012
SEK	776	-	(6)	(6)	2010-2012
NOK	955	-	(5)	(5)	2010-2012
EUR	22,213	-	(226)	(226)	2010-2012
Total cash flow hedges	27,048	-	(256)	(256)	

In 2010 and 2009, no ineffectiveness is recognised in the income statement.

NOTE 38 RELATED PARTIES**Parent and ultimate controlling party**

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

Key management personnel

Members of the Board of Directors, the Executive Group Management and Corporate Senior Officers have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel. Apart from remuneration, described in note 5, Staff costs and co-investment programmes described below there were no significant transactions during the year 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 officers¹⁾ of the Group were offered to invest. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS A/S's ultimate parent. As of 31 December 2010, the investments amounted to DKK 184.0 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 Officers²⁾ were granted warrants in FS Invest with a vesting schedule (based on value of shares and time). As of 31 December 2010, 277,632 warrants were outstanding, see note 6, Share-based payments.

Non-executive members of the Board of Directors (except representatives of the Principal Shareholders) were offered to participate in a Directors Participation Programme, under which they have invested in a mix of shares and warrants of FS Invest amounting to approximately DKK 19.2 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 8.2 million in total.

External directorships and executive positions of the Board of Directors at 31 December 2010

Board of Directors	Board Member	Executive Position
Ole Andersen (Chairman)	Privathospitalet Hamlet A/S (Chairman), Chr. Hansen Holding A/S (Chairman), Bang & Olufsen A/S (Chairman), Bang & Olufsen Operations A/S (Chairman), Danske Bank A/S, Georg Jensen A/S, Kommunekemi A/S, Duke Infrastructure Holding A/S and Duke Infrastructure A/S.	Managing Director of CBTJ ApS, CBTJ/D1 ApS and CBTJ/D4 ApS.
Leif Östling (Vice-Chairman)	AB SKF (Chairman), Confederation of Swedish Enterprise (Svenskt Näringsliv) (Chairman), The Association of Swedish Engineering Industries (Teknikföretagen) (Chairman) and Scania AB.	President and Group Chief Executive Officer of Scania AB
John Allan	Dixons Retail Plc. (Chairman), Care UK Plc. (Chairman), 3i Plc., National Grid Plc. and Natakate Ltd.	None
Michel Combes	Supervisory Board of Assystem SA (Chairman) and Vodafone Plc.	Chief Executive Officer for the Europe Region of Vodafone Plc
Peter Korsholm	BTX Group A/S, EQT Partners A/S, Holdingselskabet af 24. februar 2006 A/S, CaridianBCT Holding Corp, Gambro AB, Indap Sweden AB, Indap Holding AB and the Danish Venture Capital & Private Equity Association (DVCA).	Partner at EQT Partners A/S and head of the Copenhagen office as Managing Partner of EQT Partners A/S
Jørgen Lindegaard	AVT Business School A/S (Chairman), Deducta A/S (Chairman), K/S Vimmelskafte 39-41, København (Chairman), IT University of Copenhagen (ITU) (deputy chairman), Parken Sport & Entertainment A/S, Trifina Holding ApS, Trifina Mellemholding ApS and Efsen Engineering A/S.	Chief Executive Officer of JL Rungsted Holding ApS, JL Rungsted Invest ApS, Trifina Invest ApS, Trifina Holding ApS and Vimmelskafte 39-41, 2004 ApS
Steven Sher	Ahlsell Sverige AB, Edam Acquisition I Cooperatief U.A. and Endemol B.V.	Managing Director, Goldman Sachs International, Merchant Banking Division

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

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

NOTE 38 RELATED PARTIES (CONTINUED)**External directorships and executive positions of the Executive Group Management at 31 December 2010**

Executive Group Management	Board Member	Executive Position
Jeff Gravenhorst	Confederation of Danish Industri (DI), Danish Crown Holding A/S, Danish Crown AMBA and Statsautoriseret revisor Ove Haugsted og Hustru Lissi Haugstedes Familiefond	None
Jakob Stausholm	Statoil ASA	None

Other related party transactions

In 2010, the Group had the following transactions with other related parties, which were all made on market terms:

- ISS Equity A/S (previously the ultimate parent company in Denmark) was merged with FS Invest II as at 22 December 2010 with retrospective application as from 1 January 2010. Prior to the merger the Group had the following transactions with ISS Equity A/S:
 - the Group paid interest to ISS Equity A/S, see note 9, Financial income and financial expenses.
 - the Group received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S.
- the Group's debt to ISS Equity A/S of DKK 98 million was remitted and recognised directly in equity following the merger of ISS Equity A/S with FS Invest II.
- the Group and Goldman Sachs International have agreed general terms and conditions for the supply of Facility Services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into Facility Services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements in 2010 was DKK 86 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Ireland, Singapore, Brazil and China. Finally, ISS in Spain and Italy are subcontractors to local Goldman Sachs suppliers. The annual revenue from the local and subcontractor agreements in 2010 was DKK 9 million.
- the Group and Goldman Sachs International have entered into various agreements on provision of financing and banking related services.
- the Group has entered into an agreement with Goldman Sachs International, an affiliate of Goldman Sachs Capital Partners, whereby Goldman Sachs International acts as Joint Global Coordinator and Joint Bookrunner of the initiated initial public offering (IPO).
- affiliates of Goldman Sachs Capital Partners are lenders under the senior facilities and holders of 2014 EMTNs.
- the Group has entered into local facility services agreements with various companies owned by EQT. The annual revenue from these agreements in 2010 was DKK 76 million.

Associates and joint ventures

Transactions with associates and joint ventures are limited to transactions related to shared service agreements. There were no significant transactions with associates and joint ventures during the year. All transactions were made on market terms.

Other

In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated accounts, there were no material transactions with other related parties and shareholders during the year.

NOTE 39 INTERESTS IN JOINT VENTURES

As of 31 December 2010, the Group had interests in 9 joint ventures (10 in 2009). The significant joint ventures are specified in note 42, Subsidiaries, associates, joint ventures and SPEs. The Group's interests in joint ventures are recognised using the proportionate consolidation method. At the reporting date the joint ventures had the following effect on the Group's consolidated income statement and statement of financial position:

DKK million	2010	2009
Revenue	359	332
Expenses	(336)	(304)
Operating profit before other items	23	28
Net profit for the year	16	20
Non-current assets ¹⁾	26	26
Current assets	103	101
Total assets	129	127
Equity	45	39
Non-current liabilities	6	5
Current liabilities	78	83
Total equity and liabilities	129	127
The Group's part of contingent liabilities (operating leases) in joint ventures	14	16

The aggregate investment in joint ventures is as follows: Norway DKK 37.8 million (2009: DKK 28.2 million), Sri Lanka DKK 4.0 million (2009: DKK 3.8 million), the Netherlands DKK 3.8 million (2009: DKK 8.1 million), Spain DKK 0.3 million (2009: DKK 0.6 million), Greece DKK 0.3 million (2009: DKK 0 million) and Israel DKK (1.8) million (2009: DKK (1.5) million).

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

NOTE 40 SUBSEQUENT EVENTS

Contemplated initial public offering on NASDAQ OMX Copenhagen

On 17 February 2011, the Group announced that it contemplates launching an Initial Public Offering (IPO) of shares and to list its shares on NASDAQ OMX Copenhagen.

The contemplated IPO is expected to consist primarily of a sale of new shares to raise gross proceeds of approximately DKK 13.3 billion, which are proposed, together with amounts drawn under a new facilities agreement to repay all amounts under the Group's current senior secured facilities and second lien facility. A partial secondary sell-down of shares by the existing shareholder, FS Invest II S.à r.l., which is indirectly controlled by certain funds advised by EQT Partners and funds affiliated with Goldman Sachs Capital Partners, is expected to cover the obligations under the Management Participation Programme.

