To Luxembourg Stock Exchange
10 May 2012

ISS A/S

Interim Report January – March 2012

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Key figures and financial ratios

DKK million (unless otherwise stated)	Q1 2012	Q1 2011
KEY FIGURES [1)]		
Income statement		
Revenue	19,301	18,984
Operating profit before other items	868	872
EBITDA	1,082	1,071
Adjusted EBITDA	1,080	1,084
Operating profit	870	859
Financial income	87	44
Financial expenses	(714)	(700)
Profit before goodwill impairment/amortisation and impairment of brands and customer contracts	125	104
Net profit/(loss) for the year	(116)	(25)
Cash flow		
Cash flow from operating activities	(332)	(443)
Acquisition of intangible assets and property, plant and equipment not related to acquisitions, net	(181)	(241)
Financial position		
Total assets	54,620	54,672
Goodwill	26,816	27,334
Additions to property, plant and equipment not related to acquisitions, gross	175	214
Carrying amount of net debt	30,768	31,491
Total equity (attributable to owners of ISS A/S)	1,980	2,302
Employees		
Number of employees at 31 March	535,400	526,500
Full-time employees, %	72	73
FINANCIAL RATIOS [1)]		
Growth, %		
Organic growth	3.1	5.8
Acquisitions	-	0
Divestments	(2)	(2)
Currency adjustments	1	4
Total revenue growth	2	8
Other financial ratios, %		
Operating margin	4.5	4.6
Equity ratio	3.6	4.2
Interest coverage	1.7	1.7
Cash conversion LTM	97	87
Basic earnings per share (EPS), DKK	(1.2)	(0.3)
Diluted earnings per share, DKK	(1.2)	(0.3)
Adjusted earnings per share, DKK	1.3	1.0

[1)] See definitions in the Annual Report 2011.

Financial Leverage

	As of and for the 12-month period ended			
DKK million	30 June 2011	30 September 2011	31 December 2011	31 March 2012
Pro Forma Adj. EBITDA	5,218	5,183	5,147	5,158
Carrying amount of net debt	31,496	31,337	29,904	30,768
Seasonality Adj. Carrying amount of net debt	30,727	30,230	29,904	29,824
Carrying amount of net debt / Pro Forma Adj. EBITDA	6.04x	6.05x	5.81x	5.97x
Seasonality Adj. Carrying amount of net debt / Pro Forma Adj. EBITDA	5.89x	5.83x	5.81x	5.78x

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

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

For further information about ISS, see ISS's Annual Report 2011, which is available from the Group's website, www.issworld.com.

Business Highlights

ISS experienced a good start to 2012 in challenging macroeconomic conditions by demonstrating healthy organic growth, operating profit in line with last year and strong cash conversion:

- Group revenue amounted to DKK 19.3 billion in the first three months of 2012, an increase of 2% compared with the same period in 2011, driven by organic growth of 3.1% and a positive effect from exchange rate movements of 1% which was offset by a negative effect from divestments of 2%.

- The organic growth amounted to 3.1% in the first three months of 2012. All regions except the Pacific region delivered a positive organic growth rate including Asia with a double-digit organic growth rate. The organic growth was influenced by the challenging macro-economic conditions, particularly in the Mediterranean countries where the main focus is on ensuring a customer contract base with satisfactory payment and profitability conditions. This has led to the identification of contracts which have been exited in 2012 to ensure the cash flow performance.

- Operating profit before other items of DKK 868 million in the first three months of 2012 remained at level with the same period of 2011. The operating margin (operating profit before other items as a percentage of revenue) was 4.5% for the first three months of 2012 compared with 4.6% for the comparable period in 2011. The operating margin was positively impacted by margin increases especially in Sweden, Norway, several countries in Latin America and the North America region. However, this was offset by the negative impact resulting from challenging economic conditions in the Mediterranean region, operational challenges in the Netherlands as well as the impact from certain divestments in 2011, including the damage control business in Germany and the coffee vending business in Denmark and Norway.

- Operating profit increased by 1% from DKK 859 million in the first three months of 2011 to DKK 870 million in the first three months of 2012, as a result of a reduction of other income and expenses, net.

- The net loss increased from a loss of DKK 25 million in the first three months of 2011 to a loss of DKK 116 million in the first three months of 2012, positively impacted by growth in revenue and higher operating profit, combined with lower financial expenses, net, which was more than offset by an increase in income taxes and higher non-cash expenses related to goodwill impairment from divestments.

Operating results, January - March 2012

	Revenue			Operating profit before other items			Operating margin [1]	
	DKK million			DKK million				
	Q1 2012	Q1 2011	Change	Q1 2012	Q1 2011	Change	Q1 2012	Q1 2011
Western Europe [2]	9,555	9,686	(1)%	467	475	(2)%	4.9 %	4.9 %
Nordic [3]	4,408	4,441	(1)%	208	208	(0)%	4.7 %	4.7 %
Asia [4]	1,712	1,470	16 %	123	109	13 %	7.2 %	7.4 %
Pacific [5]	1,472	1,352	9 %	81	92	(12)%	5.5 %	6.8 %
Latin America [6]	940	888	6 %	47	51	(8)%	4.9 %	5.8 %
North America [7]	820	770	6 %	27	16	69 %	3.3 %	2.1 %
Eastern Europe [8]	400	388	3 %	17	19	(11)%	4.4 %	4.9 %
Other Countries [9]	8	7	14 %	(0)	0	(299)%	(4.0)%	2.4 %
Corporate / eliminations	(14)	(18)		(102)	(98)	4 %	(0.5)%	(0.5)%
Total	**19,301**	**18,984**	**2 %**	**868**	**872**	**(1)%**	**4.5 %**	**4.6 %**
Emerging Markets [10]	4,018	3,647	10 %	256	246	4 %	6.4 %	6.7 %

[1] The Group uses Operating profit before other items for the calculation of Operating margin.
[2] Western Europe comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.
[3] Nordic comprises Denmark, Finland, Greenland, Iceland, Norway and Sweden.
[4] Asia comprises Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand.
[5] Pacific comprises Australia and New Zealand.
[6] Latin America comprises Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela.
[7] North America comprises Canada and the USA.
[8] Eastern Europe comprises Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.
[9] Other Countries comprises Bahrain, Egypt, Nigeria, Pakistan, South Africa, Ukraine and United Arab Emirates.
[10] Emerging Markets comprises Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey.

- The LTM cash conversion for March 2012 was 97%, as a result of a strong cash flow performance in all regions reflecting a continuous focus on securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions.

- The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, where we have more than half of our employees, delivered organic growth of 11% and represent 21% of total revenue and 70% of total organic growth for the Group. In addition to boosting organic growth, the emerging markets delivered an operating margin of 6.4% in the first three months of 2012, well above most mature markets.