The new facilities agreement, which was put in place on 18 February 2011, will be able to be drawn upon subject to satisfaction of certain conditions precedent, including that the offering of the shares contemplated by the IPO has occurred or will occur contemporaneously with the new facilities agreement's first utilisation. The new facility is in place with a smaller number of relationship banks and gives the flexibility to pay margins dependant on our leverage at a given time.

Other

Acquisitions and divestments completed subsequent to 31 December 2010 are listed in note 14, Acquisition and divestment of businesses.

Apart from the above and the events described in the consolidated financial statement, the Group is not aware of events subsequent to 31 December 2010, which are expected to have a material impact on the Group's financial position.

NOTE 41 NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

IASB has published the following new standards, amendments to existing standards and interpretations that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2010:

- Amendments to IFRIC 14 "Prepayments of minimum funding requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";
- Revised IAS 24 "Related Party Disclosures"; and
- Amendments to IAS 32 "Classification of Rights Issues".

In addition the following standards are published by IASB, but not yet adopted by the EU:

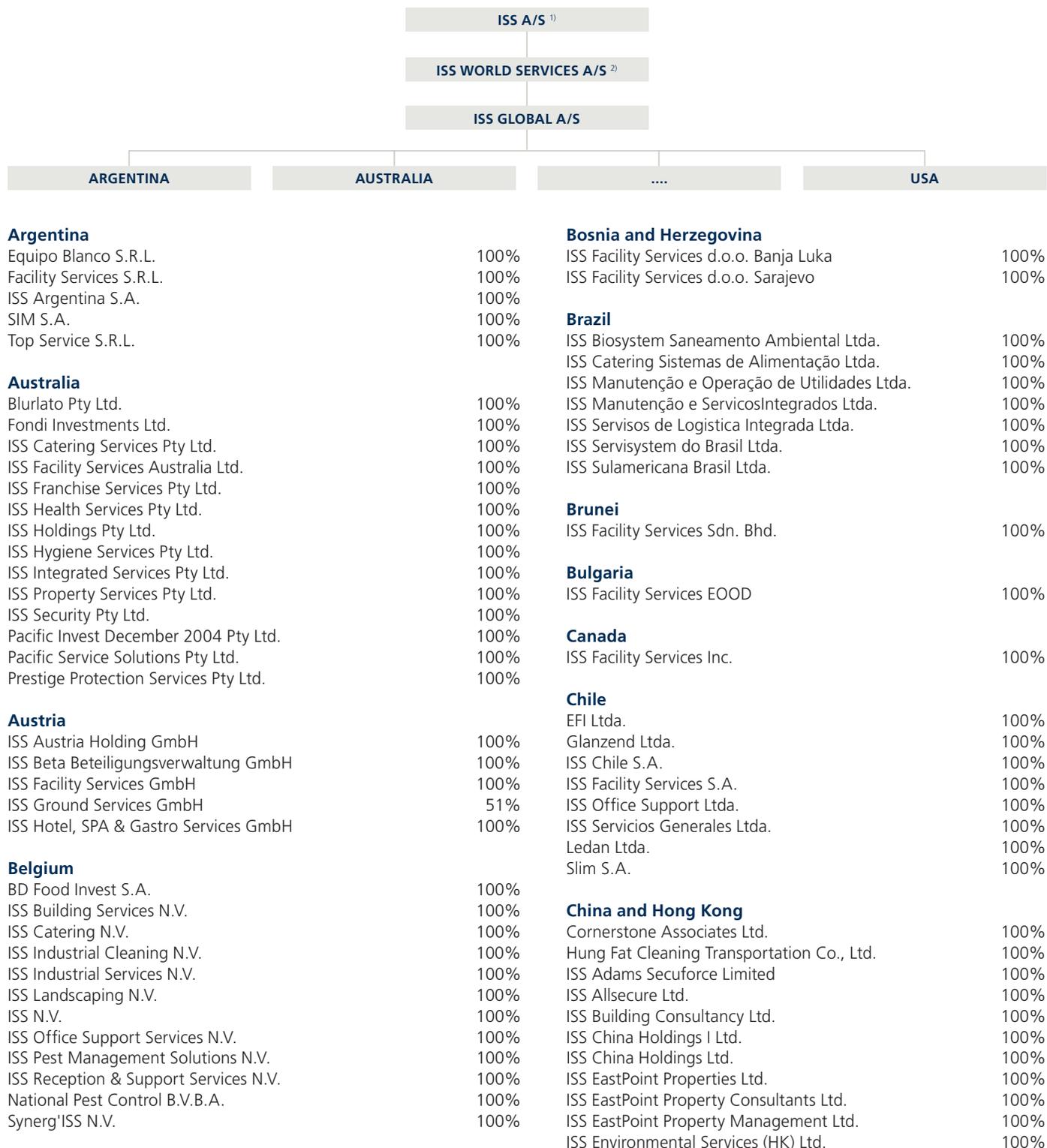
- IFRS 9 "Financial Instruments (replacement of IAS 39) project";
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards";
- Amendments to IFRS 7;
- Amendments to IAS 12 "Deferred tax: Recovery of Underlying Assets"; and
- Improvements to IFRS (May 2010).

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

None of the standards and interpretations are expected to have a material impact on the consolidated financial statements of the Group.

NOTE 42 SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND SPEs

Below the significant subsidiaries, associates, joint ventures and SPEs of the Group are presented together with a Group chart showing the ownership structure from ISS A/S¹⁾ and down. Together these are referred to as "Companies within the ISS Group".



¹⁾ Effective 17 February 2011 the company name was changed from ISS Holding A/S to ISS A/S.

²⁾ Effective 17 February 2011 the company name was changed from ISS A/S to ISS World Services A/S.

NOTE 42 SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND SPEs (CONTINUED)**China and Hong Kong (continued)**

ISS Facility Services (Beijing) Ltd.	100%
ISS Facility Services (Shanghai) Ltd.	100%
ISS Facility Services China Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Greater China Ltd.	100%
ISS Hangyang (Beijing) Cleaning Services Co., Ltd.	100%
ISS Hong Kong Services Ltd.	100%
ISS Hygiene Services (HK) Ltd.	100%
ISS Mediclean (HK) Ltd.	100%
ISS Pan Asia Security Services Ltd.	100%
ISS Roboclean (HK) Co., Ltd.	100%
ISS Servisystem (China) Ltd.	100%
ISS Thomas Cowan Co., Ltd.	70%
JSL Ltd.	100%
LAWN Environmental Protection Ltd.	100%
Shanghai ISS Catering Management Co., Ltd.	100%
Silvertech E&M Engineering Co., Ltd.	100%

Croatia

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

Czech Republic

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

Denmark

House of Coffee A/S	100%
ISS Capital A/S	100%
ISS Document A/S	100%
ISS Facility Services A/S	100%
ISS Finans A/S	100%
ISS Holding France A/S	100%
ISS Kloak- & Industriservice A/S	100%
ISS Security A/S	100%
ISS Venture A/S	100%
Personalehuset A/S	100%

Estonia

ISS Eesti AS	100%
ISS Haldus OÜ	100%
ISS Holding OÜ	100%

Finland

ISS Aviation Oy	100%
ISS Henkilöstöpalvelut Oy	100%
ISS Palvelut Holding Oy	100%
ISS Palvelut Oy	100%
ISS Proko Oy	100%
ISS Teollisuuspalvelut Oy	100%
Suomen Laatutakuu Palvelut Oy	100%

France

Channel Passengers Services SAS	100%
Extincteurs Haas SAS	100%
GIE ISS Services	100%
ISS Accueil & Services SAS	100%
ISS Espaces Verts SAS	100%
ISS Facility Management SAS	100%

France (continued)

ISS Holding Paris SAS	100%
ISS Hygiene & Prevention SAS	100%
ISS Hygiene SAS	100%
ISS Logistique et Production SAS	100%
ISS Proprete SAS	100%
Logicbuy SAS	100%
Stopflam SAS	100%
Verts Paysages & Aménagement SAS	100%

Germany

ISS Damage Control Deutschland GmbH	100%
ISS Facility Management GmbH	100%
ISS Facility Services GmbH	100%
ISS HWS GmbH & Co. KG	100%
ISS Personalservice GmbH	100%
ISS Schädlingsbekämpfung und Hygiene GmbH	100%
Klaus Harren GmbH	100%
Vatro Trockungs- und Sanierungstec. GmbH & Co. KG	86%
Vatro Verwaltungs GmbH	86%

Greece

Eretbo S.A.	50% *
ISS ASPIS Security S.A.	100%
ISS Facility Services S.A.	100%
ISS Human Resources S.A.	100%

Greenland

ISS Grønland A/S	100%
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Hungary

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

Iceland

ISS Island ehf.	100%
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India

ISS Catering Services (South) Pvt. Ltd.	100%
ISS Catering Services (West) Pvt. Ltd.	100%
ISS Facility Services (India) Pvt. Ltd.	100%
ISS Hi Care Pvt. Ltd.	100%
ISS Integrated Facility Services Pvt. Ltd.	100%
ISS Management Services Pvt. Ltd.	100%
ISS Pest Control Services Pvt. Ltd.	100%
ISS SDB Security Services Pvt. Ltd.	49% ****
ISS Support Services Pvt. Ltd.	100%
Modern Protection & Investigations Ltd.	49% ****

Indonesia

P.T. ISS Catering Services	100%
P.T. ISS Facility Services	100%
P.T. ISS Indonesia	100%
P.T. ISS Parking Management	100%

Ireland

ISS Ireland Holding Ltd.	100%
ISS Ireland Ltd.	100%

NOTE 42 SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND SPEs (CONTINUED)**Israel**

A. Kfir Holding Ltd.	100%
Catering Ltd.	100%
Catering Tefen (1991) Ltd.	100%
Glat Chef Ltd.	50% *
I.S.S Outsourcing Ltd.	100%
ISS Ashmoret Ltd.	100%
ISS Integrated Facility Service Management Ltd.	100%
ISS Israel Manpower Services Ltd.	100%
ISS Israel Comprehensive Business Services Ltd.	100%
ISS Kfir Surveillance and Control Solutions Ltd.	100%
Kfir Surveillance and Electronic Systems Ltd.	100%
M.A.S.H. Mahatz Agencies (1997) Ltd.	100%
Norcat Ltd.	100%
Norfolk Enterprizes Ltd.	100%
Norfolk International Ltd.	100%

Italy

G.S. Services S.p.A.	100%
ISS Facility Services S.r.l.	100%
Karmak S.p.A.	100%

Japan

Nihon ISS KK	100%
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Latvia

ISS Namu Serviss SIA	100%
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Lithuania

ISS Pastatu Valda UAB	100%
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Luxembourg

ISS Facility Services S.A.	100%
Lux Intérim S.A.R.L.	100%

Malaysia

ISS Facility Services Sdn. Bhd.	30%
ISS Hygiene Services Sdn. Bhd.	100%
Kontrekleen Services Sdn. Bhd.	30%
Reliance Suci Environmental Services Sdn. Bhd.	30%

Mexico

ISS Centro América, S de RL de CV	100%
ISS Facility Services, SA de CV	100%
ISS Servicios Gerenciales, S de RL de CV	100%
ISS Servicios Integrales, S de RL de CV	100%
Mantenimiento Técnico Tapnew, SA de CV	100%
Martex, SA de CV	100%
Servicoín, SA de CV	100%

Netherlands

Groene Team B.V.	100%
ISS Arbo Plus B.V.	100%
ISS Building Maintenance Services B.V.	100%
ISS Catering Services B.V.	100%
ISS Cure & Care B.V.	100%
ISS Holding Nederland B.V.	100%
ISS Hygiene Services B.V.	100%
ISS Integrated Facility Services B.V.	100%
ISS Landscaping Services B.V.	100%
ISS Nederland B.V.	100%

Netherlands (continued)

ISS Reception Services B.V.	100%
ISS Security Services B.V.	100%
Omring Thuiservice B.V.	50% *
TalentGroep Montaigne Facility Management B.V.	100%

New Zealand

First Security Guard Services Ltd.	100%
ISS Facilities Services Ltd.	100%
ISS Holdings NZ Ltd.	100%

Norway

ForvaltningsCompagniet AS	100%
Hero Holding AS	50% *
House of Coffee AS	100%
ISS Facility Services AS	100%
ISS Holding AS	100%
ISS Management AS	100%
ISS Personalhuset AS	100%
ISS Serveringspartner AS	100%
ISS Service Management AS	100%
ISS Skadeservice AS	100%
NSB Trafikkservice AS	45% **
Personalhuset Rignes AS	50% *
Raufoss Beredskap AS	51%
Reaktorskolen AS	100%
Varig Gruppen AS	100%

Philippines

ISS Facility Services Phils., Inc.	100%
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Poland

ISS Facility Services Sp. z.o.o.	100%
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Portugal

ISS Facility Services, Lda	100%
ISS FS Açores, Lda	100%
ISS Human Resources, Lda.	100%
ISS Pest Control, Lda.	100%
ISS Plantiagro, Lda.	100%
ISS Portugal II, Lda.	100%

Romania

3D Romania S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Romania Group S.R.L.	100%

Russia

Facility Services RUS LLC	100%
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Singapore

ISS Catering Pte. Ltd.	100%
ISS Catering Services Pte. Ltd.	100%
ISS Facility Services Private Limited	100%
ISS Hydroculture Pte. Ltd.	100%
ISS Landscaping Pte. Ltd.	100%
ISS M&E Pte. Ltd.	100%
ISS Pest Management Pte. Ltd.	100%
ISS Sanitation Services Pte. Ltd.	100%
ISS-CDCS Catering Pte. Ltd.	100%
Serve 1st Services Pte. Ltd.	100%

NOTE 42 SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND SPEs (CONTINUED)