ISS has remained focused on the implementation and operation of several large integrated facility services (IFS) contracts started up in 2011, as well as the start-up of the IFS contract with Deutsche Bank covering Italy and Iberia. These efforts are in aggregate progressing well and operating margins and debtor days are improving gradually towards the anticipated run rate levels. Leveraging from our positive experiences with large multinational IFS contracts, our Global Corporate Clients organisation will in 2012 continue to focus on securing new contracts within selected customer segments where ISS can offer market leading value propositions.

ISS has built a unique platform over the last decade, providing us with global capabilities in the delivery of a well defined set of services which are equally well suited as a single-service delivery or as part of an integrated solution. We are leveraging this platform and continue to focus on offering value propositions to selected customer segments. This has led to important wins within the Healthcare segment, where we in 2012 have secured new or expanded the scope of existing contracts within the hospital sector in the United Kingdom, Singapore and Spain.

The strategic rationale and fit of business units continue to be reviewed on an ongoing basis in the light of The ISS Way strategy, which has led to the identification and evaluation of certain activities that were either non-core to The ISS Way strategy or lacked critical mass. Following this evaluation, ISS has in the first three months of 2012 completed the divestments of the non-core specialised consulting business in Finland and the governmental outplacing services in Norway.

Financial Review

Western Europe

Revenue in the Western Europe region decreased by 1% to DKK 9,555 million (2011: DKK 9,686 million) in the first three months of 2012. Organic growth was positive by 2% and currency adjustments increased revenue for the region by 1%. This was more than offset by the 4% negative growth from divestments from prior years. Operating profit before other items in Western Europe decreased by 2% to DKK 467 million (2011: DKK 475 million) influenced by certain divestments in 2011 resulting in an operating margin of 4.9%, in line with the margin in the first three months of 2011.

The development and performance across the region is diverse with strong performances in countries such as the United Kingdom, Turkey, Italy and Germany while France, the Netherlands and Greece continue to experience challenges. The Netherlands is experiencing a very competitive market, a conflicted labour market combined with operational challenges, mainly in parts of the cleaning business. Focus in France and the Netherlands continues to be on resolving certain structural and operational challenges.

Several countries delivered strong organic growth rates, especially Italy, Turkey and the United Kingdom. Generally, the Western Europe region begins to harvest on the commercial strategies and

Revenue growth, January - March 2012

	Revenue growth, % [1]					
	Organic	Acq.	Div.	Total growth excl. currency	Currency	Total growth
Western Europe	2	-	(4)	(2)	1	(1)
Nordic	1	-	(2)	(1)	0	(1)
Asia	15	-	(1)	14	2	16
Pacific	(1)	-	-	(1)	10	9
Latin America	7	-	-	7	(1)	6
North America	2	-	-	2	4	6
Eastern Europe	6	-	-	6	(3)	3
Other Countries	28	-	-	28	(14)	14
Total	3.1	-	(2)	1	1	2
Emerging Markets	11	-	0	11	(1)	10

[1] For a description of the method applied in calculating organic growth and the other revenue growth components, see ISS's Annual Report 2011, which is available at the Group's website, www.issworld.com.

customer segmented sales strategy, which continue to be rolled out across the region.

Major contract wins in 2012 included wins of a large cleaning contract with Continental Automotive in France and Hospital Valencia in Spain as well as a significant increase in the contract with The Royal Air Force in the United Kingdom.

Nordic

Revenue in the Nordic region decreased by 1% to DKK 4,408 million (2011: DKK 4,441 million) in the first three months of 2012. Organic growth amounted to 1% while negative growth from divestments in 2011 and 2012 reduced revenue by 2%. Operating profit before other items of DKK 208 million was in line with the level realised in 2011, reflecting an operating margin of 4.7% in line with the margin in the first three months of 2011.

The organic growth of 1% was mainly driven by a good development in Norway and Finland partly offset by negative organic growth in Denmark and Sweden. The positive development in the region was achieved despite a significantly lower level of non-recurring services such as snow removal in the first three months of 2012 compared with the same period in 2011.

The unchanged operating margin of 4.7% was a result of margin increases in Norway and Sweden due to improvement in the operational performance across all services. These positive developments were offset by margin decreases in Denmark and Finland due to a lower level of non-recurring services, such as snow removal as well as the divestment of the coffee vending business in 2011.

Contract wins in the region included the win of a catering contract with Carlsberg in Denmark. Contract extensions in the region included property services to Citycon, a large company within properties and shopping centres across Finland.

Asia

The Asia region delivered a strong performance in the first three months of 2012. Revenue was DKK 1,712 million (2011: DKK 1,470 million), an increase of 16%, driven by organic growth of 15% partly offset by negative growth from divestments in 2011 which reduced revenue by 1%. Currency adjustments impacted revenue positively by 2%. Operating profit before other items increased by 13% to DKK 123 million reflecting an operating margin of 7.2%, whereby Asia again delivered the highest margin of any ISS region. The margin decreased 0.2 percentage point compared with the first three months of 2011.

Double-digit organic growth rates were seen in several countries positively impacted by successful results of implementing a sales strategy targeting selected segments e.g. the Transportation & Infrastructure segment and the Energy & Resources segment. India was once again the largest nominal contributor to the organic growth in the region with an organic growth rate of 28%. China and Hong Kong also continued last year's positive trends driven by a strong retention of existing customers as well as a high rate of new sales, delivering organic growth of 41% and 13%, respectively.

During the first quarter of 2012, ISS Singapore won a significant contract with Changi General Hospital comprising mainly cleaning and washroom services. Furthermore, ISS Singapore also increased the scope of the existing contract with Singapore General Hospital, thereby maintaining our leading position in the Healthcare segment in Singapore.

Pacific

Revenue in the Pacific region increased by 9% to DKK 1,472 million for the first three months of 2012 (2011: DKK 1,352 million) driven by positive currency adjustments of 10% partly offset by negative organic growth of 1%. Operating profit before other items decreased by 12% to DKK 81 million (2011: DKK 92 million) equal to an operating margin of 5.5%, down 1.3 percentage points from the same period last year.

The organic growth of -1% was negatively impacted by the delayed start-up of certain contract wins as well as a number of remote sites in Australia being forced to a temporary shut-down due to cyclones.

The decrease in operating margin was mainly a result of the termination of a workers compensation incentive scheme, whereby ISS in prior years has received income from the Australian Government. Furthermore, a contractual dispute regarding services to a large public hospital in Australia as well as temporary forced shut-down of certain remote sites has negatively impacted the margin.