Slovakia					
ISS Facility Services spol s.r.o.	100%		ISS Schweiz AG		100%
ISS Security spol s.r.o.	100%		ISS Security AG		100%
Slovenia			Taiwan		
ISS Facility Services d.o.o.	100%		ISS Facility Services Ltd.		100%
ISS Global storitve d.o.o.	100%		ISS Security Ltd.		100%
Magnetik d.o.o.	100%		Thailand		
South Africa			Golden Mind Manufacturing Co., Ltd.		100%
ISS Facility Services (Pty) Limited	100%		Golden Mind Marketing Co., Ltd.		100%
Spain			Golden Mind Transportation Co., Ltd.		100%
Centro de Actividades Formativas y Educativas S.L.	100%		ISS Facility Services Co., Ltd.		100%
Fabri Facility Management, S.L.	100%		ISS Security Services Co Ltd.		100%
Gelim Andalucia S.A.	100%		ISS Support Services Co., Ltd.		100%
Gelim Asturias S.A.	100%		Job Golden Co., Ltd.		100%
Gelim Baleares S.A.	100%		Notre-Bel Co., Ltd.		100%
Gelim Canarias S.A.	100%		Turkey		
Gelim Galicia S.A.	100%		CMC İletişim Bilgi Reklam ve D. Hiz. Ve San. Tic. A.Ş.	90%	*****
Gelim Madrid S.A.	100%		ISS Hasere Kontrol Hizmetleri A.Ş.	90%	*****
Gelim Mediterránea Clásica, S.L.	100%		ISS Tesis Yönetim Hizmetleri A.Ş.	90%	*****
Gelim S.A.	100%		Proser Koruma ve Güvenlik Hizmetleri A.Ş.	90%	*****
Gelim Valencia S.A.	100%		Sardunya Hazir Yemek Uretim ve Hizmet A.Ş.	90%	*****
Integrated Service Solutions S.L.	100%		United Kingdom		
ISS Activa Educacional S.L.	100%		ISS Collections Ltd.	0%	***
ISS Facility Services S.A.	100%		ISS Damage Control (Scotland) Ltd.	100%	
ISS Financiera Corporativa S.L.	0%	***	ISS Damage Control Ltd.	100%	
ISS Higiene Ambiental 3D S.A.	100%		ISS Facility Services Ltd.	100%	
ISS Logistica Producción y Outsourcing S.L.	100%		ISS Financing Plc.	0%	***
ISS Mediterranean Vending Solutions S.L.	100%		ISS Mediclean Ltd.	100%	
ISS Salud y Servicios Sociosanitarios S.A.	100%		ISS UK Holding Ltd.	100%	
ISS Serv. Auxiliares y Complem. de Oficinas S.A.	100%		ISS UK Ltd.	100%	
ISS Servicios Control Incendios S.L.	100%		Pegasus Security Holdings Ltd.	100%	
ISS Soluciones de Catering S.L.	100%		Spectrum Franchising Ltd.	100%	
ISS Soluciones de Jardinería S.L.	100%		Spectrum Holdings Ltd.	100%	
ISS Soluciones de Mantenimiento Gestión Integral S.L.	100%		Uruguay		
ISS Soluciones de Seguridad S.L.	100%		Falcri Ltda.	100%	
Sri Lanka			Habitue S.A.	100%	
ISS Abans Environmental Services (PT) Ltd.	50%	*	ISS Uruguay S.A.	100%	
Sweden			Samilar S.A.	100%	
ISS Facility Services AB	100%		USA		
ISS Facility Services Holding AB	100%		C&S Building Maintenance Corporation	100%	
ISS Industriservice AB	48%	**	ISS Facility Services Holding, Inc.	100%	
ISS Palvelut Holding AB	100%		ISS Facility Services of California, Inc.	100%	
ISS Trafficare AB	100%		ISS Facility Services of Texas, LP	100%	
Switzerland			ISS Facility Services, Inc.	100%	
ISS Aviation AG	100%		ISS GP Inc.	100%	
ISS Bernasconi SA	100%		ISS Grounds Control of Texas, LP	100%	
ISS Facility Services (Liechtenstein) AG	100%		ISS Grounds Control, Inc.	100%	
ISS Facility Services AG	100%		ISS Holding (USA) Inc.	100%	
ISS FM Services AG	100%		ISS Management and Finance Co., Inc.	100%	
ISS Holding AG	100%		ISS Specialty Services, LLC	100%	
ISS Jakober AG	100%		ISS TMC Services, Inc.	100%	
ISS Notter Kanalservice AG	100%		ISS Uniguard, Inc.	100%	
ISS Pest Control AG	100%		TMC Ridge, LLC	100%	
			Tri-Enterprise Construction, LLC	100%	

Undertakings of immaterial interest are left out

* Joint venture

** Associate

*** Special Purpose Entity (SPE)

**** By virtue of the governance structure, the Group has the power to govern the financial and operating policies of the company. Consequently, it is consolidated as a subsidiary.

***** The non-controlling shareholder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.



Parent company

Income statement of the parent company

1 January – 31 December

DKK million	<u>Note</u>	<u>2010</u>	<u>2009</u>
Other operating expenses	3	(3)	(2)
Operating profit/(loss) before other items		(3)	(2)
Other expenses	4	(17)	-
Operating profit/(loss)		(20)	(2)
Financial income	5	69	77
Financial expenses	5	(667)	(601)
Profit/(loss) before tax		(618)	(526)
Income taxes	6	67	60
Net profit/(loss) for the year		(551)	(466)
Attributable to:			
Owners of ISS A/S		(551)	(466)
Net profit/(loss) for the year		(551)	(466)

Statement of comprehensive income of the parent company

1 January – 31 December

DKK million

	Note	2010	2009
Net profit/(loss) for the year		(551)	(466)
Other comprehensive income			
Fair value adjustment of hedges, net	16	(18)	(77)
Fair value adjustment of hedges, net, transferred to Financial expenses	16	69	87
Tax regarding other comprehensive income	6, 13	(12)	(2)
Total other comprehensive income		39	8
Total comprehensive income for the year		(512)	(458)
Attributable to:			
Owners of ISS A/S		(512)	(458)
Total comprehensive income for the year		(512)	(458)

Statement of cash flows of the parent company

1 January – 31 December

DKK million	Note	2010	2009
Operating profit/(loss) before other items		(3)	(2)
Changes in working capital		0	0
Other expenses paid		(16)	-
Income taxes received, net	13	93	110
Cash flow from operating activities		74	108
Proceeds from borrowings		950	-
Interest received		69	77
Interest paid		(628)	(658)
Payments (to)/from companies within the ISS Group, net		(465)	472
Cash flow from financing activities		(74)	(109)
Total cash flow		0	(1)
Cash and cash equivalents at 1 January		0	1
Total cash flow		0	(1)
Cash and cash equivalents at 31 December	11	0	0

Statement of financial position of the parent company

At 31 December

DKK million

	Note	2010	2009
Assets			
Investment in subsidiary	7	14,153	14,153
Receivables from companies within the ISS Group	11	352	343
Deferred tax assets	8	-	89
		14,505	14,585
Non-current assets			
Receivables from companies within the ISS Group	11	605	99
Other receivables	11	25	-
Cash and cash equivalents	11	0	0
		630	99
Current assets			
		15,135	14,684
Total assets			
Equity and liabilities			
Total equity	9	6,348	6,860
Loans and borrowings	10, 11	8,689	7,746
		8,689	7,746
Non-current liabilities			
Loans and borrowings	10, 11	9	26
Trade payables		11	-
Other liabilities		78	52
		98	78
Current liabilities			
		8,787	7,824
Total liabilities			
		15,135	14,684
Total equity and liabilities			

Statement of changes in equity of the parent company

1 January – 31 December

DKK million	Share capital	Share premium	Retained earnings	Hedging reserve	Total
2010					
Equity at 1 January	100	7,772	(937)	(75)	6,860
Comprehensive income for the year					
Net profit/(loss) for the year	-	-	(551)	-	(551)
Other comprehensive income					
Fair value adjustment of hedges, net of tax	-	-	-	(13)	(13)
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	52	52
Total other comprehensive income	-	-	-	39	39
Total comprehensive income for the year	-	-	(551)	39	(512)
Total changes in equity	-	-	(551)	39	(512)
Equity at 31 December	100	7,772	(1,488)	(36)	6,348
2009					
Equity at 1 January	100	7,772	(471)	(83)	7,318
Comprehensive income for the year					
Net profit/(loss) for the year	-	-	(466)	-	(466)
Other comprehensive income					
Fair value adjustment of hedges, net of tax	-	-	-	(58)	(58)
Fair value adjustment of hedges, net of tax, transferred to Financial expenses	-	-	-	66	66
Total other comprehensive income	-	-	-	8	8
Total comprehensive income for the year	-	-	(466)	8	(458)
Total changes in equity	-	-	(466)	8	(458)
Equity at 31 December	100	7,772	(937)	(75)	6,860

Dividends

No dividends have been proposed or declared.

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NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements of ISS A/S (formerly ISS Holding A/S) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements (class D) and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies are described in note 1 to the Group's consolidated financial statements.

DESCRIPTION OF ACCOUNTING POLICIES

With the exception of the items described below, the accounting policies for ISS A/S are identical to the Group's accounting policies, which are described in note 1 to the consolidated financial statements.

Foreign currency Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognised in the income statement of the parent company.

INCOME STATEMENT

Income from subsidiary comprises dividends and gains and losses from divestment of subsidiaries. Dividends are recognised in the income statement in the financial year in which the dividend is declared. If dividends declared exceed the total comprehensive income for the year, an impairment test is performed.

STATEMENT OF FINANCIAL POSITION

Investment in subsidiary is measured at cost. If there is indication of impairment, an impairment test is performed as described in the accounting policies in note 1 to the consolidated financial statements. Where the recoverable amount is lower than the cost, the investment is written down to this lower value.

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

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements relating to the applied accounting policies for ISS A/S are the same as for the Group to the extent of similar accounting items, see note 2 to the consolidated financial statements for a description. In addition, estimates and judgements are required for measurement of ISS A/S's investment in subsidiary as described below. Furthermore, the specific risks for ISS A/S are described in the notes to the financial statements of the parent company.

Investment in subsidiary is tested for impairment when there is an indication that the investment may be impaired. The assessment of whether there is an indication of impairment is based on both external and internal sources of information such as performance of the subsidiary, significant decline in market values etc.

NOTE 3 FEES TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2010	2009
KPMG		
Audit fees	1	1
Other assurance services	9	1
Other services	0	-
Total KPMG	10	2

Audit fees comprised audit of the financial statements. Other assurance services in 2010 comprised mainly work related to the contemplated initial public offering (IPO) process as well as half year review. The costs related to the contemplated IPO process are included in Other expenses.

NOTE 4 OTHER EXPENSES

DKK million	2010	2009
Costs related to the contemplated initial public offering (IPO) process	(17)	-
Other expenses	(17)	-

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

NOTE 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	2010	2009
Interest income on cash and cash equivalents etc.	0	0
Interest income from ISS Global A/S	50	30
Interest income from other companies within the ISS Group	19	19
Foreign exchange gains	-	28
Financial income	69	77
Hereof financial income on financial assets measured at amortised cost	69	49
Interest expenses on loans and borrowings etc.	(570)	(543)
Amortisation of financing fees ¹⁾	(24)	29
Net change in fair value of cash flow hedges transferred from equity	(69)	(87)
Foreign exchange losses	(4)	-
Financial expenses	(667)	(601)
Hereof financial expenses on financial liabilities measured at amortised cost	(594)	(514)

¹⁾ In 2009, amortisation of financing fees was positively impacted by an adjustment of DKK 51 million related to amortisation in prior years.

NOTE 6 INCOME TAXES

DKK million	2010	2009
Current tax regarding profit/(loss) before tax	155	164
Deferred tax regarding profit/(loss) before tax	(89)	(102)
Tax on profit/(loss) before tax	66	62
Adjustments relating to prior years, net	1	(2)
Income taxes	67	60

Income tax recognised in other comprehensive income

DKK million	2010			2009		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Fair value adjustment of hedges, net	(18)	5	(13)	(77)	19	(58)
Fair value adjustment of hedges, net, transferred to Financial expenses	69	(17)	52	87	(21)	66
Total recognised in other comprehensive income	51	(12)	39	10	(2)	8

NOTE 7 INVESTMENT IN SUBSIDIARY

DKK million	2010	2009
Cost at 1 January	22,050	22,050
Cost at 31 December	22,050	22,050
Revaluation at 1 January	(7,897)	(7,897)
Revaluation at 31 December	(7,897)	(7,897)
Carrying amount at 31 December	14,153	14,153
Subsidiary	Share %	Share %
ISS World Services A/S, Copenhagen, Denmark	100	100

NOTE 8 DEFERRED TAX

DKK million	2010	2009
	<hr/>	<hr/>
Deferred tax assets/(liabilities), net at 1 January	89	191
Tax on profit/(loss) before tax	(89)	(102)
	<hr/>	<hr/>
Deferred tax assets/(liabilities), net at 31 December	-	89

Deferred tax specification

DKK million	2010	2009
	<hr/>	<hr/>
Tax losses carried forward	-	89
	<hr/>	<hr/>
Deferred tax	-	89

Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not, that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future. ISS A/S has unrecognised deferred tax assets regarding tax losses carried forward of DKK 1 million (2009: DKK 1 million). The unrecognised tax losses can be carried forward indefinitely.

NOTE 9 SHARE CAPITAL

	2010		2009	
	Nominal value (DKK million)	Number of shares (in thousands)	Nominal value (DKK million)	Number of shares (in thousands)
	<hr/>	<hr/>	<hr/>	<hr/>
Share capital at 1 January	100	100,000	100	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
Share capital at 31 December	100	100,000	100	100,000

At 31 December 2010, a total of 100,000,001 shares with a nominal value of DKK 1 per share were issued and fully paid (2009: 100,000,001 shares). No shares carry special rights. At 31 December 2010, shares were not freely transferable, as any transfer required the consent of the Board of Directors as set out in the Articles of Association. Effective 1 March 2011, the Articles of Association have been changed resulting in the shares being freely transferable.

NOTE 10 LOANS AND BORROWINGS

DKK million	2010	2009
Issued bonds	4,259	3,300
Bank loans	4,430	4,412
Interest rate swaps	9	60
Total loans and borrowings	8,698	7,772
Loans and borrowings are recognised in the statement of financial position as follows:		
Non-current liabilities	8,689	7,746
Current liabilities	9	26
Total loans and borrowings	8,698	7,772

The fair value of loans and borrowings is disclosed in note 11, Financial assets and liabilities.

In March, a tap bond issue under the existing subordinated notes due 2016 was completed resulting in DKK 950 million (EUR 127.5 million) being raised.

In 2010, financing fees amounting to DKK 11 million (2009: DKK 0 million) have been recognised in loans and borrowings while accumulated financing fees recognised in loans and borrowings on 31 December 2010 amounted to DKK 118 million (2009: DKK 131 million).

In 2010 and 2009, ISS A/S had no loans and borrowings convertible into equity.

Terms and maturity of loans and borrowings

DKK million	Nominal interest rate	Average effective interest rate	Interest rate	Year of maturity	Face value	Amount hedged	2010	2009
							Carrying amount	Carrying amount
Issued bonds:								
Subordinated notes	8.875%	9.06%	Fixed	2016	4,335	-	4,259	3,300
Bank loans:								
Second lien facility	Euribor + 3.75%	4.61%	Floating	2015	4,473	4,025	4,430	4,412
Interest rate swaps	-	-	-	-	-	-	9	60
Loans and borrowings		6.66%			8,808		8,698	7,772

NOTE 10 LOANS AND BORROWINGS (CONTINUED)**Maturity profile of loans and borrowings**

The contractual maturities of loans and borrowings based on undiscounted contractual cash flows, including interest payments estimated based on expectations at the reporting date, are shown below:

DKK million	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2010								
Issued bonds	4,259	6,403	385	385	385	385	385	4,478
Other loans and borrowings	4,430	5,692	222	248	279	308	4,635	-
Total loans and borrowings excluding derivatives	8,689	12,095	607	633	664	693	5,020	4,478
Hereof estimated interest payments		3,287	607	633	664	693	547	143
Interest rate swaps	9	9	9	-	-	-	-	-
Total derivatives	9	9	9	-	-	-	-	-
2009								
Issued bonds	3,300	5,290	300	300	300	300	300	3,790
Other loans and borrowings	4,412	6,084	224	266	298	320	337	4,639
Total loans and borrowings excluding derivatives	7,712	11,374	524	566	598	620	637	8,429
Hereof estimated interest payments		3,531	524	566	598	620	637	586
Interest rate swaps	60	60	55	5	-	-	-	-
Total derivatives	60	60	55	5	-	-	-	-

NOTE 11 FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities, together with the carrying amounts in the statement of financial position, are shown below:

DKK million	Note	2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Receivables from companies within the ISS Group ¹⁾		957	957	442	442
Cash and cash equivalents ²⁾		0	0	0	0
Loans and receivables		957	957	442	442
Derivative financial instruments designated as cash flow hedge	16	9	9	60	60
Financial liabilities used as hedging		9	9	60	60
Issued bonds	10	4,259	4,491	3,300	3,243
Bank loans	10	4,430	4,473	4,412	4,465
Financial liabilities measured at amortised cost		8,689	8,964	7,712	7,708

¹⁾ The effective interest rate was 6.8% (2009: 5.0%).