Latin America

Revenue in Latin America was DKK 940 million (2011: DKK 888 million) in the first three months of 2012, an increase of 6%, driven by organic growth of 7%, while currency adjustments decreased revenue by 1%. Operating profit before other items decreased by 8% to DKK 47 million, reflecting an operating margin of 4.9% which was 0.9 percentage point lower than in the first three months of 2011.

All countries in the region, except for Brazil, delivered significant double-digit organic growth rates driven by a continued high level of new sales, a result of the continuation and further developing the successful sales strategy implemented in 2011. Brazil realised a negative organic growth of 3% mainly as a result of a decision to exit certain less profitable contracts and contracts with delayed payment from customers.

All of the countries in the region, except for Brazil, increased their margin compared with the same period of 2011. The margin decrease in Brazil was mainly a result of changes in the customer portfolio which will continue in the coming quarters.

North America

Revenue in the North America region increased by 6% to DKK 820 million (2011: DKK 770 million) in the first three months of 2012. Organic growth was 2% while currency adjustments increased revenue by 4%. Operating profit before other items in North America amounted to DKK 27 million (2011: DKK 16 million) in the first three months of 2012, resulting in an operating margin of 3.3% compared with 2.1% in 2011.

The organic growth of 2% was driven by generally higher revenue from the portfolio business across several regions in the USA, however, partly offset by a general reduction in non-recurring services such as project work.

The increase in operating margin is predominantly a result of the IFS contract with a large technology company which started up in 2011, where the margin is in the process of reaching its estimated full potential.

Eastern Europe

Revenue in Eastern Europe increased to DKK 400 million (2011: DKK 388 million) in the first three months of 2012. Organic growth was 6% while currency adjustments decreased revenue by 3%. Operating profit before other items decreased slightly to DKK 17 million (2011: DKK 19 million) reflecting an operating margin of 4.4%, 0.5 percentage point lower than in the first three months of 2011.

The organic growth of 6% was mainly driven by a good development in Poland and the Czech Republic, however, the majority of the countries in the region contributed with positive organic growth. The positive development was achieved through high once-only revenue and a high customer retention rate.

The negative margin development was mainly a result of general pressure on prices as well as unexpected minimum wage increases that, despite a continued focus to pass these on to customers, have had a negative impact due to timing.

Eastern Europe continued the sales strategy focused on delivering services to blue chip companies and is continuously progressing. This is illustrated by a regional expansion of the IFS contract with Tieto, a leading IT service company in Northern Europe, the win of a multi-service contract with The Czech National Bank in the Czech Republic as well as ISS Estonia's win of a cleaning contract with Eesti Energia Narva Elektrijaamad AS, the largest producer of electrical energy in Estonia.

Other income and expenses, net represented a net income of DKK 2 million in the first three months of 2012 compared with a net expense of DKK 13 million in the same period of 2011. DKK 37 million was related to gain on divestments in the Nordic region. The income was partly offset by costs related to restructuring projects in the Netherlands and Norway of DKK 14 million, DKK 12 million related to the strategic build-up of IFS capabilities in North America and DKK 5 million due to redundancy and severance payments relating to senior management changes.

Financial income and expenses, net decreased by DKK 29 million, or 4%, to a net expense of DKK 627 million in the first three months of 2012 from DKK 656 million in the same period of 2011. The main reason for the decrease was a decrease in the effect from foreign exchange losses, net of DKK 54 million combined with a decrease in amortisation of financing fees of DKK 12 million, partly offset by an increase in interest expenses, net including financing fees of DKK 37 million mainly due to a margin increase following the amend and extend in 2011.

In the first three months of 2012, financial income and expenses, net, mainly comprised DKK 553 million of net interest expenses, DKK 36 million in non-cash amortisation of financing fees, DKK 21 million regarding financial fees and DKK 17 million in net losses on foreign exchange.

Income taxes increased from DKK 99 million in the first three months of 2011 to DKK 118 million in the first three months of 2012. The effective tax rate in the first three months of 2012 was 48.6% compared with 48.8% in the same period of 2011, calculated as the consolidated tax expense of DKK 118 million divided by the Profit before tax and goodwill impairment / amortisation and impairment of brands and customer contracts of DKK 243 million. The tax expense was adversely impacted by the rules on limitation on the deductibility of financial expenses in Denmark of approximately DKK 37 million in the first three months of 2012. The effective tax rate amounted to 33.3% when adjusted for the impact of the limitation on deductibility of financial expenses.

Net loss increased from a loss of DKK 25 million in the first three months of 2011 to a loss of DKK 116 million in the first three months of 2012, negatively impacted by non-cash expenses related to goodwill impairment, partly offset by a decrease in financial expenses, net and a decrease in amortisation and impairment of brands and customer contracts. A loss of DKK 117 million was attributable to the owners of ISS, whereas a profit of DKK 1 million was attributable to non-controlling interests.

Cash Flow Statement

Cash flow from operating activities represented a cash outflow of DKK 332 million in the first three months of 2012, an improvement of DKK 111 million from a net outflow of DKK 443 million in the same period of 2011. The improvement was primarily due to a decrease in cash outflow from changes in working capital of DKK 185 million compared with the same period of 2011, partly offset by an increase in cash outflow on income taxes paid net, of DKK 66 million compared with the same period of 2011.

The decrease in cash outflow from changes in working capital compared with the same period last year was primarily a result of fewer funds being tied up in trade receivables due to increased focus on billing and collection throughout the Group as well as a lower organic growth compared with 2011. Partly offsetting this positive development was an increase in cash outflow regarding payments related to other external payments compared with the same period last year.

Other expenses paid of DKK 41 million mainly related to restructuring projects initiated and expensed in 2011 as well as build-up of IFS capabilities in North America.

Income taxes paid increased from DKK 152 million in the first three months of 2011 to DKK 218 million in the same period of 2012. The development is mainly impacted by received tax refunds in the first three months of 2011.

Cash flow from investing activities for the first three months of 2012 was a net cash outflow of DKK 170 million. DKK 181 million related to investments in intangible assets and property, plant and equipment, net (excluding acquisition-related intangibles) representing 0.9% of revenue, DKK 66 million related to investments in financial assets which was partly offset by a cash inflow of DKK 80 million from divestments, most significantly in Norway.

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

Cash flow from financing activities in the first three months of 2012 was a net cash outflow of DKK 53 million. This was mainly a result of interest payments, net of DKK 339 million and repayment of borrowings of DKK 136 million partly offset by proceeds from borrowings of DKK 422 million. Repayment of borrowings was mainly related to repayments on the Senior Facilities. Proceeds from borrowings were related to drawings on working capital facilities as a result of the typical seasonality in the first three months of the year.

Cash flow from financing activities in the first three months of 2011 was a net cash outflow of DKK 183 million. This was mainly a result of interest payments, net, of DKK 337 million and repayment of borrowings of DKK 78 million, partly offset by proceeds from borrowings of DKK 234 million.