²⁾ The effective interest rate was 0.4% (2009: 0.7%).

NOTE 12 REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE GROUP MANAGEMENT

DKK thousand	2010		2009	
	Board of Directors	Executive Group Management	Board of Directors	Executive Group Management
Salaries and other remuneration	2,173	15,003	1,969	20,027
Bonus	-	5,450	-	5,703
Severance payment ¹⁾	-	16,204	-	-
Share-based payments ¹⁾	-	233	-	233
	2,173	36,890	1,969	25,963

DKK thousand

Executive Group Management

	2010	2009
Jeff Gravenhorst	10,246	7,483
Jakob Stausholm	8,362	7,351
Jørgen Lindegaard (former Group CEO)	18,282	10,879
Flemming Schandorff (former Group COO)	-	250
	36,890	25,963

Remuneration to the Board of Directors and the Executive Group Management is paid by ISS World Services A/S and is described in note 5 to the consolidated financial statements. The Group's warrant programme is described in note 6 to the consolidated financial statements.

¹⁾ Included in Other income and expenses, net in ISS World Services A/S.

NOTE 13 TAX RECEIVABLES AND TAX PAYABLES

DKK million	2010	2009
Tax payables/(receivables), net at 1 January	-	-
Adjustment relating to prior years, net	(1)	2
Tax on profit/(loss) before tax	(155)	(164)
Tax on other comprehensive income	12	2
Joint taxation contribution	51	50
Tax received, net	93	110
Tax payables/(receivables), net at 31 December	-	-

NOTE 14 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES**Senior Facility Agreement**

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

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

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

VAT

ISS A/S and certain Danish Group companies are jointly registered for VAT and are jointly liable for the payment hereof.

NOTE 15 FINANCIAL RISK MANAGEMENT

ISS A/S's financial risks are managed centrally in Group Treasury based on policies approved by the Board of Directors. The policies are described in note 36 to the consolidated financial statements. The risks specific to ISS A/S are described below.

Currency risk

Currency risk is the risk that changes in exchange rates will affect ISS A/S's result or value of its holdings of financial instruments. To a limited extent ISS A/S is exposed to currency risk on loans and borrowings as they are denominated in EUR.

At 31 December 2010 the net exposure to EUR on loans and borrowings was DKK 8,808 million. A strengthening of the EUR of 1% against DKK would have impacted the income statement and other comprehensive income negatively by DKK 88 million. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments, primarily bank loans and issued bonds. ISS A/S's loan portfolio consists of bank loans (second lien facility) and listed bonds (subordinated notes). To manage the interest rate risk ISS A/S uses fixed-rate bonds and derivatives, such as interest rate swaps. A part of ISS A/S's interest payments on the second lien facility have been swapped from floating into fixed rates, see note 10, Loans and borrowings, where a breakdown of ISS A/S's loans and borrowings as well as applied interest rate swaps is provided.

The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2010, the duration of net debt was approximately 2.7 years (31 December 2009: 3.4 years). A decrease in interest rates will increase the fair value of the debt with a fixed interest rate, but only part of this increase will be reflected in the income statement and other comprehensive income as loans and borrowings are measured at amortised cost and therefore not adjusted to fair value.

It is estimated that a general increase in relevant interest rates of 1%-point would have increased/(decreased) profit for the year and other comprehensive income by the amounts shown below. The estimate is based on net debt adjusted for the effect of hedging instruments as at 31 December 2010. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	2010		2009	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
DKK million				
Loans and borrowings	(4)	(4)	(4)	(4)
Derivatives, interest rate swaps	-	0	-	40

NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Liquidity risk results from ISS A/S's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. ISS A/S is a holding company and its primary assets consist of shares in ISS World Services A/S and receivables from companies within the ISS Group. ISS A/S has no revenue generating activities of its own, and therefore ISS A/S's cash flow and ability to service its indebtedness, will depend primarily on the operating performance and financial condition of ISS World Services A/S and its operating subsidiaries, and the receipt by ISS A/S of funds from ISS World Services A/S and its subsidiaries in the form of dividends or otherwise.

Credit risk

Credit risk is the risk of a financial loss inflicted on ISS A/S if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from ISS A/S's transactions with financial institutions.

To limit its exposure to credit risk it is Group policy only to enter into transactions with financial institutions carrying a certain short-term credit rating assigned by Standard & Poor's (A-1 rating) or Moody's (P-1 rating). Other banks may be approved separately by Group Treasury. Group Treasury monitors credit ratings and given that the Group generally enters into transactions only with financial institutions with high credit ratings, management does not expect any counterparty to fail to meet its contractual obligations.

DKK million	2010	2009
Maximum credit risk related to securities, cash and cash equivalents	0	0
Maximum credit risk related to derivatives	-	-

NOTE 16 DERIVATIVES**Hedging of forecasted transactions (cash flow hedges)**

ISS A/S uses interest rate swaps to hedge the exposure to variability in future cash flows due to changes in interest rates on bank loans with a variable interest rate. The swaps convert a major part of the floating rates within bank loans to fixed interest rates.

DKK million	Contractual value	Negative fair value at 31 December	Fair value adjustment recognised in other comprehensive income	Maturity
2010				
EUR	4,025	(9)	(9)	2011
Total cash flow hedges	4,025	(9)	(9)	
2009				
EUR	8,036	(60)	(60)	2010-2011
Total cash flow hedges	8,036	(60)	(60)	

In 2010 and 2009, no ineffectiveness is recognised in the income statement.

NOTE 17 RELATED PARTIES

In addition to the description in note 38 to the consolidated financial statements of related parties and transactions with these, related parties of ISS A/S comprise ISS World Services A/S and its subsidiaries, associates, joint ventures and SPEs, see note 42 to the consolidated financial statements.

In 2010, ISS A/S had the following transactions with other related parties, which were all made on market terms:

- ISS A/S received/paid interest from/to ISS Global A/S and other companies within the ISS Group, see note 5, Financial income and financial expenses.
- ISS A/S received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S (previously the ultimate parent company in Denmark), see note 13, Tax receivables and tax payables. At 22 December 2010, ISS Equity A/S was merged with FS Invest II S.à r.l with retrospective application as from 1 January 2010.

GABRIELA COUTINHO, BAUDUCCO, BRAZIL



MARIA JESUS LOPEZ GARCIA, EUROPASTRY, SPAIN



MUSTAFA KARATAS, DANISH CROWN, DENMARK



FOOD & BEVERAGE – representing 3% of Group revenue

The Food & Beverage customer segment includes customers who process and manufacture food and beverage products. This customer segment is subject to an array of laws and regulations which vary across the globe and therefore demand a professional choice in which we offer reliability, consistency and quality in a healthy and safe working environment.

Management statement

COPENHAGEN, 3 MARCH 2011

The Board of Directors and the Executive Group Management have today discussed and approved the Annual Report 2010 of ISS A/S. The Annual Report 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's assets,

liabilities and financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year 2010. Furthermore, in our opinion the Management Review gives a fair review of the development and performance of the Group's and the parent company's activities and of the Group's and the parent company's financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group and parent company may face. In addition, the section Capital Structure pages 159-161 gives a fair review of the development of the Group's capital structure.

EXECUTIVE GROUP MANAGEMENT

Jeff Gravenhorst
Group Chief Executive Officer

Jakob Stausholm
Group Chief Financial Officer

BOARD OF DIRECTORS

Ole Andersen
Chairman

Leif Östling
Vice-Chairman

John Allan

Michel Combes

Peter Korsholm

Jørgen Lindegaard

Steven Sher

Independent auditor's report

To the shareholder of ISS A/S

We have audited the consolidated financial statements and parent company financial statements of ISS A/S for the financial year 1 January - 31 December 2010 (pages 65-154). The consolidated financial statements and parent company financial statements comprise the Income statement, Statement of comprehensive income, Statement of cash flows, Statement of financial position, Statement of changes in equity and Notes to the financial statements for the Group as well as for the parent company. The consolidated financial statements and parent company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

In addition to our audit, we have read the Management Review, pages 7-61 and issued a statement in this regard.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and parent company financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for consolidated financial statements and parent company financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare and issue a Management Review that gives a fair review of the development in the Group's and the parent company's activities and financial matters, the results for the year and the Group's and the parent company's financial position as well as information about material risks and uncertainties affecting the Group and the parent company.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance regarding whether the consol-

idated financial statements and parent company financial statements are free from material misstatement.

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

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

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

Statement on the Management Review

Pursuant to the Danish Financial Statements Act, we have read the Management Review, pages 7-61 in the annual report. We have not performed any additional procedures in addition to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information given in the Management Review is consistent with the consolidated financial statements and parent company financial statements.

KPMG
Statsautoriseret Revisionspartnerselskab
Copenhagen, 3 March 2011

Jesper Ridder Olsen
State Authorised
Public Accountant

Claus Kronbak
State Authorised
Public Accountant



**Additional
information**

Capital structure

SHARE CAPITAL

ISS is indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners, which hold 54% and 44% of the share capital, respectively. In addition, certain members of the Board of Directors, the Executive Group Management and a number of senior officers of ISS hold approximately 2% of the share capital through Directors' and Management Participation Programmes. At 31 December 2010, the carrying amount of Shareholders' Equity (including non-controlling interests) was DKK 2,651 million.

CREDIT RATINGS

Standard & Poor's continues to assign a BB- long-term credit rating to ISS and its wholly owned subsidiaries, ISS Global A/S (ISS Global) and ISS World Services A/S, and Moody's continues to assign ISS a B2 corporate rating. Standard & Poor's has assigned the bonds issued by ISS, ISS Global's EMTN programme as well as the Senior Notes issued by ISS Financing plc a B rating and Moody's has assigned the subordinated notes issued by ISS a Caa1 rating.

BONDS

ISS has issued EUR 581.5 million (DKK 4,335 million) of 8.875% senior subordinated notes maturing on 15 May 2016. ISS Global has issued EUR 110.4 million (DKK 823 million) of 4.50% senior unsecured Medium Term Notes maturing on 8 December 2014. ISS Financing plc, a special purpose vehicle, has issued EUR 525 million (DKK 3,914) of 11% senior notes maturing on 15 June 2014.

BANK LOANS

Senior credit facilities

At 31 December 2010, ISS Global had senior credit facilities of DKK 19,6 billion under which DKK 18.1 billion was drawn and DKK 0.8 billion was allocated to support performance bonds issued by operating subsidiaries. The senior credit facilities include customary loan covenant clauses, which were all complied with in 2010. The senior lenders comprise a syndicate of international banks and

CORPORATE CREDIT RATINGS

Standard & Poor's	BB-
Moody's	B2

ISS A/S senior subordinated notes

Issuer	ISS A/S
Bloomberg	ISS DC
Standard & Poor's rating	B
Moody's rating	Caa1
Listing	Luxembourg
Amount outstanding	EUR 581.5 million
Maturity date	15 May 2016
Coupon	8.875%
ISIN securities code	XS0253470644
Reuters	DK025347064=

Global A/S Medium Term Notes

Issuer	ISS Global A/S
Bloomberg	ISS DC
Standard & Poor's rating	B
Listing	Luxembourg
Amount outstanding	EUR 110.4 million
Maturity date	8 December 2014
Coupon	4.50%
ISIN securities code	XS0206714247
Reuters	DK020671424=

ISS Financing plc senior notes

Issuer	ISS Financing plc
Bloomberg	ISS DC
Standard & Poor's rating	B
Listing	Luxembourg
Amount outstanding	EUR 525 million
Maturity date	15 June 2014
Coupon	11.0%
ISIN securities code	XS0441258117
Reuters	DK0441258117=

institutional investors. The senior credit facilities mature in 2012 and 2013.

The Senior Facilities have been drawn in certain currencies in addition to Danish Kroner as specified under the Senior Facilities Agreement.

Term Loans ISS has loans of DKK 13,861 million under two term loan facilities, of which DKK 746 million was

borrowed under Term Facility A and DKK 13,115 million was borrowed under Term Facility B. Term Facility A, which will mature on 30 June 2012, is amortising by approximately DKK 426 million in 2011; and DKK 320 million in 2012. Term Facility B, which will mature on 31 December 2013, will be repaid with DKK 67 million in March 2011 and the remaining in two equal instalments on 30 June 2013 and 31 December 2013.

Acquisition Facilities At 31 December 2010, ISS had loans of DKK 2,751 million under two acquisition facilities, of which DKK 616 million was drawn under Acquisition Facility A and DKK 2,135 million was drawn under Acquisition Facility B.

In accordance with the provisions of the Senior Facilities Agreement to repay 50% of the excess cash flow relating to the previous financial year, ISS repaid DKK 276.5 million under Acquisition Facility A in 2010.

Acquisition Facility A matures on 30 June 2012 and is amortised by DKK 455 million in 2011 and DKK 161 million in 2012.

The drawn amount under Acquisition Facility B matures on 31 December 2013 and will be repaid with DKK 11 million in March 2011 and the remaining in two equal instalments on 30 June 2013 and 31 December 2013.

Revolving Credit Facility ISS has a revolving credit facility (RCF) in an amount equivalent to DKK 2,500 million, of which amounts equivalent to DKK 1,253 million were drawn as of 31 December 2010. Borrowings under the RCF are provided primarily by local lenders to certain subsidiaries and are included in current loans and borrowings in ISS's consolidated financial statements. In addition DKK 696 million of the revolving credit facility was allocated to support performance bonds issued by operating subsidiaries. The RCF will mature on 30 June 2012.

Letter of Credit Facility ISS has a letter of credit facility in the amount of DKK 500 million. Letters of credit are issued primarily in support of borrowings, other than borrowings under the revolving credit facility or the Secured Local Facilities, and, to the extent that these borrowings are deemed to constitute indebtedness, the borrowings are included in current Loans and borrowings and non-current Loans and borrowings in ISS's consolidated financial statements. DKK 126 million of the Letter of Credit facility was allocated to support performance bonds issued by operating subsidiaries. The letter of credit facility will mature on 30 June 2012.

Securitisation

In 2009, ISS initiated a securitisation of trade receivables programme in Spain, Norway, Denmark, Sweden and the United Kingdom.