Balance Sheet

Total assets amounted to DKK 54,620 million at 31 March 2012 of which DKK 36,534 million represented non-current assets, primarily acquisition-related intangible assets, and DKK 18,086 million represented current assets, primarily trade receivables of DKK 11,900 million.

Intangible assets amounted to DKK 33,564 million at 31 March 2012. The vast majority of intangible assets were acquisition-related intangibles and comprised DKK 26,816 million of goodwill, DKK 4,698 million of customer contract portfolios and related customer relationships and DKK 1,615 million of brands.

Assets and liabilities held for sale amounted to DKK 701 million and DKK 365 million, respectively, and include the assets and liabilities attributable to non-core activities in the Nordic and Western Europe regions which are expected to be divested within 12 months.

Total equity amounted to DKK 1,991 million at 31 March 2012, DKK 91 million lower than at 31 December 2011. Total comprehensive income reduced equity by DKK 93 million. This included a net loss for the period of DKK 116 million and negative fair value adjustment of hedges, net of DKK 14 million. This was partly offset by positive currency adjustments relating to investments in foreign subsidiaries of DKK 37 million.

Carrying amount of net debt amounted to DKK 30,768 million at 31 March 2012, an increase of DKK 896 million from DKK 29,912 million at 31 December 2011. The carrying amount of net debt is typically higher after the first three months of the financial year than at year-end of the previous financial year as a result of seasonality in operating cash flow. At 31 March 2012, non-current loans and borrowings was DKK 28,270 million, current loans and borrowings amounted to DKK 6,016 million while currency swaps, securities, cash and cash equivalents totalled DKK 3,518 million.

Acquisitions and Divestments

We review the strategic rationale and fit of business units on an on-going basis and in the light of our strategy and customer needs. This review has led to the identification and evaluation of certain activities that are either non-core to The ISS Way strategy or lacked critical mass.

In the first three months of 2012 ISS has completed the divestment of the non-core specialised consulting business in Finland and the governmental outplacing services in Norway. Apart from these there have been no acquisitions or divestments in the first three months of 2012.

Sales processes have been initiated for certain non-core activities in the Nordic and Western Europe regions, which have been classified as held for sale at 31 March 2012.

We expect to continue evaluating our activities in the light of our plan to accelerate The ISS Way strategy focusing on our core businesses and to deleverage debt.

The divestments completed in the first three months of 2012 resulted in a positive effect of DKK 37 million on other income and expenses, net. In addition, classification of certain non-core activities in the Nordic and Western Europe region as held for sale during 2012 has resulted in a non-cash impairment loss on goodwill of DKK 123 million.

Financial Leverage

Pro Forma Adjusted EBITDA for the 12 months period ended 31 March 2012 amounted to DKK 5,158 million. Carrying amount of net debt amounted to DKK 30,768 million at 31 March 2012, which is a decrease of DKK 723 million compared with 31 March 2011. The calculation of these figures is prepared according to the principles described in the Capital Structure on pages 29–31 of this report.

Interest Rate Risk

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

To reduce some of the floating rate exposure, a part of ISS's interest payments on the bank loans have been swapped to fixed rates. Including the interest rate hedges, 53% of ISS's net debt carried fixed interest rates while 47% carried floating interest rates at 31 March 2012, and the interest rate duration of the total debt was 1.4 years.

Management Changes

At the Annual General Meeting on 19 March 2012 John Allan decided not to seek re-election after serving almost four years as a member of the Board of Directors of ISS and Peter J. Jørgensen stepped down as member of the Board of Directors of ISS as employee representative.

Outlook

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 9.

The outlook for 2012 is based on a continued challenged macroeconomic outlook and difficult market conditions in Europe – in particular certain Mediterranean countries. We expect a continued strong growth in emerging markets.

ISS experienced a strong positive trend in organic growth in 2011 following the start-up of several large integrated facility services (IFS) contracts leading to organic growth of 6.2% for the Group. A sound development in the contract portfolio in late 2011 is expected to ensure a continuation of the organic growth which in 2012 is expected to be in the 3-5% range.

The operating margin for 2012 is expected to be around the level realised in 2011. Cash conversion is expected to be around 90%.

Subsequent Events

Apart from the events described in this Interim Report, the Group is not aware of events subsequent to 31 March 2012, which are expected to have a material impact on the Group's financial position.

Financial Calendar 2012

Interim Report, January – June 2012	22 August 2012
Interim Report, January – September 2012	7 November 2012

Presentation

A presentation regarding the interim results will be held on Thursday, 10 May at 13:00 CET (12:00 UK time).

The presentation is available on live audio webcast. If you wish to view the presentation, please visit:

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

The webcast can also be accessed through a conference call. The telephone numbers for the conference are listed below. You will be asked for your name and will then be able to listen to the call.

+45 32 72 76 25 (Denmark)
+44 (0) 1452 555 566 (UK)
Conference ID: 75263573

Forward-looking statements
This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 8. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words ''may'', "will", "should", ''expect'', ''anticipate'', ''believe'', ''estimate'', ''plan'', "predict," ''intend' or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the annual report 2011 of ISS A/S and other information made available by ISS.

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

The Annual Report 2011 of ISS A/S is available from the Group's website, www.issworld.com.

Management Statement

COPENHAGEN, 10 May 2012

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 31 March 2012.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2012 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2012.

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

EXECUTIVE GROUP MANAGEMENT BOARD

Jeff Gravenhorst
Group Chief Executive Officer

Henrik Andersen
Group Chief Financial Officer

BOARD OF DIRECTORS

Ole Andersen
Chairman

Leif Östling
Deputy Chairman

Jennie Chua

Michel Combes

Harry Klagsbrun

Steven Sher

Pernille Benborg [1)]

Palle Fransen Queck [1)]

Joseph Nazareth [1)]

[1)] Employee representative

Condensed Consolidated Interim Financial Statements for ISS A/S

Condensed consolidated income statement

1 January – 31 March

DKK million	Note	Q1 2012	Q1 2011
Revenue	4	**19,301**	**18,984**
Staff costs		(12,845)	(12,474)
Consumables		(1,672)	(1,609)
Other operating expenses		(3,704)	(3,817)
Depreciation and amortisation 1)		(212)	(212)
Operating profit before other items 2)		**868**	**872**
Other income and expenses, net	5	2	(13)
Operating profit 1)	4	**870**	**859**
Share of result from associates		0	0
Financial income		87	44
Financial expenses		(714)	(700)
Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts		**243**	**203**
Income taxes 3)		(118)	(99)
Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts		**125**	**104**
Goodwill impairment	6	(123)	-
Amortisation and impairment of brands and customer contracts		(163)	(183)
Income tax effect 4)		45	54
Net profit/(loss) for the period		**(116)**	**(25)**
Attributable to:			
Owners of ISS A/S		(117)	(28)
Non-controlling interests		1	3
Net profit/(loss) for the period		**(116)**	**(25)**
Earnings per share:			
Basic earnings per share (EPS), DKK		(1.2)	(0.3)
Diluted earnings per share, DKK		(1.2)	(0.3)
Adjusted earnings per share, DKK 5)		1.3	1.0

1) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
4) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
5) Calculated as Profit before goodwill impairment/amortisation and impairment of brands and customer contracts divided by the average number of shares (diluted).