During 2010, Austria, Belgium, France, Germany and the Netherlands have been added to the programme. The programme has a total credit facility of EUR 500 million and at 31 December 2010, EUR 331 million (DKK 2,466 million) had been utilised. The proceeds were used to redeem the EMTNs that matured in September 2010. In accordance with the Senior Facilities Agreement, additional proceeds raised under the programme will be used to repay Senior Credit facilities. Usually, a securitisation programme is backed by a 360 days facility, however to avoid having to roll the programme on a yearly basis, the facility was originally put in place as a 3 year facility, and will expire 14 September 2012. The existing securitisation programme can be extended for an additional year at a time, and since it is structured according to S&P's methodology this can be done both with the existing banks (HSBC and Nordea) or a third party, should this become relevant.

Second lien facility

On 31 December 2010, ISS had DKK 4.473 million, EUR 600 million of second lien facility. The second lien facility includes customary loan covenant clauses, which were all complied with in 2010.

The second lien lenders comprise a syndicate of international institutional investors. The second lien facility will mature on 30 June 2015.

Other credit facilities

Further to the above, ISS had DKK 555 million of other credit facilities as of 31 December 2010. Such facilities comprise mainly finance leases, mortgage debt and other local credit facilities, which are not part of the senior facilities.

Financial leverage

Pro forma Adjusted EBITDA is adjusted to reflect the full year effect of acquired or divested businesses. Estimated pro forma Adjusted EBITDA of acquired and divested businesses represents the net aggregate estimated Adjusted EBITDA of businesses acquired or divested for the period from 1 January 2010 to the date of its acquisition or divestment by the Group. At 31 December 2010, carrying amount of Net debt was DKK 30,619 million and Pro forma adjusted EBITDA was estimated to be approximately DKK 5,068 million. Consequently, the ratio of net Debt to Pro forma adjusted EBITDA was decreased to 6.04x from 6.47x at 31 December 2009.

SUMMARY OF CREDIT FACILITIES

DKK million	Principal value	Drawn	Currency	Coupon/margin	Maturity
Bonds:					
Senior subordinated notes due 2016	4,335	4,335	EUR	8.875%	15 May 2016
Senior notes due 2014	3,914	3,914	EUR	11.00%	15 Jun 2014
Medium term notes due 2014	823	823	EUR	4.50%	8 Dec 2014
	9,072	9,072			
Bank loans:					
Senior facilities:					
Term facility A	746	746	SEK, NOK, CHF	+ 200bps	30 Jun 2012
Term facility B	13,115	13,115	EUR, GBP	+ 200bps	31 Dec 2013
Acquisition facility A	616	616	Multi Currency	+ 225bps	30 Jun 2012
Acquisition facility B	2,135	2,135	Multi Currency	+ 225bps	31 Dec 2013
Revolving credit facility	2,500	1,253	Multi Currency	+ 225bps	30 Jun 2012
Letter of credit facility	500	191	Multi Currency	+ 225bps	30 Jun 2012
Second lien facility	4,473	4,473	EUR	+ 375bps	30 Jun 2015
Securitisation	3,727	2,466	Multi Currency	+300bps	14 Sep 2012
	27,812	24,995			

PRO FORMA ADJUSTED EBITDA

DKK million	2010	2009
Adjusted EBITDA	5,117	4,742
Estimated pro forma adjusted EBITDA of acquired and divested businesses	(49)	31
	5,068	4,773

NET DEBT AS OF 31 DECEMBER 2010

	Carrying value	Leverage (x Pro forma EBITDA)
Senior facilities	17,957	3.55x
Second lien facility	4,430	0.87x
Senior subordinated notes due 2016	4,259	0.84x
Senior notes due 2014	3,765	0.74x
Medium term notes due 2014	742	0.15x
Securitisation	2,401	0.47x
Interest rate swaps	135	0.03x
Other current and non-current loans and borrowings	555	0.11x
	34,244	6.76x
Total cash and cash equivalents and securities	(3,625)	(0.72)
	30,619	6.04x

Note: For further information on the Group's Loans and borrowings, see note 29 to the consolidated financial statements.



PHARMACEUTICALS – representing 2% of Group revenue

The Pharmaceutical customer segment consists of developers and manufacturers and marketers of licensed drugs. ISS services both generic and branded customers. Since this customer segment is subject to a variety of laws and regulations regarding the patenting, testing and marketing of drugs, our customers demand a professional choice in which we offer reliability, consistency and quality in a healthy, safe and more comfortable work environment.

ISS Group & Services

COUNTRY	2010		CLEANING SERVICES	PROPERTY SERVICES	SUPPORT SERVICES	CATERING SERVICES	SECURITY SERVICES	FACILITY MANAGEMENT
	TOTAL REVENUE	TOTAL EMPLOYEES						
France	8,084	34,246	●	●	●	●	●	●
United Kingdom	7,384	41,061	●	●	●	●	●	●
Norway	5,681	13,591	●	●	●	●	●	●
Australia	4,583	12,883	●	●	●	●	●	●
Spain	4,446	29,723	●	●	●	●	●	●
Sweden	3,898	9,768	●	●	●	●	●	●
Finland	3,841	11,766	●	●	●	●	●	●
Denmark	3,714	9,027	●	●	●	●	●	●
Netherlands	3,350	18,117	●	●	●	●	●	●
Belgium and Luxembourg	3,181	10,338	●	●	●	●	●	●
Switzerland	2,865	10,773	●	●	●	●	●	●
USA	2,623	14,891	●	●	●	●	●	●
Germany	2,580	11,335	●	●	●	●	●	●
Turkey	1,826	21,145	●	●	●	●	●	●
Brazil	1,734	19,507	●	●	●	●	●	●
Israel	1,657	12,217	●	●	●	●	●	●
Hong Kong	1,413	15,109	●	●	●	●	●	●
Austria	1,383	6,885	●	●	●	●	●	●
Singapore	1,004	7,814	●	●	●	●	●	●
Indonesia	890	52,919	●	●	●	●	●	●
Greece	798	4,647	●	●	●	●	●	●
Thailand	686	26,027	●	●	●	●	●	●
Ireland	587	3,002	●	●	●	●	●	●
India	581	44,895	●	●	●	●	●	●
Portugal	572	8,505	●	●	●	●	●	●
Mexico	511	15,223	●	●	●	●	●	●
New Zealand	435	2,484	●	●	●	●	●	●
Chile	433	10,258	●	●	●	●	●	●
Czech Republic	421	4,327	●	●	●	●	●	●
Italy	388	1,124	●	●	●	●	●	●
China	306	10,744	●	●	●	●	●	●
Argentina	302	3,951	●	●	●	●	●	●
Slovakia	270	4,448	●	●	●	●	●	●
Taiwan	265	2,559	●	●	●	●	●	●
Poland	198	2,506	●	●	●	●	●	●
Slovenia	170	1,198	●	●	●	●	●	●
Romania	166	2,022	●	●	●	●	●	●
Hungary	152	1,972	●	●	●	●	●	●
Estonia	126	1,563	●	●	●	●	●	●
Malaysia	104	1,835	●	●	●	●	●	●
Greenland	94	278	●	●	●	●	●	●
Uruguay	89	1,393	●	●	●	●	●	●
Philippines	79	2,196	●	●	●	●	●	●
Iceland	74	730	●	●	●	●	●	●
Russia	70	762	●	●	●	●	●	●
Japan	50	34	●	●	●	●	●	●
Croatia	29	400	●	●	●	●	●	●
Brunei	24	355	●	●	●	●	●	●
South Africa ¹⁾	20	0	●	●	●	●	●	●
Canada ²⁾	2	2	●	●	●	●	●	●
Country eliminations	(2)							
Corporate / eliminations	(65)	122						
Total	74,073	522,677						

¹⁾ The South African activities are managed by the Global Corporate Clients organisation.

²⁾ The Canadian activities are managed by the US organisation.

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¹⁾ The Group's revenue generated from activities in Bulgaria is reported as part of the activities in the Czech Republic.

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