Condensed consolidated statement of comprehensive income

1 January – 31 March

DKK million	Q1 2012	Q1 2011
Net profit/(loss) for the period	**(116)**	**(25)**
Other comprehensive income		
Foreign exchange adjustments of subsidiaries and non-controlling interests	37	(349)
Fair value adjustment of hedges, net	(28)	31
Fair value adjustment of hedges, net, transferred to Financial expenses	14	40
Tax on other comprehensive income	0	(18)
Total other comprehensive income	**23**	**(296)**
Total comprehensive income for the period	**(93)**	**(321)**
Attributable to:		
Owners of ISS A/S	(94)	(324)
Non-controlling interests	1	3
Total comprehensive income for the period	**(93)**	**(321)**

Condensed consolidated statement of cash flows

1 January – 31 March

DKK million	Note	Q1 2012	Q1 2011
Operating profit before other items	4	868	872
Depreciation and amortisation		212	212
Changes in working capital		(1,076)	(1,261)
Changes in provisions, pensions and similar obligations		(77)	(61)
Other expenses paid		(41)	(53)
Income taxes paid		(218)	(152)
Cash flow from operating activities		**(332)**	**(443)**
Acquisition of businesses	7	(3)	(10)
Divestment of businesses	7	80	(11)
Acquisition of intangible assets and property, plant and equipment		(210)	(248)
Disposal of intangible assets and property, plant and equipment		29	7
(Acquisition)/disposal of financial assets		(66)	27
Cash flow from investing activities		**(170)**	**(235)**
Proceeds from borrowings		422	234
Repayment of borrowings		(136)	(78)
Interest received		72	34
Interest paid		(411)	(371)
Non-controlling interests		(0)	(2)
Cash flow from financing activities		**(53)**	**(183)**
Total cash flow		**(555)**	**(861)**
Cash and cash equivalents at the beginning of the period		4,037	3,606
Total cash flow		(555)	(861)
Foreign exchange adjustments		8	(47)
Cash and cash equivalents at 31 March		**3,490**	**2,698**

Condensed consolidated statement of financial position

DKK million	Note	31 March 2012	31 March 2011	31 December 2011
Assets				
Intangible assets	6	33,564	34,673	34,097
Property, plant and equipment		2,026	2,022	2,077
Investments in associates		7	9	7
Deferred tax assets		576	702	551
Other financial assets		361	287	300
Non-current assets		**36,534**	**37,693**	**37,032**
Inventories		335	324	334
Trade receivables		11,900	11,496	11,871
Contract work in progress		91	176	129
Tax receivables		353	331	330
Other receivables		333	349	434
Prepayments		865	774	674
Securities		18	18	17
Cash and cash equivalents	9	3,490	2,698	4,037
Assets classified as held for sale	8	701	813	165
Current assets		**18,086**	**16,979**	**17,991**
Total assets		**54,620**	**54,672**	**55,023**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		1,980	2,302	2,070
Non-controlling interests		11	26	12
Total equity		**1,991**	**2,328**	**2,082**
Loans and borrowings		28,270	28,846	28,181
Pensions and similar obligations		1,172	1,141	1,172
Deferred tax liabilities		1,971	2,212	2,051
Provisions		336	275	338
Non-current liabilities		**31,749**	**32,474**	**31,742**
Loans and borrowings		6,016	5,361	5,778
Trade payables		2,934	2,607	3,466
Tax payables		376	406	422
Other liabilities		10,953	10,890	11,188
Provisions		236	411	255
Liabilities classified as held for sale	8	365	195	90
Current liabilities		**20,880**	**19,870**	**21,199**
Total liabilities		**52,629**	**52,344**	**52,941**
Total equity and liabilities		**54,620**	**54,672**	**55,023**

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million

Q1 2012	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S							
Equity at 1 January	**100**	**7,772**	**(5,947)**	**177**	**(32)**	**2,070**	**12**	**2,082**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(117)**	**-**	**-**	**(117)**	**1**	**(116)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	38	-	38	(1)	37
Fair value adjustment of hedges, net	-	-	-	-	(28)	(28)	-	(28)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	14	14	-	14
Limitation to interest deduction	-	-	-	-	(4)	(4)	-	(4)
Tax on other comprehensive income	-	-	-	-	4	4	-	4
Total other comprehensive income	**-**	**-**	**-**	**38**	**(14)**	**24**	**(1)**	**23**
Total comprehensive income for the period	**-**	**-**	**(117)**	**38**	**(14)**	**(93)**	**0**	**(93)**
Transactions with owners								
Impact from acquired and divested companies, net	-	-	-	-	-	-	(1)	(1)
Dividends paid	-	-	-	-	-	-	(0)	(0)
Share-based payments	-	-	3	-	-	3	-	3
Total transactions with owners	**-**	**-**	**3**	**-**	**-**	**3**	**(1)**	**2**
Total changes in equity	**-**	**-**	**(114)**	**38**	**(14)**	**(90)**	**(1)**	**(91)**
Equity at 31 March	**100**	**7,772**	**(6,061)**	**215**	**(46)**	**1,980**	**11**	**1,991**

Dividends

No dividends have been proposed or declared.

Condensed consolidated statement of changes in equity

1 January – 31 March

DKK million	Attributable to owners of ISS A/S							
Q1 2011	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January	**100**	**7,772**	**(5,276)**	**227**	**(197)**	**2,626**	**25**	**2,651**
Comprehensive income for the period								
Net profit/(loss) for the period	**-**	**-**	**(28)**	**-**	**-**	**(28)**	**3**	**(25)**
Other comprehensive income								
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	-	(349)	-	(349)	(0)	(349)
Adjustment relating to previous years	-	-	(96)	-	96	-	-	-
Fair value adjustment of hedges, net	-	-	-	-	31	31	-	31
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	-	40	40	-	40
Tax on other comprehensive income	-	-	-	-	(18)	(18)	-	(18)
Total other comprehensive income	**-**	**-**	**(96)**	**(349)**	**149**	**(296)**	**(0)**	**(296)**
Total comprehensive income for the period	**-**	**-**	**(124)**	**(349)**	**149**	**(324)**	**3**	**(321)**
Transactions with owners								
Dividends paid	-	-	-	-	-	-	(2)	(2)
Share-based payments	-	-	0	-	-	0	-	0
Total transactions with owners	**-**	**-**	**0**	**-**	**-**	**0**	**(2)**	**(2)**
Total changes in equity	**-**	**-**	**(124)**	**(349)**	**149**	**(324)**	**1**	**(323)**
Equity at 31 March	**100**	**7,772**	**(5,400)**	**(122)**	**(48)**	**2,302**	**26**	**2,328**

Dividends

No dividends have been proposed or declared.

Notes to the condensed consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2012 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), jointly controlled entities and associates.

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011. A full description of the Group's accounting policies is included in the consolidated financial statements for 2011.

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2012, the Group has implemented amendments to IFRS 7 "Financial Instrument Disclosures", amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and amendments to IAS 12 "Deferred tax: Recovery of Underlying Assets". The adoption of these Standards and Interpretations did not affect recognition and measurement in the first three months of 2012.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the first three months of 2012, management has changed judgements and estimates relating to the following:

* Classification of disposal groups as assets held for sale (see note 8).

Except for the above, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

NOTE 3 SEASONALITY

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

NOTE 4 SEGMENT INFORMATION

Reportable segments

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

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

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

DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Q1 2012									
Revenue [1)]	9,555	4,408	1,712	1,472	940	820	400	8	**19,315**
Operating profit before other items [2)]	467	208	123	81	47	27	17	(0)	**970**
Operating profit [3)]	464	234	123	81	47	15	17	(0)	**981**
Total assets	30,266	14,602	4,222	3,556	2,017	1,796	1,350	6	**57,815**
Q1 2011									
Revenue [1)]	9,686	4,441	1,470	1,352	888	770	388	7	**19,002**
Operating profit before other items [2)]	475	209	109	92	51	16	19	0	**971**
Operating profit [3)]	474	215	109	92	51	16	19	0	**976**
Total assets	31,324	14,331	3,859	3,272	1,786	1,687	1,369	6	**57,634**

Transactions between reportable segments are made on market terms.

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

Grouping of countries into regions

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

NOTE 4 SEGMENT INFORMATION (CONTINUED)

Reconciliation of operating profit

DKK million	Q1 2012	Q1 2011
Operating profit for reportable segments	981	976
Unallocated corporate costs	(102)	(99)
Unallocated other income and expenses, net	(9)	(18)
Operating profit according to the income statement	**870**	**859**

NOTE 5 OTHER INCOME AND EXPENSES, NET

DKK million	Q1 2012	Q1 2011
Gain on divestments	37	-
Gain on sale of investment in associates	-	6
Other income	**37**	**6**
Restructuring projects	(14)	-
Build-up of IFS capabilities in North America	(12)	-
Redundancy and severance payments relating to senior management changes	(5)	-
Share-based payment	(3)	-
Costs related to exit processes	-	(18)
Loss on divestments	-	(0)
Acquisition and integration costs	-	(1)
Other	(1)	(0)
Other expenses	**(35)**	**(19)**
Other income and expenses, net	**2**	**(13)**

Gain on divestments in 2012 mainly related to the sale of Reaktorskolen AS, a governmental outplacing services in Norway.

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

Restructuring projects in 2012 amounted to DKK 14 million and related to structural adjustments in the Netherlands and consolidation of office locations and other effenciency improvements in Norway. Generally, restructuring projects include primarily redundancy payments, termination of leaseholds and relocation costs.

Build-up of IFS capabilities in North America in 2012 amounted to DKK 12 million and comprised costs incurred in relation to the strategic build-up of the IFS platform to support and deliver on major contracts in the US.

Redundancy and severance payments relating to senior management changes were related to changes in the Group Management Board.

Share-based payment in 2012 related mainly to the settlement of warrants in connection with the redesign of the MPP programme, see note 11, Related parties.

Costs related to exit processes in 2011 comprised costs for external advisors incurred mainly as part of the initiated IPO process. The IPO was cancelled in March 2011 due to the extraordinary high level of uncertainty and volatility in the global financial markets.

NOTE 6 GOODWILL IMPAIRMENT

DKK million	Q1 2012	Q1 2011
Impairment losses derived from divestment of businesses	123	-
Goodwill impairment	**123**	**-**

Impairment losses derived from divestment of businesses

In 2012, impairment losses derived from divestment of businesses of DKK 123 million mainly related to the remeasurement of net assets of non-core activities in Western Europe, which were classified as held for sale at 31 March 2012.

Impairment tests

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

At 31 March 2012, the Group performed a review for indications of impairment of the carrying amount of intangibles. It is management's opinion that there are no significant changes to the assumptions applied in the impairment tests presented in note 16 in the consolidated financial statements for 2011. It is management's assessment that the value in use exceeds the carrying amount of intangibles.

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

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES

Acquisition of businesses

The Group made no acquisitions during 1 January - 31 March 2012 (no acquisitions during 1 January - 31 March 2011). Adjustments relating to prior years' acquisitions had the following effect on the Group's assets and liabilities at the reporting date:

	Q1 2012		Q1 2011	
DKK million	Adjustments to prior years' acquisitions	Total acquisitions	Adjustments to prior years' acquisitions	Total acquisitions
Goodwill	-	-	1	1
Consideration transferred	**-**	**-**	**1**	**1**
Contingent and deferred consideration	3	3	9	9
Total payments regarding acquisition of businesses	**3**	**3**	**10**	**10**

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Divestment of businesses

The Group made 2 divestments during 1 January - 31 March 2012 (2 during 1 January - 31 March 2011). The total sales price amounted to DKK 108 million (DKK 0 million during 1 January - 31 March 2011). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 184 million (DKK 32 million during 1 January - 31 March 2011) based on expectations at the time of divestment.

The divestments had the following impact on the carrying amount of the Group's assets and liabilities at the reporting date:

DKK million	Q1 2012	Q1 2011
Goodwill	69	-
Customer contracts	4	-
Other non-current assets	6	0
Trade receivables	30	0
Other current assets	9	2
Provisions	(0)	(1)
Pensions, deferred tax liabilities and non-controlling interests	(1)	-
Non-current loans and borrowings	(26)	-
Other current liabilities	(27)	(2)
Total identifiable net assets	**64**	**(1)**
Gain/(loss) on divestment of businesses, net	37	(0)
Divestment costs, net of tax	7	1
Consideration received	**108**	**0**
Cash and cash equivalents in divested businesses	(1)	(0)
Cash consideration received	**107**	**0**
Contingent and deferred consideration	(1)	0
Divestment costs paid, net of tax	(26)	(11)
Net proceeds regarding divestment of businesses	**80**	**(11)**

The 2 divestments completed by the Group before 31 March 2012 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
ISS Proko Infra Oy	Finland	Facility Management	March	64%	9	14
Reaktorskolen AS	Norway	Support Services	April	100%	175	143
Total					**184**	**157**

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

NOTE 7 ACQUISITION AND DIVESTMENT OF BUSINESSES (CONTINUED)

Pro forma revenue and operating profit before other items

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

DKK million	Q1 2012	Q1 2011
Pro forma revenue		
Revenue recognised in the income statement	19,301	18,984
Acquisitions	-	-
Revenue adjusted for acquisitions	19,301	18,984
Divestments	(50)	(4)
Pro forma revenue	**19,251**	**18,980**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	868	864
Acquisitions	-	-
Operating profit before other items adjusted for acquisitions	868	864
Divestments	(6)	0
Pro forma operating profit before other items	**862**	**864**

Applied assumptions

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

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

Acquisitions and divestments subsequent to 31 March 2012

The Group made no acquisitions and no divestments subsequent to 31 March 2012.

NOTE 8 ASSETS HELD FOR SALE

At 31 December 2011, two non-core activities in Western Europe were classified as held for sale and presented in separate line items in the statement of financial position. Sales processes are still ongoing and the activities continue to be classified as held for sale at 31 March 2012.

During the first three months of 2012, sales processes were initiated for additionally four non-core activities of the Group; two in the Nordics and two in Western Europe. At 31 March 2012, these activities have been classified as held for sale and presented in separate line items of the statement of financial position at the lower of the carrying amount and fair value less costs to sell. The revaluation resulted in a loss of DKK 123 million, which was recognised in the income statement in the line Goodwill impairment.

NOTE 9 CONTINGENT LIABILITIES, PLEDGES AND GUARANTEES

Senior Facility Agreement

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

ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS World Services A/S and these subsidiaries. At 31 March 2012, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

DKK billion	31 March 2012	31 March 2011
Goodwill	4.1	3.7
Customer contracts	0.8	0.8
Intellectual property rights	1.6	1.6
Other intangible and tangible assets	0.4	0.3
Trade receivables	1.9	2.0
Other receivables	0.2	0.3
Bank accounts	0.9	0.7
Total	**9.9**	**9.4**

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

Securitisation

The Group has during 2009 and 2010 launched a securitisation programme in 10 major countries. Under the securitisation programme securitised trade receivables of the participating countries are provided as security for the securitisation debt. As at 31 March 2012, trade receivables of DKK 4,861 million (31 March 2011: DKK 5,012 million) have been placed as security for securitisation debt with a face value of DKK 2,630 million (31 March 2011: DKK 2,489 million). In addition hereto DKK 1,329 million (31 March 2011: DKK 855 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 341 million (31 March 2011: DKK 78 million) was not considered readily available for general use by the parent company or other subsidiaries.

Guarantee commitments

Indemnity and guarantee commitments at 31 March 2012 amounted to DKK 729 million (31 March 2011: DKK 567 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,363 million (31 March 2011: DKK 1,432 million) of which DKK 1,309 million (31 March 2011: DKK 1,077 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) which has been terminated effective 30 May 2012. The Group's contractual obligations related to the agreement at 31 March 2012 amounted to approximately DKK 2 million (31 March 2011: DKK 19 million).

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 March 2012 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2012.

Restructurings

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2012.

NOTE 10 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 March 2012	1,415	967	654	410	263	340	**4,049**
At 31 March 2011	1,391	922	634	388	257	438	**4,030**

During 1 January - 31 March 2012, DKK 514 million (DKK 534 million during 1 January - 31 March 2011) was recognised as an expense in the income statement in respect of operating leases.

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

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

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

NOTE 11 RELATED PARTIES

Parent and ultimate controlling party

The sole shareholder of ISS A/S, FS Invest II S.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 parent during the first three months of 2012. Transactions with the ultimate controlling party are described below under Other related party transactions.

Key management personnel

Members of the Board of Directors, the Executive Group Management Board and Corporate Senior Officers have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel. Apart from remuneration and co-investment programmes described below, there were no significant transactions during the first three months of 2012 with members of the Board of Directors, the Executive Group Management Board or Corporate Senior Officers.

Co-investment programmes The Principal Shareholders have established a Management Participation Programme (MPP), in which the Executive Group Management Board and a number of senior officers[1)] of the Group have invested. The programme was re-designed in March 2012 to introduce two investment profiles. The Executive Group Management Board and certain senior officers of the Group remain as indirect investors in a mix of shares and warrants of FS Invest, whereas the remaining senior officers of the Group – having had the opportunity to settle partly in cash - invest directly or indirectly in shares or loan notes of FS Invest. As of 31 March 2012, the investments amounted to DKK 194.6 million in total for 140 executives and officers.

In addition to the investments – as part of the initial MPP programme – the Executive Group Management Board and a number of Corporate Officers[2)] were granted warrants in FS Invest with a vesting schedule (based on value of shares and time). At 31 December 2011, 277,632 of these warrants were outstanding. As part of the redesign of the MPP programme in March 2012 these warrants were all settled and consequently, the remaining fair value in respect of the granted warrants of DKK 3 million was recognised under Other income and expenses, net.

Certain members of the Board of Directors participate in a Directors Participation Programme (DPP), which was also re-designed in March 2012, and under which they remain to have invested in a mix of shares and warrants of FS Invest or loan notes issued by FS Invest amounting to approximately DKK 11.7 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 7.5 million in total.

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

NOTE 11 RELATED PARTIES (CONTINUED)

Other related party transactions

During the first three months of 2012, the Group had the following transactions with other related parties, which were all made on market terms:

- the Group and Goldman Sachs International have agreed general terms and conditions for the supply of Facility Services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into Facility Services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements is estimated to DKK 100 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 is estimated to DKK 10 million.

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

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

- the Group has entered into local facility services agreements with various companies owned by EQT. The annual revenue from these agreements is estimated at DKK 90 million.

- the Group has issued a loan of DKK 66 million to FS Invest (the ultimate controlling party). During the first three months of 2012 the Group received interest income of DKK 0.1 million related to the loan, and at 31 March 2012 the outstanding balance was DKK 66 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 first three months of 2012. All transactions were made on market terms.

Other

In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated accounts, there were no material transactions with other related parties and shareholders during the first three months of 2012.

NOTE 12 SUBSEQUENT EVENTS

Apart from the events described in these condensed consolidated financial statements, the Group is not aware of events subsequent to 31 March 2012, which are expected to have a material impact on the Group's financial position.

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Capital Structure

The estimated pro forma information presented below is for informational purposes only. This information does not represent the results the Group would have achieved had each of the acquisitions and divestments during the period 1 April 2011 – 31 March 2012 occurred on 1 April 2011.

For further information and definitions, reference is made to the appendix Capital Structure set out in the ISS A/S Annual Report 2011, which can be downloaded from www.issworld.com.

Pro Forma Adjusted EBITDA

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

Pro Forma Adjusted EBITDA (amounts in DKK million)	**12-month period ended 31 March 2012**
Adjusted EBITDA	5,240
Estimated Pro Forma Adjusted EBITDA of acquired and divested businesses	(82)
Pro Forma Adjusted EBITDA	**5,158**

Carrying amount of Net Debt

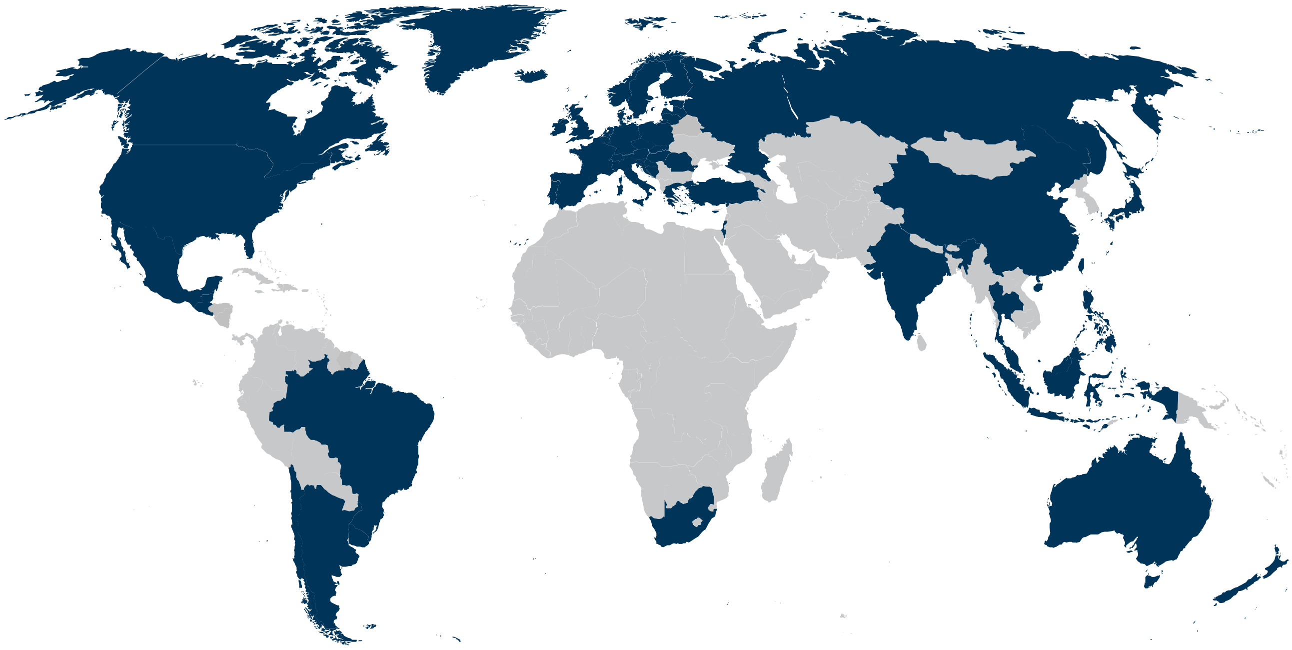
The following table sets forth ISS's Carrying amount of Net Debt as of 31 March 2012.

Net Debt as of 31 March 2012 **DKK million**	**Carrying Value**	**Leverage (x Pro forma EBITDA)**	**% of Total**
Senior Facilities	17,808	3.45x	59%
Second lien	4,450	0.87x	14%
Senior Subordinated Notes due 2016	4,268	0.83x	14%
Senior Notes due 2014	3,811	0.74x	12%
Medium term notes due 2014	766	0.15x	2%
Securitisation	2,601	0.50x	8%
Interest rate swaps	58	0.01x	0%
Other current and non-current loans and borrowings	524	0.10x	2%
	34,286	**6.65x**	**111%**
Total cash and cash equivalents and securities	(3,508)	(0.68x)	(11%)
Currency swaps	(10)	(0.00x)	(0%)
Carrying amount of net debt	**30,768**	**5.97x**	**100%**
Changes in working capital, 1 January - 31 March 2012	(1,076)		
Changes in working capital, 1 April 2011 - 31 March 2012	132		
Seasonality adjusted carrying amount of net debt	**29,824**	**5.78x**	

Summary of Credit Facilities

Summary of Credit Facilities DKK million	**Principal Value**	**Drawn**	**Currency**	**Coupon / margin**	**Maturity**
Bank loans:					
Senior Facilities:					
Term Facility A	322	322	SEK, NOK, CHF	+ 200bps	30 Jun 2012
Term Facility B	477	477	EUR, GBP	+ 200bps	31 Dec 2013
Term Facility B	12,478	12,478	EUR, GBP	+ 350bps	30 Apr 2015
Acquisition Facility A	175	175	Multi Currency	+ 225bps	30 Jun 2012
Acquisition Facility B	61	61	Multi Currency	+ 225bps	31 Dec 2013
Acquisition Facility B	2,015	2,015	Multi Currency	+ 375bps	30 Apr 2015
Revolving Credit Facility	41	37	Multi Currency	+ 225bps	30 Jun 2012
Revolving Credit Facility	3,626	2,184	Multi Currency	+ 375bps	31 Dec 2014
Letter of Credit Facility	12	4	Multi Currency	+ 225bps	30 Jun 2012
Letter of Credit Facility	488	178	Multi Currency	+ 375bps	31 Dec 2014
Second Lien Facility	597	597	EUR	+ 375bps	30 Jun 2015
Second Lien Facility	3,867	3,867	EUR	+ 425bps	30 Jun 2015
Securitisation	2,974	2,630	Multi Currency	+ 275bps	14 Sep 2013
	27,133	**25,025**			
Bonds:					
Senior Subordinated Notes due 2016	4,326	4,326	EUR	8.875%	15 May 2016
Senior Notes due 2014	3,906	3,906	EUR	11.00%	15 Jun 2014
2014 Medium Term Notes	821	821	EUR	4.50%	8 Dec 2014
	9,053	**9,053**			
Total Credit Facilities	**36,186**	**34,078**			

The ISS representation around the globe



The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading Facility Services companies. ISS offers a wide range of services such as: Cleaning, Catering, Security, Property and Support Services as well as Facility Management. Global revenue amounted to DKK 78 billion in 2011 and ISS now has more than 530,000 employees and local operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.

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